

**BAYSHORE GARDENS PARK
& RECREATION DISTRICT**

FINANCIAL STATEMENTS

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018**

BAYSHORE GARDENS PARK & RECREATION DISTRICT

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements–Governmental Funds	
Balance Sheet–General Fund	9
Statement of Revenues, Expenditures and Changes in Fund Balance– General Fund	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance–General Fund to the Statement of Activities	11
Notes to Financial Statements	12
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule–General Fund	18
Notes to Required Supplementary Information.....	19
OTHER INDEPENDENT AUDITOR'S 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 <i>Government Auditing Standards</i>	20
Independent Auditor's Management Letter	22
Independent Accountant's Report – Investment.....	24



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Bayshore Gardens Park & Recreation District
Bradenton, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund (the "General Fund") of Bayshore Gardens Park & Recreation District (the "District"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and major fund (the General Fund), of the District, as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.


Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 and the Budgetary Comparison Schedule—General Fund on page 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Bradenton, Florida
January 23, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2018

(Unaudited)

This section of the Bayshore Gardens Park & Recreation District's (the "District") financial statements presents a narrative overview and analysis of the financial activities of the District for the fiscal year ending September 30, 2018. Please read the information presented here in conjunction with the financial statements and notes to financial statements that follow this section.

Financial Highlights

- The District's assets exceeded its liabilities (net position at September 30, 2018) by \$2,662,175.
- During the year ending September 30, 2018, expenses (including depreciation of \$75,948) increased from the prior year by \$67,676 or 14.3%. Revenues increased from the prior year by \$38,258 or 6.0%.
- The change in net position for the year was an increase of \$134,777.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements. These financial statements consist of three sections: (1) government-wide financial statements; (2) fund financial statements and; (3) notes to financial statements.

Government-wide Financial Statements

The government-wide financial statements provide both long and short-term information about the District's overall financial status. These statements are prepared using the accrual basis of accounting similar to private sector businesses. They include a statement of net position and a statement of activities.

The statement of net position presents information on the District's assets and liabilities and the difference between the assets and liabilities (net position) using accounting methods similar to those used by private sector companies. This is a useful way to measure the financial health of the District.

The statement of activities presents information showing how the District's net position changed during the fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Fund Financial Statements

The fund financial statement presentation will be more familiar to traditional users of government financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2018

(Unaudited)

The District, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District only has one governmental fund, the General Fund. The General Fund is used to account for essentially the same functions reported in the government-wide financial statements, but is prepared using the modified accrual basis of accounting. The fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. It is a narrower focus than the government-wide financial statements.

By comparing functions between the two sets of financial statements for the General Fund and governmental activities, readers may better understand the long-term impact of the District's near-term financing decisions. Both the General Fund balance sheet and the General Fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison.

The District adopts an annual appropriated budget for the General Fund. A budgetary comparison schedule is provided as required supplementary information in order to present budgetary compliance.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and General Fund financial statements.

Required Supplementary Information

Generally accepted accounting principles (GAAP) call for certain unaudited information to accompany the audited basic financial statements and accompanying footnotes. This information is called required supplementary information and includes this analysis.

Government-wide Financial Analysis

Statement of Net Position

	2018	2017	Change
Current and other assets	\$ 1,684,960	\$ 1,490,988	\$ 193,972
Capital assets	1,057,915	1,113,058	(55,143)
Total assets	<u>\$ 2,742,875</u>	<u>\$ 2,604,046</u>	<u>\$ 138,829</u>
Current liabilities	\$ 80,700	\$ 76,648	\$ 4,052
Total liabilities	<u>\$ 80,700</u>	<u>\$ 76,648</u>	<u>\$ 4,052</u>
Investment in capital assets	\$ 1,057,915	\$ 1,113,058	\$ (55,143)
Unrestricted	1,604,260	1,414,340	189,920
Total net position	<u>\$ 2,662,175</u>	<u>\$ 2,527,398</u>	<u>\$ 134,777</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2018
(Unaudited)

The increase in assets is mainly due to an increase in cash and cash equivalents as a result of the net operating activity during the year.

As noted above, changes in net position over time can be a useful indicator of the District's financial position. As of September 30, 2018, the assets of the District exceeded liabilities by \$2,662,175 (net position). A portion of the District's net position (39.7%) reflects its investment in capital assets. The District uses these capital assets to provide services to residents of the District and others; consequently, these assets are not available for future spending.

Statement of Activities

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Revenues			
Program revenues			
Charges for services	\$ 183,248	\$ 157,308	\$ 25,940
Operating grants and contributions	50	100	(50)
General revenues			
Property tax assessments	476,215	472,701	3,514
Interest income	9,845	5,065	4,780
Miscellaneous income	6,246	2,172	4,074
Total revenues	<u>675,604</u>	<u>637,346</u>	<u>38,258</u>
Expenses			
Culture and recreation	540,827	473,151	67,676
Total expenses	<u>540,827</u>	<u>473,151</u>	<u>67,676</u>
Change in net position	134,777	164,195	(29,418)
Beginning net position	<u>2,527,398</u>	<u>2,363,203</u>	<u>164,195</u>
Ending net position	<u>\$ 2,662,175</u>	<u>\$ 2,527,398</u>	<u>\$ 134,777</u>

Revenues increased by \$38,258 over the prior fiscal year mostly due to increased publications revenues received in the current year.

Current year expenses increased by \$67,676 over the fiscal year ending September 30, 2017. The majority of the increase was the result of the following:

- Increase in wages from the prior year in the approximate amount of \$32,000.
- Increase in administrative costs from the prior year in the approximate amount of \$29,000.
- Increase in repairs and maintenance from the prior year in the approximate amount of \$4,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2018

(Unaudited)

Budgetary Highlights

A summary of significant General Fund variances from budget to actual are as follows:

- Actual property assessment revenue was \$11,513 less than what was budgeted.
- Rental and publications revenue exceeded the budgeted amounts by \$9,814 and \$9,315, respectively.
- Repairs and maintenance expenditures were under budget by \$25,184. This was the result of anticipated maintenance that was not needed during the year.
- Capital outlays were under budget due to anticipated projects that did not actually take place during the year.

Capital Assets Administration

Below is a schedule of the District's capital assets as of September 30, 2018 and 2017:

Capital Assets (Net of Accumulated Depreciation)

	2018	2017	Change
Land	\$ 400,000	\$ 400,000	\$ -
Construction in progress	-	47,202	(47,202)
Buildings and improvements	630,828	639,612	(8,784)
Furniture, fixtures and equipment	27,087	26,244	843
	<u>\$ 1,057,915</u>	<u>\$ 1,113,058</u>	<u>\$ (55,143)</u>

Major capital expenditures during the fiscal year included: HVAC replacement (\$6,517) and equipment purchases – golf cart and lawn tractor (\$9,416).

See Note B to the financial statements for a detail of activity during the fiscal year and other related information.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with interest. Questions concerning any of the information in this report or requests for additional information should be addressed to the District Manager of the Bayshore Gardens Park & Recreation District, 6919 26th Street West, Bradenton, Florida 34207.

BAYSHORE GARDENS PARK & RECREATION DISTRICT

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,666,873
Accounts receivable	12,613
Prepaid expenses	5,194
Deposits	280
Capital assets, nondepreciable	400,000
Capital assets, depreciable, net of accumulated depreciation	<u>657,915</u>
TOTAL ASSETS	<u>2,742,875</u>
LIABILITIES	
Current liabilities	
Accounts payable	6,191
Accrued liabilities	6,245
Unearned revenue	13,708
Security deposits	<u>54,556</u>
TOTAL LIABILITIES	<u>80,700</u>
NET POSITION	
Investment in capital assets	1,057,915
Unrestricted	<u>1,604,260</u>
TOTAL NET POSITION	<u>\$ 2,662,175</u>

See accompanying notes.

BAYSHORE GARDENS PARK & RECREATION DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities				
Culture and recreation	<u>\$ 540,827</u>	<u>\$ 183,248</u>	<u>\$ 50</u>	<u>\$ (357,529)</u>
Total governmental activities	<u>\$ 540,827</u>	<u>\$ 183,248</u>	<u>\$ 50</u>	<u>(357,529)</u>
General revenues				
Property tax assessments				476,215
Interest income				9,845
Miscellaneous income				<u>6,246</u>
Total general revenues				<u>492,306</u>
Change in net position				134,777
Net position, beginning of year				<u>2,527,398</u>
Net position, end of year				<u>\$ 2,662,175</u>

See accompanying notes.

BAYSHORE GARDENS PARK & RECREATION DISTRICT

**BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2018**

ASSETS		
Current assets		
Cash and cash equivalents	\$	1,666,873
Accounts receivable		12,613
Prepaid items		5,194
Deposits		<u>280</u>
TOTAL ASSETS	\$	<u><u>1,684,960</u></u>
 LIABILITIES AND FUND BALANCE		
Current liabilities		
Accounts payable	\$	6,191
Accrued liabilities		6,245
Unearned revenue		13,708
Security deposits		<u>54,556</u>
TOTAL LIABILITIES		<u>80,700</u>
 FUND BALANCE		
Fund balance		
Nonspendable, prepaid items		5,194
Assigned		
Capital projects		490,239
Legal		7,000
Unassigned		<u>1,101,827</u>
TOTAL FUND BALANCE		<u><u>1,604,260</u></u>
 Amounts reported for the governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$	2,093,492
Less accumulated depreciation		<u>(1,035,577)</u>
TOTAL NET POSITION, GOVERNMENTAL ACTIVITIES	\$	<u><u>2,662,175</u></u>

See accompanying notes.

BAYSHORE GARDENS PARK & RECREATION DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

REVENUES	
Property tax assessments	\$ 476,215
Slip and trailer rental	131,611
Rental	21,903
Publications	23,370
Interest income	9,845
Pool rental	55
Concessions	866
Donations	50
Other miscellaneous income	11,689
	<hr/>
TOTAL REVENUES	675,604
	<hr/>
EXPENDITURES	
Current	
Culture and recreation	
Wages	198,790
Administrative	116,241
Repairs and maintenance	74,473
Utilities	37,229
Publications, Banner	20,826
Payroll taxes	14,620
Security	1,375
Concessions	949
Senior dances and social activities	376
Capital outlay	20,805
	<hr/>
TOTAL EXPENDITURES	485,684
	<hr/>
NET CHANGE IN FUND BALANCE	189,920
FUND BALANCE, beginning of year	1,414,340
	<hr/>
FUND BALANCE, end of year	\$ 1,604,260
	<hr/> <hr/>

See accompanying notes.

BAYSHORE GARDENS PARK & RECREATION DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE—GENERAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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

NET CHANGE IN FUND BALANCE, General Fund \$ 189,920

The General Fund reports capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital outlay	\$ 20,805	
Depreciation expense	<u>(75,948)</u>	<u>(55,143)</u>
Change in net position of governmental activities		<u>\$ 134,777</u>

BAYSHORE GARDENS PARK & RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed by the Bayshore Gardens Park & Recreation District, Bradenton, Florida (the “District”):

Reporting Entity: The District was created by the Florida Legislature in 1979 by House Bill 1233, and was enacted under the Laws of Florida, Chapter 97-255. This enabling act was revised in 2002, and is now under the Laws of Florida, Chapter 2002-365. The District is an independent recreation district and a political subdivision of the State of Florida, pursuant to Chapter 418, Florida Statutes. The District is governed by a nine-member board of trustees, which are elected by the residents of the District. The District operates a recreational park and facility, which includes a marina for the benefit of the residents.

Criteria for determining if other entities are potential component units which should be reported within the District’s financial statements are described in GASB Statement No. 14, as amended by GASB Statements No. 39 and No. 61. The application of these criteria provide for identification of any entities for which the District is financially accountable and other organizations for which the nature and significance of their relationship with the District is such that exclusion would cause the District’s financial statements to be misleading or incomplete. Based on these criteria, no potential component units are required to be included within the reporting entity of the District.

The District is an instrumentality of the state of Florida, and is exempt from federal income tax.

Basis of Presentation: The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB has issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as GAAP for state and local governments.

Government-wide and Fund Financial Statements: The District’s basic financial statements include both government-wide (reporting on the District as a whole) and fund financial statements. The government-wide financial statements (i.e., Statement of Net Position and Statement of Activities) report information on all non-fiduciary activities of the District. The government-wide financial statements present governmental activities only. The District has no business-type activities. Separate financial statements are provided for the General Fund.

In the government-wide Statement of Net Position, all long-term assets and receivables as well as long-term debt and obligations are recognized. The District’s net position is reported in three parts (as applicable): (1) net investment in capital assets; (2) restricted net position and; (3) unrestricted net position.

BAYSHORE GARDENS PARK & RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide 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 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 revenues not properly included among program revenues are reported instead as *general revenues*.

Measurement Focus and Basis of Accounting: The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred, regardless of the time of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Non-exchange transactions including grants are recognized in the fiscal year in which all eligibility requirements are met. Funds received for which eligibility requirements have not been met are recorded as unearned revenue.

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Revenues are considered to be *available* when they are collected within the current period or within 60 days after year end. Grant revenues are recognized when eligibility requirements are met and related amounts are available from the grantor. Expenditures are recorded when the fund liability is incurred.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Budgets and Budgetary Accounting: The District prepares an annual operating budget for the governmental funds for the fiscal year commencing October 1. Prior to July 1 of each year, the Trustees are required to prepare and adopt an itemized budget for the next fiscal year, which is subject to public hearing and record. The budget is based on prior year analysis of actual revenues and expenditures along with anticipated spending and revenue sources. Expenditures should not exceed the total appropriations. Appropriations lapse at year end. Changes to the budget must be approved by the Board of Trustees. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The District does not utilize the encumbrance system.

BAYSHORE GARDENS PARK & RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents: The District considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The carrying amounts of cash and cash equivalents are equal to their market value. The District maintains cash and cash equivalents in checking, savings and certificates of deposit. All deposits are with institutions that are Qualified Public Depositories and, therefore, covered by amounts in excess of depository insurance pursuant to Florida Statutes Chapter 280 “Florida Security for Public Deposits Act.”

Receivables: All receivables are deemed collectible.

Property Taxes: Property taxes become due and payable on November 1, of each year. The county tax collector remits the District’s portion as such revenues are received. The District collects nearly all of its tax revenues during the period November 1 through April 1, at which time the taxes become delinquent. The maximum rates of tax are set by the Legislature of the State of Florida. The actual amount assessed is determined by the Board of Trustees of the District, on or before June 1, through adoption of a resolution.

Capital Assets: Capital assets, which include land, buildings, improvements, and infrastructure assets, are reported in the governmental activities of the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than \$500 and an estimated useful life of more than one year. Purchased or constructed capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Depreciation is provided using the straight-line method. The estimated useful lives of the various classes of depreciable capital assets are as follows:

	<u>Life - Years</u>
Buildings and improvements	15 - 30
Furniture, fixtures and equipment	5 - 10

BAYSHORE GARDENS PARK & RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity: Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance: Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- *Nonspendable*: Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (1) not in spendable form (i.e., items that are not expected to be converted to cash); or (2) legally or contractually required to be maintained intact.
- *Restricted*: Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- *Committed*: Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. Only the Board of Trustees may modify or rescind the commitment.
- *Assigned*: Fund balances are reported as assigned when amounts are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. Currently the Board of Trustees is authorized to assign fund balances.
- *Unassigned*: Fund balances are reported as unassigned as the residual amount when balances do not meet any of the above criterion. The District reports a positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in other funds should the District establish other funds at a later time.

Net position: Net position represents the difference between assets and liabilities in the Statement of Net Position. Net position, net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position net investment in capital assets, excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws, or regulations. All net position not reported as net position, net investment in capital assets and restricted net position, is reported as unrestricted net position.

BAYSHORE GARDENS PARK & RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Flow Assumptions: When both restricted and unrestricted amounts of fund balance/net position are available for use for expenditures/expenses incurred, it is the District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the District's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 400,000	\$ -	\$ -	\$ -	\$ 400,000
Construction in progress	47,202	-	-	(47,202)	-
Total capital assets not being depreciated	447,202	-	-	(47,202)	400,000
Capital assets, being depreciated					
Buildings and improvements	1,335,218	6,517	-	47,202	1,388,937
Furniture, fixtures and equipment	290,267	14,288	-	-	304,555
Total capital assets being depreciated	1,625,485	20,805	-	47,202	1,693,492
Less accumulated depreciation for					
Buildings and improvements	695,606	62,503	-	-	758,109
Furniture, fixtures and equipment	264,023	13,445	-	-	277,468
Total accumulated depreciation	959,629	75,948	-	-	1,035,577
Total capital assets being depreciated, net	665,856	(55,143)	-	47,202	657,915
Capital assets, net	<u>\$ 1,113,058</u>	<u>\$ (55,143)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,057,915</u>

Depreciation expense of \$75,948 was charged to the culture and recreation function.

BAYSHORE GARDENS PARK & RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE C: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not had any reduction in insurance coverage and the amount of claims resulting from these risks has not exceeded insurance coverage for the past three years.

NOTE D: COMMITMENTS AND CONTINGENCIES

Litigation: The District is not currently involved in any lawsuits.

Grant Contingencies: The District has received federal and state grants in prior years for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the District believes such disallowances, if any, will not be significant.

NOTE E: SUBSEQUENT EVENTS

The District has evaluated all subsequent events through January 23, 2019, the date the financial statements were available to be issued. No material subsequent events occurred which would have a material impact on the District's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

BAYSHORE GARDENS PARK & RECREATION DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE—GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
REVENUES				
Property assessments (net of collection fee)	\$ 487,728	\$ 487,728	\$ 476,215	\$ (11,513)
Rental	143,700	143,700	153,514	9,814
Publications, Banner	14,055	14,055	23,370	9,315
Pool income	3,500	3,500	921	(2,579)
Interest income	1,700	1,700	9,845	8,145
Donations	50	50	50	-
Other miscellaneous income	5,950	9,950	11,689	1,739
TOTAL REVENUES	<u>656,683</u>	<u>660,683</u>	<u>675,604</u>	<u>14,921</u>
EXPENDITURES				
Current				
Culture and recreation				
Wages	191,800	198,800	198,790	10
Administrative	95,700	120,326	116,241	4,085
Repairs and maintenance	96,457	99,657	74,473	25,184
Utilities	37,230	37,230	37,229	1
Publications, Banner	22,701	22,701	20,826	1,875
Payroll taxes	14,620	14,620	14,620	-
Security	1,375	1,375	1,375	-
Concessions	1,700	1,700	949	751
Senior dances and social activities	100	400	376	24
Capital outlay	195,000	172,000	20,805	151,195
TOTAL EXPENDITURES	<u>656,683</u>	<u>668,809</u>	<u>485,684</u>	<u>183,125</u>
Excess (deficiency) of revenues over (under) expenditures	-	(8,126)	189,920	198,046
Fund balance, beginning of year	<u>1,414,340</u>	<u>1,414,340</u>	<u>1,414,340</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,414,340</u></u>	<u><u>\$ 1,406,214</u></u>	<u><u>\$ 1,604,260</u></u>	<u><u>\$ 198,046</u></u>

BAYSHORE GARDENS PARK & RECREATION DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE A: BUDGETARY INFORMATION

An annual budget was adopted for the General Fund on the modified accrual basis of accounting, and is used to account for the activity in the General Fund. Appropriations are controlled at the fund level. Appropriations lapse at year end.

OTHER INDEPENDENT AUDITOR'S 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*

Board of Trustees
Bayshore Gardens Park & Recreation District
Bradenton, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of Bayshore Gardens Park & Recreation District (the “District”), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated January 23, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC". The signature is written in black ink and is positioned to the right of the date and location information.

Bradenton, Florida
January 23, 2019



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Board of Trustees
Bayshore Gardens Park & Recreation District
Bradenton, Florida

Report on the Financial Statements

We have audited the financial statements of the Bayshore Gardens Park & Recreation District (the "District") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated January 23, 2019.

Auditor's Responsibility

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

Other 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 Financial Statements Performed in Accordance with *Government Auditing Standard* 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 January 23, 2019, 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 financial audit report. There were no findings or recommendations in the preceding annual financial audit report requiring correction.

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 Bayshore Gardens Park & Recreation District is an independent special district created by the Florida Legislature in 1979 by House Bill 1233. The District has no component units.

Financial Condition and Management

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

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

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



Bradenton, Florida
January 23, 2019



INDEPENDENT ACCOUNTANT'S REPORT

Board of Trustees
Bayshore Gardens Park & Recreation District
Bradenton, Florida

We have examined Bayshore Gardens Park & Recreation District's (the "District") compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2018. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, 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 the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

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

Mauldin & Jenkins, LLC

Bradenton, Florida
January 23, 2019