

**CARROLLWOOD RECREATION DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
SEPTEMBER 30, 2008**

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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 4th 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:

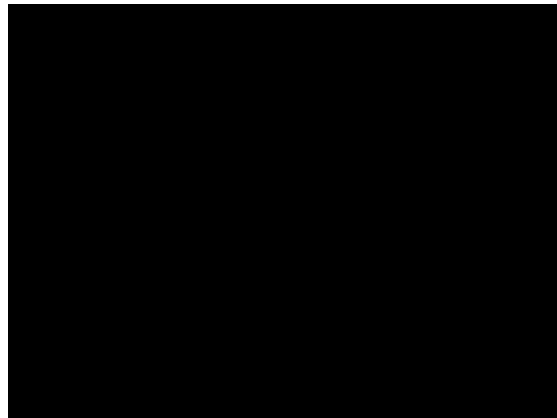
- Gates locked at sunset. Unlocked at sunrise.
- Guard on duty during spring break and summer vacation (swim seasons)
- Cars left overnight are towed
- Decals required for boat and trailer
- Lavatories—key required

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



Renovated pavilion and Playground—October, 2008

History:

Built in 1964, the original site of Carrollwood beach and boat ramp. Renovations completed in October, 2008.

Open:

Daily. Sunrise to sunset

- Features:**
- The 2008 renovation included a new park entrance with iron gates, new bathroom facilities, sweeping design to the structure and roofline, new sprinkler system, and new landscaping.
 - Also included in the renovation were new playground equipment, giant rocks, slides, swings, and various rides for younger children. Benches and picnic equipment were added along with mulch inside the playground area.
 - Open air picnic and grilling area
 - Recently 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

History: 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.

Open: Daily. Sunrise to sunset

Features:

- Fenced, treed 10 acre park with park benches
- Covered shade pavilion; water fountain
- Playground equipment for children
- Official sized baseball diamond
- Paved walking/jogging paths
- Fenced dog run
- Lavatories to be constructed this year (currently, residents must cross the street to use the Rec. Center's lavatories).

Parking: Across the street at the recreation center

Parties: 25 people maximum. Reservations made by calling the recreation center.

Guests:

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> |
|-----------------------------|-------------|
| NICK BOMPIGNANO, PRESIDENT | 2008 – 2009 |
| TOM SCALLON, VICE-PRESIDENT | 2008 – 2009 |
| CHARLOTTE GRANT, TREASURER | 2008 - 2009 |
| DEB GOTCHEYAN, SECRETARY | 2008 - 2009 |
| SHELLEY STEWART | 2008 - 2009 |
| PENNY GALLAGLY | 2008 - 2009 |
| MICKY WILLIAMS | 2008 - 2009 |
| RICH LARCOMB | 2008 - 2009 |
| GREG WEHLING | 2008 - 2009 |

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

Independent Auditors' Report

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

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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
Public Accountants

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, 2008, 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, 2008, 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 January 20, 2009 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 important for assessing the results of our audit. In accordance with the *Rules of the Florida Auditor General*, we have also issued our management letter dated January 20, 2009.

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

January 20, 2009

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, 2008. 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 \$1,598,885 (net assets). Of this amount \$766,012 (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 \$18,698.
- As of the close of the current fiscal year the CRD's governmental funds reported ending fund balance of \$747,508, an increase of \$122,081 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 \$1,598,885 at the close of the most recent fiscal year.

By far the largest portion of the CRD's net assets (52 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 | | | |
|---|-----------------------|-----------|----|-----------|
| | | 2008 | | 2007 |
| Current and other assets | \$ | 784,012 | \$ | 668,005 |
| Capital assets | | 3,036,945 | | 2,968,411 |
| Total assets | \$ | 3,820,957 | \$ | 3,636,416 |
| | | | | |
| Long term liabilities outstanding | \$ | 2,071,978 | \$ | 1,912,963 |
| Other liabilities | | 150,094 | | 143,266 |
| Total liabilities | \$ | 2,222,072 | \$ | 2,056,229 |
| | | | | |
| Net assets | \$ | 1,598,885 | \$ | 1,580,187 |
| | | | | |
| Invested in capital assets, net of related debt | \$ | 832,873 | \$ | 944,698 |
| Restricted | | | | |
| Unrestricted | | 766,012 | | 635,489 |
| Total net assets | \$ | 1,598,885 | \$ | 1,580,187 |

The balance of unrestricted net assets, \$766,012, 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 \$18,698. Key elements in the Changes in Net Assets activity follow:

Carrollwood Recreation District Changes in Net Assets

| | Governmental Activities | |
|-----------------------------------|-------------------------|--------------|
| | 2008 | 2007 |
| Revenues: | | |
| Program Revenues: | | |
| Charges for services | \$ 23,797 | \$ 7,662 |
| Interest earnings | 23,298 | 37,353 |
| General revenues: | | |
| Special assessments | 428,320 | 427,729 |
| Other | 13,897 | 8,155 |
| Total revenues | \$ 489,312 | \$ 480,899 |
| Expenses: | | |
| Administration | 115,117 | 121,646 |
| Parks and recreation | 158,709 | 118,729 |
| Grounds maintenance | 93,288 | 94,410 |
| Interest on debt | 103,500 | 19,868 |
| Total expenses | \$ 470,614 | \$ 354,653 |
| Increase (decrease) in net assets | 18,698 | 126,246 |
| Net assets, October 1, 2007 | 1,580,187 | 1,453,941 |
| Net assets, September 30, 2008 | \$ 1,598,885 | \$ 1,580,187 |

Taxes (\$428,320) comprised 88 percent of the total revenues (\$489,312) during the year with the second largest source of revenue being Charges for services (room rentals). Charges for services of the rental and use of District facilities increased this year as construction was completed on some facilities in 2007 and rental usage continued throughout 2008. The increase in net assets for the year was the result of revenues being somewhat greater than budget as well as expenditures somewhat less than budget.

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.

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 \$747,508 an increase of \$122,081 in comparison with the prior year. All of this total amount, \$747,508 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 \$606,267. 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 119 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, 2008, amounts to \$3,036,945 (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 Scotty Cooper Park construction and renovation project, and the continuing project to replace or renovate substantially all of the Districts' facilities.

| | Governmental Activities | |
|--------------------------|-------------------------|--------------|
| | 2008 | 2007 |
| Land | \$ 678,357 | \$ 678,357 |
| Building | 2,084,966 | 2,068,841 |
| Improvements | 154,720 | 167,340 |
| Equipment | 96,276 | 53,873 |
| Construction in progress | 22,626 | 0 |
| Totals | \$ 3,036,945 | \$ 2,968,411 |

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 \$2,204,072. 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, 2008**

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 761,205 |
| Receivables (net) | 4,303 |
| Prepaid expenses | 18,504 |
| Capital assets | |
| Land | 678,357 |
| Other capital assets, net of depreciation | 2,358,588 |
| Total capital assets | <u>3,036,945</u> |
| Total assets | <u>3,820,957</u> |
| LIABILITIES | |
| Accounts payable and accrued expenses | 11,100 |
| Rental deposits | 6,900 |
| Long-term liabilities | |
| Due within one year | 132,094 |
| Due in more than one year | 2,071,978 |
| Total liabilities | <u>2,222,072</u> |
| NET ASSETS | |
| Invested in capital assets, net of related debt | 832,873 |
| Restricted | - |
| Unrestricted | 766,012 |
| Total net assets | <u><u>\$ 1,598,885</u></u> |

Please read accompanying notes.

**CARROLLWOOD RECREATION DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2008**

| | Functions/Programs: | | | | |
|----------------------------------|---------------------|----------------|-------------------------|------------------------|-----------------|
| | Total | Administration | Parks and Recreation | Grounds Maintenance | Debt Service |
| Expenses: | | | | | |
| Salaries, wages, and benefits | \$ 35,705 | \$ - | \$ 35,705 | \$ - | \$ - |
| Materials and supplies | 7,502 | 3,353 | 4,149 | - | - |
| Maintenance & repairs | 134,346 | - | 43,713 | 90,633 | - |
| Other program expenses | 109,885 | 109,885 | - | - | - |
| Depreciation | 79,676 | 1,879 | 75,142 | 2,655 | - |
| Interest on debt | 103,500 | - | - | - | 103,500 |
| Total expenses | <u>470,614</u> | <u>115,117</u> | <u>158,709</u> | <u>93,288</u> | <u>103,500</u> |
| Program revenues: | | | | | |
| Charges for services | 23,797 | - | 23,797 | - | - |
| Net program expense | <u>446,817</u> | <u>115,117</u> | <u>134,912</u> | <u>93,288</u> | <u>103,500</u> |
| General revenues: | | | | | |
| Taxes: | | | | | |
| Real estate | 428,320 | | | | |
| Unrestricted investment earnings | 23,298 | | | | |
| Miscellaneous | 13,897 | | | | |
| Total general revenues | <u>465,515</u> | | | | |
| Change in net assets | 18,698 | | | | |
| Net assets - beginning of year | 1,580,187 | | | | |
| Net assets - end of year | <u>\$ 1,598,885</u> | | | | |

Please read accompanying notes.

**CARROLLWOOD RECREATION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008**

| | General Fund | Facilities Improvement Fund | Total Governmental Funds |
|-------------------------------------|-----------------|-----------------------------------|--------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 619,964 | \$ 141,241 | \$ 761,205 |
| Due from other governments | 4,303 | - | 4,303 |
| Total Assets | \$ 624,267 | \$ 141,241 | \$ 765,508 |
| LIABILITIES | | | |
| Accounts payable | \$ 11,100 | \$ - | \$ 11,100 |
| Deposits payable | 6,900 | - | 6,900 |
| Total Liabilities | 18,000 | - | 18,000 |
| FUND BALANCES | | | |
| Unreserved | | | |
| Undesignated fund balance | 606,267 | 141,241 | 747,508 |
| Total fund balances | 606,267 | 141,241 | 747,508 |
| Total liabilities and fund balances | \$ 624,267 | \$ 141,241 | |

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 | 18,504 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$319,213 | 3,036,945 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds | (2,204,072) |
| Net assets of governmental activities | \$ 1,598,885 |

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, 2008**

| | General Fund | Facilities Improvement Fund | Total Governmental Funds |
|---|-------------------|-----------------------------------|--------------------------------|
| REVENUES: | | | |
| Charges for services | \$ 23,797 | \$ - | \$ 23,797 |
| Interest earnings | 23,298 | - | 23,298 |
| Special assessments | 428,320 | - | 428,320 |
| Other miscellaneous revenue | 9,844 | - | 9,844 |
| Refund of prior year expenditures | 4,053 | - | 4,053 |
| Total Revenues | <u>489,312</u> | <u>-</u> | <u>489,312</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Culture and recreation | | | |
| Personal services: | | | |
| Salaries | 32,860 | - | 32,860 |
| Worker's compensation | 331 | - | 331 |
| Payroll taxes | 2,514 | - | 2,514 |
| Total personal services | <u>35,705</u> | <u>-</u> | <u>35,705</u> |
| Other services and charges: | | | |
| Professional services | 27,978 | - | 27,978 |
| Contractual services | 100,149 | - | 100,149 |
| Telephone | 3,133 | - | 3,133 |
| Utilities | 25,670 | - | 25,670 |
| Rents and leases | 18,000 | - | 18,000 |
| Property taxes | 100 | - | 100 |
| Insurance | 30,040 | - | 30,040 |
| Repairs and maintenance | 34,197 | - | 34,197 |
| Other charges | 4,883 | - | 4,883 |
| Office supplies | 3,353 | - | 3,353 |
| Property appraiser commission | 4,224 | - | 4,224 |
| Tax collector commission | 8,448 | - | 8,448 |
| Total other services and charges | <u>260,175</u> | <u>-</u> | <u>260,175</u> |
| Total culture and recreation | 295,880 | - | 295,880 |
| Capital outlay | - | 148,210 | 148,210 |
| Debt Service | | | |
| Principal retirement | 109,092 | 3,499 | 112,591 |
| Interest | 103,500 | - | 103,500 |
| Total expenditures | <u>508,472</u> | <u>151,709</u> | <u>660,181</u> |
| Excess (Deficiency) of revenues over (under) expenditures | (19,160) | (151,709) | (170,869) |
| OTHER FINANCING SOURCES (USES): | | | |
| Capital related debt issued | - | 292,950 | 292,950 |
| Net change in fund balances | (19,160) | 141,241 | 122,081 |
| Fund balances - October 1 | 625,427 | - | 625,427 |
| Fund balances - September 30 | <u>\$ 606,267</u> | <u>\$ 141,241</u> | <u>\$ 747,508</u> |

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, 2008**

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 | | \$ 122,081 |
| 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 | \$ 148,210 | |
| Depreciation expense | (79,676) | |
| Net adjustment | 68,534 | |
| 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 | | 8,442 |
| 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 | | 112,591 |
| Proceeds of debt principal is revenue in the governmental funds, but the proceeds are a long-term liability in the Statement of Net Assets: | | |
| | | (292,950) |
| Change in net assets of governmental activities | | \$ 18,698 |

Please read accompanying notes.

**CARROLLWOOD RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

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, 2008**

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 relates to District improvements and renovations to the general recreation parks.

**CARROLLWOOD RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

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, 2008**

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, 2008**

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 2007 Tax Roll are accounted for as follows:

| | |
|---------------------------------------|-------------------|
| Total assessments (925 units @ \$480) | \$ 444,000 |
| Less: Discounts | <u>(15,983)</u> |
| | 428,017 |
| Plus late payment interest | <u>303</u> |
| | <u>\$ 428,320</u> |

**CARROLLWOOD RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

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, 2008**

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, 2008, are held in two separate pooled Funds (LGIP and Fund B) of 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 Fund A (LGIP) 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 rated by as AAAM by Standard and Poors.

Fund B is accounted for as a fluctuating NAV pool. The fair value for balances at September 30, 2008 was approximately 79.84% of carrying value. Fund B is not rated by any nationally recognized statistical rating agency as to credit quality risk as of the current year end and has not participated in a securities lending program.

The LGIP currently consists of 812 local government participants. The Fund A portfolio's average days to maturity was 8.5. The weighted average life of Fund B was 9.36 years.

The Fund A security distribution on September 30, 2008 was as follows:

| | |
|-----------------------------|----------------|
| Bank instruments - fixed | 4.70% |
| Corporate notes - floating | 43.10 |
| Mutual funds – money market | 5.00 |
| Repurchase agreements | <u>47.20</u> |
| | <u>100.00%</u> |

The Fund B security distribution on September 30, 2008 was as follows:

| | |
|-----------------------------|----------------|
| Corporate CP - fixed | 20.50% |
| Corporate CP – floating | 22.20 |
| Corporate notes - floating | 55.80 |
| Mutual funds – money market | <u>1.50</u> |
| | <u>100.00%</u> |

**CARROLLWOOD RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

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

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>\$ 567,396</u> | <u>\$ 567,396</u> |

The District's investment in Pool A and Pool B amounted to \$542,465 and \$24,396 respectively at September 30, 2008.

Interest rates varied from -0-% to 4.62% and interest earned on investments totaled \$22,694. The balance of interest earnings in the amount of \$604 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, 2008, was as follows:

| <u>Description</u> | <u>Balance October 1, 2007</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance September 30, 2008</u> |
|---------------------------------|--|---------------------|------------------|---|
| Governmental activities: | | | | |
| Land | \$ 678,357 | \$ - | \$ - | \$ 678,357 |
| Construction-in-progress | - | 22,626 | - | 22,626 |
| Buildings | 2,085,857 | 70,000 | - | 2,155,857 |
| Improvements | 360,594 | 6,800 | - | 367,394 |
| Equipment | <u>83,140</u> | <u>48,784</u> | - | <u>131,924</u> |
| Total | <u>3,207,948</u> | <u>148,210</u> | - | <u>3,356,158</u> |
| Less accumulated depreciation | | | | |
| Buildings | (17,016) | (53,875) | - | (70,891) |
| Improvements | (193,254) | (19,420) | - | (212,674) |
| Equipment | <u>(29,267)</u> | <u>(6,381)</u> | - | <u>(35,648)</u> |
| Total | <u>(239,537)</u> | <u>(79,676)</u> | - | <u>(319,213)</u> |
| Capital assets, net | <u>\$ 2,968,411</u> | <u>\$ (68,534)</u> | <u>\$ -</u> | <u>\$ 3,036,945</u> |

**CARROLLWOOD RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

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 | \$ 1,879 |
| Parks and recreation | 75,142 |
| Grounds maintenance | <u>2,655</u> |
| Total depreciation, governmental activities | <u>\$ 79,676</u> |

As part of a multi-year project, the District demolished and replaced substantially all of its buildings during 2006 and 2007. In 2008, the District built or replaced various playground structures and began renovation of Scotty Cooper Park.

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 | \$ 3,805 |
| Accrued debt interest | 6,238 |
| Accrued salaries and benefits | <u>1,057</u> |
| | <u>\$ 11,100</u> |

E. Long-term Debt

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

Series 2006, a 4.96% Recreation District Revenue Note. Originally entered into as a non-revolving line of credit permitting draws during a defined construction period, after which the note converted into a term loan. The note provides for 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.

Series 2006A, a 5.0933% Recreation District Revenue Note dated December 18, 2006. This note provided for a \$300,000 non-revolving line of credit that converted to a term loan with level monthly principal and interest payments based on a 162 month amortization schedule with final payment due on December 18, 2021. This note is cross-collateralized and cross-defaulted with Note Series 2006.

**CARROLLWOOD RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

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

A summary of debt activity during this fiscal year is as follows:

| <u>Description</u> | <u>Balance October 1, 2007</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance September 30, 2008</u> |
|--------------------------------|--|-------------------|----------------------|---|
| Tax Revenue Note, Series 2006 | \$ 2,023,713 | \$ - | \$ (109,092) | \$ 1,914,621 |
| Tax Revenue Note, Series 2006A | <u> -</u> | <u>292,950</u> | <u>(3,499)</u> | <u>289,451</u> |
| | <u>\$ 2,023,713</u> | <u>\$ 292,950</u> | <u>\$ (112,591)</u> | <u>\$ 2,204,072</u> |

The remaining debt service requirements to maturity, including principal and interest are as follows:

| <u>Year Ending September 30</u> | <u>Principal</u> | <u>Interest</u> |
|-------------------------------------|---------------------|-------------------|
| 2009 | \$ 132,094 | \$ 106,709 |
| 2010 | 138,818 | 99,985 |
| 2011 | 145,885 | 92,919 |
| 2012 | 153,310 | 85,493 |
| 2013 | 161,115 | 77,688 |
| 2014-2018 | 937,272 | 256,744 |
| 2019-2022 | <u>535,578</u> | <u>34,113</u> |
| | <u>\$ 2,204,072</u> | <u>\$ 753,651</u> |

Loan covenants under the 2006 series notes 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.

**CARROLLWOOD RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

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 \$18,000 for the current year.

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 one-year grounds maintenance contract dated March 1, 2008 and is automatically renewable annually unless cancelled by either party upon written notification. Maintenance expense incurred under this contract for the year ended September 30, 2008 amounted to approximately \$58,900.

In 2008, the District settled a 2007 dispute with a contractor through final payment of \$70,000.

The District is currently committed for approximately \$71,476 in unbilled and uncompleted work to be performed under a contract for the renovation of Scotty Cooper Park. Contract billings of \$22,676 have been billed and paid as of September 30, 2008.

REQUIRED SUPPLEMENTARY INFORMATION

**CARROLLWOOD RECREATION DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Charges for services | \$ 20,000 | \$ 20,000 | \$ 23,797 | \$ 3,797 |
| Interest earnings | 20,000 | 20,000 | 23,298 | 3,298 |
| Special assessments | 427,800 | 427,800 | 428,320 | 520 |
| Other miscellaneous revenue | - | - | 9,844 | 9,844 |
| Refund of prior year expenditures | - | - | 4,053 | 4,053 |
| Total Revenues | <u>467,800</u> | <u>467,800</u> | <u>489,312</u> | <u>21,512</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Culture and recreation | | | | |
| Personal services: | | | | |
| Salaries | 29,300 | 33,150 | 32,860 | 290 |
| Worker's compensation | 7,000 | 1,250 | 331 | 919 |
| Payroll taxes | 2,800 | 2,800 | 2,514 | 286 |
| Total personal services | <u>39,100</u> | <u>37,200</u> | <u>35,705</u> | <u>1,495</u> |
| Other services and charges: | | | | |
| Professional services | 32,600 | 28,850 | 27,978 | 872 |
| Contractual services | 101,500 | 103,050 | 100,149 | 2,901 |
| Telephone | 3,300 | 3,150 | 3,133 | 17 |
| Utilities | 27,000 | 26,250 | 25,670 | 580 |
| Rents and leases | 18,000 | 18,000 | 18,000 | - |
| Property taxes | 500 | 500 | 100 | 400 |
| Insurance | 25,500 | 31,000 | 30,040 | 960 |
| Repairs and maintenance | 43,600 | 46,900 | 34,197 | 12,703 |
| Other charges | 3,275 | 6,075 | 4,883 | 1,192 |
| Office supplies | 7,000 | 6,800 | 3,353 | 3,447 |
| Property appraiser commission | 4,200 | 4,200 | 4,224 | (24) |
| Tax collector commission | 8,500 | 8,500 | 8,448 | 52 |
| Undesignated expenditures | 10,000 | 1,600 | - | 1,600 |
| Total other services and charges | <u>284,975</u> | <u>284,875</u> | <u>260,175</u> | <u>24,700</u> |
| Total culture and recreation | <u>324,075</u> | <u>322,075</u> | <u>295,880</u> | <u>26,195</u> |
| Capital outlay | 44,500 | 331,250 | 148,210 | 183,040 |
| Debt Service | | | | |
| Principal retirement | 106,000 | 112,600 | 112,591 | 9 |
| Interest | 102,000 | 103,600 | 103,500 | 100 |
| Total expenditures | <u>576,575</u> | <u>869,525</u> | <u>660,181</u> | <u>209,344</u> |
| Excess (Deficiency) of revenues over (under) expenditures- | <u>(108,775)</u> | <u>(401,725)</u> | <u>(170,869)</u> | <u>230,856</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Capital related debt issued | - | 292,950 | 292,950 | - |
| Excess (Deficiency) of revenues over (under) expenditures and Other Financing Sources | <u>(108,775)</u> | <u>(108,775)</u> | <u>122,081</u> | <u>230,856</u> |
| Fund balances - October 1 | 625,427 | 625,427 | 625,427 | - |
| Fund balances - September 30 | <u>\$ 516,652</u> | <u>\$ 516,652</u> | <u>\$ 747,508</u> | <u>\$ 230,856</u> |

Please read accompanying notes to the Budgetary Comparison Schedule.

**CARROLLWOOD RECREATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
SEPTEMBER 30, 2008**

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, including activity for the capital projects fund. Consequently, the actual column includes both funds for ease of comparison with the budget.

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



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Center for
Public Company
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Florida Institute of Certified
Public Accountants

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, 2008, which collectively comprise the Carrollwood Recreation District's basic financial statements and have issued our report thereon dated January 20, 2009. 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 District'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 District'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 District's financial statements that is more than inconsequential will not be prevented or detected by the District'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 District'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 January 20, 2009.

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

January 20, 2009

MANAGEMENT LETTER



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, 2008, and have issued our report thereon dated January 20, 2009.

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 although the District did take a partial physical inventory of assets, it had not yet begun to maintain an inventory list. We have noted that the District subsequently obtained a software package which will allow them to perform this task.

We again 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. 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 have been treated as capitalized assets or capital outlay.

We believe that the classification of capitalized assets versus repairs expenditures has been improved during the current year.

3. Use of Imprest Petty Cash Fund – In our report last year, we noted one instance in which the check reimbursement was not supported by paid invoices. We also noted that the general ledger control account had fluctuated throughout the year as varying amounts were posted to the petty cash general ledger account.

We noted that the general ledger control account has been fixed this year at a designated balance and it appears that reimbursement requests were supported by documentation for the amount to be replenished.

4. Rental Security Deposit Refunds – Last year, 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 tested a sample of deposit amounts and found no significant errors this year.

5. Cash Receipts Summary Reports – Last year, 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.

We believe that the audit trail for posting the cash receipts summary was improved this year.

Current Year Findings and Recommendations:

No conditions other than noted above were observed by the auditor during the current year.

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, 2008, 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, 2008.

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

January 20, 2009

MANAGEMENT RESPONSE
TO DEFICIENCIES

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

January 23, 2009

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, 2008.

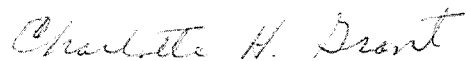
Prior Year Recommendations:

Number 1—Tangible Personal Property

The District purchased an inventory (fixed assets) software package for the listing of assets and numbers will be assigned to identify assets and periodic inventory counts will be performed.

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