

**PORT MALABAR HOLIDAY
PARK MOBILE HOME
PARK RECREATION
DISTRICT**

**Basic Financial
Statements and
Supplemental Information**

**Year ended
September 30, 2014**

**PORT MALABAR HOLIDAY PARK
MOBILE HOME PARK RECREATION DISTRICT**

Board of Trustees

Year ended September 30, 2014

Chairperson:	Joanne Gaughan
First Vice Chairperson:	Rebecca Earnest
Second Vice Chairperson:	Harald Albinus
Secretary:	Marion Stone
Assistant Secretary:	Allison Kelly
Treasurer:	Philius Matton
Assistant Treasurer:	Marilyn Spall
Trustee:	Daniel O'Connell
Trustee:	Rodney Lindsay

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Port Malabar Holiday Park
Mobile Home Park Recreation District
Palm Bay, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Port Malabar Holiday Park Mobile Home Park Recreation District (the "District"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 each major fund of the District, as of September 30, 2014, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A-11 to the financial statements, in 2014 the District adopted new accounting guidance, Governmental Accounting Standards Board Statement (“GASB Statement”) No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

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 on pages 3-6 and 25-27 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplemental information on page 29 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2015 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

January 23, 2015
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Management's Discussion and Analysis

As management of the Port Malabar Holiday Park Mobile Home Park Recreation District, (the "District") we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2014 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the District's financial activities, (c) identify changes in the District's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Because the information contained in Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the basic financial statements and notes found on pages 8 - 24.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$2,648,825 (net position).
- As of the close of the current fiscal year, the District reported an ending General Fund balance of \$822,384.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$790,474.

Comparative financial information as reflected in the following tables:

	2014	2013	Variance
Cash and cash equivalents	\$ 809,474	\$ 659,710	\$ 149,764
Capital assets, net of depreciation	3,271,077	3,387,549	(116,472)
Other assets	33,133	24,834	8,299
Total assets	<u>4,113,684</u>	<u>4,072,093</u>	<u>41,591</u>
Deferred outflows	-	27,280	(27,280)
Other liabilities	20,223	74,178	(53,955)
Noncurrent liabilities	<u>1,444,636</u>	<u>1,660,246</u>	<u>(215,610)</u>
Total liabilities	<u>1,464,859</u>	<u>1,734,424</u>	<u>(269,565)</u>
Net investment in capital assets	1,826,441	1,727,303	99,138
Unrestricted	<u>822,384</u>	<u>637,646</u>	<u>184,738</u>
Total net position	<u>\$ 2,648,825</u>	<u>\$ 2,364,949</u>	<u>\$ 283,876</u>

Cash and cash equivalents increased in the current year due to the timing of cash inflows and outflows. Capital assets, net of depreciation, decreased in the current year by approximately \$116,000 due to depreciation expense. Other liabilities decreased approximately \$54,000 due to the decrease in accounts payable. Noncurrent liabilities decreased approximately \$216,000 due to principal payments on debt.

Overview of the Financial Statements

	CHANGES IN NET POSITION		
	All Governmental Activities		
REVENUES	2014	2013	Variance
Program revenues:			
Charges for services	\$ 11,026	\$ 13,040	\$ (2,014)
General revenues:			
Non-ad valorem special assessments	1,431,165	1,405,738	25,427
Interest income	2,450	2,865	(415)
Other income	16,698	5,403	11,295
Investment gain (loss)	(865)	1,591	(2,456)
Total revenues	<u>1,460,474</u>	<u>1,428,637</u>	<u>31,837</u>
EXPENDITURES			
General government	457,955	466,767	(8,812)
Public safety	108,409	105,192	3,217
Physical environment	107,111	110,529	(3,418)
Transportation	118,580	104,150	14,430
Recreation - grounds	326,128	308,930	17,198
Interest	31,135	53,545	(22,410)
Total expenditures	<u>1,149,318</u>	<u>1,149,113</u>	<u>205</u>
Change in net position	<u>311,156</u>	<u>279,524</u>	<u>31,632</u>
Net position - beginning of year	2,364,949	2,085,425	279,524
Prior period adjustment	(27,280)	-	(27,280)
Net position - restated	<u>2,337,669</u>	<u>2,085,425</u>	<u>252,244</u>
Net position - end of year	<u>\$ 2,648,825</u>	<u>\$ 2,364,949</u>	<u>\$ 283,876</u>

Non-ad valorem special assessments increased approximately \$25,000 due to an increase in the number of residents who paid their assessments. Recreation expenditures increased approximately \$17,000 due to an increase in the health insurance elections, since a few more employees elected for health insurance as a result of the new healthcare system. Interest expenditures decreased approximately \$22,400 as a result of a lower principal balance as well as a lower interest rate.

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's 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 supplemental information in addition to the basic financial statements.

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 of the District's assets, deferred outflows and liabilities, and 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 District'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 (e.g., uncollected funding and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by the non-ad valorem special assessments received from the taxpayers. The governmental activities of the District include: general government, public safety, physical environment, transportation and recreation activities.

The government-wide financial statements can be found on pages 8 and 9 of this report.

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.

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 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 governmental fund balances sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities.

The District maintains two individual governmental funds - the General Fund and the Debt Service Fund.

The District adopts an annual appropriated budget. Budgetary comparison statement has been provided to demonstrate compliance.

The basic governmental fund financial statements can be found on pages 10 - 13 of this report.

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. The notes to the financial statements can be found starting on page 14 of this report.

Government-wide financial analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$2,648,825 at the close of the most recent fiscal year.

Financial Analysis of the Governmental Fund

Governmental activities. Governmental activities increased the District's net position by \$311,156, thereby accounting for the total increase in the net position of the District as of September 30, 2014.

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund. The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, the unassigned 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 fiscal year, the District's General Fund reported an ending fund balance of \$822,384. The unassigned funds are amounts available for spending at the District's discretion. The General Fund balance of the District increased by \$212,021 during the current fiscal year.

General Fund Budgetary Highlights

For the year ended September 30, 2014, expenditures were actually less than originally budgeted by \$17,058. The schedule of revenues, expenditures and changes in fund balances - budget to actual can be found on pages 25-27 of this report.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of September 30, 2014, amounted to \$3,271,077, or 80% percent of total assets. This investment in capital assets includes all capital assets, (land, buildings and improvements, furniture and fixtures, machinery and equipment, and infrastructure) net of accumulated depreciation.

Debt. As of September 30, 2014, there was an outstanding balance of \$1,444,636. During the year, principal payments were made on all three of the notes. The District does not plan on increasing debt in the near future for upcoming capital projects.

Economic factors. A majority of the District's revenues are from tax assessments. The District is expecting assessments to remain approximately stable for the 2014-15 fiscal year.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the office of the District Manager at Port Malabar Holiday Park Mobile Home Park Recreation District, 215 Holiday Park Blvd. NE, Palm Bay, FL 32907.

**Port Malabar Holiday Park
Mobile Home Park Recreation District**

STATEMENT OF NET POSITION

September 30, 2014

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 809,474
Accounts receivable	1,223
Prepaid expenses	31,910
Capital assets, not being depreciated	
Land	223,836
Capital assets, net of accumulated depreciation	
Buildings and improvements	332,863
Furniture and fixtures	12,664
Machinery and equipment	21,839
Infrastructure	2,679,875
Total assets	<u>4,113,684</u>
LIABILITIES	
Accounts payable	16,281
Accrued expenses	3,942
Noncurrent liabilities	
Due within one year	215,732
Due in more than one year	1,228,904
Total liabilities	<u>1,464,859</u>
NET POSITION	
Net investment in capital assets	1,826,441
Unrestricted	822,384
Total net position	<u><u>\$ 2,648,825</u></u>

The accompanying notes are an integral part of this financial statement.

**Port Malabar Holiday Park
Mobile Home Park Recreation District**

STATEMENT OF ACTIVITIES

Year ended September 30, 2014

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General government	\$ 457,955	\$ 11,026	\$ -	\$ -	\$ (446,929)
Public safety	108,409	-	-	-	(108,409)
Physical environment	107,111	-	-	-	(107,111)
Transportation	118,580	-	-	-	(118,580)
Recreation - grounds	326,128	-	-	-	(326,128)
Interest	31,135	-	-	-	(31,135)
Total	<u>\$ 1,149,318</u>	<u>\$ 11,026</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,138,292)</u>

General revenues:

Non-ad valorem special assessments	1,431,165
Interest income	2,450
Other income	16,777
Investment loss	(865)
Loss on disposal of assets	(79)
Total general revenues	<u>1,449,448</u>
Change in net position	311,156
Net position - beginning	2,364,949
Prior period adjustment (Note A11)	27,280
Net position - beginning, restated	<u>2,337,669</u>
Net position - ending	<u>\$ 2,648,825</u>

The accompanying notes are an integral part of this financial statement.

**Port Malabar Holiday Park
Mobile Home Park Recreation District**

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2014

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 809,474	\$ -	\$ 809,474
Accounts receivable	1,223	-	1,223
Due from general fund	-	1,814	1,814
Prepaid expenses	31,910	-	31,910
Total assets	\$ 842,607	\$ 1,814	\$ 844,421
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 16,281	\$ -	\$ 16,281
Due to other funds	1,814	-	1,814
Accrued expenses	2,128	1,814	3,942
Total liabilities	20,223	1,814	22,037
Fund balance			
Nonspendable			
Prepaid expenses	31,910	-	31,910
Unassigned	790,474	-	790,474
Total fund balances	822,384	-	822,384
Total liabilities and fund balances	\$ 842,607	\$ 1,814	\$ 844,421

The accompanying notes are an integral part of this financial statement.

**Port Malabar Holiday Park
Mobile Home Park Recreation District**

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

September 30, 2014

Fund balances - total governmental funds		\$ 822,384
The net position 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 governmental funds. These assets consist of:		
Land	\$ 223,836	
Buildings and improvements, net	332,863	
Furniture and fixtures, net	12,664	
Machinery and equipment, net	21,839	
Infrastructure, net	<u>2,679,875</u>	
		3,271,077
Non-current liabilities, which consists of notes payable, are not due and payable in the current period and therefore not reported in the funds		<u>(1,444,636)</u>
Total net position of governmental activities		<u><u>\$ 2,648,825</u></u>

The accompanying notes are an integral part of this financial statement.

**Port Malabar Holiday Park
Mobile Home Park Recreation District**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL
FUNDS**

Year ended September 30, 2014

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES			
Assessments	\$ 1,184,420	\$ 246,745	\$ 1,431,165
Charges for services	11,026	-	11,026
Interest	2,450	-	2,450
Net investment gain (loss)	(865)	-	(865)
Other income	17,282	-	17,282
Total revenues	<u>1,214,313</u>	<u>246,745</u>	<u>1,461,058</u>
EXPENDITURES			
Current			
General government	442,582	-	442,582
Public safety	101,996	-	101,996
Physical environment	107,111	-	107,111
Transportation	7,235	-	7,235
Recreation - grounds	295,310	-	295,310
Debt service			
Principal	-	215,610	215,610
Interest	-	31,135	31,135
Capital outlay	48,058	-	48,058
Total expenditures	<u>1,002,292</u>	<u>246,745</u>	<u>1,249,037</u>
Net change in fund balances	212,021	-	212,021
Fund balances, beginning of year	610,363	-	610,363
Fund balances, end of year	<u>\$ 822,384</u>	<u>\$ -</u>	<u>\$ 822,384</u>

The accompanying notes are an integral part of this financial statement.

**Port Malabar Holiday Park
Mobile Home Park Recreation District**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year ended September 30, 2014

Net change in fund balances - total governmental funds		\$ 212,021
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense.		
Total capital outlay	\$ 48,058	
Less depreciation expense	<u>(163,949)</u>	
		(115,891)
The net effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to decrease net assets.		
Loss on disposal of asset		(584)
The issuance of long-term debt (e.g., notes payable) provides current financial resources to governmental funds, while the repayment of the principal long-term debt consumes the current financial resources of the governmental funds. However, neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Principal payments	<u>215,610</u>	
		<u>215,610</u>
Change in net position of governmental activities		<u><u>\$ 311,156</u></u>

The accompanying notes are an integral part of this financial statement.

**Port Malabar Holiday Park
Mobile Home Park Recreation District**

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements present the respective changes in financial position of the applicable fund types governed by the Board of Trustees of the Port Malabar Holiday Park Mobile Home Park Recreation District (the "District") and have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

1. Reporting entity

The District is a special independent taxing district authorized by the 1983 Florida Legislature and created by Ordinance Number 83-52 of the City of Palm Bay, Florida under the authority granted by Section 418.30, Florida Statutes. The District is governed by an elected nine-member Board of Trustees. The District provides the following services: community access, grounds maintenance, roads and drainage, sidewalk upkeep, recreational facilities, and general administrative services.

These financial statements present the primary government. No potential component units exist for consideration in defining the government's reporting entity in accordance with GASB Statement No. 61, as amended by *The Financial Reporting Entity*.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the nonfiduciary activities of the primary government as a whole. As part of the consolidation process, all interfund activities are eliminated from these statements.

Net position, the total of assets, deferred outflows and liabilities, as presented in the statement of net position, are subdivided into three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.

The statement of activities presents a comparison between the direct and indirect expenses of a given function or segment and its program revenues, and displays the extent to which each function or segment contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function or segment. Indirect expenses are costs the District has allocated to functions through various allocation methods. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

**Port Malabar Holiday Park
Mobile Home Park Recreation District**

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the District's governmental funds. The focus of governmental fund financial statements is on major funds. Therefore, major funds are reported as separate columns in the fund financial statements and non-major funds are aggregated and presented as a single column on each statement. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

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

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. 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 generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. One exception to this general rule includes principal and interest on general long-term debt, which is recognized when due.

When restricted resources meet the criteria to be available for use and unrestricted resources are also available for use, it is the District's policy to use restricted resources first, and then unrestricted resources, as needed.

**Port Malabar Holiday Park
Mobile Home Park Recreation District**

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

The District reports the following major governmental funds:

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

Debt Service Fund - The Debt Service Fund is where the District accounts for all of the financial resources that are legally restricted for the payment of long-term debt principal and interest amounts maturing in future years.

4. Long-term obligations

In the government-wide financial statements and in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Debt premiums and discounts are deferred and amortized over the life of the debts. Debts payable are reported net of applicable debt premium or discount.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

5. Capital assets

Capital assets, which include buildings and improvements, furniture and fixtures, machinery and equipment and infrastructure assets, are reported in the government-wide financial statements. Pursuant to GASB Statement No. 34, all infrastructure assets acquired prior to October 1, 2003 are not reported in the basic financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life of one year or greater.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The cost of property sold or retired, together with the related accumulated depreciation, is removed from the appropriate accounts, and any resulting gain or loss is included in net income.

**Port Malabar Holiday Park
Mobile Home Park Recreation District**

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Capital assets (continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Building and improvements	5 - 40 years
Furniture and fixtures	5 - 20 years
Machinery and equipment	5 - 10 years
Computer software	5 years
Infrastructure	10 - 30 years

6. Cash, cash equivalents, and investments

Cash and cash equivalents includes amounts in demand deposits and investment pools as well as short-term investments with a maturity date within three months of the date acquired by the District. Investments are stated at market value, and income from investments are recorded in the respective funds when earned.

7. Interfund receivables and payables

Activity between the various funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either due to or due from other funds.

8. Income tax

The District qualifies as a tax-exempt entity and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

9. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Port Malabar Holiday Park
Mobile Home Park Recreation District**

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Fund Balance - The difference between assets and all current operational commitments and liabilities reported in a governmental fund.

Non-spendable Fund Balance - Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (inventories, prepaid expenditures) and items such as long-term amount of loans, property acquired for resale, as well as unrealized gains.

Restricted Fund Balance - Amounts that have externally enforceable limitations on use of resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Trustees, the District's highest level of decision making authority. Commitments may only be removed or changed by the Board of Trustees taking the same formal action (resolution) that imposed the constraint originally.

Assigned Fund Balance - Amounts that are constrained by the government's intent to be used for specific purposes that are neither considered restricted or committed. The Board of Trustees did not assign any funds for the year ended September 30, 2014 to use towards expenditures in the 2014-15 fiscal year budget.

Unassigned Fund Balance - The residual classification for the General Fund resources. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

Restricted amounts shall be spent first unless there are legal documents/contracts prohibiting this, such as grant agreements. Further, the order of priority shall be 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 classifications could be used.

**Port Malabar Holiday Park
Mobile Home Park Recreation District**

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Fund balance classification (continued)

Additionally, the District has designated a minimum level of unassigned fund balance:

Unassigned Fund Balance is the residual classification for the various funds and represents a fund balance that has not been restricted, committed or assigned to specific purposes. All Excess Funds shall be transferred to Unassigned Fund Balance until that account equals a minimum of 50% of the General Fund Operating Budget. In the event of a District emergency, the minimum Unassigned Fund Balance may be overridden by the Board of Trustees. The District Manager or the Treasurer shall notify the Board of Trustees of any use of Unassigned Fund Balance for a recurring purpose as a precaution to avoid imprudent financial activity. As of September 30, 2014, the District met the minimum level of unassigned fund balance per their policy.

Thereafter, any remaining excess funds may be identified by the District Manager as available to fund capital purchases, capital construction, non-recurring expenditures, or to establish an Assignment of Fund Balance. The District Manager has not assigned any of the excess funds in the current year.

11. Change for accounting principle - GASB Statement No. 65

Effective April 1, 2013, the District retroactively changed its method of recognizing long term debt issuance costs to conform to a recent pronouncement of the governmental Accounting Standards Board - GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Under the new accounting method, these costs are no longer reported as an asset on the financial statements. As a result, the cumulative effect of applying the new pronouncement is to retroactively restate beginning net position. Accordingly, beginning net position for the year ended September 30, 2014 was reduced by \$27,280

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS

The District's deposits and investments are insured by the Federal Depository Insurance Corporation ("FDIC") for up to \$250,000. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the District pursuant to Section 280.08, Florida Statutes. Financial institutions must meet the criteria of being a Qualified Public Depository as described in the Florida Security for Public Deposits Act, under Chapter 280, Florida Statutes, before any investments are made with those institutions.

The deposits with the State Board of Administration (the "SBA") are composed of local government surplus funds deposited therein by units of local government and are insured by the multiple financial institution collateral pool established by Florida Statutes. Section 218.407, Florida Statutes, governs the investing of public funds with the SBA.

**Port Malabar Holiday Park
Mobile Home Park Recreation District**

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

The Florida PRIME is operated as a “2a7-like” money market fund. As of September 30, 2014, the District had \$80,102 in the Florida PRIME.

The following deposit and investment accounts were included in the various funds at September 30, 2014:

<u>Deposits and insured investments</u>	<u>Duration</u>	<u>Fair Value</u>
Deposits	N/A	\$ 729,372
Deposits with the State Board of Administration:		
Florida Prime	40 days	80,102
		\$ 809,474

Investment Policy, Interest Rate Risk & Credit Risk - The District’s adopted investment guidelines require that the investments of the District be limited to those investments contained in Florida Statutes 218.415(17) subparagraphs (a) through (d), which allow investments in the local government pooled investment account, securities and exchange commission money market funds which are required to have the highest credit quality rating from a nationally recognized rating agency, interest-bearing time deposits or savings accounts in qualified public depositories, and direct obligations of the United States Treasury. The District’s investment policy does not further limit its investment maturities as a means of managing its exposure to fair value losses arising from increasing interest nor does it further limit its investment choices to mitigate its exposure to credit risk. Standard and Poor’s (S&P) Ratings Services assigned its “AAAm” principal stability fund rating to the Florida PRIME for the current fiscal year.

**Port Malabar Holiday Park
Mobile Home Park Recreation District**

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE C - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 223,836	\$ -	\$ -	\$ 223,836
Total capital assets, not being depreciated	223,836	-	-	223,836
Capital assets being depreciated:				
Building and improvements	1,022,175	2,380	2,104	1,022,451
Furniture and fixtures	93,769	3,140	3,825	93,084
Machinery and equipment	76,737	5,589	4,799	77,527
Infrastructure	3,269,508	36,949	-	3,306,457
Computer software	2,188	-	-	2,188
Total capital assets being depreciated	4,464,377	48,058	10,728	4,501,707
Less accumulated depreciation for:				
Building and improvements	652,589	38,524	1,525	689,588
Furniture and fixtures	81,279	2,966	3,825	80,420
Machinery and equipment	53,030	7,457	4,799	55,688
Infrastructure	511,580	115,002	-	626,582
Computer software	2,188	-	-	2,188
Total accumulated depreciation	1,300,666	163,949	10,149	1,454,466
Total capital assets being depreciated, net	3,163,711	(115,891)	579	3,047,241
Governmental activities capital assets, net	<u>\$ 3,387,547</u>	<u>\$ (115,891)</u>	<u>\$ 579</u>	<u>\$ 3,271,077</u>

Depreciation expense was charged to functions of the District as follows:

General government	\$ 15,373
Public safety	6,413
Transportation	111,345
Recreation - grounds	30,818
	<u>\$ 163,949</u>

**Port Malabar Holiday Park
Mobile Home Park Recreation District**

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE D - NON-AD VALOREM SPECIAL ASSESSMENTS

Non-ad valorem special assessments are levied annually on all improved residential properties as of January 1, the lien date. The non-ad valorem special assessments are due and payable November 1 through March 31 and are delinquent beginning April 1. A tax certificate sale is held at the end of May on all delinquent property taxes and non-ad valorem special assessments; therefore, assessments, which would be susceptible to accrual, are fully collected prior to the end of the District's fiscal year.

The non-ad valorem special assessments are billed and collected by the Brevard County Tax Collector pursuant to an agreement with the Brevard County Property Appraiser. At September 30, 2014 there was \$25,854 of non-ad valorem special assessments tax certificates prior to 2014 that not been sold. Due to the uncertainty of these amounts they have not been recognized either on the government wide or fund basis.

NOTE E - 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. In order to limit its exposure to these risks, the District is a participant in the Florida League of Cities (a not-for-profit corporation) insurance program for workers compensation, general and auto liability. The insurance program purchases excess and specific coverages from third party carriers.

Participants in the program are billed annually for their portion of the cost of the program adjusted for actual experience during the period of coverage. Participants are not assessed for unanticipated losses incurred by the program. Additionally, the District has purchased commercial property insurance and various other insurance coverages from third parties to cover other risks that the District may be exposed to. There have been no significant reductions in insurance coverages during fiscal year 2014. Settled claims resulting from the risks described above have not exceeded the insurance coverage in any of the previous three years.

NOTE F - NONCURRENT LIABILITIES

The following is a summary of noncurrent liabilities as of and for the year ended September 30, 2014:

	Balance at October 1, 2013	Additions	Reductions	Balance at September 30, 2014	Due within one year
Notes payable	\$ 1,660,246	\$ -	\$ 215,610	\$ 1,444,636	\$ 215,732

**Port Malabar Holiday Park
Mobile Home Park Recreation District**

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE F - NONCURRENT LIABILITIES (continued)

On March 4, 2005, the District became party to a \$1,000,000 line of credit agreement with Riverside National Bank (now TD Bank) to finance the cost of capital improvements, including repairs to road and drainage systems. Pursuant to the note agreement, the District was obligated to make monthly interest-only payments on the outstanding balance during the initial 24-month period (the "financing period") at 4.84%. Principal and interest obligations are based upon a twelve year amortization schedule. Any unpaid principal and interest becomes due on March 4, 2020. The note is secured by pledged revenues of gross assessments. Interest rates will be adjusted every five years to equal .5% above the Federal Home Loan Bank 60 month index rate.

The current interest rate is 3.29%. Current year principal and interest payments on this note were \$78,859 and \$14,672, respectively, and the balance at September 30, 2014 was \$397,141.

On November 9, 2007, the District entered into an agreement with Riverside National Bank (now TD Bank) for a non-revolving line of credit for \$1,000,000. The initial 24 months were an interest only line of credit and on the 24 month anniversary the line of credit automatically converted into a term loan. The loan was based on a 156 month amortization schedule with an interest rate that will change every five years.

The initial interest rate was 5.63%. The interest only payments commenced on December 9, 2007 and continued through November 9, 2009. Level principal and interest payments on the outstanding balance as of November 9, 2009 commenced on December 9, 2009 and will continue until November 9, 2022 at which time the outstanding balance will become due and payable. The note is secured by pledged revenues of gross assessments. Interest rates will be adjusted every five years to equal .5% above the Federal Home Loan Bank 60 month index rate. As of September 30, 2014 the interest rate was 1.43%. Current year principal and interest payments on this note were \$79,161 and \$9,752, respectively, and the balance at September 30, 2014 was \$661,449.

On May 12, 2008, the District entered in an agreement with Riverside National Bank (now TD Bank) for a non-revolving line of credit for \$600,000. The initial 12 months were an interest only line of credit and on the 12 month anniversary the line of credit automatically converted into a term loan. The loan was based on a 168 month amortization schedule with an interest rate that will change every five years. The initial interest rate is 5.23%. The interest only payments commenced on June 12, 2008 and continued until May 12, 2009. Level principal and interest payments on the outstanding balance as of May 12, 2009 commenced on June 12, 2009 and will continue until May 12, 2023 at which time the outstanding balance will become due and payable. The note is secured by pledged revenues of gross assessments. Interest rates will be adjusted every five years to equal .5% above the Federal Home Loan Bank 60 month index rate. As of September, 30 2014 the interest rate was 1.60%. Current year principal and interest payments on this note were \$52,800 and \$6,711, respectively, and the balance at September 30, 2014 was \$390,836.

**Port Malabar Holiday Park
Mobile Home Park Recreation District**

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE F - NONCURRENT LIABILITIES (continued)

The following represents the annual requirements for the years ending September 30:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 215,732	\$ 26,973	\$ 242,705
2016	220,028	22,233	242,261
2017	224,889	17,372	242,261
2018-2022	<u>783,987</u>	<u>27,129</u>	<u>811,116</u>
	<u>\$ 1,444,636</u>	<u>\$ 93,707</u>	<u>\$1,538,343</u>

When the notes payable above were issued there were several costs that were incurred by the District in order to issue the notes payable. The debt issuance costs associated with notes totaled \$52,239 prior to the implementation of GASB Statement No. 65. The issuance costs as stated Note A-11 are expensed as incurred.

NOTE H - SUBSEQUENT EVENT

The District has evaluated subsequent events through January 23, 2015, the date which the financial statements were available for issuance, and has determined that no material events occurred that would require additional disclosure in the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

**Port Malabar Holiday Park
Mobile Home Park Recreation District**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET TO ACTUAL - GENERAL FUND**

Year ended September 30, 2014

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Assessments	\$ 1,162,300	\$ 1,186,388	\$ 1,184,420	\$ (1,968)
Charges for services	6,500	10,900	11,026	126
Interest	2,500	2,500	2,450	(50)
Net investment gain (loss)	-	-	(865)	(865)
Other income	2,000	16,700	17,282	582
Total revenues	1,173,300	1,216,488	1,214,313	(2,175)
EXPENDITURES				
Current				
General government	472,166	448,450	442,582	5,868
Public safety	106,200	103,000	101,996	1,004
Physical environment	134,243	108,500	107,111	1,389
Transportation	4,500	7,800	7,235	565
Recreation - grounds	340,786	301,100	295,310	5,790
Capital outlay	37,000	50,500	48,058	2,442
Total expenditures	1,094,895	1,019,350	1,002,292	17,058
Net change in fund balances	78,405	197,138	212,021	14,883
Fund balances, beginning of year	610,363	813,385	610,363	(203,022)
Fund balances, end of year	\$ 688,768	\$ 1,010,523	\$ 822,384	\$ (188,139)

The accompanying notes are an integral part of this financial statement.

**Port Malabar Holiday Park
Mobile Home Park Recreation District**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET TO ACTUAL - DEBT SERVICE FUND**

Year ended September 30, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Assessments	\$ 262,200	\$ 246,800	\$ 246,745	\$ (55)
Total revenues	<u>262,200</u>	<u>246,800</u>	<u>246,745</u>	<u>(55)</u>
EXPENDITURES				
Debt service				
Principal	168,200	215,650	215,610	40
Interest	<u>94,000</u>	<u>31,150</u>	<u>31,135</u>	<u>15</u>
Total expenditures	<u>262,200</u>	<u>246,800</u>	<u>246,745</u>	<u>55</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

**Port Malabar Holiday Park
Mobile Home Park Recreation District**

NOTE TO REQUIRED SUPPLEMENTAL INFORMATION

September 30, 2014

NOTE A - BUDGETARY INFORMATION

1. Budget policy

The Board of Trustees adopts an annual budget pursuant to public hearings held in June of the previous fiscal year. The District maintains budget control at the department level; however, the legal level of control is at the District level. Budget amendments must be approved by the Board of Trustees. During the current year, there were various budget amendments approved by the Board of Trustees.

2. Budgetary accounting

The District's budget is adopted on the modified accrual basis of accounting which is consistent with U.S. generally accepted accounting principles.

SUPPLEMENTAL INFORMATION

**Port Malabar Holiday Park
Mobile Home Park Recreation District**

**SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND**

Year ended September 30, 2014

	Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT			
Personnel services	\$ 119,700	\$ 119,049	\$ 651
Operating expenditures	328,750	323,533	5,217
	<u>\$ 448,450</u>	<u>\$ 442,582</u>	<u>\$ 5,868</u>
 PUBLIC SAFETY			
Personnel services	\$ 99,900	\$ 99,135	\$ 765
Operating expenditures	3,100	2,861	239
	<u>\$ 103,000</u>	<u>\$ 101,996</u>	<u>\$ 1,004</u>
 PHYSICAL ENVIRONMENT			
Personnel services	\$ 92,000	\$ 91,210	\$ 790
Operating expenditures	16,500	15,901	599
	<u>\$ 108,500</u>	<u>\$ 107,111</u>	<u>\$ 1,389</u>
 TRANSPORTATION			
Operating expenditures	<u>\$ 7,800</u>	<u>\$ 7,235</u>	<u>\$ 565</u>
 RECREATION - GROUNDS			
Personnel services	\$ 172,300	\$ 170,613	\$ 1,687
Operating expenditures	128,800	124,697	4,103
	<u>\$ 301,100</u>	<u>\$ 295,310</u>	<u>\$ 5,790</u>
 CAPITAL OUTLAY	<u>\$ 50,500</u>	<u>\$ 48,058</u>	<u>\$ 2,442</u>
 TOTAL EXPENDITURES	<u>\$ 1,019,350</u>	<u>\$ 1,002,292</u>	<u>\$ 17,058</u>

The accompanying notes are an integral part of this financial statement.

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 Trustees
Port Malabar Holiday Park
Mobile Home Park Recreation District
Palm Bay, FL

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, each major fund information of the Port Malabar Holiday Park Mobile Home Park Recreation District, Florida (the "District"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 23, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

January 23, 2015
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

MANAGEMENT LETTER

To the Board of Trustees
Port Malabar Holiday Park
Mobile Home Park Recreation District
Palm Bay, FL

We have audited the financial statements of the Port Malabar Holiday Park Mobile Home Park Recreation District, Florida (the "District"), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated January 23, 2015.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated January 23, 2015, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report to correct.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have such recommendations.

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address 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 more than inconsequential. In connection with our audit, we did not have such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Port Malabar Holiday Park Mobile Home Park Recreation District was established by and is governed per the special law 54-1407 Laws of Florida. Additional legal entity disclosures are included in Note A-1 of the financial statements. The Port Malabar Holiday Park Mobile Home Park Recreation District does not have any component units.
- Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement 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, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did *not* meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 2014, 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, 2014. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

January 23, 2015
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

MANAGEMENT LETTER COMMENTS & RECOMMENDATIONS

There are no recommendations for the years ended September 30, 2014 and 2013.

INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Trustees
Port Malabar Holiday Park
Mobile Home Park Recreation District
Palm Bay, Florida

We have examined Port Malabar Holiday Park Mobile Home Park Recreation District's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2014. Management is responsible for Port Malabar Holiday Park Mobile Home Park Recreation District's compliance with those requirements. Our responsibility is to express an opinion on Port Malabar Holiday Park Mobile Home Park Recreation District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Port Malabar Holiday Park Mobile Home Park Recreation District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Port Malabar Holiday Park Mobile Home Park Recreation District's compliance with specified requirements.

In our opinion, Port Malabar Holiday Park Mobile Home Park Recreation District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

This report is intended solely for the information and use of the Port Malabar Holiday Park Mobile Home Park Recreation District and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Melbourne, Florida
January 23, 2015

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP