

**GREATER BOCA RATON BEACH & PARK DISTRICT  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2013**

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Greater Boca Raton Beach & Park District  
Boca Raton, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Greater Boca Raton Beach & Park District, Boca Raton, Florida (the "District") as of and for the fiscal year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of September 30, 2013, and the respective changes in financial position, thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

June 10, 2014

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Greater Boca Raton Beach & Park District, Boca Raton, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2013. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

### FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year resulting in a net position balance of \$84,733,745.
- The change in the District's total net position in comparison with the prior year was \$1,340,973, an increase. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2013, the District's governmental fund reported ending fund balance of \$15,868,053, an increase of \$1,905,576 in comparison with the prior fiscal year. Of that amount, \$66,914 was nonspendable for prepaids, \$15,375,172 is assigned to reserves and the remainder is available for spending at the District's discretion (unassigned fund balance).
- During fiscal year 2013, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board ("FASB") and American Institute of Certified Public Accountants ("AICPA") Pronouncements*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Please see New Accounting Standards Adopted in Note 2 of the financial statements for additional information.

### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the introduction to the District's basic financial statements. The District's basic financial statements are comprised of 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 Statements

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

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

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

The government-wide financial statements include all governmental activities that are principally supported by ad-valorem revenues. The District does not have any business-type activities. The governmental activities of the District include general government, community redevelopment, and park operations and management functions.

## OVERVIEW OF FINANCIAL STATEMENTS (Continued)

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund category: governmental funds.

### 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 fund statements focus on near-term inflows and outflow 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 District'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 District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one governmental fund. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, which is the District's major fund.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

### 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 position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets exceeded liabilities at the close of the most recent fiscal year.

The largest portion of the District's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents and are not available for future spending.

The remaining balance of unrestricted net position may be used to meet the District's financial obligations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Key components of the District's net position are reflected in the following table:

	NET POSITION SEPTEMBER 30,	
	2013	2012
Current and other assets	\$ 19,045,500	\$ 17,418,176
Capital assets, net of depreciation	68,865,692	69,430,295
Total assets	87,911,192	86,848,471
Current liabilities	3,177,447	3,455,699
Total liabilities	3,177,447	3,455,699
Net Position		
Net investment in capital assets	68,865,692	69,430,295
Unrestricted	15,868,053	13,962,477
Total net position	\$ 84,733,745	\$ 83,392,772

At September 30, 2013 the District was able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental activities. The same held true for the prior fiscal year. In addition, net position of the District increased in fiscal year 2013. The majority of the increase represents the extent to which ongoing program revenues exceeded the cost of operations. The overall financial position of the District is considered favorable.

Key elements of the change in net position are reflected in the following table:

	CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30,	
	2013	2012
Revenues:		
Program revenues	\$ 3,234,342	\$ 3,030,993
General revenues	19,010,701	19,182,095
Total revenues	22,245,043	22,213,088
Expenses:		
General government	1,720,911	1,731,705
Community redevelopment	714,431	733,569
Park maintenance and operations	18,468,728	19,920,416
Total expenses	20,904,070	22,385,690
Change in net position	1,340,973	(172,602)
Net position, beginning	83,392,772	83,565,374
Net position, ending	\$ 84,733,745	\$ 83,392,772

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2013 was \$20,904,070. The costs were paid primarily from general revenues. General revenues for the current and prior fiscal years consist primarily of ad valorem taxes. Program revenues for the fiscal year ended September 30, 2013 and September 30, 2012 were comprised primarily of park fees.

## GENERAL FUND BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the Board of Commissioners for the District pursuant to the requirements of Florida Statutes. The District's budgeting process is based on estimates of cash receipts and cash expenditures, which are approved by the Board. Further, classification of certain revenues under accounting principles generally accepted in the United States of America differs from classification utilized for budgetary purposes. Other than the classification, the budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles). The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Budget amendments that change aggregated appropriations must be approved by the Board. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2013.

Actual general fund expenditures for the fiscal year ended September 30, 2013 were less than appropriations due primarily to anticipated costs which were not incurred in the current fiscal year.

## CAPITAL ASSETS

At September 30, 2013, the District had \$86,891,164 invested in land, land improvements, park improvements and infrastructure, machinery, equipment and furniture. In the government-wide financial statements depreciation of \$19,293,548 has been taken, which resulted in a net book value of \$68,865,692. More detailed information about the District's capital assets is presented in the notes to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Improvements on the Spanish River Athletic Fields and Recreation Complex (DeHoernle Park) project were completed during the current year; the District anticipates a significant increase in operational costs in the next fiscal period.

The District commenced design plans for several projects during the subsequent fiscal year.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains.

If you have questions about this report or need additional financial information, contact the Greater Boca Raton Beach & Park District at (561) 417-4599.



**GREATER BOCA RATON BEACH & PARK DISTRICT  
BOCA RATON, FLORIDA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2013**

	Governmental Activities
<b>ASSETS</b>	
Cash	\$ 13,713,464
Investments	5,026,535
Due from other government	238,587
Prepays	66,914
Capital assets:	
Depreciable assets, net of accumulated depreciation	19,293,548
Nondepreciable assets	49,572,144
Total assets	87,911,192
 <b>LIABILITIES</b>	
Accounts payable	3,159,119
Contracts payable	18,328
Total liabilities	3,177,447
 <b>NET POSITION</b>	
Net investment in capital assets	68,865,692
Unrestricted	15,868,053
Total net position	\$ 84,733,745

See accompanying notes to the financial statements

**GREATER BOCA RATON BEACH & PARK DISTRICT  
BOCA RATON, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2013**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>  <u>Governmental Activities</u>
Primary government:			
Governmental activities:			
General government	\$ 1,720,911	\$ -	\$ (1,720,911)
Community redevelopment	714,431	-	(714,431)
Park operations and maintenance	18,468,728	3,234,342	(15,234,386)
Total governmental activities	<u>20,904,070</u>	<u>3,234,342</u>	<u>(17,669,728)</u>
General revenues:			
Ad valorem taxes			18,968,708
Unrestricted interest earnings			41,993
Total general revenues			<u>19,010,701</u>
Change in net position			1,340,973
Net position - beginning			<u>83,392,772</u>
Net position - ending			<u>\$ 84,733,745</u>

See accompanying notes to the financial statements

**GREATER BOCA RATON BEACH & PARK DISTRICT  
BOCA RATON, FLORIDA  
GOVERNMENTAL FUND  
BALANCE SHEET  
SEPTEMBER 30, 2013**

ASSETS	
Cash	\$ 13,713,464
Investments	5,026,535
Due from other governments	238,587
Prepays	66,914
Total assets	<u>\$ 19,045,500</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 90,294
Due to City of Boca Raton	3,068,825
Contracts payable	18,328
Total liabilities	<u>3,177,447</u>
Fund balances:	
Nonspendable:	
Prepays	66,914
Assigned to:	
Capital reserve	13,375,172
Operating reserve	2,000,000
Unassigned	425,967
Total fund balances	<u>15,868,053</u>
Total liabilities and fund balances	<u>\$ 19,045,500</u>

See accompanying notes to the financial statements

**GREATER BOCA RATON BEACH & PARK DISTRICT  
BOCA RATON, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2013**

Fund balance - governmental fund	\$ 15,868,053
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the general fund. The statement of net position includes those capital assets net of accumulated depreciation.

Cost of capital assets	86,891,164	
Accumulated depreciation	<u>(18,025,472)</u>	68,865,692
Net position of governmental activities		<u><u>\$ 84,733,745</u></u>

See accompanying notes to the financial statements

**GREATER BOCA RATON BEACH & PARK DISTRICT  
BOCA RATON, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

REVENUES	
Ad valorem taxes	\$ 18,968,708
Park revenues	3,201,217
Interest	41,993
Other revenues	33,125
Total revenues	<u>22,245,043</u>
EXPENDITURES	
Current:	
General government	1,720,911
Community redevelopment	714,431
Park operations and maintenance	17,096,096
Capital outlay	808,029
Total expenditures	<u>20,339,467</u>
Excess (deficiency) of revenues over (under) expenditures	1,905,576
Fund balance - beginning	<u>13,962,477</u>
Fund balance - ending	<u>\$ 15,868,053</u>

See accompanying notes to the financial statements

**GREATER BOCA RATON BEACH & PARK DISTRICT  
BOCA RATON, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

Net change in fund balance - total governmental fund	\$ 1,905,576
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 eliminated and is capitalized in the statement of net position.	721,962
Depreciation on capital assets is not recognized in the governmental fund statement but is reported as an expense in the statement of activities.	(1,286,565)
Change in net position of governmental activities	<u>\$ 1,340,973</u>

See accompanying notes to the financial statements

**GREATER BOCA RATON BEACH & PARK DISTRICT  
BOCA RATON, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY**

The Greater Boca Raton Beach Tax District was created by the 1974 session of the Florida Legislature (Chapter 74 - 423, Laws of Florida), as an independent special district within Palm Beach County. In May 1997, the name of the District was changed to "Greater Boca Raton Beach & Park District."

The District has ownership interests in Patch Reef Park, Sugar Sand Park, Swim and Racquet Center and the Ocean Strand property. The other projects in which the District is involved are owned by the City of Boca Raton, Palm Beach County School Board, or Florida Atlantic University.

The District is governed by the Board of Commissioners ("Board"), which is composed of five members, elected by the residents of the District. The Board has the final responsibility for:

1. Assessing and levying applicable taxes.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Government-Wide and Fund Financial Statements**

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment, and 3) grants and contributions that are restricted to meeting capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad-valorem taxes are recognized as revenues in the year for which they are levied and when an enforceable lien exists. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting.

Ad-valorem taxes and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of ad-valorem taxes receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

The government reports the following major governmental fund:

#### **General Fund**

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

#### **New Accounting Standards Adopted**

During fiscal year 2013, the District adopted three new accounting standards as follows:

*GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*

This Statement incorporates into the GASB's authoritative literature certain guidance that previously could only be found in certain FASB and AICPA pronouncements issued on or before November 30, 1989 and eliminates the selection to apply post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements.

*GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements by incorporating deferred outflows of resources and deferred inflows of resources (previously reported as assets and liabilities) into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.



## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **New Accounting Standards Adopted (Continued)**

*GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*

This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

### **Assets, Liabilities and Net Position or Equity**

#### Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

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

The District records all interest revenue related to investment activities in the general fund and reports investments at fair value.

#### Ad Valorem Taxes

The District levied ad-valorem taxes on all property within the District. Ad-valorem taxes are levied each November 1 on property as of the previous January 1. The fiscal year for which taxes are levied begins on October 1. All taxes are due from property owners by March 31 and become delinquent on April 1. The Palm Beach County, Florida, Tax Collector's Office bills and collects taxes on behalf of the District. The ad-valorem tax rate for fiscal year ended September 30, 2013 was \$0.9986 per \$1,000 of assessed taxable property value.

#### Inventories and Prepaid Items

Inventories in governmental fund statements are recorded as expenditures when consumed rather than when purchased.

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

#### Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., land, land improvements, sidewalks and similar items) are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Assets, Liabilities and Net Position or Equity (Continued)

#### Capital Assets (Continued)

Property, plant and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	30
Building improvements	30
Infrastructure	30
Machinery, equipment and furniture	3 - 10

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

#### Accrued Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick benefits which are subject to pay out upon retirement or during any year elected by the employee. All accrued vacation and sick time subject to pay out is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured. The District does not have a significant amount of accrued but unused vacation time which it anticipates will be paid out.

#### Long Term Obligations

In the government-wide financial statements long-term obligations are reported as liabilities in the statement of net position.

#### Fund Equity/Net position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The District can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Commissioners. Commitments may be changed or lifted only by the Board of Commissioners taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts established by the Board of Commissioners of the District that are intended to be used for specific purposes that are neither considered restricted nor committed.

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Assets, Liabilities and Net Position or Equity (Continued)**

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the net position restricted by outside parties for use for a specific purpose. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

### **Other Disclosures**

#### **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 reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

## **NOTE 3 – BUDGETARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end.

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

- a) Prior to June 15, the District's Executive Director submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain taxpayer comments.
- c) Prior to October 1, the budget is legally adopted by the District Board.
- d) All budget changes must be approved by the District Board.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

## **NOTE 4 – CASH AND INVESTMENTS**

### **Cash**

The District's cash balances including the Certificates of Deposit shown as investments were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act," requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

## NOTE 4 – CASH AND INVESTMENTS (Continued)

### Investments

The District's investments at September 30, 2013 were as follows:

	Fair Value	Credit Risk	Maturities
Investment in Local Government Surplus Trust Fund - Fund A	\$ 1,367	S&P AAAM	Weighted average of the fund portfolio: 39 days
Investment in Local Government Surplus Trust Fund - Fund B	98	Not rated	Weighted average of the fund portfolio: 4.08 years
Certificates of Deposits	5,025,070	N/A	Various - not exceeding 1 year
Total	<u>\$ 5,026,535</u>		

*Concentration risk* – The District places no limit on the amount the District may invest in any one issuer.

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

*Credit risk* – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

## NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2013 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land	\$ 22,029,539	\$ -	\$ -	\$ 22,029,539
Land - Ocean Strand Park	20,255,327	-	-	20,255,327
Land improvements - Spanish River Park	5,923,749	-	-	5,923,749
Improvements in progress	1,359,580	3,949	-	1,363,529
Total capital assets, not being depreciated	<u>49,568,195</u>	<u>3,949</u>	<u>-</u>	<u>49,572,144</u>
Capital assets, being depreciated				
Improvements, infrastructure, buildings and carousel	36,312,608	700,029	-	37,012,637
Machinery, equipment and furniture	288,399	17,984	-	306,383
Total capital assets, being depreciated	<u>36,601,007</u>	<u>718,013</u>	<u>-</u>	<u>37,319,020</u>
Less accumulated depreciation for:				
Improvements, infrastructure, buildings and carousel	16,640,053	1,267,451	-	17,907,504
Machinery, equipment and furniture	98,854	19,114	-	117,968
Total accumulated depreciation	<u>16,738,907</u>	<u>1,286,565</u>	<u>-</u>	<u>18,025,472</u>
Total capital assets, being depreciated, net	<u>19,862,100</u>	<u>(568,552)</u>	<u>-</u>	<u>19,293,548</u>
Governmental activities capital assets, net	<u>\$ 69,430,295</u>	<u>\$ (564,603)</u>	<u>\$ -</u>	<u>\$ 68,865,692</u>

In the current fiscal year, the District performed improvements on the Spanish River Athletic Fields and Recreation Complex (DeHoernle Park). The improvements totaled \$700,029 as of September 30, 2013.

Depreciation expense was charged to the park operations and maintenance.

## **NOTE 6 – TRANSACTIONS WITH THE CITY OF BOCA RATON**

Each year the City is reimbursed by the District for certain costs related to maintenance and operations, construction, and other commitments for various parks. For the fiscal year ended September 30, 2013 the total reimbursable costs recorded by the District were approximately \$17,096,096. This amount includes a payable at year-end of \$3,068,825. The park operations had revenues of \$1,286,416 in the current year.

The City also runs certain special interest activities at the District parks, including, tennis programs, yoga classes, and aquatic programs. These activities are funded by user charges. For the fiscal year ended September 30, 2013, expenditures related to these activities were \$1,396,469 and are included in park and operations maintenance. User fees related to the special interest activities were \$1,914,801 and are included in park revenues.

## **NOTE 7 – PATCH REEF PARK**

Palm Beach County and the District jointly purchased forty - five (45) acres for this park on January 28, 1982. The County paid \$1,000,000 toward the land purchase. The District paid the balance plus all costs of construction and furnishings. The County has assigned its rights in the property to the District for 99 years provided that all residents of the County are allowed to use the park. If the County divests its ownership interest, the District has a first right of refusal to purchase the County's interest for \$1,000,000 plus increases in the Consumer Price Index from January 28, 1982 to the date of sale. Significant deed restrictions ensure that the property will always remain a public park. The District acquired an adjacent ten acres in 1983, which are also included in the park.

The District pays all maintenance and operating costs of the park, and has engaged the City of Boca Raton to maintain the park and to assume responsibility for its continued operation should the District cease to exist.

## **NOTE 8 – SUGAR SAND PARK**

In January 1988, the 132 acres of land for Sugar Sand Park was acquired. The total purchase price was \$16 million. Significant deed restrictions ensure that the property will always remain a public park.

To date, the District has expended the total sum of \$18,262,749 for improvements to the park including, all infrastructure, buildings and landscaping. The prior construction was done in three (3) Phases. There remains to be completed a Phase IV for Sugar Sand Park which will include construction of turn lanes, removal of exotic vegetation and certain construction of improvements. The design for the turn lanes, removal of exotic vegetation and for construction of improvements has been completed. The estimated cost of the remaining Phase IV construction is \$1,000,000. There were no expenditures from October 1, 2012 to September 30, 2013 for these improvements. All further work for Phase IV of this project has been deferred indefinitely.

The District has engaged the City of Boca Raton to operate and maintain the Park.

## **NOTE 9 – SWIM AND RACQUET CENTER**

On October 2, 2000, the District purchased the existing Racquet Club in Boca Raton for \$3,750,000. The property, located on Saint Andrews Boulevard, consists of 26 clay tennis courts, a swimming pool and a building. The building was previously leased by a restaurant, the lease was terminated and the building is vacant.

The District has engaged the City of Boca Raton to operate and maintain the recreational facility.

## **NOTE 10 – COMMITMENTS**

### **Red Reef Park**

Red Reef Park consists of a 67 acre tract of land between the Atlantic Ocean and Intracoastal Waterway in Boca Raton. The land for the park, which includes the Executive Golf Course and Gumbo Limbo Environmental Complex, was purchased by the City of Boca Raton in 1974 at a total cost of \$19,400,000.

The City issued bonds to acquire the property. The District reimbursed the City for bond payments and paid the final commitment to the City of Boca Raton with respect to the bonds during the fiscal year ended September 30, 1998. The City continues to own and operate the park.

The District is responsible for reimbursement to the City for development and operation and maintenance costs of the Park.

### **Florida Atlantic University**

Through a cooperative agreement with the State of Florida dated June 29, 1989, the District developed a series of athletic fields on the Boca Raton campus of Florida Atlantic University. Both the University and the local community utilize the fields. Two fields were completed in 1996 and another athletic field was completed during 1999.

The District has entered into facility use agreements with FAU commencing October 1, 2009 and terminating September 30, 2020 for use of the Glades Road Soccer Fields and the Varsity Soccer Field. The District will be charged \$200,000 for fiscal years 2011 – 2012, \$206,000 for fiscal years 2013 – 2015, and \$212,180 for fiscal years 2016 – 2020 for the Glades Road Soccer Fields. The District will also be charged for the Varsity Soccer Field \$100,000 for fiscal year 2012, \$103,000 for fiscal years 2013 – 2015, and \$106,090 for fiscal years 2015 – 2020. Pursuant to the agreements, the District incurred charges of \$309,000 during the current fiscal year. This amount includes a payable at year end of \$75,000.

The District rents two additional athletic fields from FAU on an as needed basis.

### **Don Estridge Middle School**

The District has agreed to fund field maintenance expenditures at Don Estridge Middle School. The School Board of Palm Beach County has agreed to reimburse the District \$20,000 annually.

The City pays for maintenance of certain school facilities and charges the District monthly as part of the operation and maintenance charges. For the fiscal year ended September 30, 2013, \$377,580 was paid to the City for these costs.

### **Gumbo Limbo Nature Center**

In the current fiscal year, the District approved an interlocal agreement between the City and the District, allowing for the operational costs for Gumbo Limbo to be incorporated into Red Reef park operations.

## **NOTE 11 – RELATED PARTY TRANSACTIONS**

During the current fiscal year, the attorney for the District acted as Interim Executive Director following the retirement of the Executive Director. For those services the attorney was paid \$5,000 per month, and \$7,500 per month effective August 15, 2013, for a total payment during the year of \$71,250. In addition, the attorney is also the contract administrator for the DeHoernle Project and is paid \$9,000 per month for those services, for a total of \$108,000 for the current fiscal year. Total compensation through September 30, 2013 for the project is \$324,000.

**NOTE 12 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

**GREATER BOCA RATON BEACH & PARK DISTRICT  
BOCA RATON, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted Amounts <u>Original/Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Ad valorem taxes	\$ 18,511,962	\$ 18,968,708	\$ 456,746
Park revenues	2,957,200	3,201,217	244,017
Interest	75,000	41,993	(33,007)
Other revenues	20,000	33,125	13,125
Total revenues	<u>21,564,162</u>	<u>22,245,043</u>	<u>680,881</u>
<b>EXPENDITURES</b>			
Current:			
General government	796,000	1,720,911	(924,911)
Community redevelopment:			
Boca Raton Community Redevelopment	720,000	714,431	5,569
Park operations and maintenance	18,671,100	17,096,096	1,575,004
Capital outlay	1,363,000	808,029	554,971
Total expenditures	<u>21,550,100</u>	<u>20,339,467</u>	<u>1,210,633</u>
Excess (deficiency) of revenues over (under) expenditures	14,062	1,905,576	1,891,514
<b>OTHER FINANCING SOURCES</b>			
Use of fund balance	588,268	-	(588,268)
Net change in fund balance	<u>\$ 602,330</u>	1,905,576	<u>\$ 1,303,246</u>
Fund balance - beginning		<u>13,962,477</u>	
Fund balance - ending		<u>\$ 15,868,053</u>	

See notes to required supplementary information



**GREATER BOCA RATON BEACH & PARK DISTRICT  
BOCA RATON, FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. Further, classification of certain revenues under accounting principles generally accepted in the United States of America differs from classification utilized for budgetary purposes. Other than the classification, the budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Budget amendments that change aggregated appropriations must be approved by the Board. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2013.

Actual general fund expenditures for the fiscal year ended September 30, 2013 were less than appropriations due primarily to anticipated costs which were not incurred in the current fiscal year.



**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**

To the Board of Commissioners  
Greater Boca Raton Beach & Park District  
Boca Raton, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Greater Boca Raton Beach & Park District, Boca Raton, Florida ("District") as of and for the fiscal year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 10, 2014.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

June 10, 2014



**MANAGEMENT LETTER PURSUANT TO THE RULES OF  
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Board of Commissioners  
Greater Boca Raton Beach & Park District  
Boca Raton, Florida

We have audited the accompanying basic financial statements of Greater Boca Raton Beach & Park District, Boca Raton, Florida (the "District") as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated June 10, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In addition, we have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards* and Chapter 10.550, Rules of the Florida Auditor General dated June 10, 2014. Disclosures in that report should be considered in conjunction with this management letter.

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, as applicable, management, and the Board of Commissioners of the Greater Boca Raton Beach & Park District, Boca Raton, Florida 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.

We wish to thank the Greater Boca Raton Beach & Park District and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements and the courtesies extended to us.

June 10, 2014

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

### II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

#### 2012-03 District Reimbursement

**Current Status:** Matter has been resolved and will not be repeated.

#### 2012-01 Budget

**Current Status:** Matter has been resolved and will not be repeated.

### III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2012, except as noted above.

2. A statement as to whether or not the local governmental entity complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

The District complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

3. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2013.

4. Noncompliance with provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2013.

5. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.

6. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2013 financial audit report.

### **REPORT TO MANAGEMENT (Continued)**

7. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
8. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and no deteriorating financial conditions were noted. It is management's responsibility to monitor 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.