

PALM BAY
COMMUNITY DEVELOPMENT
DISTRICT

REGULAR MEETING
AGENDA

April 13, 2017

Palm Bay Community Development District
2300 Glades Road, Suite 410W•Boca Raton, Florida 33431
Phone (561) 571-0010•Fax (561) 571-0013•Toll-Free (877) 276-0889

April 4, 2017

ATTENDEES:
Please identify yourself each time you speak to facilitate accurate transcription of meeting minutes.

Board of Supervisors
Palm Bay Community Development District

Dear Board Members:

A Regular Meeting of the Palm Bay Community Development District's Board of Supervisors will be held on **Thursday, April 13, 2017 at 9:00 a.m.**, at the **Courtyard by Marriott Tampa/Oldsmar, 4014 Tampa Road, Oldsmar, Florida 34677**. The agenda is as follows:

1. Call to Order/Roll Call
2. Public Comments
3. Presentation of Audited Financial Report for Fiscal Year Ended September 30, 2016, Prepared by Grau & Associates
4. Consideration of **Resolution 2017-3**, Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2016
5. Consideration of **Resolution 2017-4**, Approving the District's Proposed Budget for Fiscal Year 2017/2018 and Setting a Public Hearing Thereon Pursuant to Florida Law; and Providing An Effective Date
6. Update: Brick Paver Project
7. Consideration of Proposal from J Foster Consulting for Design of T- Dock and Retaining Wall at Park
8. Acceptance of Bid from James Root to Purchase Boat Slip #1
9. Approval of Unaudited Financial Statements as of February 28, 2017
10. Approval of **January 12, 2017** Regular Meeting Minutes
11. Staff Reports
 - A. District Counsel
 - B. District Engineer

C. District Manager

- **NEXT MEETING DATE: July 13, 2017 at 9:00 A.M.**

- i. Fiscal Year 2018 Final Budget Adoption
- ii. Public Hearing to Hear Public Comment and Objections on the Adoption of Amendment #4 to Chapter I of the Rules of Procedure Relating to the Rates, Fees and Charges for Utility Services Pursuant to Sections 120.54, 190.012 and 190.035, Florida Statutes

12. Supervisors' Requests

13. Adjournment

Should you have any questions, please do not hesitate to contact me directly at 239-464-7114.

Sincerely,



Chesley E. Adams, Jr.
District Manager

FOR BOARD MEMBERS AND STAFF TO ATTEND BY TELEPHONE:

CALL IN NUMBER: 1-888-354-0094

CONFERENCE ID: 8593810

**PALM BAY
COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2016**

**PALM BAY COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-6
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet – Governmental Funds	9
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	10
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Statement of Net Position – Proprietary Fund	13
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	14
Statement of Cash Flows – Proprietary Fund	15
Notes to the Financial Statements	16-22
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	23
Notes to Required Supplementary Information	24
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	25-26
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	27
MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550 OF THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	28-29



INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Palm Bay Community Development District
Hillsborough County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Palm Bay Community Development District, Hillsborough County, Florida (the "District") as of and for the fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District as of September 30, 2016, and the respective changes in financial position, and, where applicable, cash flows 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 March 28, 2017, 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.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated March 28, 2017, on our consideration of the District's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

March 28, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Palm Bay Community Development District, Hillsborough County, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2016. 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 fiscal year ended September 30, 2016 resulting in a net position balance of \$1,216,530.
- The change in the District's total net position in comparison with the prior fiscal year was \$59,607, 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, 2016, the District's governmental funds reported combined ending fund balances of \$99,763, an increase of \$50,684 in comparison with the prior fiscal year. A portion of the fund balance is non spendable for prepaids and the remainder is unassigned which is available for spending at the District's discretion.
- During fiscal year 2016, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by assessments (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general government and maintenance and operations. The business-type activities of the District include a water and sewer operation.

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. All of the funds of the District can be divided into two categories: governmental funds and proprietary 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 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 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 balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one individual 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 a major fund.

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

Proprietary Fund

The District maintains one type of proprietary fund, an enterprise fund. An enterprise fund is used to report the same function presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for the operations of the water and sewer utilities within the District.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

	NET POSITION					
	SEPTEMBER 30,					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 108,935	\$ 56,453	\$ 157,676	\$ 122,998	\$ 266,611	\$ 179,451
Capital assets, net of depreciation	976,085	996,841	-	-	976,085	996,841
Total assets	1,085,020	1,053,294	157,676	122,998	1,242,696	1,176,292
Current liabilities	9,172	7,374	16,994	11,995	26,166	19,369
Total liabilities	9,172	7,374	16,994	11,995	26,166	19,369
Net position						
Investment in capital assets	976,085	996,841	-	-	976,085	996,841
Unrestricted	99,763	49,079	140,682	111,003	240,445	160,082
Total net position	\$ 1,075,848	\$ 1,045,920	\$ 140,682	\$ 111,003	\$ 1,216,530	\$ 1,156,923

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; consequently, these assets are not available for future spending.

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

The District's net position increased during the most recent fiscal year. The majority of the increase represents the extent to which ongoing program revenues exceeded the cost of operations and depreciation expense.

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

	CHANGES IN NET POSITION					
	FOR THE FISCAL YEAR END SEPTEMBER 30,					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues						
Charges for services	\$ 168,462	\$ 158,504	\$ 146,841	\$ 154,807	\$ 315,303	\$ 313,311
General revenues						
Unrestricted investment earnings	57	88	53	26	110	114
Miscellaneous	-	13	-	-	-	13
Total revenues	168,519	158,605	146,894	154,833	315,413	313,438
Expenses:						
General government	46,028	48,137	-	-	46,028	48,137
Maintenance and operations	92,563	78,339	-	-	92,563	78,339
Water and sewer	-	-	117,215	99,983	117,215	99,983
Total expenses	138,591	126,476	117,215	99,983	255,806	226,459
Change in net position	29,928	32,129	29,679	54,850	59,607	86,979
Net position - beginning	1,045,920	1,013,791	111,003	56,153	1,156,923	1,069,944
Net position - ending	\$ 1,075,848	\$ 1,045,920	\$ 140,682	\$ 111,003	\$ 1,216,530	\$ 1,156,923

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental activities

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2016 was \$138,591. The costs of the District's activities were primarily funded by program revenues. As in the prior fiscal year, program revenues are comprised primarily of assessments.

Business-type activities

Business-type activities reflect the operations of the water and sewer facilities within the District. The cost of operations is covered primarily by charges to customers. In addition, program revenues also include an assessment levy on customers for the current fiscal year.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2016.

Actual general fund expenditures for the fiscal year ended September 30, 2016 were less than appropriations due primarily to anticipated costs which were not incurred in the current fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2016, the District had \$1,254,442 invested in capital assets for its governmental activities. In the government-wide financial statements depreciation of \$278,357 has been taken, which resulted in a net book value of \$976,085. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2016, the District had no outstanding debt for its governmental or business type activities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

The District does not anticipate any major projects or significant changes to its infrastructure maintenance program for the subsequent fiscal year. In addition, it is anticipated that the general and enterprise operations of the District will remain fairly constant.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, land owners, 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 Palm Bay Community Development District's Finance Department at 2300 Glades Road, Suite 410W, Boca Raton, Florida 33431.

**PALM BAY COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 105,465	\$ 146,281	\$ 251,746
Investments	463	-	463
Assessments receivable	1,007	125	1,132
Accounts receivable	250	11,270	11,520
Prepaid items	1,750	-	1,750
Capital assets:			
Nondepreciable	761,831	-	761,831
Depreciable, net	214,254	-	214,254
Total assets	<u>1,085,020</u>	<u>157,676</u>	<u>1,242,696</u>
LIABILITIES			
Accounts payable	6,472	9,522	15,994
Deposits payable	2,700	7,472	10,172
Total liabilities	<u>9,172</u>	<u>16,994</u>	<u>26,166</u>
NET POSITION			
Investment in capital assets	976,085	-	976,085
Unrestricted	99,763	140,682	240,445
Total net position	<u>\$ 1,075,848</u>	<u>\$ 140,682</u>	<u>\$ 1,216,530</u>

See notes to the financial statements

**PALM BAY COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

Functions/Programs	Expenses	Program	Net (Expense) Revenue and		Total
		Revenues	Changes in Net Position		
		Charges for Services	Governmental Activities	Business-type Activities	
Primary government:					
Governmental activities:					
General government	\$ 46,028	\$ 46,028	\$ -	\$ -	\$ -
Maintenance and operations	92,563	122,434	29,871	-	29,871
Total governmental activities	<u>138,591</u>	<u>168,462</u>	<u>29,871</u>	<u>-</u>	<u>29,871</u>
Business-type activities:					
Water and sewer utilities	117,215	146,841	-	29,626	29,626
Total business-type activities	<u>117,215</u>	<u>146,841</u>	<u>-</u>	<u>29,626</u>	<u>29,626</u>
General revenues:					
Unrestricted investment earnings			57	53	110
Total general revenues			<u>57</u>	<u>53</u>	<u>110</u>
Change in net position			29,928	29,679	59,607
Net position - beginning			1,045,920	111,003	1,156,923
Net position - ending			<u>\$ 1,075,848</u>	<u>\$ 140,682</u>	<u>\$ 1,216,530</u>

See notes to the financial statements

**PALM BAY COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	Major Fund General	Total Governmental Funds
ASSETS		
Cash	\$ 105,465	\$ 105,465
Investments	463	463
Assessments receivable	1,007	1,007
Accounts receivable	250	250
Prepaid and deposit items	1,750	1,750
Total assets	\$ 108,935	\$ 108,935
LIABILITIES		
Accounts payable	\$ 6,472	\$ 6,472
Deposits	2,700	2,700
Total liabilities	9,172	9,172
FUND BALANCES		
Nonspendable:		
Prepaid items	1,750	1,750
Unassigned	98,013	98,013
Total fund balances	99,763	99,763
Total liabilities and fund balances	\$ 108,935	\$ 108,935

See notes to the financial statements

**PALM BAY COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

Total fund balances - governmental funds \$ 99,763

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 as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.

Cost of capital assets	1,254,442	
Accumulated depreciation	(278,357)	976,085
Net position of governmental activities		\$ 1,075,848

See notes to the financial statements

**PALM BAY COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Major Fund General	Total Governmental Funds
REVENUES		
Assessments	\$ 168,462	\$ 168,462
Interest income	57	57
Total revenues	168,519	168,519
EXPENDITURES		
Current:		
General government	46,028	46,028
Maintenance and operations	71,807	71,807
Total expenditures	117,835	117,835
Excess (deficiency) of revenues over (under) expenditures	50,684	50,684
Fund balances - beginning	49,079	49,079
Fund balances - ending	\$ 99,763	\$ 99,763

See notes to the financial statements

**PALM BAY COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

Net change in fund balances - total governmental funds	\$ 50,684
--	-----------

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

Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.	<u>(20,756)</u>
---	-----------------

Change in net position of governmental activities	<u>\$ 29,928</u>
---	------------------

See notes to the financial statements

**PALM BAY COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUND
SEPTEMBER 30, 2016**

	Water and Sewer Utility
ASSETS	
Current assets:	
Cash and equivalents	\$ 146,281
Accounts receivable	11,270
Assessments receivable	125
Total current assets	157,676
Noncurrent assets:	
Capital assets:	
Infrastructure	171,505
Less accumulated depreciation	(171,505)
Total capital assets, net of depreciation	-
Total assets	157,676
LIABILITIES	
Current liabilities:	
Accounts payable	9,522
Deposits payable	7,472
Total current liabilities	16,994
Total liabilities	16,994
NET POSITION	
Unrestricted	140,682
Total net position	\$ 140,682

See notes to the financial statements

**PALM BAY COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Water and Sewer Utility
Operating revenues:	
Charges for services:	
Water and sewer services	\$ 125,892
Assessments	20,949
Total operating revenues	146,841
 Operating expenses:	
Water and sewer	106,112
Maintenance costs	9,992
Other current charges	817
Miscellaneous	294
Total operating expenses	117,215
 Operating income	29,626
 Nonoperating revenues (expenses):	
Interest income	53
Total nonoperating revenues (expenses)	53
 Change in net position	29,679
 Total net position - beginning	111,003
 Total net position - ending	\$ 140,682

See notes to the financial statements

**PALM BAY COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Water and Sewer Utility
CASH FLOW FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 141,330
Payments for goods and services	(116,032)
Net cash provided (used) by operating activities	25,298
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	53
Net cash provided (used) by investing activities	53
Net increase (decrease) in cash and cash equivalents	25,351
Cash and cash equivalents - October 1	120,930
Cash and cash equivalents - September 30	\$ 146,281
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 29,626
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase)/Decrease in:	
Accounts receivable	(5,548)
Due from others	37
Increase/(Decrease) in:	
Accounts payable	4,907
Due to other funds	(3,816)
Deposits payable	92
Total adjustments	(4,328)
Net cash provided (used) by operating activities	\$ 25,298

See notes to the financial statements

**PALM BAY COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

Palm Bay Community Development District ("District") was created on November 23, 1993 by Ordinance 93-25 of Hillsborough County, Florida, pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by the Board of Supervisors ("Board"), which is composed of five members. The Supervisors are elected by the owners of the property within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the responsibility for:

1. Assessing and levying assessments.
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 Supervisors 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 non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 (operating-type special assessments for maintenance and debt service are treated as charges for services) and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. 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. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are to be 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. However, debt service expenditures are recorded only when payment is due.

Assessments

Assessments are non-ad valorem assessments on all platted lots within the District. Assessments are levied each November 1 on property as of the previous January. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. For debt service assessments, amounts collected as advance payments are used to prepay a portion of the Bonds outstanding. Otherwise, assessments are collected annually to provide funds for the debt service on the portion of the Bonds which are not paid with prepaid assessments.

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

The District 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.

The District reports the following enterprise fund:

Water and Sewer Fund

The water and sewer fund is used to account for operations that are to be financed and operated in a manner similar to private business enterprises. The costs of providing services to customers are to be recorded primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. Operating expenses of the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Standards Adopted

During fiscal year 2016, the District adopted three new accounting standards as follows:

GASB 72, Fair Value Measurement and Application

The Statement improves financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, *Measurement of Elements of Financial Statements*, and other relevant literature.

GASB 76 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

The Statement identifies—in the context of the current governmental financial reporting environment—the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles.

GASB 79 - Certain External Investment Pools and Pool Participants

This Statement establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement also establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost.

Assets, Liabilities, Net Position or Equity

Restricted Assets

These assets represent cash and investments set aside pursuant to bond covenants or other contractual restrictions.

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.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured and any unspent Bond proceeds are required to be held in investments as specified in the Bond Indenture.

The District records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

Prepaid Items

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Net Position or Equity (Continued)

Boat Slip Deposits Refundable

Residents can lease boat slips for 10 years and pay a one-time fee of \$10,000. The deposits are recorded as a liability in both government-wide and fund financial statements when received and the deposits are subject to refund for each lease termination. At September 30, 2016, the District has deposits on boat slip of \$2,700.

Receivables

Accounts receivable are shown net of an allowance for uncollectible amounts. These receivables will be recognized as revenue as they are collected. Water and sewer utility accounts receivable in excess of 120 days comprise the allowance.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the government and business type 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.

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

<u>Assets</u>	<u>Years</u>
Machinery and equipment	10
Buildings and Infrastructure	20-30

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.

Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s). For example, the District would record deferred outflows of resources on the statement of net position related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s). For example, when an asset is recorded in the governmental fund financial statements, but the revenue is unavailable, the District reports a deferred inflow of resources on the balance sheet until such times as the revenue becomes available.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Net Position or Equity (Continued)

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized ratably over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as 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 issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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 Supervisors. Commitments may be changed or lifted only by the Board of Supervisors 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 that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

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.

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 assets restricted by the District's Bond covenants or other contractual restrictions. 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) Each year the District Manager 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 public 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 – DEPOSITS

The District's cash balances 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 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land and improvements	\$ 761,831	\$ -	\$ -	\$ 761,831
Total capital assets, not being depreciated	761,831	-	-	761,831
Capital assets, being depreciated				
Improvements other than buildings	488,908	-	-	488,908
Machinery and equipment	3,703	-	-	3,703
Total capital assets, being depreciated	492,611	-	-	492,611
Less accumulated depreciation for:				
Improvements other than buildings	253,898	20,756	-	274,654
Machinery and equipment	3,703	-	-	3,703
Total accumulated depreciation	257,601	20,756	-	278,357
Total capital assets, being depreciated, net	235,010	(20,756)	-	214,254
Governmental activities capital assets, net	\$ 996,841	\$ (20,756)	\$ -	\$ 976,085

NOTE 5 – CAPITAL ASSETS (Continued)

<u>Business type activities</u>				
Capital assets, being depreciated				
Infrastructure	\$ 171,505	\$ -	\$ -	\$ 171,505
Total capital assets, being depreciated	171,505	-	-	171,505
Less accumulated depreciation for:				
Infrastructure	171,505	-	-	171,505
Total accumulated depreciation	171,505	-	-	171,505
Total capital assets, being depreciated, net	-	-	-	-
Business type activities capital assets, net	\$ -	\$ -	\$ -	\$ -

For governmental activities, depreciation was charged to the maintenance and operations function.

NOTE 6 – MANAGEMENT COMPANY

The District has contracted with Wrathell, Hunt and Associates, LLC to perform management advisory services, which include financial and accounting advisory services. Certain employees of the management company also serve as officers of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs

NOTE 7 – 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. There were no settled claims during the past three years.

**PALM BAY COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original & Final		
REVENUES			
Assessments	\$ 167,692	\$ 168,462	\$ 770
Interest income	250	57	(193)
Miscellaneous	1,000	-	(1,000)
Total revenues	168,942	168,519	(423)
EXPENDITURES			
Current:			
General government	50,742	46,028	4,714
Maintenance and operations	118,200	71,807	46,393
Total expenditures	168,942	117,835	51,107
Excess (deficiency) of revenues over (under) expenditures	\$ -	50,684	\$ 50,684
Fund balance - beginning		49,079	
Fund balance - ending		\$ 99,763	

See notes to required supplementary information

**PALM BAY COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, 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. 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. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2016.

Actual general fund expenditures for the fiscal year ended September 30, 2016 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 Supervisors
Palm Bay Community Development District
Hillsborough County, 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, the business-type activities and each major fund of Palm Bay Community Development District, Hillsborough County, Florida ("District") as of and for the fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated March 28, 2017.

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 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.

March 28, 2017



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Supervisors
Palm Bay Community Development District
Hillsborough County, Florida

We have examined Palm Bay Community Development District, Hillsborough County, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2016. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on 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 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 District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2016.

This report 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, management, and the Board of Supervisors of Palm Bay Community Development District, Hillsborough County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

March 28, 2017



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

To the Board of Supervisors
Palm Bay Community Development District
Hillsborough County, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Palm Bay Community Development District, Hillsborough County, Florida (the "District") as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated March 28, 2017.

Auditor's Responsibility

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

Other Reports and Schedule

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 Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 28, 2017, should be considered in conjunction with this management letter.

Purpose of this 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 Supervisors of Palm Bay Community Development District, Hillsborough County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Palm Bay Community Development District, Hillsborough County, Florida 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.

March 28, 2017

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

2015-01 Internal Control over Billing

Current Status: Finding has been resolved.

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, 2015, except as shown above.

2. 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, 2016.

3. 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, 2016.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.
5. 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, 2016 financial audit report.
6. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
7. We applied financial condition assessment procedures 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.

RESOLUTION 2017-3

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
PALM BAY COMMUNITY DEVELOPMENT DISTRICT
HEREBY ACCEPTING THE AUDITED FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

WHEREAS, the District's Auditor, Grau & Associates, has heretofore prepared and submitted to the Board, for accepting, the District's Audited Financial Report for Fiscal Year 2016;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF
SUPERVISORS OF THE PALM BAY COMMUNITY
DEVELOPMENT DISTRICT;**

1. The Audited Financial Report for Fiscal Year 2016, heretofore submitted to the Board, is hereby accepted for Fiscal Year 2016, for the period ending September 30, 2016; and
2. A verified copy of said Audited Financial Report for Fiscal Year 2016 shall be attached hereto as an exhibit to this Resolution, in the District's "Official Record of Proceedings".

PASSED AND ADOPTED this ____ day of _____, 2017.

**PALM BAY COMMUNITY DEVELOPMENT
DISTRICT**

Secretary/Assistant Secretary

Chair/Vice Chair

RESOLUTION 2017-4

A RESOLUTION OF THE BOARD OF SUPERVISORS OF PALM BAY COMMUNITY DEVELOPMENT DISTRICT APPROVING PROPOSED BUDGET FOR FISCAL YEAR 2017/2018 AND SETTING A PUBLIC HEARING THEREON PURSUANT TO FLORIDA LAW; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the District Manager has heretofore prepared and submitted to the Board of Supervisors of Palm Bay Community Development District (the "Board") prior to June 15, 2017, a proposed operating budget for Fiscal Year 2017/2018; and

WHEREAS, the Board has considered the proposed budget and desires to set the required public hearing thereon.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF PALM BAY COMMUNITY DEVELOPMENT DISTRICT:

1. The operating budget proposed by the District Manager for Fiscal Year 2017/2018 attached hereto as **Exhibit A** is hereby approved as the basis for conducting a public hearing to adopt said budget.

2. A public hearing on said approved budget is hereby declared and set for the following date, hour and location:

DATE: July 13, 2017

HOUR: 9:00 A.M.

**LOCATION: Courtyard by Marriott Tampa/Oldsmar
4014 Tampa Road
Oldsmar, Florida 34677**

3. The District Manager is hereby directed to submit a copy of the proposed budget to Hillsborough County at least 60 days prior to the hearing set above.

4. **POSTING OF BUDGET.** In accordance with Section 189.016, *Florida Statutes*, the District's Secretary is further directed to post this approved budget on the District's website at least two days before the budget hearing date as set forth in Section 2 and said budget shall remain on the District's website for at least forty-five (45) days.

5. **PUBLICATION OF NOTICE.** Notice of this public hearing shall be published in the manner prescribed in Florida law.

5. **EFFECTIVE DATE.** This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED THIS ____ DAY OF _____, 2017.

ATTEST:

**BOARD OF SUPERVISORS OF
THE PALM BAY COMMUNITY
DEVELOPMENT DISTRICT**

Secretary

By:_____

Its:_____

EXHIBIT A

March 20, 2017

PALM BAY CDD
Attn: Stacy Turner, P.E.
2300 GLADES RD STE 410W
Boca Raton, FL 33431

Re: Retaining wall and Dock Plan for the Palm Bay CCD lot at the terminal end of Hatteras Palm Way, Tampa

Dear Mr. Turner:

Project Scope

Prepare a set of design documents to construct a new retaining wall at the referenced above address along with a T-shaped dock. The retaining wall will have break near the middle of the frontage for a sand kayak ramp. The design documents will be used for permitting, bidding, and construction purposes.

Below we identify the protocol of work along with the sequence of that effort:

Design Drawing by Licensed Professional Engineer includes the following documentation:

- A. Site Visit
 - a. Collect field dimensions
- B. Permit Application Drawings
 - a. Project Description
 - b. Geographic Mapping
 - c. Proposed Plot Plan
 - d. Typical Section View of Proposed Work
 - e. General Notes
 - f. (1) meeting with EPC to review plans of the project.
- C. Engineering Design Drawings and Specifications
 - a. Design Plan
 - b. Design Section Views
 - c. Technical Specifications
- D. Construction Oversight (if requested) \$300 per visit
 - a. Site visit (anticipated 2 visits)
 - b. Respond to phone calls from contractor for field decisions
 - c. Provide Project Certification Letter

Project Budget

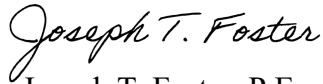
We propose to provide the above listed Tasks for the following Fee: \$2,850. Task D is not included and will be billed on T&M basis.

This does not include any permit processing fees.

If this is acceptable, please sign and return one original signature and forward **\$500** to be applied as indicated above.

If there are any questions, please call. Thank you for the opportunity to be of service.

Sincerely,



Joseph T. Foster, P.E.

Principal

FL Lic No. 79708

NJ Lic No. 24GE05181200

DE Lic No. 18618

ACCEPTED _____ DATE _____

March 20, 2017

Chuck Adams
District Manager
Palm Bay Community Development District
2300 Glades Road, Suite 410W
Boca Raton, FL 33431

FIVE
MAR 23 REC'D

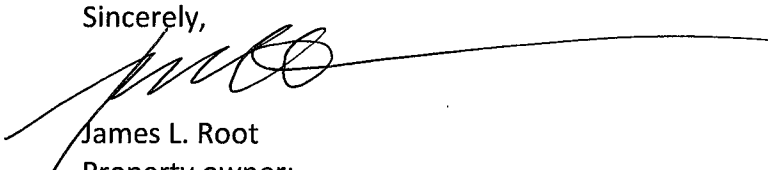
RE: Offer to purchase Palm Bay Boat Slip #B1 by the Palm Bay CDD

Mr. Adams,

In response to the offer to purchase the Palm Bay Boat Slip #B1 within the Palm Bay Community Marina, James L. Root wishes to place a bid of \$20,009.00, (Twenty Thousand and Nine Dollars), for deeded ownership of Boat Slip #B1. I understand there is a current annual fee of \$250.00 set forth by the CDD to cover water and electricity and should my bid be accepted, I am responsible for all selling costs. Should my bid be accepted, I am requesting an estimate of the selling costs, legal description, title costs and any other associated selling costs I may be responsible for, be sent to me in writing via US Mail or Email, within 10 days of the acceptance of this bid.

Should you and/or the CDD need any further information, please feel free to contact me either at the mailing address below via email or telephone.

Sincerely,



James L. Root
Property owner:
5801 Cay Cove Ct.
Tampa, FL 33615

Mailing Address:

2200 Century Hill
Los Angeles, CA 90067
813-382-9029
jroot865@gmail.com

1
2
3
4
5
6
7
8

**MINUTES OF MEETING
PALM BAY
COMMUNITY DEVELOPMENT DISTRICT**

9
10
11
12
13
14
15
16

A Regular Meeting of the Palm Bay Community Development District's Board of Supervisors was held on **Thursday, January 12, 2017 at 9:00 a.m.**, at the **Courtyard by Marriott Tampa/Oldsmar, 4014 Tampa Road, Oldsmar, Florida 34677.**

17
18
19
20
21
22
23
24
25
26

Present and constituting a quorum were:

11	Rob Bergman	Chair
12	Joe Aschenbrenner	Vice Chair
13	Stacy Turner	Assistant Secretary
14	Gary Miller	Assistant Secretary
15	Win Williamson	Assistant Secretary

17
18
19
20
21
22
23
24
25
26

Also present:

19	Chuck Adams	District Manager
----	-------------	------------------

27
28
29
30
31
32
33
34
35
36
37
38
39
40

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Adams called the meeting to order at 9:17 a.m., and noted, for the record, that all Supervisors and Supervisor-Elects were present, in person.

SECOND ORDER OF BUSINESS

Public Comments

There being no public comments, the next item followed.

THIRD ORDER OF BUSINESS

Administration of Oath of Office to Newly Elected Supervisors, Mr. Rob Bergman [Seat 1], Mr. Gary Miller [Seat 4] and Mr. Win Williamson [Seat5] (*The following to be provided in separate package*)

Mr. Adams, a Notary of the State of Florida and duly authorized, administered the Oath of Office to Mr. Bergman, Mr. Miller and Mr. Williamson. Mr. Adams provided and briefly explained the following items:

- 41 **A. Guide to Sunshine Amendment and Code of Ethics for Public Officers and**
- 42 **Employees**
- 43 **B. Membership, Obligations and Responsibilities**
- 44 **C. Financial Disclosure Forms**
- 45 **i. Form 1: Statement of Financial Interests**
- 46 **ii. Form 1X: Amendment to Form 1, Statement of Financial Interests**
- 47 **iii. Form 1F: Final Statement of Financial Interests**
- 48 **D. Form 8B, Memorandum of Voting Conflict**

49
50 **FOURTH ORDER OF BUSINESS**

**Consideration of Resolution 2017-1,
51 Canvassing and Certifying the Results of
52 the Landowners' Election**

53
54 Mr. Adams presented Resolution 2017-1 for the Board's consideration. At the
55 Landowner Election, Mr. Bergman and Mr. Miller each received 16 votes and would serve four-
56 year terms in Seats 1 and 4, respectively, and Mr. Williamson received 15 votes and would serve
57 a two-year term in Seat 5.

58
59 **On MOTION by Mr. Aschenbrenner and seconded by Mr.**
60 **Bergman, with all in favor, Resolution 2017-1 Canvassing and**
61 **Certifying the Results of the Landowners' Election, was**
62 **adopted.**

63
64
65 **FIFTH ORDER OF BUSINESS**

**Consideration of Resolution 2017-2,
66 Electing Officers of the District**

67
68 Mr. Adams presented Resolution 2017-2 for the Board's consideration. Following an
69 election or appointment, the Board must reconsider its slate of officers. Mr. Miller nominated
70 the following slate of officers:

71
72
73
74
75

76	Chair	Rob Bergman
77	Vice Chair	Joe Aschenbrenner
78	Secretary	Chuck Adams
79	Treasurer	Craig Wrathell
80	Assistant Secretary	Stacy Turner
81	Assistant Secretary	Gary Miller
82	Assistant Secretary	Win Williamson
83	Assistant Secretary	Craig Wrathell

84

<p>85 On MOTION by Mr. Miller and seconded by Mr. Turner, with</p> <p>86 all in favor, Resolution 2017-2, Electing Officers of the District,</p> <p>87 as nominated, was adopted.</p>
--

88

89

SIXTH ORDER OF BUSINESS

Discussion: Community Mailbox Program Proposed by POA

91

92

93

Mr. Adams recalled a previous meeting discussion about a proposed Community Mailbox Program. After researching the program, Mr. Adams discovered that governmental entities could not engage in such programs. If the CDD participated, the mailboxes must be owned by the CDD and would become a public asset. Mr. Bergman stated that the proposal was well-received, at a recent HOA meeting; however, the HOA asked if the CDD would cover all or part of the cost. The Board rejected the proposal. Mr. Adams would inform the HOA.

99

SEVENTH ORDER OF BUSINESS

Update: Brick Paver Project

101

102

Mr. Bergman spoke to the contractor and was told that the project was slightly delayed; however, it would commence soon. In response to Mr. Adams' question regarding the time frame, Mr. Bergman stated that the project would last approximately four weeks.

105

EIGHTH ORDER OF BUSINESS

Approval of Unaudited Financial Statements as of November 30, 2016

107

108

109

Mr. Adams presented the Unaudited Financial Statements as of November 30, 2016. Assessment revenue collections were at 22% and expenditures were at 36%. In response to a

110

111 question, Mr. Adams stated that the CDD was debt-free, with a solid fund balance, and could
112 continue reducing assessments.

113

114 **On MOTION by Mr. Jones and seconded by Mr. Turner, with**
115 **all in favor, the Unaudited Financial Statements as of**
116 **November 30, 2016, were approved.**

117

118

119 **NINTH ORDER OF BUSINESS**

Approval of Minutes

120

121 **A. July 14, 2016 Public Hearing and Regular Meeting**

122 Mr. Adams presented the July 14, 2016 Public Hearing and Regular Meeting Minutes for
123 the Board’s consideration.

124

125 **On MOTION by Mr. Bergman and seconded by Mr. Miller,**
126 **with all in favor, the July 14, 2016 Public Hearing and Regular**
127 **Meeting Minutes, as presented, were approved.**

128

129

130 **B. November 10, 2016 Landowners’ Meeting**

131 Mr. Adams presented the November 10, 2016 Landowners’ Meeting Minutes for the
132 Board’s consideration.

133

134 **On MOTION by Mr. Miller and seconded by Mr.**
135 **Aschenbrenner, with all in favor, the November 10, 2016**
136 **Landowners’ Meeting Minutes, as presented, were approved.**

137

138

139 **TENTH ORDER OF BUSINESS**

Staff Reports

140

141 **A. District Counsel**

142 There being no report, the next item followed.

143 **B. District Engineer**

144 There being no report, the next item followed.

145 **C. District Manager**

- 146 • **NEXT MEETING DATE: April 13, 2017 at 10:00 A.M.**

147 Mr. Adams stated that the next meeting will be held April 13, 2017 at 9:00 a.m., rather
148 than 10:00 a.m., at this location. To avoid quorum issues, he asked to be informed of any
149 conflicts, as soon as possible. The following items would be on the April agenda:

- 150 **i. Fiscal Year 2018 Proposed Budget Approval**
- 151 **ii. Public Hearing to Hear Public Comment and Objections on the**
152 **Adoption of Amendment #4 to Chapter I of the Rules of Procedure**
153 **Relating to the Rates, Fees and Charges for Utility Services Pursuant**
154 **to Sections 120.54, 190.012 and 190.035, Florida Statutes**
- 155 **iii. 2016 Audit**

156 **▪ Other Business**

157 ****This item was an addition to the agenda.****

158 Mr. Aschenbrenner stated that Frontier Communications (Frontier) repaired the phone
159 lines at the gate. He suggested upgrading the camera systems to protect residential assets, as
160 another vehicle was stolen. In response to Mr. Aschenbrenner's question, Mr. Adams stated that
161 the CDD had \$3,000 to \$5,000 available to purchase High Definition cameras, with improved
162 technology, and with an appliance in the box with a cloud service. Discussion ensued regarding
163 replacing the DSL and the impact on the power lines, fuse boxes and lift station.

164 In response to a question regarding the beach area; Mr. Adams stated that Baycut Inc.,
165 (Baycut) was contracted to maintain the beach area. It was suggested that the CDD repair the
166 benches, picnic tables and stairwell, in that area; estimates would be secured. The HOA planned
167 to renovate the area by adding a dock, removing the stairs and constructing a sand ramp. Mr.
168 Adams stated that, if hazardous, the stairs should be repaired immediately, to avoid a liability,
169 and suggested employing Baycut to rebuild the stairs. If the HOA determined which projects to
170 execute, the CDD could couple that with the bulkhead repairs, in time to incorporate the projects
171 into the Fiscal Year 2018 budget. Discussion ensued regarding the marina, acquiring estimates
172 for the beach area upgrades, community cleanup and the bulkhead. Mr. Adams stated that three
173 boat slips were for sale and the CDD would entertain bids through a surplus bidding process.
174 The lease ran out on Slip One and Mr. Adams would send a letter requesting that the boat be
175 removed.

176 Mr. Miller asked if the CDD could take ownership of the dock at the Boat Club. Mr.
177 Adams stated that the overhead costs would be too great. In response to question regarding who

178 was responsible for which projects, Mr. Adams polled the Board Members. Mr. Aschenbrenner
 179 would be in charge of the gates, Mr. Bergman would be in charge of the landscaping and
 180 coordinate with Baycut, Mr. Williamson would be in charge of the roads, Mr. Miller would be in
 181 charge of the marina and Mr. Turner would be in charge of the parks and serve as a liaison with
 182 the HOA. In response to a question regarding the status of the boat lift, Mr. Adams stated that
 183 the mechanical and electrical repairs were completed; future structural work would be required,
 184 which should be addressed at the same time as the groundings and the bulkhead, along the canal.

185

ELEVENTH ORDER OF BUSINESS

Supervisors’ Requests

186

187

188

There being no Supervisors’ requests, the next item followed.

189

TWELFTH ORDER OF BUSINESS

Adjournment

190

191

192

There being no further business to discuss, the meeting adjourned.

193

194

195

196

<p>On MOTION by Mr. Turner and seconded by Mr. Aschenbrenner, with all in favor, the meeting adjourned at 10:05 a.m.</p>

197

198

199

200

201

202

203

204

205

206

207

208

209

210

211

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

212
213
214
215
216
217
218
219
220
221
222

Secretary/Assistant Secretary

Chair/Vice Chair

DRAFT