BAREFOOT BAY RECREATION DISTRICT, FLORIDA

Annual Financial Report

Year Ended September 30, 2016

BAREFOOT BAY RECREATION DISTRICT

Board of Trustees as of September 30, 2016

C O N T E N T S

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, 2016, 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, 2016, 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 February 10, 2017, 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 10, 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, 2016. 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 District exceeded its liabilities at the close of the fiscal year 2016 by $8,950,789 (net position). Of this amount, $1,830,603 (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 $572,244. The majority of this increase is attributable to the reclassification of principal debt payments and capital outlay.

- As of September 30, 2016, the District's governmental funds reported combined ending fund balances totaling $2,208,997, an increase of $149,623 in comparison with the prior year. Approximately 83% of this amount ($1,836,788) is available for spending at the government's discretion (unassigned fund balance).

- At the end of the current fiscal year, unassigned fund balance in the General Fund was $1,836,788 or 37% of General Fund expenditures for fiscal year 2016.

- The District's long-term debt decreased by $538,335 in fiscal year 2016 as we continue to make our scheduled payment each year for the original bonds issued for the purchase of the facilities.

- The District acquired Loan 4040580296 on July 26, 2016 in the amount of $165,000.

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, liabilities and deferred inflows, 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.

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 and deferred outflow exceeded liabilities by $8,950,789 at the close of the fiscal year ended September 30, 2016.

As shown in the table below, the largest portion of the District's net position (77%) 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.

An additional portion ($269,085) of the District's net position (3%) 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 ($1,830,603) is available to meet the District's obligations to citizens.

At the close of fiscal year ended September 30, 2016, there was not much change in total net position from the prior year. The largest increase occurred in the net investment in capital assets from $6.3 million to $6.8 million mostly due to the upgrade of electrical infrastructure in building A project, restoration of bunkers project, building D&E fire alarm system, CCTV expansion project and building F replacement project, along with the current-year bond payment.

The District's Net Position

ASSETS	FY 16	FY 15
Current and Other Assets	$ 2,579,212	$ 2,495,618
Capital Assets, Net	7,657,612	7,822,964
Total Assets	10,236,824	10,318,582
DEFERRED OUTFLOW		
Deferred Swap Outflow	26,760	84,950
LIABILITIES		
Current and Other Liabilities	202,472	315,637
Long-Term Liabilities	1,110,323	1,709,350
Total Liabilities	1,312,795	2,024,987
NET POSITION		
Net Investment in Capital Assets	6,851,101	6,370,240
Restricted in Debt Service	269,085	479,867
Unrestricted	1,830,603	1,528,438
Total Net Position	$ 8,950,789	$ 8,378,545

There was an overall increase in the District's net position of $572,244 in fiscal year 2016. The majority of this increase is due to the reclassification of principal debt payments and capital outlay.

The District's Changes in Net Position

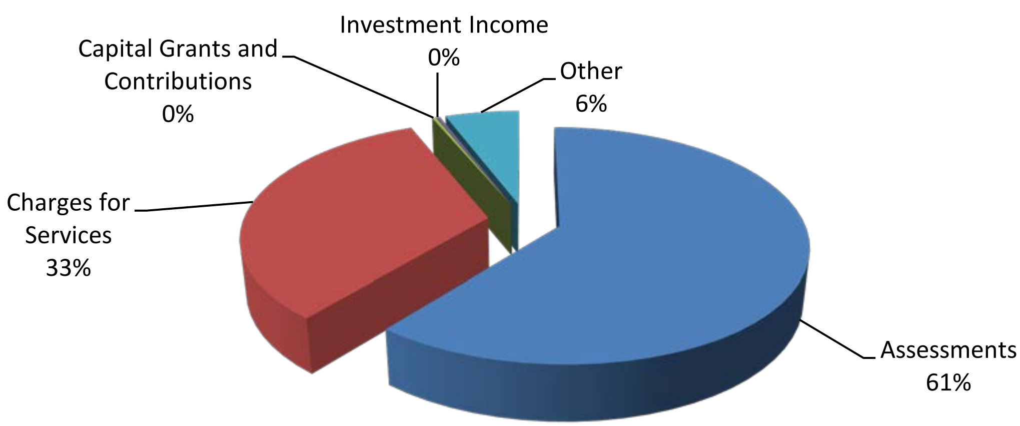
Revenues	FY 16	FY 15
Program Revenues		
Assessments	$ 3,511,560	$ 3,365,491
Charges for Services	1,893,316	1,823,948
Capital Grants and Contributions	17,436	38,955
General Revenues		
Investment Income	15,465	14,618
Other	331,450	288,525
Total Revenues	5,769,227	5,531,537
Expenses		
General Government	5,142,626	4,921,822
Interest on Long-Term Debt	54,357	95,251
Total Expenses	5,196,983	5,017,073
Change in Net Position	572,244	514,464
Net Position – Beginning	8,378,545	7,864,081
Net Position – Ending	$ 8,950,789	$ 8,378,545

As mentioned previously, governmental activities increased the District's net position by $572,244 and it was an increase of 11% in comparison with the prior year. Key elements of this change are as follows:

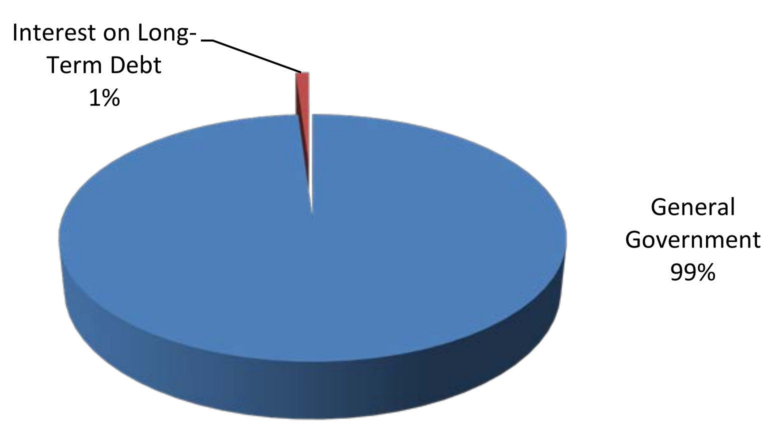
- Assessments revenue increased by 4% ($146,069) from the prior year. This change indicates an increase in collection of prior-year past due assessments from residents in fiscal year 2016.
- Capital Grants and Contributions expenditure decreased by 55% ($21,519) as compared with the prior year. A significant reason for this change is the decrease of expenditures in Grants projects, which were finalized and submitted for reimbursement in fiscal year 2016.
- Interest Expenditure decreased by 42.9% ($40,894) as compared with the prior year. A significant reason for this change is the decrease in interest and SWAP payments in fiscal year 2016.

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

Revenue by Source



Expenditures by Function



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 2016, the District's governmental funds reported combined ending fund balances totaling $2,208,997, an increase of $149,623 in comparison with the prior year. Approximately 83% ($1,836,788) 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 restricted or committed* to indicate that it is not available for new spending because it is 1) obligated for inventory and prepaids ($70,902), or 2) restricted for debt service ($269,085), or 3) committed for capital improvement projects ($32,222).

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 2016, unassigned fund balance was $1,836,788, while the total fund balance reached $1,939,912. 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 37% of total fiscal year 2016 General Fund expenditures. Total fund balance represents 39% of total fiscal year 2016 General Fund expenditures.

The total fund balance of the District's General Fund increased during the fiscal year ended 2016 by $360,405. This increase was due to the increase in assessments collection, the decrease in Debt Service Fund transfer, and a debt issuance of $165,000.

The *Debt Service Fund* is a major fund of the District. At the end of the fiscal year 2016, the fund balance of $269,085 was restricted for future debt service. The fund balance decreased by $210,782 from the prior year as a result of decrease in transfer from General Fund by $230,000 in fiscal year 2016.

General Fund Budgetary Highlights

The General Fund original budget was adjusted during fiscal year ended 2016. The end-of-year budgeted expenditures increased by $140,078 primarily for additional capital outlay projects added in fiscal year 2016. The General Fund actual expenditures were less than the final budget by $79,063. This was mostly attributed to unfinished capital projects at year-end.

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	$ 4,607,541	$ 4,592,847	$ (14,694)
Capital Outlay and Debt Service	378,032	471,789	99,757
Total	$ 4,985,573	$ 5,064,636	$ 79,063
REVENUES			
Assessments	$ 3,511,560	$ 3,519,360	$ (7,800)
Charges for Services	1,893,316	1,712,086	181,230
Investment Income	12,154	3,000	9,154
Other	333,948	260,112	73,836
Total	$ 5,750,978	$ 5,494,558	$ 256,420

Capital Assets and Long-Term Debt

*Capital asset*s. 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 for its governmental activities as of September 30, 2016 amounts to $7,657,612 (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 District's investment in capital assets (net of accumulated depreciation/amortization) for the current fiscal year was 2.11%.

The following table presents the capital assets of the District at September 30, 2016:

	Governmental Activities	
	FY 16	FY 15
Land	$ 4,292,933	$ 4,292,933
Construction in Progress	108,203	52,597
Buildings and Improvements	8,668,727	8,583,830
Software	28,845	28,845
Machinery, Furniture and Equipment	1,011,332	1,292,280
	14,110,040	14,250,485
Less Accumulated Depreciation and Amortization	(6,452,428)	(6,427,521)
Capital Assets, net	$ 7,657,612	$ 7,822,964

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

- Completed Phase 1 of upgrading electrical infrastructure in building A in the amount of $23,526
- Completed Phase 1 of restoration of bunkers in the amount of $27,403
- Completed installation of building D and E fire alarm system in the amount of $10,951
- Started installation of CCTV replacement and expansion in the amount of $19,382
- Continued building F replacement project in the amount of $50,038

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

Long-term debt. At the end of the current fiscal year, the District had total bonds payable of $754,662. Of this amount, $695,893 represents Revenue Bonds Payable, Series 1996A, and $58,769 represents Revenue Bonds Payable, Series 2001. On July 26, 2016, the District acquired Loan 4040580296 from Capital Bank in the direction of the Board to finance stormwater canal projects. At the end of the current fiscal year, the District had a loan payable of $159,727. The total of long-term debt for the District was $914,389 at the end of fiscal year 2016.

The District's total bonds and loan payable decreased 37% even though the District acquired a new loan in fiscal year 2016. The reason for the decrease was that the District 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 and loan principal of the District at September 30, 2016:

	Governmental Activities	
	FY 16	**FY 15**
Revenue Bonds Payable, Series 1996A	$ 695,893	$ 1,351,467
Revenue Bonds Payable, Series 2001	58,769	101,257
Total Bonds Payable	754,662	1,452,724
Loan 4040580296	159,727	-
Total Bonds and Loan Payable	$ 914,389	$ 1,452,724

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 the District financial position during the fiscal year ended September 30, 2016.

For fiscal year 2016, the assessment rate was unchanged.

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.bbrd.org

BASIC FINANCIAL STATEMENTS

BAREFOOT BAY RECREATION DISTRICT

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEETS

September 30, 2016

	General Fund	Debt Service Fund	Total	Adjustments (Note 2)	Statement of Net Position
ASSETS					
Cash and cash equivalents	$ 1,982,731	$ -	$ 1,982,731	$ -	$ 1,982,731
Restricted cash and cash equivalents	-	269,085	269,085	-	269,085
Receivables, net	53,496	-	53,496	-	53,496
Due from other governments	198,668	-	198,668	-	198,668
Inventories	49,239	-	49,239	-	49,239
Prepaids	21,663	-	21,663	-	21,663
Assets for resale	-	-	-	4,330	4,330
Property, plant and equipment, net	-	-	-	7,657,612	7,657,612
TOTAL ASSETS	$ 2,305,797	$ 269,085	$ 2,574,882	7,661,942	10,236,824
DEFERRED OUTFLOWS					
Deferred Swap Outflow				26,760	26,760
TOTAL DEFERRED OUTFLOWS				26,760	26,760
LIABILITIES					
Accounts payable	$ 71,499	$ -	$ 71,499	-	71,499
Accrued payroll and related liabilities	58,716	-	58,716	-	58,716
Accrued expenses, other	1,839	-	1,839	34,809	36,648
Due to other governments	6,820	-	6,820	-	6,820
Unearned revenue	12,443	-	12,443	-	12,443
Escrow deposits	16,346	-	16,346	-	16,346
Noncurrent liabilities:					
Due within one year	-	-	-	844,367	844,367
Due in more than one year	-	-	-	265,956	265,956
TOTAL LIABILITIES	167,663	-	167,663	1,145,132	1,312,795
DEFERRED INFLOWS					
Unavailable earned grants	198,222	-	198,222	(198,222)	-
TOTAL DEFERRED INFLOWS	198,222	-	198,222	(198,222)	-
FUND BALANCES / NET POSITION					
FUND BALANCES					
Nonspendable for inventories and prepaids	70,902	-	70,902	(70,902)	-
Restricted for debt service	-	269,085	269,085	(269,085)	-
Committed fund balance - Capital	32,222	-	32,222	(32,222)	-
Unassigned	1,836,788	-	1,836,788	(1,836,788)	-
TOTAL FUND BALANCES	1,939,912	269,085	2,208,997	(2,208,997)	-
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	$ 2,305,797	$ 269,085	$ 2,574,882		
NET POSITION					
Net investment in capital assets				6,851,101	6,851,101
Restricted for:					
Debt service				269,085	269,085
Unrestricted				1,830,603	1,830,603
TOTAL NET POSITION				$ 8,950,789	$ 8,950,789

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, 2016

	General Fund	Debt Service Fund	Total	Adjustments (Note 2)	Statement of Activities
REVENUES					
Assessments	$ 3,511,560	$ -	$ 3,511,560	$ -	$ 3,511,560
Charges for services	1,893,316	-	1,893,316	-	1,893,316
Capital grants and contributions	-	-	-	17,436	17,436
Investment income	12,154	3,311	15,465	-	15,465
Other	333,948	-	333,948	(2,498)	331,450
TOTAL REVENUES	5,750,978	3,311	5,754,289	14,938	5,769,227
EXPENDITURES / EXPENSES					
General Government/Recreation	4,607,541	-	4,607,541	750	4,608,291
Debt Service:					
Principal	5,273	698,062	703,335	(703,335)	-
Interest	524	86,031	86,555	(32,198)	54,357
Depreciation	-	-	-	534,335	534,335
Capital outlay	372,235	-	372,235	(372,235)	-
TOTAL EXPENDITURES / EXPENSES	4,985,573	784,093	5,769,666	(572,683)	5,196,983
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	765,405	(780,782)	(15,377)	-	-
OTHER FINANCING SOURCES (USES)					
Transfers	(570,000)	570,000	-	-	-
Debt issurance	165,000	-	165,000	(165,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(405,000)	570,000	165,000	(165,000)	-
EXCESS (DEFICIENCY) OF REVENUES, OTHER FINANCING SOURCES AND TRANSFERS IN (OUT) OVER EXPENDITURES	360,405	(210,782)	149,623	(149,623)	-
CHANGE IN NET POSITION	-	-	-	572,244	572,244
FUND BALANCES / NET POSITION BEGINNING OF THE YEAR	1,579,507	479,867	2,059,374	6,319,171	8,378,545
FUND BALANCES / NET POSITION END OF THE YEAR	$ 1,939,912	$ 269,085	$ 2,208,997	$ 6,741,792	$ 8,950,789

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 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 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.*

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:

<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 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, 2016, are insured by federal depository insurance and the Public Depository Trust Fund.

Restricted Cash and Cash Equivalents

Cash reported in the Debt Service Fund is classified as restricted assets on the statement of net position because its use is limited to pay off long-term bonds.

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, 2016. These payments are recorded as expenditures when consumed rather than when purchased.

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

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 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.

Deferred Outflows

Deferred outflows at September 30, 2016, consists primarily of the Swap Fair Values of Public Improvement Revenue Bond, Series 1996A.

Unearned Revenue

Unearned revenue at September 30, 2016, consists primarily of unredeemed golf club gift certificates.

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).

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.

Deferred Inflows

Deferred inflows at September 30, 2016, consists primarily of grant revenues that were earned by meeting grant requirements, but unavailable in accordance with the District's revenue recognition policy.

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

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 $70,902 nonspendable fund balance at September 30, 2016.

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 $269,085 restricted fund balance for debt service at September 30, 2016.

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 a $32,222 committed fund balance for capital improvement projects at September 30, 2016.

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, 2016.

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 $1,836,788 unassigned fund balance at September 30, 2016.

Minimum Fund Balance Policy - On June 28, 2016, the Board of Trustees approved Resolution 2016-11 Establishing the District Minimum Unassigned Fund Balance Policy in General Fund. The District shall establish a minimum unassigned fund balance in the General Fund equivalent to twenty percent (20%) of the subsequent fiscal year's budgeted expenditures less R&M/Capital Projects 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 $6,741,792. Interfund payables and receivables were also eliminated.

Ending governmental fund balances	$ 2,208,997
Capital assets, net	7,657,612
Deferred swap outflow	26,760
Unavailable earned revenue	198,222
Assets held for resale	4,330
Long-term liabilities	(1,110,323)
Accrued interest	(34,809)
Total net position	$ 8,950,789

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 and loan 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 $422,621.

Excess of revenues and transfers in over expenditures and transfers out		$ 149,623
Less:	Depreciation expense	(534,335)
	Change in other long-term liabilities	2,502
	Unavailable earned grants	17,436
	Loss on disposal of capital assets	(3,252)
	Sales of assets for resale	(2,498)
	Debt proceed	(165,000)
Add:	Capital outlay expenditures	372,235
	Change in accrued interest	32,198
	Long-term debt principal expenditures	703,335
Change in net position		$ 572,244

NOTE 3 - DETAILED NOTES ON ALL FUNDS

Deposits and Investments

At September 30, 2016, the carrying value of demand deposits, amounted to $1,091,373, and the bank balance was $1,126,306. 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 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, 2016 was $1,160,443. The Florida PRIME had a dollar weighted average days to maturity ("WAM") of 50 days as of September 30, 2016. 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 investment portfolio structure maturities 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 ("NRSRO"s). The District primarily invests in the Florida PRIME. The Florida PRIME's rating at September 30, 2016, 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, 2016, was as follows:

Transfers In	Transfers Out	Amount
Debt Service	General Fund	$570,000

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 $284,146 less an allowance for uncollectible accounts of ($230,650). This primarily includes amounts for prior billed assessments and current DOR enforcement fees.

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

Capital Assets

Capital assets activity for the year ended September 30, 2016, 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	52,597	132,106	(76,500)	108,203
Total capital assets not being depreciated	4,345,530	132,106	(76,500)	4,401,136
Capital assets being depreciated and amortized:				
Buildings and improvements	8,583,830	98,087	(13,190)	8,668,727
Software	28,845	-	-	28,845
Machinery, furniture and equipment	1,292,280	218,542	(499,490)	1,011,332
Total capital assets being depreciated	9,904,955	316,629	(512,680)	9,708,904
Less accumulated depreciation and amortization for:				
Buildings and improvements	5,253,640	441,321	(11,209)	5,683,752
Software	28,845	-	-	28,845
Machinery, furniture and equipment	1,145,036	93,014	(498,219)	739,831
Total accumulated depreciation and amortization	6,427,521	534,335	(509,428)	6,452,428
Governmental activities capital assets, net	$7,822,964	$ (85,600)	$ (79,752)	$7,657,612

Depreciation and amortization expense for governmental activities was not allocated to the functions of the District for fiscal year ended September 30, 2016.

Long-Term Liabilities

Changes in Long-Term Liabilities

Changes in long-term liabilities for the year ended September 30, 2016, consists of the following:

Description	2015 Balance	Additions	Reductions	2016 Balance	Due Within One Year	Long-Term Portion
Governmental Activities						
Revenue Bonds Payable, Series 1996A	$1,351,467	$ -	$(655,574)	$ 695,893	$695,893	$ -
Revenue Bonds Payable, Series 2001	101,257	-	(42,488)	58,769	58,769	-
Interest Rate Swap	84,950	-	(58,190)	26,760	26,760	-
Loan Payable	-	165,000	(5,273)	159,727	31,742	127,985
Other Postemployment Benefits	73,312	-	(8,146)	65,166	-	65,166
Compensated Absences	98,364	5,644	-	104,008	31,203	72,805
	$1,709,350	$170,644	$(769,671)	$1,110,323	$844,367	$265,956

Long-Term Liabilities *(Continued)*

Long-term debt consists of the following at September 30, 2016:

Governmental Activities:	
Public Improvement Revenue Bonds, Series 1996A; due annually to 2017, in amounts ranging from $695,893 to $713,679; including interest at 6.15%.	$ 695,893
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.	58,769
Loan 4040580296, due monthly to 2021. Annual amounts ranging from $28,660 to $33,800; fixed interest rate of 2.06%	159,727
	$ 914,389

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.

Loan 4040580296 was acquired on July 26, 2016 from Capital Bank with a fixed interest rate of 2.06%, maturity date of July 26, 2021, to fund stormwater improvement projects and purchase of required equipment for the projects. The loan has no pledge of any revenues nor assessments.

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 ($26,760), 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)*

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 ($26,760), as of September 30, 2016.

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 risk on the 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.

Amount	Date	Paid	Received	Date	Value	Counterparty	Credit Rating
Series 1996							
$ 695,893	10/31/1996	6.15%	62.55 % PRIME H.15	1/31/2017	$ (26,760)	Bank of America	A1/A/A+

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 $969,141. Principal and interest paid for the current year and total net revenues from operation of District properties were $789,890 and $5,754,289, 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, 2016, to maturity are as follows:

	SERIES 2001		SERIES 1996		LOAN 4040580296		TOTAL	
Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 58,769	$ 3,614	$ 695,893	$ 42,797	$ 31,742	$ 3,041	$ 786,404	$ 49,452
2018	-	-	-	-	32,421	2,363	32,421	2,363
2019	-	-	-	-	33,104	1,679	33,104	1,679
2020	-	-	-	-	33,800	984	33,800	984
2021	-	-	-	-	28,660	274	28,660	274
	$ 58,769	$ 3,614	$ 695,893	$ 42,797	$ 159,727	$ 8,341	$ 914,389	$ 54,752

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, 2016, is summarized as follows:

Land	$ 217,123
Buildings and improvements	945,945
	1,163,068
Less accumulated depreciation	(584,231)
	$ 578,837

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, 2016, are as follows:

Fiscal Year		Amount
2017		$ 63,993
2018		63,507
2019		56,981
2020		42,045
2021		37,851
2022 and after		-
	Total	$264,377

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 $124,022 for fiscal year 2016.

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 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:

	2016 Fiscal Year
Normal Cost (service cost for one year)	$ 2,125
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	(5,840)
Interest on Normal Cost and Amortization	-
Annual Required Contribution (ARC)	(3,715)
As a percentage of covered payroll	0.6%
Annual Required Contribution (ARC)	(3,715)
Interest on Net OPEB Obligation	2,932
Adjustment to ARC	(7,331)
Annual OPEB Cost (Expense)	(8,114)
Less: Employer Contributions Made	32
Increase (Decrease) in Net OPEB Obligation	(8,146)
Net OPEB Obligation at beginning of year	73,312
Net OPEB Obligation at end of year	$ 65,166

Other Postemployment Benefits *(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:

Year Ended September 30	Annual OPEB Cost	District Contribution	Percentage Contributed	Net OPEB Obligation
2016	$ (8,114)	32	N/A	$ 65,166
2015	$ (5,873)	68	N/A	$ 73,312
2014	$ (6,345)	-	0.0%	$ 79,253

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

Unfunded actuarial 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)*

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 4.70% in 2040. The remaining amortization period at September 30, 2016, was 10 years. The normal entry age actuarial cost method was used, with amortization of the UAAL as a level percent of expected payroll.

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, 2016 totaled $142,296. The District also pays premiums for workers' compensation insurance to the Preferred Governmental Insurance Trust. Premiums paid for this coverage totaled $68,561 for the year ended September 30, 2016.

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	**Final**	**Amounts**	**(Negative)**
REVENUES				
Assessments	$ 3,519,360	$ 3,519,360	$ 3,511,560	$ (7,800)
Charges for services	1,712,086	1,712,086	1,893,316	181,230
Investment income	3,000	3,000	12,154	9,154
Other	260,112	260,112	333,948	73,836
TOTAL REVENUES	5,494,558	5,494,558	5,750,978	256,420
EXPENDITURES / EXPENSES				
General government	4,583,028	4,592,847	4,607,541	(14,694) *
Capital outlay and debt service	341,530	471,789	378,032	93,757
TOTAL EXPENDITURES / EXPENSES	4,924,558	5,064,636	4,985,573	79,063
EXCESS OF REVENUES OVER EXPENDITURES	570,000	429,922	765,405	335,483
OTHER FINANCING SOURCES AND (USES)				
Transfers	(570,000)	(570,000)	(570,000)	-
Fund balance appropriated	-	140,078	-	(140,078)
TOTAL OTHER FINANCING SOURCES AND (USES)	(570,000)	(429,922)	(570,000)	(140,078)
EXCESS OF REVENUES AND TRANSFERS IN OVER EXPENDITURES (OUT)	-	-	195,405	195,405
FUND BALANCES - BEGINNING OF THE YEAR	-	-	1,579,507	1,579,507
FUND BALANCES - END OF THE YEAR	$ -	$ -	$ 1,774,912	$ 1,774,912

*The negative balance indicated an increase in Merchandise Cost of Sales at Golf Department and an increase in Food and Beverage Cost of Sales at Food and Beverage Department due to the increase in Merchandise and Food and Beverage Sales.

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%
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
2016	$ (3,715)	$ (8,114)	$ 32	N/A	$ 65,166
2015	(1,118)	(5,873)	68	N/A	73,312
2014	(1,209)	(6,345)	-	0.0%	79,253
2013	16,630	16,687	-	0.0%	85,598
2012	16,304	16,347	-	0.0%	68,911
2011	45,795	46,093	19,662	42.7%	52,564

COMPLIANCE SECTION

MOORE STEPHENS LOVELACE, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2016, 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 10, 2017.

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.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
February 10, 2017

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, 2016. 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, 2016.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
February 10, 2017

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, 2016, and have issued our report thereon dated February 10, 2017.

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 10, 2017, 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

Sections 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

Sections 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, 2016, 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, 2016. 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
February 10, 2017