

UNIVERSITY PARK RECREATION DISTRICT

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

UNIVERSITY PARK RECREATION DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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David N. Phillips, CPA, MBA
Courtney L. Cound, CPA

July 16, 2020

To the Board of Supervisors
UNIVERSITY PARK RECREATION DISTRICT
University Park, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and its general fund of UNIVERSITY PARK RECREATION DISTRICT as of and for the year ended September 30, 2019, 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 its general fund of UNIVERSITY PARK RECREATION DISTRICT as of September 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.


Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 21 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 July 16, 2020, on our consideration of UNIVERSITY PARK RECREATION 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 the effectiveness of UNIVERSITY PARK RECREATION DISTRICT's 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 UNIVERSITY PARK RECREATION DISTRICT's internal control over financial reporting and compliance.


PHILLIPS HARVEY GROUP, P.A.
Certified Public Accountants
Naples, Florida

UNIVERSITY PARK RECREATION DISTRICT

SEPTEMBER 30, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview and History

The UNIVERSITY PARK RECREATION DISTRICT (the "District") has prepared the following Management Discussion and Analysis (the "MD&A"), which presents an overview of the District's financial activities for the fiscal year ended September 30, 2019. Please read it in conjunction with the District's audited financial statements following the MD&A.

The UNIVERSITY PARK RECREATION DISTRICT is a special purpose unit of government created in 2018 under Florida Statute Chapter 418. The purpose of Recreation Districts throughout Florida is to provide a uniform method for financing and maintaining public services and capital assets. Special Districts frequently substitute or "stand-in" for general-purpose governments when their priorities would not otherwise provide for these public facilities.

Financial Highlights

- Net position at September 30, 2019 was \$477,447
- Fund balance on hand at September 30, 2019 totaled \$457,982 in the General Fund.
- There were no instances of non-compliance or material weaknesses noted within the compliance report requiring a response.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components:

- 1) government-wide financial statements
- 2) fund financial statements
- 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements, which consist of the following two statements, are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during fiscal year 2019. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected but earned).

Both of these financial statements distinguish functions of the District that are principally supported by non-ad valorem assessments, intergovernmental and miscellaneous revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the District include general government, and community services. The government-wide financial statements can be found immediately following the MD&A.

UNIVERSITY PARK RECREATION DISTRICT

SEPTEMBER 30, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Statements (Continued)

Fund financial statements present financial information for governmental funds. These statements provide financial information for the major funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources.

Fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balance for the District's General Fund. A statement of revenues, expenditures, and changes in fund balance - budget and actual, is provided for the District's General Fund. Fund financial statements provide more detailed information about the District's activities. Individual funds as applicable are established by the District to track revenues that are restricted to certain uses or to comply with legal requirements.

The government-wide financial statements and the fund financial statements provide different pictures of the District. The government-wide financial statements provide an overall picture of the District's financial standing. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets of the District are reported in the statement of net position. All liabilities, including principal outstanding on bonds if any, obligated but not paid by the District, are included. The statement of activities includes depreciation on all long-lived assets of the District as applicable, but transactions between the different functions of the District have been eliminated in order to avoid "doubling up" the revenues and expenses. The fund financial statements provide a picture of the major funds of the District, which is the General Fund as of September 30, 2019. In the case of governmental activities, outlays for long lived assets when purchased are reported as expenditures and long-term liabilities, such as general obligation bonds if any, are not included in the fund financial statements. To provide a link from the fund financial statements to the government-wide financial statements, a reconciliation is provided from the fund financial statements to the government-wide financial statements.

Notes to the financial statements provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District; special assessments, bond issuance, and long-term debt as applicable are some of the items included in the notes to the financial statements.

Analysis of Fund Balances FY 2018-2019

The general fund balance of the District at the end of 2018 was (\$148). The general fund balance as of September 30, 2019 was \$457,982 or an increase of \$458,130.

UNIVERSITY PARK RECREATION DISTRICT

SEPTEMBER 30, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

FY 2019 Final Budget Analysis

The following budgeted revenues and expenditures have been prepared from audited statements.

<u>GENERAL FUND</u>	<u>Original Budget</u>	<u>Final Budget</u>
<u>Revenue</u>		
Non Ad-Valorem Assessments	\$ 1,000,000	\$ 1,000,000
Other Income and Financing Sources	<u>1,020</u>	<u>1,020</u>
Total Revenues	<u>1,001,020</u>	<u>1,001,020</u>
<u>Expenditures</u>		
General Government	707,985	729,300
Contingency/Carryforward	<u>0</u>	<u>271,720</u>
Total Expenditures	<u>707,985</u>	<u>1,001,020</u>
Excess of revenues over expenditures	<u>293,035</u>	<u>0</u>
Net change in Fund Balance	<u>\$ 293,035</u>	<u>\$ 0</u>

Capital Asset Balances

There were no capital assets nor related depreciation for the year ended September 30, 2019.

Debt Management

There was no debt as of September 30, 2019 as bonds were not issued until after year end.

Financial Analysis of the District

No comparative information is presented, as the District commenced its first year of operations ending September 30, 2019.

Economic Factors and Next Year's Budget

In early 2020, the outbreak of the novel coronavirus (COVID-19) occurred in the United States and internationally. At this time, neither the duration or scope of this event can be predicted, and the potential effects on the economic climate cannot be reasonably estimated. Other than this event, no other economic factors are present or known to affect next year's budget.

UNIVERSITY PARK RECREATION DISTRICT

SEPTEMBER 30, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Acquisition and Bond Indenture

On November 1, 2019, a trust indenture was entered into by the District and U.S. Bank National Association for an amount not to exceed \$24,000,000 in Non-Ad Valorem Assessment Bonds. These Series 2019 Bonds are to provide the funding for the acquisition and renovation of the facilities of University Park Country Club. This purchase and sale agreement for these assets was for \$16,750,000 and amended as of August 30, 2019.

Contacting the District's Financial Management

This financial report is designed to provide our readers with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Accountant, Amy Champagne, 12051 Corporate Boulevard, Orlando, Florida 32817.

PART I. BASIC FINANCIAL STATEMENTS

UNIVERSITY PARK RECREATION DISTRICT

STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

ASSETS

Cash	\$	622,856
Assessments receivable		61,135
Other receivables		<u>9,629</u>
Total assets		<u>693,620</u>

LIABILITIES

Accounts payable		209,937
Accrued liabilities		<u>6,236</u>
Total liabilities		<u>216,173</u>

NET POSITION

Unrestricted		<u>477,447</u>
Total net position	\$	<u><u>477,447</u></u>

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

UNIVERSITY PARK RECREATION DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Net Revenue and Changes in Net Position Governmental Activities</u>
Primary Government:			
Governmental activities:			
General government	\$ 729,300	\$ 1,201,000	\$ 471,700
Total governmental activities	<u>\$ 729,300</u>	<u>\$ 1,201,000</u>	<u>471,700</u>
General revenues and (expenses):			
Fee income			4,875
Miscellaneous revenues			<u>1,020</u>
Total general revenues			<u>5,895</u>
Change in net position			477,595
Net position, September 30, 2018			<u>(148)</u>
Net position, September 30, 2019			<u>\$ 477,447</u>

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

UNIVERSITY PARK RECREATION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND (GENERAL FUND)

SEPTEMBER 30, 2019

ASSETS

Cash (Note 3)	\$ 622,856
Receivables	<u>51,299</u>
Total Assets	<u>\$ 674,155</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 209,937
Accrued liabilities (Note 4)	<u>6,236</u>
Total Liabilities	<u>216,173</u>
Fund Balance (Note 5):	
Unassigned	<u>457,982</u>
Total Fund Balance	<u>457,982</u>
Total Liabilities and Fund Balance	<u>\$ 674,155</u>

Amounts reported for governmental activities in the statement of net position are different because (Note 1):

Assessments collected after 60 days of year-end are not reported in accounts receivable in the general fund.	<u>19,465</u>
Net position of governmental activities	<u>\$ 477,447</u>

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

UNIVERSITY PARK RECREATION DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND (GENERAL FUND)**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Revenues:		
Non ad-valorem assessments and fees	\$	1,181,535
Special assessment installment fee income		4,875
Miscellaneous revenues		<u>1,020</u>
Total Revenues		<u>1,187,430</u>
Expenditures:		
Current:		
General government		<u>729,300</u>
Total Expenditures		<u>729,300</u>
Excess of revenues over expenditures		<u>458,130</u>
Net change in fund balance		458,130
Fund Balance, September 30, 2018		<u>(148)</u>
Fund Balance, September 30, 2019	\$	<u>457,982</u>

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

UNIVERSITY PARK RECREATION DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND (GENERAL FUND)
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Amounts reported for governmental activities in the statement of activities (page 8)
are different because:

Net change in fund balance - total governmental fund (page 10) \$ 458,130

Governmental fund reports all receivables collectible as revenue.
However, in the general fund these receivables and related revenues
are only reported only to the extent of what is collected within 60
days of year end (See Note 1.) 19,465

Change in net position of governmental activities (page 8) \$ 477,595

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

UNIVERSITY PARK RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The UNIVERSITY PARK RECREATION DISTRICT ("the District") was created on August 3, 2018 pursuant to provisions of Chapters 418 and 189, Florida Statutes, as amended (the "Act"), created by Ordinance No.18-29 enacted by the Board of County Commissioners of Manatee County, Florida and operates within the criteria established. The District was established for the purposes of acquiring and improving recreation facilities benefitting property consisting of 1226 gross acres of land to be served by the District. The District has decided to undertake the acquisition, financing, renovation and improvement, in various stages of the recreation facilities known as "University Park County Club" and associated professional fees and incidental costs related thereto for the special benefit of the District lands, pursuant to the Act. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing or re-constructing, enlarging or extending, equipping, operating and basic infrastructure for recreational facilities of all kinds, including, but not limited to real property, personal property, roads, parking lots, sidewalks, trails, paths, parks, ponds, lakes, preserves, lighting, landscaping, irrigation, signage, water sewer and parking within boundaries of the UNIVERSITY PARK RECREATION DISTRICT. The District is governed by a five-member Board of Supervisors, who were initially elected on certain defined terms.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District is considered to be financially accountable and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District, therefore, the financial statements include only the operations of the District.

The District's financial statements include both government wide and a fund financial statement:

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 non-fiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes are reported separately from *business-type activities* of which the District had no such activities during the year.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for the District's governmental fund. The District's general fund is classified as a governmental fund and is reported as a major individual fund.

UNIVERSITY PARK RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1 - REPORTING ENTITY AND 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. Grants and similar items if any, are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government 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. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, if any, are recorded only when payments are due. The primary revenue sources that are susceptible to accrual are non ad-valorem taxes and any applicable interest. Other receipts and fees become measurable and available when cash is received by the District and are recognized as revenue at that time.

The District has one major governmental fund:

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

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.

Assessments

In June 2019, a one-time special assessment was passed to fund District operations and litigation expenses, which totaled \$1,000 per home. There are 1,202 parcels and 1,201 homes within the District, and therefore a total of \$1,201,000 was approved and assessed. During the initial budget process, the actual amount of the assessment was unknown, and \$1,000,000 was recorded. The budget was not updated to reflect the approved assessment amount.

Non ad-valorem assessments will be assessed on all property benefited within the District in fiscal year 2021. Such assessments are levied each November 1. The fiscal year for which the non ad-valorem assessments are levied begins on October 1 with a maximum discount available for payments through November 30 and becomes delinquent on April 1. The Manatee County, Florida Tax Collector's Office bills and collects these assessments, as part of the property's annual tax levy, on behalf of the District.

No allowance for losses has been recorded as the District considers all amounts to be fully collectible.

UNIVERSITY PARK RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process

The General Fund budget and amendments, if any, are approved by the Board of Supervisors. The General Fund budget is prepared on the cash basis, which is considered not to be materially different from the modified accrual basis in accordance with U.S. generally accepted accounting principles. The General Fund budget amounts presented in the accompanying basic financial statements are as originally adopted, unless subsequently amended, by the District's Board of Supervisors. Budgetary control is established by the District through the appropriated budget for the General Fund.

The annual budget serves as the legal authorization for expenditures. Expenditures cannot legally exceed the total amount budgeted. All budget amendments, which change the legally adopted total appropriation, are approved by the Board of Supervisors. Appropriations lapse at the year-end.

The District follows these procedures in establishing the budgetary data reflected in these financial statements:

- a) Each year the District Manager submits to the District Board a proposed operating General Fund budget for the fiscal year commencing the following October 1.
- b) A public hearing is conducted to obtain taxpayer comments.
- c) Prior to October 1, the General Fund budget is legally adopted by the District Board.
- d) All budget changes must be approved by the District's Board.
- e) The General Fund budget is adopted on a basis consistent with U.S. generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the fiscal year.

Due to and From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by funds affected in the period in which transactions are executed. There were no outstanding amounts due to and from other funds at September 30, 2019 in the accompanying fund statements.

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Governmental Fund Type

The budget column of this statement is prepared from the District's adopted annual budget, as amended (if applicable) during the year, which reflects budgeted revenues and expenditures in total for its governmental fund type on a cash basis which is comparable to the modified accrual basis of accounting for the year ended September 30, 2019. Appropriations lapse at year-end.

UNIVERSITY PARK RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items, when applicable, in both the government-wide and fund financial statements.

Payables and Accruals

Such payable and accrual amounts are recorded as expenses and liabilities when incurred in the government-wide financial statements and as expenditures and liabilities in the fund financial statements when expected to be liquidated with available expendable financial resources.

Long-Term Obligations

In the government-wide financial statements, long-term debt, if any, and other long-term obligations are reported as liabilities in the Statement of Net Position. Related interest is expensed in the accompanying Statement of Activities. In the fund financial statements, the face amount of debt issued if any, is reported as other financing sources in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund. There was no debt nor was there any new debt issued during the year. Also, in the fund financial statements, when applicable, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. Issuance costs are reported as debt service expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Related principal and interest payments are reported as expenditures in such Statement.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section of deferred outflow of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category for the year ended September 30, 2019. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has no items that qualify for reporting in this category for the year ended September 30, 2019.

UNIVERSITY PARK RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity

The District follows GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Fund balance classifications, under GASB 54, are: Non-spendable, Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restrictions placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of various fund balance classifications refer to Note 5. Net Position in the government-wide statements will be categorized as investment in capital assets when purchased, restricted upon debt issuance of funds, or unrestricted. Investment in capital assets, if any, represents net position related to capital assets and any related debt, deferred inflows or outflows. Restricted net position, if any, represents the assets restricted by the District's bond covenants net accrued interest payable.

Risk Management

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; and natural disasters. Insurance coverage for such losses is purchased from third-party carriers. The financial impact of the District's risk management activities are reported in the general fund. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. There was no such type of occurrence during the year. No accrual has been provided for claims and incidents not reported to the insurer. Claims made have not exceeded the insurance coverage for the current year.

Use of Estimates

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

UNIVERSITY PARK RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

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

Explanation of certain differences between the government-wide statement of net position and the governmental fund balance sheet:

Receivables (net):

The governmental fund balance sheet includes a reconciliation between *net changes in fund balance – total governmental fund* and *change in net position of governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that, the “Assessments collected after 60 days of year-end are not reported in receivables in the general fund.” The details of this \$19,465 difference are as follows:

Receivables (net) (see Note 1)	\$ 19,465
Net adjustment to increase <i>net changes in fund balance – total governmental fund</i> to arrive at <i>net position - governmental activities</i>	\$ 19,465

Explanation of certain differences between the government-wide statement of activities and the governmental fund statement of revenues, expenditures, and changes in fund balance:

Special Assessment Revenues:

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between *net changes in fund balance – total governmental fund* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that, the “Governmental fund reports all receivables collectible as revenue. However, in the general fund these receivables and related revenues are only reported only to the extent of what is collected within 60 days of year end.” The details of this \$19,465 difference are as follows:

Special Assessment Revenues (see Note 1)	\$ 19,465
Net adjustment to increase <i>net changes in fund balance – total governmental fund</i> to arrive at <i>changes in net position of governmental activities</i>	\$ 19,465

UNIVERSITY PARK RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 3 - CASH AND INVESTMENTS

Cash

Cash held in the general fund at September 30, 2019 consisted of the following:

General Checking Account	<u>\$ 622,856</u>
Total	<u><u>\$ 622,856</u></u>

All deposits with banks are entirely insured by Federal Depository Insurance. All District depositories are banks designated by the Florida State Treasurer as qualified public depositories. Chapter 280 of the Florida Statutes "Florida Security for Public Deposits Act" provides procedures for public depositories to ensure public monies in banks and savings and loans are collateralized with the Treasurer as agent for the public entities.

Financial institutions qualifying as public depositories shall deposit with the Treasurer eligible collateral having a market value equal to or in excess of the average daily balance of public deposits times the depository collateral pledging level required pursuant to Chapter 280 as computed and reported monthly or 25 percent of the average monthly balance, whichever is greater. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. Chapter 280 defines deposits as demand deposit accounts, time deposit accounts, and certificates of deposit. At September 30, 2019, the District's bank balance and carrying amounts were \$636,114, and \$622,856, respectively. The District does not have a formal deposit policy that dictates deposits as a means of managing its exposure to losses and follows the guidance stipulated by Chapter 280 of Florida Statutes.

NOTE 4 - ACCRUED LIABILITIES

Accrued liabilities at September 30, 2019, were comprised of the following:

Professional and legal fees payable	<u><u>\$ 6,236</u></u>
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UNIVERSITY PARK RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 5 - FUND BALANCE DISCLOSURE

In accordance with GASB No. 54, the District classifies governmental fund balances as follows and as applicable:

- Non-spendable - includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements.
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through a formal action of the highest level of decision making authority.
- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned through the following:
 - (1) The Chief District Accountant is authorized by the Supervisors to assign amounts for specific purpose.
 - (2) The Supervisors have authorized the Chief District Accountant, in coordination with the District's auditors, to recapture excess fund balance that isn't restricted or committed and transfer the excess to the General Fund.
- Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned classifications. Unassigned fund balance may include negative balances for any governmental fund with expenditures that exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents and /or contracts that prohibit doing this, such as grant and/or bond indenture agreements requiring certain dollars spent. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made, with the exception of the emergency reserve established by the Supervisors. Under normal circumstances, the District would first elect to utilize the Operating Reserve (Unassigned fund balance in the General Fund) before considering use of its Emergency Reserve.

The District does not have a formal minimum fund balance policy. However, the District addresses various targeted reserve positions via the annual budget process and calculates targets and actuals to report the results to the Supervisor annually.

UNIVERSITY PARK RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 5 - FUND BALANCE DISCLOSURE (Continued)

A schedule of the District's general fund balance at September 30, 2019 is as follows:

Non-spendable	\$	0
Restricted		0
Assigned		0
Unassigned		<u>457,982</u>
Total	\$	<u><u>457,982</u></u>

NOTE 6 - MANAGEMENT COMPANY

The District has contracted with a management company to perform management advisory services, which include financial and accounting advisory services. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs. Total management fees paid for 2019 was approximately \$100,000.

NOTE 7 - SIGNIFICANT SUBSEQUENT EVENTS

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through July 16, 2020, the date that the financial statements were available to be issued. The following significant subsequent events were identified:

In early 2020, the outbreak of the novel coronavirus (COVID-19) occurred in the United States and internationally. At this time, neither the duration nor scope of the closure can be predicted, and the potential negative financial impact to the Association's financial results or financial condition cannot be reasonably estimated.

In November 2019, the District authorized the issuance of Non Ad-valorem Assessment Bonds Series 2019 bonds totaling \$24,000,000, of which \$16,750,000 was used to purchase the clubhouse, golf course, and related amenities, per the agreement dated January 11, 2019 and amended August 30, 2019. The funds were used to purchase and renovate the clubhouse, golf course and other related amenities.

In November 2019, the District entered into an agreement with Park Boulevard Management, LLC, who is responsible for the management, operation, organization, administration and maintenance of the Property in accordance with the terms of the agreement.

PART II. REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

UNIVERSITY PARK RECREATION DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GOVERNMENTAL FUND (GENERAL FUND)**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>GENERAL FUND</u>			
	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL AMOUNT</u>	
Revenues:				
Non ad-valorem assessments	\$ 1,000,000	\$ 1,000,000	\$ 1,181,535	\$ 181,535
Special assessment installment fees	0	0	4,875	4,875
Other income & financing sources	<u>1,020</u>	<u>1,020</u>	<u>1,020</u>	<u>0</u>
Total Revenues	<u>1,001,020</u>	<u>1,001,020</u>	<u>1,187,430</u>	<u>186,410</u>
Expenditures				
Current:				
General government	707,985	729,300	729,300	0
Contingency/Carryforward	<u>0</u>	<u>271,720</u>	<u>0</u>	<u>271,720</u>
Total Expenditures	<u>707,985</u>	<u>1,001,020</u>	<u>729,300</u>	<u>271,720</u>
Excess (Deficiency) of revenues over expenditures	<u>293,035</u>	<u>0</u>	<u>458,130</u>	<u>(85,310)</u>
Net change in fund balance	<u>\$ 293,035</u>	<u>\$ 0</u>	458,130	<u>\$ (85,310)</u>
Fund Balance, September 30, 2018			<u>(148)</u>	
Fund Balance, September 30, 2019			<u>\$ 457,982</u>	

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

PART III. OTHER REPORTS



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

Nathan A. Phillips, CPA
Deborah L. Harvey, CPA (Decd)

Stephanie J. Feldman, CPA
Michelle V. Schalmo, CPA
Shannon Huber, CPA
David N. Phillips, CPA, MBA
Courtney L. Cound, CPA

July 16, 2020

To the Board of Supervisors
UNIVERSITY PARK RECREATION DISTRICT
University Park, 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 the governmental activities and its major fund of UNIVERSITY PARK RECREATION DISTRICT, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the UNIVERSITY PARK RECREATION DISTRICT'S basic financial statements, and have issued our report thereon dated July 16, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered UNIVERSITY PARK RECREATION DISTRICT'S internal control over financial reporting (internal control) to determine the auditing 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 UNIVERSITY PARK RECREATION DISTRICT'S internal control. Accordingly, we do not express an opinion on the effectiveness of UNIVERSITY PARK RECREATION DISTRICT'S internal control.

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

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


To the Board of Supervisors
UNIVERSITY PARK RECREATION DISTRICT
July 16, 2020

Compliance and Other Matters

As part of obtaining reasonable assurance about whether UNIVERSITY PARK RECREATION 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


PHILLIPS HARVEY GROUP, P.A.
Certified Public Accountants
Naples, Florida



**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

Nathan A. Phillips, CPA
Deborah L. Harvey, CPA (Decd)

Stephanie J. Feldman, CPA
Michelle V. Schalmo, CPA
Shannon Huber, CPA
David N. Phillips, CPA, MBA
Courtney L. Cound, CPA

July 16, 2020


To the Board of Supervisors
UNIVERSITY PARK RECREATION DISTRICT
University Park, Florida

We have examined UNIVERSITY PARK RECREATION DISTRICT's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2019. UNIVERSITY PARK RECREATION DISTRICT's management is responsible for compliance with those requirements. Our responsibility is to express an opinion on UNIVERSITY PARK RECREATION DISTRICT's compliance based on our examination.

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

In our opinion, UNIVERSITY PARK RECREATION DISTRICT complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

This report is intended solely for the information and use of the UNIVERSITY PARK RECREATION DISTRICT and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.


PHILLIPS HARVEY GROUP, P.A.
Certified Public Accountants
Naples, Florida



MANAGEMENT LETTER - LOCAL GOVERNMENT ENTITIES

Nathan A. Phillips, CPA
Deborah L. Harvey, CPA (Decd)

Stephanie J. Feldman, CPA
Michelle V. Schalmo, CPA
Shannon Huber, CPA
David N. Phillips, CPA, MBA
Courtney L. Cound, CPA

July 16, 2020

To the Board of Supervisors
UNIVERSITY PARK RECREATION DISTRICT
University Park, Florida

Board of Supervisors:

Report on the Financial Statements

We have audited the financial statements of UNIVERSITY PARK RECREATION DISTRICT, Florida, as of and for the fiscal year ended September 30, 2019 and have issued our report thereon dated July 16, 2020.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the 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 Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated July 16, 2020, 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. This was the first year for which the government has undergone an audit, and therefore there was no preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rule 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 District discloses this information in the notes to the financial statements.

To the Board of Supervisors
UNIVERSITY PARK RECREATION DISTRICT
July 16, 2020

Financial Condition and Management

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendation.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 Florida Auditor General, Federal and other granting agencies, the Board of Supervisors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.


PHILLIPS HARVEY GROUP, P.A.
Certified Public Accountants
Naples, Florida