

UNIVERSITY PARK RECREATION DISTRICT

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

UNIVERSITY PARK RECREATION DISTRICT

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INDEPENDENT AUDITOR'S REPORT

February 2, 2024

To the Board of Supervisors
UNIVERSITY PARK RECREATION DISTRICT
University Park, Florida 34201

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Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of UNIVERSITY PARK RECREATION DISTRICT ("the District") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of UNIVERSITY PARK RECREATION DISTRICT as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the UNIVERSITY PARK RECREATION DISTRICT, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the UNIVERSITY PARK RECREATION DISTRICT's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 UNIVERSITY PARK RECREATION DISTRICT's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the UNIVERSITY PARK RECREATION DISTRICT's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Required Supplementary Information (Continued)

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 2, 2024, on our consideration of the 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 solely 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 the 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 the UNIVERSITY PARK RECREATION DISTRICT's internal control over financial reporting and compliance.


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

UNIVERSITY PARK RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

University Park Recreation District (the "District") Administration offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended September 30, 2023, and September 30, 2022. Please read it in conjunction with the accompanying financial statements.

FINANCIAL HIGHLIGHTS

(Rounded to Thousands)

	September 30,		Increase/ Decrease
	2023	2022	
Total net position	\$ 23,906	\$ 23,277	\$ 629
Unrestricted net position available for future use	\$ 396	\$ 158	\$ 238
Governmental net position	\$ 1,620	\$ 2,457	\$ (837)
Total revenues from all sources	\$ 13,530	\$ 12,214	\$ 1,316
Governmental revenues	\$ 1,398	\$ 1,396	\$ 2
Total cost of District programs	\$ 842	\$ 776	\$ 66
Governmental change in net position	\$ (837)	\$ (1,867)	\$ 1,030
General fund revenues (under) over expenditures	\$ (31)	\$ (21)	\$ (10)
General fund unassigned fund balance	\$ 17	\$ 61	\$ (44)
As a percentage of general fund expenditures	6.43%	30.29%	-24%
Country Club operating income (loss)	\$ (156)	\$ 214	\$ (370)
Country Club change in net position	\$ 1,466	\$ 2,165	\$ (699)
Change in total long-term debt for the District	\$ (990)	\$ (1,841)	\$ 851

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: 1. Government-wide financial statements that include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the District as a whole. 2. Fund financial statements tell how these services were financed, as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. 3. Notes to the basic financial statements expand upon information reported in the government-wide and funds financial statements.

REPORTING ON THE DISTRICT AS A WHOLE

Statement of Net Position and the Statement of Activities (Government-wide)

A frequently asked question regarding the District's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector entities. All of the District's revenues and expenses are considered, regardless of when cash is received or paid.

UNIVERSITY PARK RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

These two statements report the District's net position and changes therein. Net position, the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, is one way to measure the District's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating.

The statement of Net Position and the Statement of Activities present information about the following:

- **Governmental activities** - All of the District's basic services are considered to be governmental activities, including general government and recreation. Assessments and fees finance most of these activities.
- **Proprietary activities/Business-type activities** - The District charges fees to its members and non-members (i.e., public) to cover all or most of the cost of the services provided. The District's Country Club operations (University Park Country Club) are reported in this category.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law. However, management may establish other funds at times, which aid in the management of resources for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other resources. The District's two types of funds – governmental and proprietary - use different accounting approaches as explained below.

• Governmental funds

Most of the District's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out, with balances available for spending remaining at year-end. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District maintains three individual governmental funds as follows:

1. **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.
2. **Debt Service 2019 Fund** - The Debt Service 2019 Fund accounts accumulated resources for, and the payment of, general long-term principal, interest and related costs for the 2019 project consisting of the acquisition of the existing 27-hole University Park golf course, clubhouse, restaurant, lounge, fitness center, tennis center, and other facilities and approximately 100 acres of additional land and certain renovations and upgrades to such facilities.

UNIVERSITY PARK RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

3. **Acquisition and Construction Fund** - The Acquisition and Construction Fund accounts for the construction and acquisition of capital assets including the acquisition of the University Park golf course, clubhouse, restaurant, lounge, fitness center, tennis center, and other facilities and approximately 100 acres of additional land and certain renovations and upgrades to such facilities, as well as certain defined capital improvements described in the 2019 Bond Series Indenture.

The basic governmental fund financial statements can be found on pages 15 through 19 of the report.

The District maintains one proprietary fund for its business-type activities:

- **Proprietary Fund** - The District's Proprietary Fund is the Country Club Fund, which accounts for charges to members and non-members (i.e., public) for the services it provides and for expenses incurred to provide services. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The basic proprietary fund financial statements can be found on pages 21 through 23 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time the net position may serve as a useful indicator of a government's financial position. In the case of the District, the net position was \$23,906,256 and \$23,276,982 at September 30, 2023, and September 30, 2022, respectively.

A significant portion of the District's net position reflects its investment in capital assets (e.g., land, golf course and related improvements, buildings, machinery and equipment and tennis courts), less any related debt still outstanding, which was used to acquire those assets. The District uses these capital assets to provide services to property owners of the District and to non-members; consequently, these assets are not available for future spending.

UNIVERSITY PARK RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

NET POSITION AT SEPTEMBER 30, 2023, and 2022

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Cash and other assets	\$ 26,518	\$ 68,447	\$ 1,436,019	\$ 960,057	\$ 1,462,537	\$ 1,028,504
Receivables	22,423,263	22,962,101	374,939	239,703	22,798,202	23,201,804
Due from another fund	-	-	-	-	-	-
Inventories	-	-	291,046	263,476	291,046	263,476
Prepaid expenses	314,725	312,549	106,577	95,599	421,302	408,148
Other assets	-	-	11,899	12,630	11,899	12,630
Restricted cash	1,655,012	2,459,522	1,446,432	1,705,765	3,101,444	4,165,287
Capital assets, net	-	-	21,266,296	20,269,421	21,266,296	20,269,421
Total assets	24,419,518	25,802,619	24,933,208	23,546,651	49,352,726	49,349,270
Deferred outflows of resources:						
Liabilities:						
Current liabilities:						
Accounts payable	9,954	7,583	284,671	215,694	294,625	223,277
Accrued interest	302,048	308,118	1,023	975	303,071	309,093
Lease obligations	-	-	398,325	507,216	398,325	507,216
Accrued payroll and other	-	-	544,174	462,073	544,174	462,073
Deferred dues	-	-	1,325,656	1,108,490	1,325,656	1,108,490
Long-term liabilities						
Lease obligations	-	-	93,125	421,709	93,125	421,709
2019 Bond	22,487,494	23,030,254	-	-	22,487,494	23,030,254
Other	-	-	-	10,176	-	10,176
Total liabilities	22,799,496	23,345,955	2,646,974	2,726,333	25,446,470	26,072,288
Deferred inflows of resources:						
Net position:						
Net investment in capital	-	-	20,774,847	19,330,320	20,774,847	19,330,320
Restricted	1,288,733	2,083,251	1,446,432	1,705,765	2,735,165	3,789,016
Unrestricted	331,289	373,413	64,955	(215,767)	396,244	157,646
Total net position	\$ 1,620,022	\$ 2,456,664	\$22,286,234	\$20,820,318	\$23,906,256	\$23,276,982

UNIVERSITY PARK RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Changes in net position show revenue and expenses for governmental and business-type activities of the District, along with transfers between District funds.

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
REVENUES:						
Non-ad valorem assessments	\$ 1,389,208	\$ 1,389,003	\$ -	\$ -	\$ 1,389,208	\$ 1,389,003
Charges for services	-	-	12,104,824	10,797,677	12,104,824	10,797,677
Other revenues and interest	8,371	7,285	27,151	19,581	35,522	26,866
Total Revenues	1,397,579	1,396,288	12,131,975	10,817,258	13,529,554	12,213,546
EXPENSES:						
Current:						
General government	841,979	775,578	-	-	841,979	775,578
Debt service:						
Interest and debt issuance	725,313	739,887	-	-	725,313	739,887
Country Club:						
Operating expenses	-	-	10,840,619	9,508,961	10,840,619	9,508,961
Interest expense	-	-	46,951	69,048	46,951	69,048
Amortization expense	-	-	477,318	474,150	477,318	474,150
Depreciation expense	-	-	969,630	752,561	969,630	752,561
Total Expenses	1,567,292	1,515,465	12,334,518	10,804,720	13,901,810	12,320,185
Excess (deficiency) of revenues over (under) expenses	(169,713)	(119,177)	(202,543)	12,538	(372,256)	(106,639)
Contributions, transfers and other						
Capital transfers in (out)	(791,929)	(1,848,113)	791,929	1,848,113	-	-
Transfers in (out)	125,000	100,000	(125,000)	(100,000)	-	-
Other income/expenses (net)	-	-	1,001,530	404,227	1,001,530	404,227
Total contributions, transfers and other	(666,929)	(1,748,113)	1,668,459	2,152,340	1,001,530	404,227
Net change in net positions	(836,642)	(1,867,290)	1,465,916	2,164,878	629,274	297,588
Net position-beginning of year	2,456,664	4,323,954	20,820,318	18,655,440	23,276,982	22,979,394
Net position-end of year	\$ 1,620,022	\$ 2,456,664	\$ 22,286,234	\$ 20,820,318	\$ 23,906,256	\$ 23,276,982

UNIVERSITY PARK RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in Net Position (Continued)

Note - the District acquired the University Park County Club on November 22, 2019, from the issuance of its non-ad valorem assessment bonds series 2019.

The District's governmental activities programs include general government and debt service. Each program's net cost (total cost, less revenues generated by the activities) is presented above. The net cost shows the extent to which the District's general taxes support each of the District's programs.

Business-Type Activities

For the fiscal year ended September 30, 2023, the Country Club charges for services (revenues) for the Business-type activities was \$12,104,823 and expenses were \$12,287,570. Overall results for the year was an excess of expenses over revenues of \$202,543. In addition, investments in capital assets of \$791,929 were paid through transfers from the Capital Acquisition and Construction Fund in the same amount. During the year, \$125,000 was transferred from the Propriety Fund to the General Fund to pay a portion of Governmental expenditures. The net position of the Proprietary Fund (Country Club) at September 30, 2023, was \$22,286,234.

For the fiscal year ended September 30, 2022, the Country Club charges for services (revenues) for the Business-type activities was \$10,797,677 and expenses were \$10,735,672. Overall results for the year was an excess of revenues over expenses of \$12,538. In addition, investments in capital assets of \$1,848,113 were paid through transfers from the Capital Acquisition and Construction Fund in the same amount. During the year, \$100,000 was transferred from the Propriety Fund to the General Fund to pay a portion of Governmental expenditures. The net position of the Proprietary Fund (Country Club) at September 30, 2022, was \$20,820,318.

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 objective of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unrestricted (unassigned/assigned) fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At September 30, 2023, the combined fund balance for all Governmental Funds was \$1,994,565, a decrease from the September 30, 2022 fund balance of \$2,527,487. Less than 1% of the combined ending fund balance (\$1,994,565) constitutes unrestricted (unassigned/assigned) fund balance totaling \$16,565, which is available for spending at the District's discretion. The remainder of fund balance (\$1,978,000) is restricted (non-spendable/restricted) to indicate that it is not available for new spending because it has already been committed for debt service, acquisition, and construction.

UNIVERSITY PARK RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds (Continued)

At September 30, 2022, the combined fund balance for all Governmental Funds was \$2,527,487, a decrease from the September 30, 2021 fund balance of \$4,391,972. Approximately 2% of the combined ending fund balance (\$2,527,487) constitutes unrestricted (unassigned/assigned) fund balance totaling \$60,864, which is available for spending at the District's discretion. The remainder of fund balance (\$2,466,623) is restricted (non-spendable/restricted) to indicate that it is not available for new spending because it has already been committed for debt service, acquisition, and construction.

General Fund

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the total fund balance of the General Fund was unassigned, this amount was \$16,565. As a measure of the General Fund's liquidity, it is helpful to compare the total fund balance which is 6.43% of total general fund expenditures of \$257,553.

The General Fund unassigned fund balance (\$16,565) represents a decrease of \$44,299 from the 2022 unassigned general fund balance of \$60,864.

At the end of September 30, 2022, the total fund balance of the General Fund was unassigned, this amount was \$60,864. As a measure of the General Fund's liquidity, it is helpful to compare the total fund balance which is 30.29% of total general fund expenditures of \$200,962.

General Fund Budgetary Highlights

There was a formal General Fund budget amendment executed during the year to reclass certain appropriations among its total appropriated expenditures. The General Fund's 2023 total appropriations adopted of \$238,500 was amended to \$287,772.

General Fund Budget Analysis

As shown on page 40 of this report, in the Schedule of Revenues and Expenditures Non-GAAP Budget and Actual - General Fund, there was an overall favorable expenditure variance of \$30,218.

Debt Service 2019 Fund and Capital Acquisition and Construction Fund

The District had no formal budgets adopted for its debt service 2019 fund and its acquisition and construction fund since these funds were created initially upon the issuance of the District's Non-Ad Valorem Assessments Bonds Series 2019.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Capital assets of the District are those assets that are used in the performance of the District's functions. Capital assets include land, golf course and related improvements, buildings, machinery and equipment, and tennis courts. There are no Governmental Activities capital assets at September 30, 2023, and September 30, 2022, respectively.

UNIVERSITY PARK RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS (INCLUDING LEASES) AT SEPTEMBER 30, 2023 AND SEPTEMBER 30, 2022

	Business-Type Activities	
	2023	2022
Land	\$ 8,525,000	\$ 8,525,000
Land improvements	135,876	101,297
Construction in progress	172,344	1,494,316
Golf course and improvements	6,332,840	5,629,729
Buildings	3,202,367	3,202,367
Dining renovations	3,336,256	1,065,609
Machinery and equipment	1,276,851	1,019,734
Tennis courts	750,979	318,742
Leased assets	1,393,254	1,325,151
Total assets	25,125,767	22,681,945
Less accumulated depreciation	(2,908,003)	(1,938,374)
Less accumulated amortization	(951,468)	(474,150)
Net capital assets	<u>\$ 21,266,296</u>	<u>\$ 20,269,421</u>

On November 22, 2019, the District acquired, for \$16,750,000, through designated bond proceeds, certain recreation facilities consisting of a 27-hole golf course and practice facilities, a pro shop, a clubhouse with dining facilities and a kitchen, administrative and community facilities, tennis courts, a croquet court, a fitness center, a golf cart storage and other facilities with parcels of land within the University Park Country Club community. These capital assets are included as transfers from the Capital Acquisition and Construction Fund, net of other capital asset activity during the periods. The Proprietary Fund recorded amortization and depreciation of \$1,446,948 for the year ended September 30, 2023, and \$1,226,711 for the year ended September 30, 2022.

The District's investment in capital assets for its business-type activities as of September 30, 2023, and September 20, 2022, was \$20,774,847 and \$19,330,320, respectively (net of accumulated depreciation and related lease obligations). The District had no investment in capital assets for its governmental activities in either fiscal year 2023 or 2022.

On October 1, 2021, the District adopted the lease accounting standard GASB 87, which replaced the previous lease accounting method. GASB 87 is based on the principle that leases are financings of the right to use an asset and requires lessees to recognize an intangible right-of-use asset. These intangible right-of-use assets totaled \$1,393,254 with accumulated amortization of \$951,468 as of September 30, 2023 and totaled \$1,325,151 with accumulated amortization of \$474,150 as of September 30, 2022.

Debt

Currently, the District uses debt financing on an as-needed basis each year. At September 30, 2023, the District had total long-term debt of \$22,978,944 consisting of \$22,487,494 (including unamortized bond premium of \$72,494) in the governmental activities and \$491,450 in business-type activities. None of the District's long-term debt comprises debt backed by the full faith and credit of the County and Federal government.

UNIVERSITY PARK RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

OUTSTANDING DEBT AT SEPTEMBER 30, 2023 and SEPTEMBER 30, 2022

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Series 2019 Bonds	\$ 22,415,000	\$ 22,955,000	\$ -	\$ -	\$ 22,415,000	\$ 22,955,000
Capital leases	-	-	491,450	928,926	491,450	928,926
Equipment loans	-	-	-	10,176	-	10,176
Plus: Bond premium, net	72,494	75,254	-	-	72,494	75,254
Total	<u>\$ 22,487,494</u>	<u>\$ 23,030,254</u>	<u>\$ 491,450</u>	<u>\$ 939,102</u>	<u>\$ 22,978,944</u>	<u>\$ 23,969,356</u>

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

FY2024 Budget

The District's Board of Supervisors ("The Board") adopted a preliminary FY2024 Budget for the Enterprise Fund (Country Club), General Fund, and Debt Service Fund at the May 16, 2023, Board Meeting. The Budgets, primarily the Enterprise Fund, were prepared assuming club operations continue at its current level of activity. This expectation is anticipated to generate increased revenue from Dining Operations and maintain the continued strength in Golf Operations.

The fiscal year 2024 Budget includes plans for continued improvements to the University Park golf course while also emphasizing improved community appearance and financial stability. Most importantly, the budget provides necessary resources for the District to maintain and further improve services to our residents, members and guests without having to use the General Fund Unassigned Fund Balance.

The District's financial plan represents an approach to adequately maintain infrastructure and address gaps in the organization in order to deliver services to the community. While the budget allocates resources to improve the District's ability to address service and maintenance demands annually, there are also significant capital investments to be made to ensure proper services are maintained and provided to District residents, members and guests.

Results of Operations - Proprietary Fund, Enterprise - Country Club Fund

The overall results of operations were positive in fiscal 2023 with continued inflationary pressures and a challenging labor market. Golf Operations saw increases in merchandise sales, member rounds and increased greens fees. Dining revenues increased by 27% over the preceding year with the completion of renovations to the outdoor dining facility in May 2023. Operating expenses were unfavorable to budget in all departments due to increased labor costs and higher costs for food and supplies consumed in the dining and golf maintenance operations. Overall revenues exceeded expenses to generate a surplus consistent with forecast.

The District's delinquent account balance remains insignificant. The District had no delinquent accounts related to the 2019 Assessment as of year ended September 30, 2023. The Club Operations have no significant delinquent accounts.

UNIVERSITY PARK RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

CURRENT DEVELOPMENTS

Master Plan, Dining Renovations, Pickleball and Croquet Courts

Master Plan concepts for the Club, presented by Fawley Bryant Architecture of Bradenton, FL were previously accepted and formed the basis for the Board's focus on future Club improvements. In 2020, the District commenced Phase I of the Capital Improvement Plan which included significant improvements to the dining facilities, the relocation and expansion of the Croquet Pitch and the addition of the Pickleball Courts. This phase was successfully completed in May 2023 and has had a positive impact to members and club operations.

Master Plan, Golf Course Irrigation, Kitchen Renovations, Fitness Centre, Staff Workspace

The Capital Improvement Plan (Master Plan Phase II) projects for UPRD were identified in 2022 through collaboration with the Board of Supervisors, management, UPCC advisory groups and external consultants with experience in architecture, development, and finance. The plan addresses crucial infrastructure and deferred maintenance needs, replaces outdated equipment and facilities, and addresses the space needs of our expanding and growing membership and staff. Below are the proposed projects that were identified.

- Golf Course Irrigation System Replacement
- Golf Course Lake Banks & Bulkhead Upgrades
- Kitchen Renovation & Modernization
- Activity & Administration Building Development
- Fitness Centre Renovation & Modernization
- Parking Space Expansion & Resurfacing

These Phase II projects are planned to be completed in several stages over the next three years with minimal disruption to club activities. The initiative is set to commence in the summer of 2024 with the replacement of the Golf Course Irrigation system and commencing with the Kitchen and Fitness Centre renovations in May of 2025. The final projects, namely the activity and administration building development and parking space expansion and resurfacing, are scheduled to be completed in 2026.

Membership

The Board of Supervisors approved a new Membership Plan that commenced on January 1, 2022. The plan has fewer membership categories, enhanced membership flexibility and an adjusted fee structure. The FY2024 Budget continues to reflect this new membership plan. The membership Plan provides flexible, a la carte options to all members, including the introduction of pickleball included in a Racquets membership and the option to add a Pickleball Pass to the Social membership. It also included the introduction of a Social Access Pass for the spouse/partner of a Full/Racquets single member and the requirement of a Social Family membership for all households that have more than one resident.

A summary of memberships as of December 31, 2023, and 2022 follows:

Category	YE 2023	YE 2022	Difference	% Change
Full	426	386	40	10.4%
Tennis/Racquets	109	125	(16)	-12.8%
Social/Resident	781	762	19	2.5%
Jr. Exec	2	2	-	0%
Total	1,318	1,275	43	3.4%

UNIVERSITY PARK RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Membership (Continued)

As of December 31, 2023, approximately 2,270 individuals are members of the Club.

Active Activity Passes as of December 31, 2023:

Annual Fitness Passes: 145

Social Access Passes: 126

Twilight Tennis Passes: 20

Pickleball Passes: 54

Capital Reserve Plan

In the beginning of 2022, an independent Capital Reserve Study was completed by a third party, Club Benchmarking. This information provided the District with the foundation for the Capital Reserve plan and is the basis for the introduction of Capital Dues. Capital Dues, which were included in both the FY2023 and FY2024 budgets, is a charge to members that will help generate reserves to fund our current and future capital needs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, guests, club members, and creditors with a general overview of the District's finances and to show the District's accountability for the resources it receives and consumes. If you have questions about this report or need additional financial information, please contact the General Manager at (941) 355-3888.

John Fetsick, General Manager
University Park, FL

PART I. FINANCIAL SECTION

UNIVERSITY PARK RECREATION DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

ASSETS	Governmental Activities	Business Activities	TOTAL
Cash and cash equivalents	\$ 26,518	\$ 1,436,019	\$ 1,462,537
Receivables	22,423,263	374,939	22,798,202
Inventories	-	291,046	291,046
Prepaid expenses	314,725	106,577	421,302
Other assets	-	11,899	11,899
Restricted assets:			
Cash, restricted for debt and/or capital investments	1,655,012	1,446,432	3,101,444
Right of use leased assets, net of amortization	-	441,786	441,786
Capital assets, net:			-
Non-depreciable assets	-	8,697,344	8,697,344
Depreciable assets (net of depreciation)	-	12,127,166	12,127,166
Total capital assets, net	-	20,824,510	20,824,510
Total assets	<u>\$ 24,419,518</u>	<u>\$ 24,933,208</u>	<u>\$ 49,352,726</u>
LIABILITIES			
Accounts payable	\$ 9,954	\$ 284,671	\$ 294,625
Accrued payroll and other	-	544,174	544,174
Accrued interest payable	302,048	1,023	303,071
Unearned revenue	-	1,325,656	1,325,656
Non-current obligations:			
Portion due within one year	555,000	398,325	953,325
Portion due after one year	21,932,494	93,125	22,025,619
Total Liabilities	<u>22,799,496</u>	<u>2,646,974</u>	<u>25,446,470</u>
NET POSITION			
Investment in capital assets, net	-	20,824,510	20,824,510
Net position-restricted:			
General fund	-	175,263	175,263
Capital projects allocation	-	1,271,169	1,271,169
Debt service fund	1,288,733	-	1,288,733
Acquisition and construction fund	-	-	-
Unrestricted:	331,289	15,292	346,581
Total Net Position	<u>\$ 1,620,022</u>	<u>\$ 22,286,234</u>	<u>\$ 23,906,256</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, 2023

Functions/Programs	Expenses	Charges for Services	Governmental Activities	Business-type Activities	TOTAL
Primary Government					
Governmental activities					
General government	\$ 308,050	\$ 857,580	\$ 549,530	\$ -	\$ 549,530
Interest on long term debt	719,243	-	(719,243)	-	(719,243)
	<u>1,027,293</u>	<u>857,580</u>	<u>(169,713)</u>	<u>-</u>	<u>(169,713)</u>
Business-type activities - country club	12,379,343	13,178,330	-	798,987	798,987
Total business-type activities	<u>12,379,343</u>	<u>13,178,330</u>	<u>-</u>	<u>798,987</u>	<u>798,987</u>
 Total government	 <u>\$ 13,406,636</u>	 <u>\$ 14,035,910</u>	 <u>\$ (169,713)</u>	 <u>\$ 798,987</u>	 <u>\$ 629,274</u>
 General Revenues and Transfers:					
Transfers-cash			125,000	(125,000)	-
Transfers-capital assets			(791,929)	791,929	-
Total general revenues and transfers			<u>(666,929)</u>	<u>666,929</u>	<u>-</u>
 Change in net position			(836,642)	1,465,916	629,274
 Net position, September 30, 2022			<u>2,456,664</u>	<u>20,820,318</u>	<u>23,276,982</u>
 Net position, September 30, 2023			<u>\$ 1,620,022</u>	<u>\$ 22,286,234</u>	<u>\$ 23,906,256</u>

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

**UNIVERSITY PARK RECREATION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

ASSETS	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE 2019	ACQUISITION AND CONSTRUCTION	
Cash and cash equivalents	\$ 26,518	\$ 1,655,008	\$ 4	\$ 1,681,530
Receivables	-	22,423,263	-	22,423,263
Prepaid bond insurance	-	-	301,090	301,090
Prepaid expenses	13,635	-	-	13,635
Total Assets	\$ 40,153	\$ 24,078,271	\$ 301,094	\$ 24,419,518
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 9,953	\$ -	\$ -	\$ 9,953
Total Liabilities	9,953	-	-	9,953
Deferred Inflows of Resources:				
Unavailable revenue-special assessments	-	22,415,000	-	22,415,000
Total Liabilities and Deferred Inflows of Resources	9,953	22,415,000	-	22,424,953
Fund Balances:				
Reserved for:				
Non-spendable	13,635	-	301,090	314,725
Restricted	-	1,663,271	4	1,663,275
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	16,565	-	-	16,565
Total Fund Balances	30,200	1,663,271	301,094	1,994,565
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 40,153	\$ 24,078,271	\$ 301,094	\$ 24,419,518

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

UNIVERSITY PARK RECREATION DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2023

Total Governmental Fund Balance (Page 17) \$ 1,994,565

Amounts reported for governmental activities in the statement of net position are different because:

The focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (assessments receivable) are offset by deferred inflow in the governmental funds and thus are not included in fund balance:

Adjustment of deferred inflows - unavailable revenue \$ 22,415,000

Long-term liabilities, including notes and bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The amount borrowed is received in the governmental funds and increases fund balance. Also, the difference between those amounts are the amortization of bond premium and insurance costs over the life of the debt as well as year-end interest accrual adjustment in the statement of activities. Balance at year-end consist of:

Bonds and notes payable	\$ (22,415,000)	
Less: unamortized bond premium	(72,495)	
Less: accrued interest payable on long-term debt	<u>(302,048)</u>	
		<u>(22,789,543)</u>

Total Net Position (Page 15) \$ 1,620,022

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

UNIVERSITY PARK RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE 2019	ACQUISITION AND CONSTRUCTION	
REVENUES				
Non-ad valorem assessments	\$ -	\$ 1,389,208	\$ -	\$ 1,389,208
Other revenues and interest	-	8,360	11	8,371
Total Revenues	-	1,397,568	11	1,397,579
EXPENDITURES				
Current:				
General government	257,553	41,796	-	299,349
Debt service:				
Principal	-	540,000	-	540,000
Interest	-	725,313	-	725,313
Bond insurance amortization	-	-	11,459	11,459
Total Expenditures	257,553	1,307,109	11,459	1,576,121
(Deficiency) excess of revenues over expenditures	(257,553)	90,459	(11,448)	(178,542)
OTHER FINANCING SOURCES AND USES				
Transfers in (out)	226,889	(101,889)	-	125,000
Transfers-contributions to Enterprise Fund	-	-	(791,929)	(791,929)
Total Financing Sources (Uses)	226,889	(101,889)	(791,929)	(666,929)
Net Change in Fund Balances	(30,664)	(11,430)	(803,377)	(845,471)
Fund Balances, September 30, 2022	60,864	1,674,701	791,922	2,527,487
Reclassification of Fund Balance	-	(11,459)	11,459	-
Prior Period Adjustment	-	-	301,090	301,090
Fund Balances, September 30, 2023	\$ 30,200	\$ 1,651,812	\$ 301,094	\$ 1,983,106

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 BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Net Change in Fund Balances - Total Governmental Funds (Page 19) \$ (845,471)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report annual collections of non-ad valorem assessments as revenue, including the portion collected for principal repayment. However, in the statement of activities, the principal repayment portion is eliminated and instead reduces the deferred inflows of resources on the balance sheet. (540,000)

Interest expense/other in the statement of activities differs from the amount reported in governmental funds for two reasons. The net effect of accrued interest on long-term debt (difference between amount that would have been accrued current year accrual), and adjustments arising from bond premium and bond insurance being amortized.

Net effect of accrued interest on long-term debt	6,070	
Amortization of bond premium	<u>2,759</u>	
		8,829

Repayments of long-term liabilities are reported as expenditures in the governmental fund statement, however, such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities. 540,000

Change in Net Position of Governmental Activities (Page 16) \$ (836,642)

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

UNIVERSITY PARK RECREATION DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2023

ASSETS	Enterprise (Country Club)
<hr/>	
Current assets	
Cash and cash equivalents	\$ 1,436,019
Accounts receivable (net)	374,939
Inventories	291,046
Prepaid expenses	106,577
Other assets	11,899
Restricted assets: cash and cash equivalents	1,446,432
Total current assets	<u>3,666,912</u>
Non-current assets	
Right of use leased assets, net of amortization	441,786
Capital assets, net	20,824,510
Total non-current assets	<u>21,266,296</u>
Total assets	<u>\$ 24,933,208</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 284,671
Accrued payroll and other	544,174
Accrued interest payable	1,023
Unearned revenue	1,325,656
Lease liabilities	398,325
Total current liabilities	<u>2,553,849</u>
Non-current liabilities	
Lease liabilities	93,125
Total non-current liabilities	<u>93,125</u>
Total liabilities	<u>2,646,974</u>
NET POSITION	
Investment in capital assets, net	20,824,510
Net position-restricted:	
General fund	175,263
Capital projects allocation	1,271,169
Acquisition and construction fund	-
Unrestricted	15,292
Total net position	<u>\$ 22,286,234</u>

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

UNIVERSITY PARK RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Enterprise (Country Club)
Operating revenue	
Membership dues	\$ 4,880,498
Green/cart fees and other	4,275,241
Dining revenues	2,734,285
Racquets and fitness fees	214,800
Miscellaneous	27,151
Total operating revenues	<u>12,131,975</u>
Operating expenses	
Golf course maintenance	2,765,538
Golf and pro shop operations	1,453,543
Dining operations	4,114,911
Racquets and fitness	515,097
Administrative and general	1,728,803
Insurance	262,730
Depreciation and amortization	1,446,948
Total operating expenses	<u>12,287,570</u>
Operating income (loss)	(155,595)
Nonoperating revenues (expenses)	
Initiation fees	766,170
Capital dues	223,065
Gain on sale of assets	15,400
Interest expense	(46,951)
Nonoperating expenses	(60,222)
Miscellaneous and other	57,120
Total nonoperating revenues (expenses)	<u>954,582</u>
Contributions and transfers	
Transfers in from Acquisition and Construction Fund	791,929
Transfer out to General Fund	(125,000)
Total contributions and transfers	<u>666,929</u>
Change in net position	1,465,916
Net position, beginning	<u>20,820,318</u>
Net position, ending	<u>\$ 22,286,234</u>

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

UNIVERSITY PARK RECREATION DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Enterprise (Country Club)
<hr/>	
Cash flows from operating activities:	
Receipts from customers	\$ 12,213,905
Payments to suppliers for goods or services	(6,988,168)
Payments to employees for services	(3,804,598)
Net cash provided by operating activities	<u>1,421,139</u>
Cash flows from capital and related financing activities:	
Transfers in from acquisition and construction fund	791,929
Transfer to general fund	(125,000)
Principal paid on lease obligations and loans	(447,651)
Initiation fees	766,170
Capital dues	223,065
Decrease in construction in progress	757,770
Acquisition of capital assets, net	(3,170,793)
Net cash used in capital and related financing activities	<u>(1,204,510)</u>
Net increase in cash	216,629
Cash and cash equivalents, beginning of year	2,665,822
Cash and cash equivalents, end of year	<u>\$ 2,882,451</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	<u>\$ (155,595)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	1,446,948
Gain on disposal of asset	(15,400)
Interest expense	(46,951)
Nonoperating income and expenses	(3,102)
Change in assets and liabilities:	
Increase in accounts receivable	(135,236)
Increase in inventories	(27,570)
Increase in prepaid expenses	(10,978)
Decrease in other assets	731
Increase in accounts payable	68,977
Increase in accrued payroll and other	82,101
Increase in interest payable	48
Increase in unearned revenue	217,166
Total adjustments	<u>1,576,734</u>
Net cash provided by operating activities	<u>\$ 1,421,139</u>
Supplemental Disclosures of Cash Flow Information:	
Capital assets obtained from transfers in from Acquisition and Construction Fund	<u>\$ 791,929</u>
Non-cash asset financing activity	<u>\$ (68,151)</u>

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

UNIVERSITY PARK RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

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 1,226 gross acres of land and 1,201 residential units to be served by the District. The District has undertaken 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 within certain defined terms.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements related to the *Financial Reporting Unit*, which establishes standards for defining and reporting on the financial reporting entity. Under the provisions of those standards, the definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the District 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. The District is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District, or the District has operational responsibility on the organization. Based upon the application of these criteria, there were no entities that met the criteria described above. Therefore, the financial statements include only the operations of the District.

The District's financial statements include both government wide and fund 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 non-fiduciary activities of the District. *Governmental activities*, which normally are supported by taxes, are reported separately from *business-type activities* of which the District had such activities during 2023. For the most part, the effect of inter-fund activity has been removed from these statements. 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 (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. Other items not properly included among program revenues are reported instead as *general revenues*.

UNIVERSITY PARK RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds even though such funds are excluded from the government-wide financial statements. All governmental funds of the District are reported as major individual funds.

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. Non-ad valorem assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 government considers all revenues available if they are collected within 60 days after year-end. Expenditures generally 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, are recorded only when payment is due. The primary revenue sources associated with the current fiscal period that are susceptible to accrual are non-ad valorem assessments and any investment interest. All other revenue items become measurable and available only when cash is received by the District and are recognized as revenue at that time.

The District reports the following major governmental funds:

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.

Debt Service 2019 Fund - This Debt Service 2019 Fund accounts accumulated resources for, and the payment of, general long-term principal, interest and related costs for the 2019 Project consisting of the acquisition of an existing 27-hole University Park championship golf course, clubhouse, restaurant, lounge, fitness center, tennis center, and other facilities and approximately 100 acres of additional land and certain renovations and upgrades to such facilities.

Acquisition and Construction Fund - This Acquisition and Construction Fund accounts for the construction and acquisition of capital assets such as acquisition of University Park club facilities as well as certain defined capital improvements noted in the 2019 Bond Series Indenture.

The District reports the following major (and only) proprietary fund:

Enterprise (Country Club) Fund - This Fund accounts for the activities related to the University Park Country Club.

UNIVERSITY PARK RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and selling goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise (Country Club) Fund are charges to members and the public for sales and services. Operating expenses for the Enterprise (Country Club) Fund include the cost of sales and amenity services, administrative expenses and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgetary Process

The District's General Fund and Proprietary Fund budgets and amendments are approved by the Board of Supervisors. There were no formal budgets adopted for the District's Debt Service 2019 Fund or the Acquisition and Construction Fund during this fiscal year. Those Funds are adhering to and following the specific mandates as delineated in the 2019 Bond Series Indenture. The adopted budgets are prepared on a basis consistent with U.S. generally accepted accounting principles except the Proprietary Fund does not budget for depreciation. The adopted budget amounts presented in the accompanying basic financial statements are originally adopted, unless subsequently amended, by the District's Board of Supervisors. Budgetary control is established by the District through the appropriated budget for all applicable Funds.

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

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

- a) Each year the District management team submits to the District Board a proposed operating 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 budget is legally adopted via resolution by the District Board.
- d) All budget changes must be approved by the District Board.
- e) All budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

Encumbrances

Encumbrance accounting under which purchase orders and other commitments for expenditures of monies are recorded is not employed by the District and thus no amount has been included in these financial statements for encumbrances.

Due To and From Other Funds

Interfund receivables and payables, if any, arise from interfund transactions and are recorded by funds affected in the period in which transactions are executed. There were no amounts due to and from other funds on September 30, 2023 in the accompanying fund statements.

UNIVERSITY PARK RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Total Column on the Statement of Net Position, Statement of Activities, Balance Sheet - Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

The total columns on the statement of net position, statement of activities, balance sheet - governmental funds and the statement of revenues, expenditures and changes in fund balances - governmental funds is presented only to facilitate financial analysis and also is utilized for reconciliation purposes to the government-wide financial statements. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles, and such data is not comparable to a consolidation.

Cash and Cash Equivalents

Cash consists of petty cash, deposits in checking accounts, money market accounts. Cash equivalents are short-term investment items (US Treasury bills in 2023) with a maturity of three months or less when purchased.

Accounts Receivable

Accounts receivable in the Enterprise (Country Club) Fund are stated at the amount management expects to collect from outstanding balances. These accounts represent member charges for goods and/or services provided. It is the District's policy to charge off uncollectible amounts when management determines the receivable will not be collected. There were no accounts receivable written-off during the year and \$3,000 was included as an allowance for any uncollectible accounts at September 30, 2023. The District's collection policy includes sending a friendly collection letter at 30 days past payment due date, sending a stronger letter outlining consequences for nonpayment at 45 days past payment due date and consideration of suspension of members at 60 days past payment due date for nonpayment. Members will then have 15 days to make payment or their membership may be recalled by Club management. Any past due member balance that includes unpaid dues is subject to the suspension of Club privileges at the 30 days past payment due date. Members who join the Club after January 1 each year will have their dues prorated to the effective date of membership.

Assessments Receivable/Unavailable Revenue

Assessments receivable recorded in the Debt Service 2019 Fund represent the balance of outstanding assessments levied at the time the related debt issuance was authorized. The receivables are collected in annual installments together with assessments for interest and collection costs in amounts sufficient to meet the annual 2019 Bond Series debt service requirements.

The District reports unavailable revenue as a deferred inflow of resources in the fund financial statements in an amount equal to the assessments receivable since this revenue (totaling \$22,415,000 as of September 30, 2023) will be collected in future years. This assessment revenue is not deferred in the government-wide financial statements. Instead, it is recognized as revenue at the time the assessments are levied.

Restricted Assets

Certain resources set aside for the repayment of the District's special assessment bond proceeds are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "Cash", restricted for principal and interest account is used to segregate resources accumulated for future debt service payments as shown in the 2019 Bond Series Indenture.

UNIVERSITY PARK RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Investments

Investments, if any, are reported and are equal or equivalent to fair value. The District follows Florida Statutes Section 218.415 (17) when investments are acquired. For any investments held, the District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair values of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. All District funds held with US Bank (Bond Trustee) at September 30, 2023 are in money market accounts. Investments held at year-end by the District were considered cash equivalents due to their maturation date upon purchase.

Inventories

Inventories in the Enterprise (Country Club) Fund are stated at the lower of cost (first-in, first-out method) or net realizable value and consist of food, beverage, and merchandise held for sale in the pro shop. The costs of governmental fund type inventory, if any, are recorded as expenditures when consumed rather than when purchased.

Prepaid Items

Payments made to vendors for services that will be benefit periods beyond September 30, 2023, in the governmental funds are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and showing the expenditure/expense in the year in which the services are consumed. At the fund reporting level, an equal amount of the fund balance is classified as non-spendable, as this amount is not available for general appropriation.

Capital Assets and Depreciation

Capital assets, which include land, golf course and related improvements, buildings, machinery and equipment and tennis courts are reported in the business-type activities columns in the government-wide financial statements (see Note 3). The District had no governmental capital assets at September 30, 2023. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Capital assets are carried at historical cost or estimated fair value at date of purchase. Contributed assets are recorded at acquisition value as of the date received. As the District constructs or acquires capital assets each period, such assets are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life.

The District's golf course and improvements (excluding land), buildings, machinery and equipment and tennis courts are being depreciated using the straight-line method over the following estimated useful lives.

	<u>YEARS</u>
Golf course and improvements	15
Buildings	28
Machinery and equipment	5 - 7
Tennis courts	7

UNIVERSITY PARK RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Payables and Accruals

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 current expendable financial resources.

Compensated Absences

The District's staff are granted compensated absence pay for vacation and sick leave in varying amounts based on length of service and other adopted policies. Compensated absences are accrued when earned in the government-wide and proprietary financial statements.

Unearned Revenue

The District reports unearned revenue on its government-wide and proprietary fund statements of net position. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. On both the government-wide statements and proprietary fund statement, unearned revenues represent the corresponding liability for cash advances received, related primarily to club membership dues and fees to fund future expected expenditures. In subsequent periods, when revenue recognition criteria are met the revenue will be recognized and the unearned revenue will be released.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position may report a separate section for deferred outflows 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 had no items that qualify for reporting in this category. In addition to liabilities, the statement of net position may 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 only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental Debt Service 2019 fund reported unavailable revenues from the balance of outstanding assessments levied by the District to repay outstanding debt. These amounts are deferred and recognized as an inflow of resources in the future periods that the amounts become available.

Long-Term Obligations

2019 Series bond payable is reported as a liability in the government-wide statement of net position. This liability is not reported in the fund financial statements as they are considered to be current liabilities. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds are reported net of the applicable bond premium or discount. Bond issuance costs, other than prepaid insurance, are expensed at issuance. Prepaid insurance associated with the issuance of debt is reported as an asset and amortized over the term of the related debt. Related interest is expensed in the accompanying statement of activities.

UNIVERSITY PARK RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as another financing source. Premiums received on debt issuances are reported as another financing source while discounts on debt issuances are reported as another financing use. 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.

Net Position

Net Position in the legally approved government-wide statements is displayed in three categories: (1) investment in capital assets, net (2) restricted or (3) unrestricted. Investment in capital assets, net, consist of capital assets reduced by accumulated depreciation and by any outstanding debt/liabilities. Restricted net position represents the assets restricted by the District's bond covenants net of accrued interest payable, as well as other internal restrictions approved by the Board of Supervisors for specific use. Unrestricted net position consists of the remaining net position that does not meet the definition of either of the other two categories.

Revenue and Expenses

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing and delivering goods and/or services. It also includes all revenue and expenses not related to financing or investing activities.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses represent revenue and expense items that are not incurred from the normal user activity of the District. This classification primarily includes revenues received from investments, interest received on special assessments, capital assessments, new owner capital and initiation fees, deferred maintenance assessments, and interest expense and fiscal costs.

Fund Balances

The District 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. The District's fund balances classifications 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 balances 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 8.

Net Position Flow Assumption

At times the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amount to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

UNIVERSITY PARK RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Fund Balance Flow Assumption

At times the District will fund outlays for a particular purpose from both restricted and unrestricted resources (total of committed, assigned and unassigned fund balance). In order to calculate the amount to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of the unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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 and Enterprise (Country Club) funds. 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 fiscal 2023. 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.

Adoption of New Accounting Standards

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This standard requires the recognition of certain subscription assets and liabilities for arrangements that previously were classified as operating expenses and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for contract accounting based on the foundational principle that certain arrangements are financings of the right to use another party's underlying asset (IT software) alone, or in conjunction with tangible assets. The District adopted GASB 96 during 2023, effective October 1, 2022, though no modifications in reporting were required due to the terms of the District's arrangements and contracts for these services.

NOTE 2 - CASH (DEPOSITS) AND CASH EQUIVALENTS

Cash (deposits) and cash equivalents held at September 30, 2023 by each governmental major fund consisted of:

	<u>GENERAL</u>	<u>DEBT SERVICE 2019</u>	<u>ACQUISITION AND CONSTRUCTION</u>	<u>TOTAL</u>
Demand Deposits	\$ 26,518	\$ 1,655,008	\$ 4	\$ 1,681,530

UNIVERSITY PARK RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - CASH (DEPOSITS) AND CASH EQUIVALENTS (Continued)

Deposits

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 saving and loans are collateralized with the Treasurer as agent for the public entities. Chapter 280 defines deposits as demand deposit accounts, time deposit accounts, and certificates of deposit.

Financial institutions qualifying as public depositories shall deposit with the Florida State Treasurer eligible collateral pursuant to the specific requirements provided in Chapter 280. 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, and therefore the District is not exposed to custodial credit risk.

The District participates in a deposit placement agreement in which balances are placed with participating banks in deposit accounts up to the maximum Federal Deposit Insurance Corporation (FDIC) coverage of \$250,000. At times there are balances waiting to be allocated to participating banks, these amounts are subject to a single FDIC maximum of \$250,000. As of September 30, 2023, the District had excess funds of \$926,337 of deposits in this program which were not covered by FDIC.

Cash Equivalents

The District's investment policy is to follow Florida Statute 218.415(17), the District is authorized to make investments in:

- Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01;
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Florida Statute 280.02; and
- Direct obligations of the U.S. Treasury.

The District invested in direct obligations of the U.S. Treasury (Treasury bills) during the year ended September 30, 2023, with original maturations of less than three months. Accordingly, these investments recorded at cost of \$691,795, which approximate fair value, are treated as cash equivalents as of September 30, 2023 on the financial statements.

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

UNIVERSITY PARK RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - CAPITAL ASSETS, NET

Capital asset activity for the fiscal year ended September 30, 2023 was as follows:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>TRANSFERS (DELETIONS)</u>	<u>ENDING BALANCE</u>
<u>Governmental activities:</u> (None for the year)	\$ -	\$ -	\$ -	\$ -
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 8,525,000	\$ -	\$ -	\$ 8,525,000
Construction in progress	<u>1,494,316</u>	<u>2,219,995</u>	<u>(3,541,967)</u>	<u>172,344</u>
Total capital assets, not being depreciated	<u>10,019,316</u>	<u>2,219,995</u>	<u>(3,541,967)</u>	<u>8,697,344</u>
Capital assets, being depreciated:				
Golf course and improvements	5,629,728	703,112	-	6,332,840
Land improvements	101,297	34,579	-	135,876
Buildings	3,202,367	-	-	3,202,367
Dining renovations	1,065,609	2,270,648	-	3,336,256
Machinery and equipment	1,019,734	257,117	-	1,276,851
Tennis courts	<u>318,742</u>	<u>432,237</u>	-	<u>750,979</u>
Total capital assets being depreciated	<u>11,337,477</u>	<u>3,697,693</u>	<u>-</u>	<u>15,035,169</u>
Less accumulated depreciation for:				
Golf course and improvements	(1,038,427)	(436,995)	-	(1,475,421)
Land improvements	(1,206)	(14,434)	-	(15,640)
Buildings	(344,939)	(125,654)	-	(470,593)
Dining renovations	(61,780)	(152,306)	-	(214,086)
Machinery and equipment	(382,429)	(137,666)	-	(520,095)
Tennis courts	<u>(109,593)</u>	<u>(102,575)</u>	-	<u>(212,168)</u>
Total accumulated depreciation	<u>(1,938,374)</u>	<u>(969,630)</u>	<u>-</u>	<u>(2,908,003)</u>
Total capital assets, being depreciated, net	<u>9,399,103</u>	<u>2,728,063</u>	<u>-</u>	<u>12,127,166</u>
Business-type activities capital assets, net	<u>\$ 19,418,419</u>	<u>\$ 4,948,058</u>	<u>\$ (3,541,967)</u>	<u>\$ 20,824,510</u>

The Enterprise (Country Club) Fund depreciation and amortization expenses for the year ended September 30, 2023 totaled \$969,630 and \$477,318, respectively. Of the \$3,697,692 in capital asset additions above, \$791,929 were paid with transfers from the Acquisition and Construction Fund during the fiscal year.

NOTE 4 - LONG-TERM OBLIGATIONS AND PLEDGED FUTURE REVENUES

Long term obligations are comprised of limited obligations bonds (special assessment debt), Series 2019 bond premium loans, office and equipment leases, and equipment loans.

UNIVERSITY PARK RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - LONG-TERM OBLIGATIONS AND PLEDGED FUTURE REVENUES (Continued)

Changes in long-term liability activity for the fiscal year ended September 30, 2023 was as follows:

	<u>BALANCE SEPTEMBER 30, 2022</u>	<u>ADDITIONS</u>	<u>(REDUCTIONS)</u>	<u>BALANCE SEPTEMBER 30, 2023</u>	<u>DUE WITHIN ONE YEAR</u>
<u>Governmental activities:</u>					
Series 2019 Bonds	\$ 22,955,000	\$ -	\$ (540,000)	\$ 22,415,000	\$ 555,000
Plus: bond premium	75,254	-	(2,760)	72,494	-
<u>Business-type activities:</u>					
Office/equipment leases	928,925	130,031	(567,506)	491,450	398,325
Equipment loans	10,176	-	(10,176)	-	-
	<u>\$ 23,969,355</u>	<u>\$ 130,031</u>	<u>\$ (1,120,442)</u>	<u>\$ 22,978,944</u>	<u>\$ 953,325</u>

Government Activities

Special Assessment Debt with Governmental Commitment

Special assessment debt with governmental commitment is not backed by the full faith and credit of the District but is payable solely from the secured lien on and pledge of (non-ad valorem assessments) of the properties benefited by the improvements.

Non-Ad Valorem Assessment Bonds, Series 2019

The District adopted Resolution No. 2019-20 on February 8, 2019 and Resolution No. 2020-02 as ratified and reaffirmed on November 4, 2019 (the "Resolution"), and a Master Trust Indenture (the "Indenture", as amended) on November 1, 2019, authorizing the issuance of Non-Ad Valorem Revenue Assessment Bonds, Series 2019, in one or more Series in the aggregate. Total bonds issued of \$24,000,000 were used to finance the cost of acquiring recreation facilities known as the "University Park Country Club", make certain defined improvements to such facilities and to fund the 2019 bond reserve requirements, the 2020 interest payments and various issuance costs including municipal bond insurance. The Bonds are secured by a covenant to budget and appropriate legally available non-ad valorem revenues of the District.

The Series 2019 Bonds is a tax-exempt issuance for \$24,000,000 bearing interest at rates from 2.5% to 3.5%. Interest is paid semiannually on each May 1 and November 1 and principal is paid annually each May 1. Principal payments began May 1, 2021 totaling \$515,000 with increases of \$15,000 in principal each year thereafter. The final principal payment of \$1,225,000 is due on May 1, 2050.

The Series 2019 Bonds are subject to optional redemption prior to their stated date of maturity beginning May 1, 2029. The Series 2019 Bonds maturing on May 1, 2031 are subject to mandatory sinking fund redemption requirements beginning May 1, 2030 and thereafter as defined in the Indenture. The Series 2019 Bonds are subject to extraordinary mandatory redemption prior to maturity, in whole or in part on any date at the redemption price of 100% of the principal amount plus accrued interest to the redemption date as denoted or defined in the Indenture.

UNIVERSITY PARK RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - LONG-TERM OBLIGATIONS AND PLEDGED FUTURE REVENUES (Continued)

Non-Ad Valorem Assessment Bonds, Series 2019 (Continued)

The Bond Indenture required establishment of certain funds. The District's key major funds established upon issuance were:

- (1) Debt Service 2019 Fund; and
- (2) Acquisition and Construction Fund.

The Indenture requires a reserve requirement for the Series 2019 Bonds at an amount (calculated from time to time) equal to maximum annual debt service on the Series 2019 Bonds outstanding, initially of \$1,270,244.

The Series 2019 Bonds reserve requirement was met for fiscal year ended September 30, 2023.

In addition, the District has established in these accompanying financial statements a Proprietary Fund-Enterprise (Country Club) Fund for the University Park Country Club acquisition.

At September 30, 2023, the scheduled future debt service requirements on the District's outstanding Series 2019 Bonds are as follows:

<u>YEAR ENDING SEPTEMBER 30</u>	<u>SERIES 2019 BONDS</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2024	\$ 555,000	\$ 710,463	\$ 1,265,463
2025	570,000	696,588	1,266,588
2026	585,000	682,338	1,267,338
2027	600,000	667,713	1,267,713
2028	615,000	652,713	1,267,713
2029 - 2033	3,330,000	3,002,038	6,332,038
2034 - 2038	3,875,000	2,467,650	6,342,650
2039 - 2041	4,530,000	1,809,638	6,339,638
2042 - 2046	5,345,000	991,925	6,336,925
2049 - 2050	<u>2,410,000</u>	<u>127,222</u>	<u>2,537,222</u>
Total	<u>\$ 22,415,000</u>	<u>\$ 11,808,288</u>	<u>\$ 34,223,288</u>

Business Type Activities

Lease Obligations

The District has entered into agreements with certain vendors for use of office equipment, golf course maintenance equipment, and golf carts.

UNIVERSITY PARK RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - LONG-TERM OBLIGATIONS AND PLEDGED FUTURE REVENUES (Continued)

Lease Obligations (Continued)

Amortization and interest expenses related to these leases for the year ended September 30, 2023 consisted of the following:

Lease expense			
Amortization expense by class of underlying asset			
Equipment		\$	457,031
Copy Machine			20,287
Total amortization expense			<u>477,318</u>
Interest on lease liabilities			46,951
Variable lease expense			-
Total Lease Expense		\$	<u>524,269</u>

The following is a schedule by years of future minimum lease payments as of September 30, 2023:

Maturity Analysis for Years Ending September 30,	Principal	Interest	Total Payments
2024	\$ 398,325	\$ 18,678	\$ 417,003
2025	35,978	6,098	42,076
2026	22,156	4,078	26,234
2027	24,234	1,984	26,218
2028	10,757	163	10,920
Total Future Payments	<u>\$ 491,450</u>	<u>\$ 31,001</u>	<u>\$ 522,451</u>

Principal and interest payments are due monthly. As of September 30, 2023, the principal amounts outstanding were \$491,450 and the net book value of the equipment was \$441,786. Amortization of leased equipment under right-of-use assets is grouped with depreciation expense. The interest or discount rates on the leases range from 5.02% to 13.46%. The lease agreements include a provision that upon the occurrence of any event of default, the lessor may retake possession of the equipment under lease.

Right-of-use assets included on the statement of net position and the related accumulated amortization as of September 30, 2023 were as follows:

Cost	<u>\$ 1,393,254</u>
Accumulated depreciation	<u>\$ 951,468</u>
Right-of-use assets, net	<u>\$ 441,786</u>

UNIVERSITY PARK RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - INTERFUND TRANSACTIONS

Transfers of resources from a fund receiving revenue to the fund through which the resources will be expended are recorded as transfers and are reported as other financing sources (uses) in the governmental or proprietary funds. Non-recurring or non-routine transfers of equity between funds are also reported as transfers. These transfers were made in the year from the Acquisition and Construction Fund to the Enterprise (Country Club) Fund for specific District funds expended to make certain capital improvements as provided in Series 2019 Bond documents, as well as other transfers of excess income from the Debt Service 2019 and Enterprise (Country Club) Fund to the General Fund for operation and management purposes.

Following is a summary of transfers individually by Major Funds and the Enterprise (Country Club) Fund for the year and also between governmental activities and business-type activities in the government-wide statement of activities:

	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
Major Funds:		
Acquisition and Construction Fund	\$ -	\$ (791,929)
Debt Service 2019 Fund	-	(101,889)
General Fund	226,889	-
Proprietary Fund:		
Enterprise (Country Club) Fund	<u>791,929</u>	<u>(125,000)</u>
Total Interfund Transfers	<u>\$ 1,018,818</u>	<u>\$ (1,018,818)</u>

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year, if any, are referred to as "due to/from other funds". There were no amounts due from and to other funds at September 30, 2023.

NOTE 6 - RETIREMENT PLAN

The District offers a 401(k) retirement plan through its management company for the benefit of its staff. Each eligible employee is permitted to make a contribution to the plan in amounts as provided by Internal Revenue Service regulations. The current plan does not require matching contributions by the District of the employee's deferral amount. Consequently, there was no contribution expense for the year ended September 30, 2023.

NOTE 7 - MANAGEMENT CONTRACTS

The District has contracted with PFM Group Consulting, LLC, a management company, through September 30, 2024 to perform management advisory services, which includes advisory services. One employee of the management company serves as Secretary of the District. Under the agreement, the District compensated the management company for administrative, management, and other ancillary costs, in the amount of \$70,000 during the year ending September 30, 2023. Additionally, the District paid \$7,403 to US Bank for bond administration costs.

The District has contracted with Park Boulevard Management, LLC, a management company, through September 30, 2024 to perform the management, operation, organization, administration and maintenance of the University Park Country Club in accordance with the terms of the agreement.

UNIVERSITY PARK RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - MANAGEMENT CONTRACTS (Continued)

Park Boulevard Management, LLC is owned by the University Park Community Association, Inc. There were no required fees paid to Park Boulevard Management, LLC for these services provided during the year.

The District entered into a Collection Agreement with PFM Grouping Consulting, LLC to act as collection agent (the "Collection Agent") to monitor payments of the Series 2019 Non-Ad Valorem Assessments. The Collection Agent is required to maintain a lien book for the assessed properties evidencing the requirement of payment of the Series 2019 Non-Ad Valorem Assessments including any prepayment of the such assessments on subjected properties. The Collection Agent is authorized to release the applicable lien upon receipt of each Series 2019 Non-Ad Valorem Assessment. The Collection Agreement established procedures for the Collection Agent to monitor properties subject to the assessment lien and to assure payment is being delivered to the Trustee. Total Collection Agent fees paid for 2023 was \$5,000.

NOTE 8 - FUND BALANCE DISCLOSURE

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

- 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, lenders 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 balances may be assigned by the Supervisors to assign amounts for specific purposes.
- Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above classifications. Unassigned fund balance may include negative balances for any governmental fund is expenditures 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 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.

Reclassification of fund balance and prior period adjustments, as shown on the statement of revenues, expenditures, and changes in fund balances - governmental funds, for the year ended September 30, 2023, relate to prepaid insurance items which were expensed during the year of bond issuance and adjusted in the current period to comply with GASB 65.

UNIVERSITY PARK RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 - FUND BALANCE DISCLOSURE (Continued)

A schedule of the District's government fund balances at September 30, 2023 is as follows:

	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE 2019	ACQUISITION AND CONSTRUCTION	
Non-spendable \$	13,635	\$ -	\$ 301,090	\$ 314,725
Restricted	-	1,663,271	4	1,663,275
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	16,565	-	-	16,565
Total	<u>\$ 30,200</u>	<u>\$ 1,663,271</u>	<u>\$ 301,094</u>	<u>\$ 1,994,565</u>

The District's enterprise fund balance has restricted fund balances for the general fund and for various capital allocations, of \$175,263 and \$1,271,169, respectively.

NOTE 9 - SUBSEQUENT EVENTS

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through February 2, 2024, the date that the financial statements were available to be issued. The following matters were identified as subsequent events:

1. In November 2023, the District paid interest of \$355,231 on the Series 2019 Bonds.
2. On December 8, 2023, the District approved a Series 2024 Bond(s) to be assessed and levied on 1,202 single family residences for a 30-year term. This Series 2024 Bond(s) of \$20,600,000 was calculated with an assumed annual average interest rate of 5.5%, and is intended to finance the following common infrastructure items within the District's enterprise fund, at the University Park Golf and Country Club: golf course irrigation, kitchen renovation, fitness renovation, reception area/activity rooms/offices, and additional parking. A contract related to the golf course irrigation project was entered into after year-end, for an agreed upon cost of \$5,400,000.

NOTE 10 - LITIGATION AND DISPUTES

The District deals with various legal matters involving District residents and certain government agencies arising in the ordinary course of its governmental activities and services. The District believes that these various legal matters will not adversely affect the overall District's financial position. The outcome of any legal matters is uncertain and thus it is not possible to predict with any degree of certainty the outcome or result of any such litigation nor is it possible to predict with any degree of certainty the impact of any such litigation on the District.

PART II. REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

UNIVERSITY PARK RECREATION DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES
NON-GAAP BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

REVENUES	GENERAL FUND			
	BUDGETED AMOUNTS		ACTUAL AMOUNT	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Prior Year Surplus	\$ 79,566	\$ 60,883	\$ -	\$ (60,883)
Inter-Fund Transfers from Debt Service	70,000	101,889	101,889	-
Inter-Fund Transfers from Country Club	88,934	125,000	125,000	-
Total Revenues	<u>238,500</u>	<u>287,772</u>	<u>226,889</u>	<u>(60,883)</u>
EXPENDITURES				
Current:				
General government	213,500	273,634	256,837	16,797
Capital outlay	-	-	-	-
Contingency/revenue reserve	25,000	14,138	717	13,421
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>238,500</u>	<u>287,772</u>	<u>257,554</u>	<u>30,218</u>
(Deficiency) excess of revenues over expenditures	-	-	(30,665)	(30,665)
OTHER FINANCING SOURCES AND (USES)				
Inter-Fund Transfers from Debt Service	-	-	-	-
Inter-Fund Transfers from Country Club	-	-	-	-
Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Net Position	\$ -	\$ -	\$ (30,665)	\$ (30,665)
Net Position, September 30, 2022			60,864	
Net Position, September 30, 2023			\$ 30,199	

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
Stephanie J. Feldman, CPA

David N. Phillips, CPA, MBA
Michelle V. Schalmo, CPA
Shannon Huber, CPA
Courtney L. Cound, CPA
Keith S. Boyle, CPA

February 2, 2024

To the Board of Supervisors
UNIVERSITY PARK RECREATION DISTRICT
University Park, Florida 34201

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, business – type activities and each major fund of UNIVERSITY PARK RECREATION DISTRICT, as of and for the year ended September 30, 2023, 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 February 2, 2024.

Report on 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) as a basis for designing 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 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
February 2, 2024

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether UNIVERSITY PARK RECREATION DISTRICT'S financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 FELDMAN GROUP, P.A.
Certified Public Accountants
Naples, Florida



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

Nathan A. Phillips, CPA
Stephanie J. Feldman, CPA

David N. Phillips, CPA, MBA
Michelle V. Schalmo, CPA
Shannon Huber, CPA
Courtney L. Cound, CPA
Keith S. Boyle, CPA

February 2, 2024

To the Board of Supervisors
UNIVERSITY PARK RECREATION DISTRICT
University Park, Florida 34201

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, 2023. 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 the specified requirements.

In our opinion, UNIVERSITY PARK RECREATION DISTRICT complied, in all material respects, with Section 218.415 of the Florida Statutes for the year ended September 30, 2023.

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 Feldman Group, P.A.

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



MANAGEMENT LETTER
LOCAL GOVERNMENT ENTITIES

Nathan A. Phillips, CPA
Stephanie J. Feldman, CPA

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February 2, 2024

To the Board of Supervisors
UNIVERSITY PARK RECREATION DISTRICT
University Park, Florida 34201

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, 2023 and have issued our report thereon dated February 2, 2024.

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 Florida Auditor General.

Other Reporting Requirements

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 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 February 2, 2024, 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. There were no recommendations made in the preceding 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 District discloses this information in the notes to the financial statements. The District does not have any component units as of September 30, 2023.

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 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 recommendations.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, UNIVERSITY PARK RECREATION DISTRICT reported:

- a. The total number of District employees compensated in the last pay period of the District's fiscal year as 0.
- b. The total number of independent contractors to whom nonemployee compensation were paid in the last month of the District's fiscal year as 20.
- c. All compensation earned by or awarded to contracted employees, whether paid or accrued, regardless of contingency as \$5,243,828.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$61,743.
- e. Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1 of the fiscal year being reported: Golf course irrigation system, with associated project cost of \$5,400,000.
- f. A budget variance report based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes, as included below: the 2023 budget for the District's Enterprise and General funds were amended, see page 40.

To the Board of Supervisors
UNIVERSITY PARK RECREATION DISTRICT
February 2, 2024

Specific Information (Continued)

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the UNIVERSITY PARK RECREATION DISTRICT reported:

- a. The rate or rates of non-ad valorem special assessments imposed by the District as 2.5% to 3.5%.
- b. The total amount of special assessments collected by or on behalf of the District as \$1,389,208.
- c. The total amount of outstanding bonds issued by the District and the terms of such bonds as \$22,415,000.

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 note 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 FELDMAN GROUP, P.A.
Certified Public Accountants
Naples, Florida