

**CARROLLWOOD RECREATION DISTRICT  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
SEPTEMBER 30, 2007**

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# CARROLLWOOD RECREATION DISTRICT

## Board of Trustees

3515 McFarland Road

Tampa, Florida 33618

## PROFILE OF CARROLLWOOD RECREATION DISTRICT

### HISTORY

With a vision and foresight, Matt Jetton achieved local and national fame in the early 1960's when he developed Original Carrollwood, a deed restricted community. His company, Sunstate Builders, purchased 325+ acres of citrus grove and nursery land, just seven miles north of the City of Tampa. His vision was to create housing to relieve crowding in South Tampa; however, the residents of South Tampa did not care for the rural surroundings of Carrollwood. Located just 10 miles due west of the newly constructed University of South Florida, the Original Carrollwood community was discovered and embraced by the university academia, including University of South Florida's first president, John Allen.

By 1959, Carrollwood had become one of the foremost award-winning "subdivisions" in the area and boasted amenities unheard of at the time, including: air conditioned housing, a planned school, neighborhood parks, lake access for all residents, and an on call handy man and repair services. The winding roads, many cul-de-sacs and lake views added even more charm to this young community.

### THE BOARDS

As housing was completed, sold and families moved in, the Carrollwood Civic Association (CCA), comprised of 13 resident board members, was founded. The purpose of this organization was: property value protection (deed restrictions enforcement and response to zoning changes, or anything which would impact the community); lake water quality control; publishing a monthly, community newsletter (*The Caroler*); and support and organize community social functions.

For a number of years, Carrollwood Civic Association and Sunstate Builders jointly maintained the quality and character of the subdivision. However, understanding that Sunstate Builders was completing this development and would be moving on to new projects, a method of maintaining and improving the pristine common grounds, in the builder's absence, was sought. Taxes would need to be collected from each residence (as opposed to volunteer donations) and applied toward these purposes. The Carrollwood Recreation District (CRD), a board of nine residents, was conceived. In an effort to realize tax collection, the Hillsborough County Tax Collector was approached; having never been approached for this purpose, the County declined involvement. Determined and undaunted, the community approached the State of Florida and the Carrollwood Recreation District, comprised of nine resident trustees, was enacted by legislature. Finalizing the outline of the new board, a contract between the Carrollwood Civic Association and the Carrollwood Recreation District, was drafted outlining the responsibilities of the newly formed CRD Board of Trustees. Since the common grounds property had been conveyed from Sunstate Builders to the CCA, the recreation district became lessees charged with determining, collecting and expending non ad valorem tax monies for the improvement and maintenance of the community, additionally charged with enforcing the common grounds rules. The CRD, in turn, paid lease monies to the CCA for the use of the properties. Lease monies paid to the CCA enable them to fulfill their own responsibilities.

#### **THE CARROLLWOOD RECREATION DISTRICT BOARD OF TRUSTEES**

The CRD Board of Trustees is comprised of nine uncompensated, resident, registered voters. Each trustee carries fiduciary responsibility to the 925 residences within the community. Seven committees have been formed to address all aspects of the community's needs:

- Executive committee (president, vice president, treasurer and secretary);
- Grounds Committee - maintenance and improvement of landscaping, irrigation, contract and supervise the lawn care contractor;
- three park committees (Scotty Cooper Park, White Sands Beach and Original Carrollwood Park) - rules enforcement, ascertain and respond to the needs of the park (through communication with resident users and monitoring the parks' conditions);

- Recreation Center Committee - assist in the hiring of a recreation center manager; supervise the manager; oversee the rental of the rooms and grounds; guide the Tennis Subcommittee; ascertain and implement the needs of the facility;
- Community Development Committee - respond to the need for development (structures) of the community; overall property planning.

Committee chairs are entrusted to expend up to \$499.99 in expenses without board approval. Three competitive bids and board approval must be secured for expenses of \$500.00 or more. Each board member incurring debt on behalf of the CRD is required to inspect the invoice and indicate its legitimacy by initialing and dating the invoice prior to payment. Each committee chair is charged with submitting requests for appropriations to the treasurer for the annual budget preparation. The preparation process for the budget encompasses a three-month period wherein the treasurer compiles a statement of assets, liabilities and cash requests for the upcoming fiscal year, and the board reviews and modifies the requests as needed. Adoption of the budget occurs annually on the second Monday of June for the following fiscal year, October through September.

## OVERVIEW OF CARROLLWOOD RECREATION DISTRICT FACILITIES

The common grounds consist of a recreation center (4,000 sq ft), 4 tennis courts, a formal walled entry to the community, 10 medians, 19 islands and 3 parks which are landscaped and irrigated.

### RECREATION CENTER

3515 McFarland Road



New Recreation Center (South Elevation)—officially opened June 16, 2007





Recreation Center south elevation fm the tennis courts



Covered patio outside multi-media room on north side



Entrance to lobby from McFarland Road



Entrance to lobby from tennis courts

**Address:** **Carrollwood Recreation Center**  
3515 McFarland Road,  
Tampa, Florida 33618  
*Serves as the mailing address for the CCA and CRD*

**Phone:** 813-932-1257

**Open:** Office hours: Monday - Friday, from 9 AM - 1 PM

**History:** The original recreation center was built in 1975. The new center opened June 16, 2007.

**Features:**

- Multipurpose room (2,340 sq ft) with an adjoining serving room (165 sq ft)
- Includes: Carpeted space and dance floor
- Activity/meeting room (500 sq.' tile flooring)
- Water fountains (interior and exterior)
- Two ADA compliant tiled lavatories
- Recreation District office (140 sq.', tiled flooring)
- Fire sprinkler system
- Burglar alarm system
- 500 sq ft lobby (tiled flooring)
- Organized activities and classes are posted on a bulletin board
- Covered, concrete patio outside multi-media rooms
- Walled patio, southwest corner (?)
- Covered walkways
- Four hard surface tennis courts

**Parking:** Paved parking lots accommodate 50+ vehicles

**Guests:** Must be escorted by a resident

**Security:** Keys required for entry to all rooms  
Monitored burglar alarms

**Rules:** Rules are posted on the bulletin board and printed on all rental forms.

## TENNIS COURTS

**Open:** Daily 8 a.m. - 10 p.m.

**Features:**

- Four gated courts, lighted
- Lessons available from an approved instructor by calling Recreation Center

**Security:** Gates require a key

**Rules:**

- Reservations made through the rec. center office: Singles 1  $\frac{1}{2}$  hours; Doubles 2 hours; reservations valid up to 10 minutes after reserved time.
- No food or alcohol on courts.
- No bicycles, skateboards or roller blades on courts.
- Adults have priority on courts weekends and after 6 p.m. daily
- Juniors under 18 have priority weekdays from 3 - 6 p.m. Appropriate tennis attire and conduct required
- Absolutely no pets allowed at the tennis courts

## WHITE SANDS BEACH

11613 Carrollwood Drive



New pavilion, docks, and landscaping—May 2007 & April 2008



- History:** An original neighborhood amenity built in the late 1960's.
- Open:** Daily. Gates unlocked at 7 a.m.; Locked at sunset.
- Features:**
- Resident use only:**
- Access to swimming, boating, fishing, picnicking, and sightseeing at Lake Carroll.
  - Concrete boat ramp—key & decal required.
  - Beach volleyball
- Special Events:**
- Community party held here after July 4<sup>th</sup> Parade
  - December boat parade
- Parking:** Paved parking lot for 35 cars

- Parties:** 25 people maximum. Reservations secured through the Recreation Center
- Guests:** Must be escorted by a resident
- Security:**
- Gates locked at sunset. Unlocked at sunrise.
  - Guard on duty during spring break and summer vacation (swim seasons)
  - Cars left overnight are towed
  - Decals required for boat and trailer
  - Lavatories—key required
- Beach Rules:** A complete set of rules is available at the Rec. Center
- No horseplay, pushing, playing tag, throwing sand, stones, shells, etc.
  - No glass containers
  - No alcohol
  - Appropriate bathing attire and conduct required
  - Protect your feet. Warning: sharp shells in sand
  - Parties to remove their trash and trash bags from beach
  - Beach privileges subject to suspension for inappropriate behavior
- Pets:** Absolutely no pets allowed at White Sands Beach

**SCOTTY COOPER PARK**  
10717 Carrollwood Drive



*Playground, Pavilion, & Fishing Dock—April 2008*

**History:** Built in 1964, the original site of Carrollwood beach and boat ramp. Renovations scheduled for 2008.

**Open:** Daily. Sunrise to sunset

- Features:**
- An open air shade pavilion with concrete floor and picnic tables.
  - Fenced, mulched, grassy and shaded playground area
  - Park benches - Water fountain
  - Separate toddler play area
  - Two lavatories
  - Covered picnic area and picnic tables
  - Open air picnic and grilling area
  - Newly renovated fishing pier
- Special Events:** Annual Spring Egg Hunt held here
- Parking:** Paved parking for 13 vehicles
- Parties:** Reservations made by calling the Recreation Center
- Guests:** Must be escorted by a resident
- Security:**
- Gates locked at sunset; unlocked at sunrise
  - Child safety gate latches
  - Key required for lavatories
- Rules:** Rules are posted on the gate
- Pets:** No pets allowed

## ORIGINAL CARROLLWOOD PARK

11430 Orange Grove Drive



Original Carrollwood Park - May 2007

<b>History:</b>	Originally the site of a defunct waste water treatment plant which previously served Original Carrollwood. The land was acquired by the Carrollwood Recreation District pursuant to a majority vote of the residents in 1992. The final annual mortgage payment of \$92,000.00 was made during the spring of 2004.
<b>Open:</b>	Daily. Sunrise to sunset
<b>Features:</b>	<ul style="list-style-type: none"><li>• Fenced, treed 10 acre park</li><li>• Park benches. Covered shade pavilion.</li><li>• Playground equipment for children</li><li>• Water fountain</li><li>• Official sized baseball diamond</li><li>• Paved walking/jogging paths</li><li>• Fenced dog run</li><li>• Lavatories to be constructed this year (currently, residents must cross the street to use the Rec. Center's lavatories).</li></ul>
<b>Parking:</b>	Across the street at the recreation center
<b>Parties:</b>	25 people maximum. Reservations made by calling the recreation center.
<b>Guests:</b>	Must be escorted by a resident

**Rules:**

- Rules are posted on the gate
- No organized team sports or practices without a written lease and insurance, approved by CRD Board.
- No scouts or group activities without prior CRD Board Approval.
- No motorized vehicles permitted inside the park
- No alcohol
- Parties should remove their trash and trash bags from the park.

**Pets:**

This is the only facility in Original Carrollwood permitting dogs. However, all dogs must remain on a leash, except when inside the dog run. Of course owners are required to clean up after their pets. The "on leash" rule is a Hillsborough County ordinance and must be observed. The CRD Board enforces all dog rules for the health and safety of our residents. Warnings will be given in writing to those residents not in compliance; repeat offenders lose their park privileges.

CARROLLWOOD RECREATION DISTRICT

BOARD OF TRUSTEES

	<u>TERM</u>
BECKY HANLEY, PRESIDENT	2007 - 2008
RICH LARCOMB, VICE-PRESIDENT	2007 - 2008
CHARLOTTE GRANT, TREASURER	2007 - 2008
NICK BOMPIGNANO, SECRETARY	2007 - 2008
SHELLEY STEWART	2007 - 2008
PENNY GALLAGLY	2007 - 2008
MICKY WILLIAMS	2007 - 2008
VACANCY	2007 - 2008
TOM SCALLON	2007 - 2008

**INDEPENDENT AUDITORS' REPORT**



# Brimmer, Burek & Keelan LLP

## Certified Public Accountants

5601 Mariner Street, Suite 200 • Tampa, Florida 33609  
(813) 282-3400 • Fax (813) 287-8369

Terry R. Brimmer, CPA  
Brian B. Burek, CPA  
John F. Keelan, CPA  
Walter C. Copeland, CPA  
Donald T. Keyes, CPA



A Firm Registered  
with PCAOB

Members of:  
Center for  
Public Company  
Audit Firms

American Institute of  
Certified Public Accountants

Florida Institute of Certified  
Public Accountants

### Independent Auditors' Report

The Board of Trustees  
Carrollwood Recreation District  
Tampa, Florida

We have audited the accompanying financial statements of the governmental activities, and each major fund of Carrollwood Recreation District, as of and for the year ended September 30, 2007, which, collectively, comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of Carrollwood Recreation District, as of September 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated May 7, 2008 on our consideration of the Carrollwood Recreation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit. In accordance with the *Rules of the Florida Auditor General*, we have also issued our management letter dated May 7, 2008.

The Management's Discussion and Analysis and the Required Supplementary Information on pages 3 to 8 and pages 26 to 27, respectively, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carrollwood Recreation District's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

BRIMMER, BUREK & KEELAN LLP

*Brimmer, Burek & Keelan LLP*

Certified Public Accountants

May 7, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(MD&A)

## Management Discussion and Analysis

The discussion and analysis of the Carrollwood Recreation District's (CRD) performance provide an overview of the CRD's financial activities for the fiscal year ended September 30, 2007. Consider the information presented in conjunction with the transmittal letter and financial statements.

### Financial Highlights

- The assets of the CRD exceeded its liabilities at the close of the most recent fiscal year by \$1,580,187 (net assets). Of this amount \$635,489 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$126,246
- As of the close of the current fiscal year the CRD's governmental funds reported ending fund balance of \$625,427, an increase of \$108,821 in comparison with the prior year. Approximately 100 percent of this total amount is available for spending at the government's discretion (unreserved fund balance).

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the CRD basic financial statements. The basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statement.** The government-wide financial statements are designed to provide readers with a broad overview of the CRD in a manner similar to a private-sector business.

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

The government-wide financial statements of the CRD are principally supported by taxes.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental run financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the government fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The CRD maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general and facilities improvement fund. Only the general and facilities improvement fund are considered major funds.

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

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the CRD, assets exceeded liabilities by \$1,580,187 at the close of the most recent fiscal year.

By far the largest portion of the CRD's net assets (60 percent) reflects its investment in capital assets (e.g. land, buildings, recreational facilities, parks, and equipment); less any related debt used to acquire those assets that is still outstanding. The CRD uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the CRD's investment in its capital assets is reported net of related debt, it should be noted that the resources need to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Carrollwood Recreation District Net Assets**

	Government Activities			
		2007		2006
Current and other assets	\$	668,005	\$	532,703
Capital assets		2,968,411		1,145,486
Total assets	\$	3,636,416	\$	1,678,188
Long term liabilities outstanding	\$	1,912,963	\$	209,170
Other liabilities		143,266		15,077
Total liabilities	\$	2,056,229	\$	224,247
Net assets	\$	1,580,187	\$	1,453,941
Invested in capital assets, net of related debt	\$	944,698	\$	928,052
Restricted				---
Unrestricted		635,489		525,889
Total net assets	\$	1,580,187	\$	1,453,941

The balance of unrestricted net assets, \$635,489, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the CRD is reporting a positive balance in net assets.

**Governmental activities.** Governmental activities increased the CRD's net assets by \$126,246. Key elements in the Changes in Net Assets activity follow:

**Carrollwood Recreation District Changes in Net Assets**

	Governmental Activities	
	2007	2006
<b>Revenues:</b>		
Program Revenues:		
Charges for services	\$ 7,662	\$ 6,375
Interest earnings	37,353	25,904
General revenues:		
Special assessments	427,729	356,551
Other	8,155	9,441
Total revenues	\$ 480,899	\$ 398,271
<b>Expenses:</b>		
Administration	121,646	129,688
Parks and recreation	118,729	107,865
Grounds maintenance	94,410	84,299
Interest on debt	19,868	0
Total expenses	\$ 354,653	\$ 321,852
Increase (decrease) in net assets	126,246	76,419
Net assets, October 1, 2006	1,453,941	1,377,522
Net assets, September 30, 2007	\$ 1,580,187	\$ 1,453,941

Taxes (\$427,729) comprised 89 percent of the total revenues (\$480,899) during the year with the second largest source of revenue being interest earnings from short-term invested cash. Charges for services of the rental and use of District facilities increased this year as construction was completed on some facilities and rental usage began to resume later in the year. Substantially all of the increase in net assets is the product of an increase in the rate of property taxes assessed during the previous fiscal year, and the fact that debt service payments were not as great as originally anticipated due to the lag in actual construction and related increase in debt. In addition, approximately \$52,000 of interest payments was capitalized as construction period interest to capitalized costs.

**General Fund Budget Highlights**

Other than changes within certain line-items, there was no difference between the original budget and the final amended budget in General Government. The primary economic factors affecting the budget process for the next year will be interest rates affecting the planned use of debt to continue the facility replacement and renovation projects. While current interest rates have been low from a historical standpoint, and the fact that the Federal Reserve has been moving to decrease rates in order to stimulate the economy, actual rates obtained have been greater than originally anticipated. Locally, the

District is also facing increased construction costs and decreased availability of materials and contractors as the result of local economic activity.

**Governmental funds.** The focus of the CRD's governmental funds is to provide information on near term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the CRD's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current year, the CRD's governmental fund reported combined ending fund balance of \$625,427 an increase of \$108,821 in comparison with the prior year. All of this total amount, \$625,427 constitutes unreserved fund balance, which is available for spending at the government's discretion. The general fund is the chief operating fund of the CRD. At the end of the current fiscal year, unreserved fund balance of the general fund was \$625,427. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance and total fund balance represents 168 percent of total general fund expenditures .

### **Capital Asset and Debt Administration**

**Capital assets.** The CRD's investment in capital assets for its governmental activities as of September 30, 2007, amounts to \$2,968,411 (net of accumulated depreciation).

This investment in capital assets includes land, building, recreational facilities, parks, and landscaping. The total increase in the CRD's investment in capital assets for the current fiscal year was approximately one (1) percent as the result of unexpected delays to construction and the related increases in debt. The major capital asset event during the current fiscal year included the initial planning and design for the new White Sands Beach Pavilion construction and renovation project, the substantial completion of the new recreation center, and the continuing project to replace or renovate substantially all of the Districts' facilities.

	Governmental Activities	
	2007	2006
Land	\$ 678,357	\$ 678,357
Building	2,068,841	0
Improvements	167,340	184,350
Equipment	53,873	40,623
Construction in progress	0	242,156
Totals	\$ 2,968,411	\$ 1,145,486

**Long-term debt.** In December 2003, the District obtained a \$1,600,000 non-revolving line of credit facility through issuance of the Carrollwood Recreation District Revenue Note Series 2003. This credit facility was obtained for the purpose of the planned construction and renovation of various building projects located within the District. In 2005, this credit facility was renewed as Note Series 2005 to provide an increase in the available line of \$450,000. In December 2006, the loan was renewed and extended through the issuance of Note Series 2006 which provided an additional \$300,000 in available draws and extended the period for making draws by eighteen months, at which time the note will convert to a term loan. At the end of the fiscal year, the CRD had total debt outstanding of \$2,023,713. The total debt is backed by the full faith and credit of the CRD for which the District is liable in the event of default.

### **Request for Information**

This financial report provides a general overview of the CRD's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Carrollwood Recreation District, 3515 McFarland Road, Tampa, FL 33618.

**BASIC FINANCIAL STATEMENTS**

**CARROLLWOOD RECREATION DISTRICT**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2007**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 653,661
Receivables (net)	4,282
Prepaid expenses	10,062
Capital assets	
Land	678,357
Other capital assets, net of depreciation	<u>2,290,054</u>
Total capital assets	<u>2,968,411</u>
Total assets	<u>3,636,416</u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	22,761
Rental deposits	9,755
Long-term liabilities	
Due within one year	110,750
Due in more than one year	<u>1,912,963</u>
Total liabilities	<u>2,056,229</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	944,698
Restricted	-
Unrestricted	635,489
Total net assets	<u>\$ 1,580,187</u>

Please read accompanying notes.

**CARROLLWOOD RECREATION DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2007**

	Total	Functions/Programs:				Debt Service
		Administration	Parks and Recreation	Grounds Maintenance		
Expenses:						
Salaries, wages, and benefits	\$ 26,868	\$ -	\$ 26,868	\$ -	\$ -	-
Materials and supplies	9,167	8,602	565	-	-	-
Maintenance & repairs	145,363	560	52,706	92,097	-	-
Other program expenses	111,454	111,454	-	-	-	-
Depreciation	41,933	1,030	38,590	2,313	-	-
Interest on debt	19,868	-	-	-	19,868	-
Total expenses	354,653	121,646	118,729	94,410	19,868	19,868
Program revenues:						
Charges for services	7,662	-	7,662	-	-	-
Net program expense	346,991	121,646	111,067	94,410	19,868	19,868
General revenues:						
Taxes:						
Real estate	427,729					
Unrestricted investment earnings	37,353					
Miscellaneous	8,155					
Total general revenues	473,237					
Change in net assets	126,246					
Net assets - beginning of year	1,453,941					
Net assets - end of year	\$ 1,580,187					

Please read accompanying notes.

**CARROLLWOOD RECREATION DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2007**

	General Fund	Facilities Improvement Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 653,661	\$ -	\$ 653,661
Due from other governments	4,282	-	4,282
Total Assets	\$ 657,943	\$ -	\$ 657,943
<b>LIABILITIES</b>			
Accounts payable	\$ 22,761	\$ -	\$ 22,761
Deposits payable	9,755	-	9,755
Total Liabilities	32,516	-	32,516
<b>FUND BALANCES</b>			
Unreserved			
Undesignated fund balance	625,427	-	625,427
Total fund balances	625,427	-	625,427
Total liabilities and fund balances	\$ 657,943	\$ -	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Expenditures recognized when paid in governmental activities are deferred as prepaid or receivables under the matching concept accrual accounting	10,062
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$239,536	2,968,411
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(2,023,713)
Net assets of governmental activities	\$ 1,580,187

Please read accompanying notes.

**CARROLLWOOD RECREATION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	General Fund	Facilities Improvement Fund	Total Governmental Funds
<b>REVENUES:</b>			
Charges for services	\$ 7,662	\$ -	\$ 7,662
Interest earnings	37,353	-	37,353
Special assessments	427,729	-	427,729
Other miscellaneous revenue	4,121	-	4,121
Refund of prior year expenditures	4,033	-	4,033
Total Revenues	480,898	-	480,898
<b>EXPENDITURES:</b>			
Current:			
Culture and recreation			
Personal services:			
Salaries	25,043	-	25,043
Worker's compensation	284	-	284
Payroll taxes	1,541	-	1,541
Total personal services	26,868	-	26,868
Other services and charges:			
Professional services	28,839	-	28,839
Contractual services	108,775	-	108,775
Telephone	3,029	-	3,029
Utilities	16,600	-	16,600
Rents and leases	29,350	-	29,350
Property taxes	100	-	100
Insurance	20,175	-	20,175
Repairs and maintenance	27,945	-	27,945
Other charges	2,035	-	2,035
Office supplies	8,602	-	8,602
Property appraiser commission	4,223	-	4,223
Tax collector commission	8,446	-	8,446
Total other services and charges	258,119	-	258,119
Total culture and recreation	284,987	-	284,987
Capital outlay	-	1,821,308	1,821,308
Debt Service			
Principal retirement	15,029	18,307	33,336
Interest	72,061	-	72,061
Total expenditures	372,077	1,839,615	2,211,692
Excess (Deficiency) of revenues over (under) expenditures	108,821	(1,839,615)	(1,730,794)
<b>OTHER FINANCING SOURCES (USES):</b>			
Capital related debt issued	-	1,839,615	1,839,615
Net change in fund balances	108,821	-	108,821
Fund balances - October 1	516,606	-	516,606
Fund balances - September 30	\$ 625,427	\$ -	\$ 625,427

Please read accompanying notes.

**CARROLLWOOD RECREATION DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

Reconciliation of the change in fund balances - total governmental funds to the change in net assets of governmental activities:

Net change in fund balances - total governmental funds \$ 108,821

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

Governmental funds report 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:

Capital asset purchases capitalized	\$ 1,873,500	
Depreciation expense	<u>(41,933)</u>	
Net adjustment		1,831,567

Governmental funds report payments as expenditure. However, in the Statement of Activities, those costs are recognized in the period that is benefited:

Change in prepaid expenses recognized	778
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:

Principal payments made on long-term debt	33,336
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Proceeds of debt principal is revenue in the governmental funds, but the proceeds are a long-term liability in the Statement of Net Assets:

(1,839,615)
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The cost of fixed assets are recognized as expenditures in the governmental funds at the time of purchase but are capitalized in the statement of net assets. Therefore, when the assets are sold or abandoned, the net book value is recognized as expense in the statement of net assets.

(8,641)
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Change in net assets of governmental activities

<u>\$ 126,246</u>
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Please read accompanying notes.

**CARROLLWOOD RECREATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Carrollwood Recreation District ("District") conform to generally accepted accounting principles (GAAP) as applicable to governments. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The District implemented the new financial reporting requirements of GASB 34 for the year ended September 30, 2004.

**A. Reporting Entity**

The Carrollwood Recreation District is an independent special district of the State of Florida, created by Chapter 72-565, Laws of Florida, 1972, as amended and superseded by Chapter 99-418. The District was organized for the purpose of continued development, administration, and maintenance of properties for recreational and related activities for the unincorporated area of Hillsborough County known as Carrollwood Subdivision. The governing body of Carrollwood Recreation District is a Board comprised of nine trustees elected for two-year terms by the qualified voters residing in Carrollwood Subdivision.

For financial reporting purposes, the District is required to include all entities and organizations that are controlled by or dependent upon the District as determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to influence operations, and accountability for fiscal matters. Under the provisions of GASB Statement No. 14, the District does not include any other component units.

**B. Basis of Presentation**

**Government-wide Financial Statements**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental activities. None of the District activities has been classified as business activities. The governmental activities include general administration, parks and recreation, grounds maintenance and debt service.

**CARROLLWOOD RECREATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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

In the government-wide Statement of Net Assets, governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets (if applicable); and unrestricted net assets. The District policy first utilizes restricted resources, if any, to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property assessments, charges and miscellaneous). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (recreational facility rentals). The District does not allocate indirect costs.

**Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories.

The funds maintained by Carrollwood Recreation District are described below:

**Governmental Funds**

**General Fund** - The General Fund is the general operating fund of the District, and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund. General operating expenditures, debt service and capital improvement costs that are not paid through other funds are paid from the General Fund.

**Capital Projects Fund** – The Facilities Improvement Fund is used to account for resources restricted for the acquisition or construction of major capital facilities such as land, parks and recreational buildings. The current Capital Projects Fund consists of District improvements to the general recreation park and two lakefront pavilions, as well as rebuilding of a clubhouse/recreation center.

**CARROLLWOOD RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007**

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

**C. 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 recorded when earned and expenses are recorded when a liability is incurred or economic asset is used, regardless of the timing of related cash flows. Property taxes 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 grantor 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. Measurable means knowing or being able to reasonable estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures, including capital outlay, are recorded when the related fund liability is incurred.

**D. Assets, Liabilities, and net assets or equity –**

**Deposits and Investments**

Cash and cash equivalents are considered to be cash and short-term investments with maturities of three months or less. They consist of cash and investments with the State Board of Administration Investment Pool. Investments are reported at fair value.

**Receivables**

Receivables consist of revenues earned at year-end and not yet received. The major component of receivables is property tax revenues collected by the County Tax Collector but not yet received by the District, and refunds receivable. No allowance for uncollectible accounts receivable has been recorded since management believes that the receivables will be fully collectible.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. The accounting treatment over capital assets, which include land, buildings, recreational facilities, parks and landscaping depends on whether the assets are reported in the government-wide or fund financial statements. None of the District assets is reported as infrastructure assets.

**CARROLLWOOD RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007**

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

**Government-wide Statements**

In the government-wide financial statements, fixed assets, including capitalized interest cost are accounted for as capital assets, and substantially all of the assets are valued at historical cost. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	10 – 40 years
Land Improvements	10 – 25 years
Equipment	5 – 15 years

**Fund Financial Statements**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures upon acquisition.

**Long-term debt**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities. The long-term debt consists of bonds payable.

Long-term debt of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest are reported as expenditures.

**Compensated Absences**

All District employees are considered hourly or part-time and are not eligible for vacation or sick pay.

**CARROLLWOOD RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007**

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

**Property Taxes**

Section 7 of Chapter 99-418, Laws of Florida, provides that the Board of Trustees shall, on or before August 1 of each year, by resolution fix the amount of assessment for the next ensuing year, and shall direct the property appraiser of Hillsborough County to assess and the tax collector of Hillsborough County to collect such tax as assessed upon each improved residential parcel of property within the District. By referendum dated September 10, 2002, the tax assessed shall not exceed \$600 per annum per residential parcel except upon approval by referendum of qualified voters of the District. The assessment is required to be collected in the manner and form as provided for collection of county taxes.

All property taxes become due and payable on November 1 of each year with an enforceable lien date of January 1, and are delinquent on April 1 of the following year. Discounts are allowed for early payment of 4, 3, 2, and 1% in November through February, respectively. Delinquent taxes on real property may be paid after the date of delinquency but prior to the sale of a tax certificate by paying all taxes, costs, advertising charges, and interest. For all real property with delinquent taxes, the tax collector advertises as required by statute and sells tax certificates. All unsold certificates are issued to the County. Any persons owning real property upon which a tax certificate has been sold may redeem the property by paying the tax collector the face amount of the tax certificate plus interest and costs associated with the sale of the certificate.

After taxes have been delinquent (April 1) for two years, the owner of a tax certificate may file an application for tax deed sale. The County is able to do the same two years after taxes were due (November 1). All taxes imposed on any property become a first lien; superior to all other liens, as of January 1 of the year the taxes are levied.

Pursuant to Section 197.3632, Florida Statutes, a fee is to be paid to the county tax collector and the county property appraiser for their services regarding the special assessments.

Total assessments on the 2006 Tax Roll are accounted for as follows:

Total assessments (924 units @ \$480)	\$ 443,520
Less: Discounts	<u>( 16,021)</u>
	427,499
Plus late payment interest	<u>230</u>
	<u>\$ 427,729</u>

**CARROLLWOOD RECREATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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

**Equity Classifications**

**Government-wide Statements**

Equity is required to be classified as net assets and displayed in one or more of three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or by law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**Fund Statements**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management’s knowledge of current events and actions, the actual results may ultimately differ from those estimates, and the differences may be material.

**CARROLLWOOD RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007**

**NOTE 2 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

The following notes present detail information to support the amounts reported in the basic financial statements:

**A. Deposits and Investments**

The District's bank account is entirely covered by federal depository insurance or by collateral held by the State Treasurer under the provision of Chapter 280, Florida Statutes.

Section 218.345, Florida Statutes, restricts and provides various alternatives for the investment of District funds. Investments at September 30, 2007, are held in the Local Government Surplus Funds Trust Fund created by Section 218.405, Florida Statutes, which is administered by the State Board of Administration (SBA). The Local Government Surplus Funds Trust Fund Investment Pool is a "2a-7 like" pool in which the fair value of investments are determined by amortized cost, and securities lending cash collateral investments are recorded at fair value. The District is a voluntary participant in the pool and shares in the pool earnings based on its dollar days participation. The fair value of the position in the pool is the same as the value of the pool shares. The Local Government Investment Pool is not rated by a nationally recognized statistical rating agency as to credit quality risk as of the current year end.

The pool currently consists of 2,168 individual accounts maintained by 995 local government participants. The portfolio's average days to maturity were 34, and the security distribution on September 30, 2007 was as follows:

Federal agency obligations	0.92%
Discounted liquidity notes	6.41
Commercial paper	46.07
Medium term and floating/variable rate	38.62
Certificates of deposit	<u>7.98</u>
	<u>100.00%</u>

The District's temporary cash investments at year-end are shown below:

	<u>Carrying Amount</u>	<u>Market Value</u>
Local Government Surplus Funds Trust Fund	<u>\$ 651,325</u>	<u>\$ 651,325</u>

Please see Note 3 E. regarding subsequent events related to the SBA accounts.

**CARROLLWOOD RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007**

**NOTE 2 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

Interest rates varied from 5.37% to 5.77% and interest earned on investments totaled \$36,443. The balance of interest earnings in the amount of \$910 was earned from other sources.

**B. Receivables**

Receivables at year end consisted primarily of amounts due from the County tax collector. The District determined that no allowance for uncollectible amounts was necessary.

**C. Capital Assets**

Capital asset activity for the year ended September 30, 2007, was as follows:

<u>Description</u>	<u>Balance October 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2007</u>
<b>Governmental activities:</b>				
Land	\$ 678,357	\$ -	\$ -	\$ 678,357
Construction-in-progress	242,156	-	(242,156)	-
Buildings	869	2,084,988	-	2,085,857
Improvements	447,915	7,501	( 94,822)	360,594
Equipment	<u>73,311</u>	<u>23,168</u>	<u>( 13,339)</u>	<u>83,140</u>
Total	<u>1,442,608</u>	<u>2,115,657</u>	<u>(350,317)</u>	<u>3,207,948</u>
Less accumulated depreciation				
Buildings	( 869)	(16,147)	-	( 17,016)
Improvements	(263,565)	(20,777)	91,088	( 193,254)
Equipment	<u>( 32,688)</u>	<u>( 5,009)</u>	<u>8,430</u>	<u>( 29,267)</u>
Total	<u>(297,122)</u>	<u>(41,933)</u>	<u>99,518</u>	<u>(239,537)</u>
Capital assets, net	<u>\$ 1,145,486</u>	<u>\$ 2,073,724</u>	<u>\$ ( 250,799)</u>	<u>\$ 2,968,411</u>

**CARROLLWOOD RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007**

**NOTE 2 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

Depreciation expense was charged to function/programs of the governmental activities as follows:

Governmental activities:

General government	\$ 1,030
Parks and recreation	38,590
Grounds maintenance	<u>2,313</u>
Total depreciation, governmental activities	<u>\$ 41,933</u>

In 2006, the District demolished substantially all of its buildings and began the construction phase of the planned replacements. During 2007, the District completed the construction work on a new recreation center and beach facilities.

**NOTE 2 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

**D. Accounts Payable and Accrued Expenses**

Payables in the general fund are composed of the following:

Payables to vendors	\$ 11,698
Construction contract payable	9,633
Accrued salaries and benefits	<u>1,430</u>
	<u>\$ 22,761</u>

**E. Long-term Debt**

A summary of general long-term debt is as follows:

A 4.96% Recreation District Revenue Note, series 2003, dated December 9, 2003. This note originally provided for a non-revolving line of credit permitting draws up to \$1,600,000 during the first 24 months of issuance, after which the note would convert into a term loan. On June 13, 2005, the note was renewed and refunded through the issuance of the Series 2005 Note, which provided for an increase in permitted draws up to \$2,050,000 until December 9, 2006 and extended the period of payments of interest only from July 9, 2005 until December 9, 2006, followed by level monthly payments of principal and interest based on a 168 month amortization schedule with final payment due on December 9, 2020. The note is secured by an irrevocable and exclusive lien on the tax revenues, including related deposits, investments and investment earnings.

**CARROLLWOOD RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007**

**NOTE 2 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

In December 2006, the District extended their construction loan through the issuance of Tax Revenue Note, Series 2006. This note renewed and extended Tax Revenue Note, Series 2005 and provided for an additional \$300,000 in construction advances and an additional 18 month period for making draws, at which time the note will automatically convert to a term loan.

<u>Description</u>	<u>Balance October 1, 2005</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance September 30, 2006</u>
Tax Revenue Note, Series 2005	\$ 217,435	\$ 475,543	\$( 692,978)	\$ -
Tax Revenue Note, Series 2006	<u>-</u>	<u>2,057,049</u>	<u>( 33,336)</u>	<u>2,023,713</u>
	<u>\$ 217,435</u>	<u>\$ 2,532,592</u>	<u>\$( 726,314)</u>	<u>\$ 2,023,713</u>

The remaining annual debt service requirement to maturity, including principal and interest is as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 110,750	\$ 97,867
2009	116,369	92,248
2010	122,273	86,344
2011	128,477	80,140
2012	134,995	73,622
2013	141,844	55,773
2014	149,041	59,576
2015	156,602	52,015
2016	164,548	44,069
2017	172,896	35,721
2018	181,668	26,949
2019	190,885	17,732
2020	200,570	8,047
2021	<u>52,795</u>	<u>442</u>
	<u>\$ 2,023,713</u>	<u>\$ 730,545</u>

**CARROLLWOOD RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007**

**NOTE 2 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

Loan covenants under the 2006 series note require budgeted appropriation of debt service amounts due each year, continuation of the present tax assessment in an amount sufficient to cover operating expenses and the debt service under the note, and require an increase in household assessments to \$480 per household effective as of October 1, 2006. The above notes were authorized through Board Resolutions adopted December 8, 2003 and June 13, 2005 respectively.

**NOTE 3 – OTHER NOTES**

**A. 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; injuries to employees; and natural disasters.

Significant losses are covered by commercial insurance for all major areas. There have been no significant reductions in insurance coverage, nor have settlement amounts exceeded insurance coverage for the current year or the three prior years.

**B. License Agreement with Carrollwood Civic Association**

Under the terms of an irrevocable license agreement with the Carrollwood Civic Association, the District has the right to possess, use and maintain certain land and beaches owned by the Association located within the District for an annual fee, payable on April 1 of each year. The agreement authorized a fee of \$28,700 for the current year. The District is also leased temporary office space at times during the year due to the construction of their new facilities.

**C. Pension Plans**

All employees are considered hourly or part-time and do not participate in the State of Florida Retirement System.

**D. Commitments and Contingencies**

The District is committed under a grounds maintenance contract that originated on April 1, 2005 and is renewable annually for up to three years. The contract may be cancelled upon written notification by the District, or may be renewed annually in one year increments. The present renewal period is for April 2007 through March 2008 at an annual rate of \$58,680 payable \$4,890 monthly.

Future payments required under this contract are as follows:

**CARROLLWOOD RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007**

**NOTE 3 - OTHER NOTES (Continued)**

Year Ending  
September 30

2008

\$ 29,340

Maintenance expense incurred under this contract for the year ended September 30, 2007 amounted to approximately \$58,100.

The District is in litigation with a contractor over construction of one of the new buildings. Subsequent to year end, the contractor filed suit alleging damages due under the construction contract for approximately \$101,000, plus interest. The District denied liability and has made a counterclaim against the contractor for liquidated damages in excess of \$165,000. The District intends to contest liability, to defend vigorously the claims of the contractor, and to pursue its counterclaim. The outcome of the litigation is not reasonably estimable at this time, and accordingly, no estimates have been recorded.

**E. Subsequent Events**

On November 29, 2007, the Local Government Investment Pool (LGIP) managed by the State Board of Administration (SBA) was closed to redemptions until December 6, 2007 at which time it reopened. The closing was the result of concerns with a portion of the investments in the Pool that were linked to the sub-prime mortgage market which has been experiencing significant defaults during the year. The response by the SBA was to create two separate pools of investments. The first pool (Pool A) consists of highly liquid, high-grade investments, and the second pool (Pool B) consists of investments that are in default, financial difficulty, or have elevated credit risk. All investors within the LGIP were allocated a portion of shares in both funds. On December 5, 2007, \$79,711 of investments held on deposit for Carrollwood Recreation District was transferred into Fund B. The shares in fund B are tentatively not subject to redemption. The ultimate value of Fund B shares is not readily determinable and no loss has been recognized in these financial statements for possible impairment of value. The SBA has stated that more than half of these securities are expected to pay in full and that some level of recovery on the remainder is likely as well. Through March 2008, the District was allowed to withdraw funds and has reduced the holdings in Fund B to \$48,827.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CARROLLWOOD RECREATION DISTRICT  
REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ -	\$ -	\$ 7,662	\$ 7,662
Interest earnings	20,000	20,000	37,353	17,353
Special assessments	427,800	427,800	427,729	(71)
Other miscellaneous revenue	-	-	4,121	4,121
Refund of prior year expenditures	-	-	4,033	4,033
Total Revenues	<u>447,800</u>	<u>447,800</u>	<u>480,898</u>	<u>33,098</u>
<b>EXPENDITURES:</b>				
Current:				
Culture and recreation				
Personal services:				
Salaries	31,020	28,020	25,043	2,977
Worker's compensation	9,000	8,950	284	8,666
Payroll taxes	2,800	2,800	1,541	1,259
Total personal services	<u>42,820</u>	<u>39,770</u>	<u>26,868</u>	<u>12,902</u>
Other services and charges:				
Professional services	30,000	30,050	28,839	1,211
Contractual services	81,000	109,800	108,775	1,025
Telephone	3,700	3,700	3,029	671
Utilities	24,500	20,500	16,600	3,900
Rents and leases	31,650	30,900	29,350	1,550
Property taxes	300	300	100	200
Insurance	27,500	22,950	20,175	2,775
Repairs and maintenance	46,400	46,875	27,945	18,930
Other charges	3,275	3,275	2,035	1,240
Office supplies	6,500	10,500	8,602	1,898
Property appraiser commission	4,200	4,200	4,223	(23)
Tax collector commission	8,500	8,500	8,446	54
Undesignated expenditures	20,000	5,300	-	5,300
Total other services and charges	<u>287,525</u>	<u>296,850</u>	<u>258,119</u>	<u>38,731</u>
Total culture and recreation	<u>330,345</u>	<u>336,620</u>	<u>284,987</u>	<u>51,633</u>
Capital outlay	2,082,500	2,086,225	1,821,308	264,917
Debt Service				
Principal retirement	-	-	33,336	(33,336)
Interest	84,000	74,000	72,061	1,939
Total expenditures	<u>2,496,845</u>	<u>2,496,845</u>	<u>2,211,692</u>	<u>285,153</u>
Excess (Deficiency) of revenues over (under) expenditures-	(2,049,045)	(2,049,045)	(1,730,794)	318,251
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital related debt issued	2,050,000	2,050,000	1,839,615	(210,385)
Excess (Deficiency) of revenues over (under) expenditures and Other Financing Sources	<u>955</u>	<u>955</u>	<u>108,821</u>	<u>107,866</u>
Fund balances - October 1	516,606	516,606	516,606	-
Fund balances - September 30	<u>\$ 517,561</u>	<u>\$ 517,561</u>	<u>\$ 625,427</u>	<u>\$ 107,866</u>

Please read accompanying notes to the Budgetary Comparison Schedule.

**CARROLLWOOD RECREATION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE BUDGETARY COMPARISON SCHEDULE  
SEPTEMBER 30, 2007**

**Note 1 - Budgetary Accounting**

Section 7 of Chapter 99-418, Laws of Florida, the special act of the Florida Legislature which governs the District, provides for advertising, public hearing, and adoption of an itemized budget on or before July 1 of each year. The act also gives the trustees the power to transfer funds between line items of the budget, after adoption, up to a maximum of twenty percent by majority vote of the trustees to meet unforeseen contingencies.

The budget is adopted on the modified accrual basis of accounting. All District activity is budgeted within the general fund.

Formal integration of budgetary accounts into the general ledger is not employed; however, monthly financial reports are presented to the Board reflecting actual revenues and expenditures for the year-to-date, budgeted amounts, and the variance between the budgeted and actual amounts for each line item.

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



# Brimmer, Burek & Keelan LLP

## Certified Public Accountants

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A Firm Registered  
with PCAOB

Members of:  
Center for  
Public Company  
Audit Firms

American Institute of  
Certified Public Accountants

Florida Institute of Certified  
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### **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  
Carrollwood Recreation District  
Tampa, Florida

We have audited the financial statements of the governmental activities, and each major fund of Carrollwood Recreation District as of and for the year ended September 30, 2007, which collectively comprise the Carrollwood Recreation District's basic financial statements and have issued our report thereon dated May 7, 2008. 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.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 Entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carrollwood Recreation District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate management letter dated May 7, 2008.

This report is intended for the information and use of the Carrollwood Recreation District Board of Trustees and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

BRIMMER, BUREK & KEELAN LLP

*Brimmer, Burek & Keelan LLP*

Certified Public Accountants

May 7, 2008



# Brimmer, Burek & Keelan LLP

## Certified Public Accountants

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### Board of Trustees Carrollwood Recreation District Tampa, Florida

We have audited the financial statements of the Carrollwood Recreation District, whose headquarters is located in Tampa, Florida, as of and for the fiscal year ended September 30, 2007, and have issued our report thereon dated May 7, 2008.

We conducted our audit in accordance with United States generally accepted auditing standards, and *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in accordance with *Government Auditing Standards*. Disclosures in that report, if any, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554(1)(h)1.) require that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal control, whether or not recommendations made in the preceding annual financial audit report have been followed. The recommendations made in the preceding annual financial audit report have been corrected except as noted below under the heading Prior Year Findings and Recommendations.

As required by the Rules of the Auditor General (Section 10.554(1)(h)2.), the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding investment of public funds. In connection with our audit, we determined that the District appeared to be in compliance with Section 218.415, Florida Statutes.

The Rules of Auditor General (Sections 10.554(1)(h)3.) require that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we did not have any such findings.

The rules of the Auditor General (Section 10.554(1)(h)4.) require disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal control: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures; (4) failures to properly record financial transactions; (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed the following matters required to be disclosed by Rules of Auditor General (Section 10.554(1)(h)4.):

**Prior Year Recommendations:**

1. **Tangible Personal Property** – In the prior year, we noted that District personnel did not conduct a physical inventory of fixed assets or maintain an inventory listing.

Current year status - We found that the District has again not performed a timely inventory of physical assets or maintained an inventory list.

We recommend that District personnel review applicable rules on Tangible personal property, perform periodic inventory counts, maintain a control ledger of assets, and mark the assets with unique identifying asset numbers for referencing.

2. **Accounting for Cash Receipts** – In the prior year, we noted that the District utilizes pre-numbered receipts which are identified on the cash receipt summary and totaled to the amount being deposited. However, cash was not being deposited intact to the bank.

Current year status – We found that District personnel appear to have begun depositing all cash funds intact to the bank.

3. **Classification of Capital and Repair Expenses/Expenditures** – In our report last year, we commented that we found a couple of minor items that had been classified as repairs which clearly should be treated as capitalized assets or capital outlay.

Current year status – Again this year, we found that the posting of capital outlay vs. expenditures in a few instances were not correctly classified.

We again recommend that client personnel review the nature of all payments being made and attempt to relate those payments to the proper accounting classification of accounts.

## **Current Year Findings and Recommendations:**

1. **Use of Imprest Petty Cash Fund** – Control of petty cash funds is usually maintained through the use of an imprest petty cash system, whereby the petty cash fund is reimbursed only for paid receipts in order to balance out to the general ledger control account. We found one instance in which the check reimbursement was not supported by paid invoices. We also noted that the general ledger control account has fluctuated throughout the year as varying amounts were posted to the petty cash general ledger account.

We recommend the use of an imprest cash fund so that checks for petty cash reimbursement are paid to the custodian only for documented expenditures. The check should then be coded to the proper general ledger accounts to recognize the expenditures so that no activity will be reflected in the general ledger control account. We also suggest that the petty cash be periodically counted by a responsible individual without any custodial responsibility.

2. **Rental Security Deposit Refunds** – We found inconsistent documentation of refund vouchers for security deposits. Some vouchers identified only the name of the individual who had originally paid the deposit, some identified the check number, and some were identified as cash. We also had difficulty in a few instances of determining whether the individual receiving the refund was in fact, the same person who had paid the deposit.

We recommend that security deposit refund vouchers be adequately documented with the name of the payor, the receipt number and other pertinent information that will substantiate the propriety of the refund.

3. **Cash Receipts Summary Reports** – In reviewing some of the cash receipts reports, we found a few instances where the amount assigned to general ledger codes on the cash receipts report were actually posted to different general ledger accounts, and in some instances for amounts different than was listed on the cash report. In each instance, we found that the actual general ledger account posting was correct, and we found that the discrepancy in amounts reflected sales tax collections that were correctly accounted for.

We recommend that the integrity of the audit trail be maintained by adequately documenting and approving any changes made in assigned postings from the cash report to the actual general ledger posting.

The Rules of the Auditor General (Section 10.554(1)(h)5.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Carrollwood Recreation District was established by Section 12 of Chapter 72-565, Laws of Florida as amended and superseded by Chapter 99-418. The Carrollwood Recreation District does not include any component units.

As required by the Rules of the Auditor General (Section 10.554(1)(h)(6.a.)), a statement must be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes. 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.

As required by the Rules of the Auditor General (Section 10.554(1)(h)(6.b.)), we determined that the annual financial report for the Carrollwood Recreation District for the fiscal year ended September 30, 2007, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2007.

As required by the Rules of the Auditor General (Sections 10.554(1)(h)(6.c.) and 10.556(7)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity'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.

This management letter is intended solely for the information of the Carrollwood Recreation District and management, and the State of Florida Office of the Auditor General. However, this report is a matter of public record and its distribution is not limited.

BRIMMER, BUREK & KEELAN LLP

*Brimmer, Burek & Keelan LLP*

Certified Public Accountants

May 7, 2008

**MANAGEMENT RESPONSE  
TO DEFICIENCIES**

**CARROLLWOOD RECREATION DISTRICT**  
3515 McFarland Road  
Tampa, Florida 33618  
(813) 932-1257

March 15, 2008

Brimmer, Burek & Keelan LLP  
5601 Mariner Street, Ste 200  
Tampa, Florida 33609

Gentlemen:

This letter responds to the Management Letter recommendations issued to the Carrollwood Recreation District in conjunction with the Financial Statements and Independent Auditors Report for the Fiscal Year Ended September 30, 2007

**Prior Year Recommendations:**

Number 1—Tangible Personal Property

An inventory was taken this year but was not in a proper and usable format. The District will purchase an inventory (fixed assets) software package that will provide the proper information.

Number 3—Classification of Capital and Repair Expenses/Expenditures

All payments will be reviewed for proper account classification. The ones you mentioned this year were dependent upon interpretation because of the construction.

**Current Year Findings and Recommendations:**

Number 1 ---Use of Imprest Petty Cash Fund

During the construction period, monies were often needed immediately by various individuals and documents lost and misplaced during the moves. Procedures have been updated and reiterated for all involved parties. The President or Treasurer will periodically count the petty cash.

Number 2---Rental Security Deposit Refunds

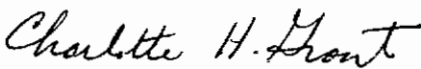
The security deposit refund vouchers are now being referenced with the receipt number of the security deposit and the receipt number of the rental payment to substantiate the propriety of the refund.

Number 3---Cash Receipts Summary Reports

The differences in coding on the cash receipts reports and the posting to the general ledger is because the coding in presently be reviewed by the bookkeeper and changed to the proper account after agreement with the Treasurer.

If the district can be of further assistance in addressing issues arising from the Management Letter or other matters, please contact me at the above address or by telephone at (813) 961-3200.

Sincerely,

  
Charlotte H. Grant  
Treasurer