

**PALM BAY**  
**COMMUNITY DEVELOPMENT**  
**DISTRICT**

**REGULAR MEETING**  
**AGENDA**

**April 26, 2018**

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

April 19, 2018

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 26, 2018 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: Agenda Items
3. Presentation of Audited Financial Report for Fiscal Year Ended September 30, 2017, Prepared by Grau and Associates
4. Consideration of Resolution 2018-02, Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2016
5. Consideration of Resolution 2018-03, Approving the District's Proposed Budget for Fiscal Year 2018/2019 and Setting a Public Hearing Thereon Pursuant to Florida Law; and Providing An Effective Date
6. Consideration of Resolution 2018-04, Designating a Date, Time and Location for a Landowners' Meeting; Providing for Publication; Providing for an Effective Date
7. Update: Online Utility Bill Payment Initiation
8. Update: New Dock Project
9. Discussion: CDD Topics Discussed at Recent Homeowners Association Meeting
10. Approval of Unaudited Financial Statements as of March 31, 2018
11. Approval of January 11, 2018 Regular Meeting Minutes
12. Staff Reports
  - A. District Counsel: *Buchanan Ingersoll & Rooney PC*

**ATTENDEES:**

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

- B. District Engineer: *Landmark Engineering & Surveying Corp.*
  - C. District Manager: *Wrathell, Hunt and Associates, LLC*
    - i. NEXT MEETING DATE: July 12, 2018 at 9:00 A.M.
- 13. Public Comments: Non-Agenda Items
  - 14. Supervisors' Requests
  - 15. 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**

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**PALM BAY  
COMMUNITY DEVELOPMENT DISTRICT  
HILLSBOROUGH COUNTY, FLORIDA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2017**

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

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# Grau & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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## 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, 2017, 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, 2017, 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, 2018, 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, 2018, 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, 2018



## **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, 2017. 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, 2017 resulting in a net position balance of \$1,246,470.
- The change in the District's total net position in comparison with the prior fiscal year was \$29,940, 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, 2017, the District's governmental funds reported combined ending fund balances of \$65,177, a decrease of \$(34,586) in comparison with the prior fiscal year. A portion of the fund balance is non spendable for prepaids, assigned for subsequent year's expenditures and the remainder is unassigned which is available for spending at the District's discretion.

### **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.

#### **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.

## OVERVIEW OF FINANCIAL STATEMENTS (Continued)

### 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.

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

	NET POSITION SEPTEMBER 30,					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 71,535	\$ 108,935	\$ 160,731	\$ 157,676	\$ 232,266	\$ 266,611
Capital assets, net of depreciation	1,038,219	976,085	-	-	1,038,219	976,085
Total assets	1,109,754	1,085,020	160,731	157,676	1,270,485	1,242,696
Current liabilities	6,358	9,172	17,657	16,994	24,015	26,166
Total liabilities	6,358	9,172	17,657	16,994	24,015	26,166
Net position						
Investment in capital assets	1,038,219	976,085	-	-	1,038,219	976,085
Unrestricted	65,177	99,763	143,074	140,682	208,251	240,445
Total net position	\$ 1,103,396	\$ 1,075,848	\$ 143,074	\$ 140,682	\$ 1,246,470	\$ 1,216,530

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues						
Charges for services	\$ 158,621	\$ 168,462	\$ 139,032	\$ 146,841	\$ 297,653	\$ 315,303
General revenues						
Unrestricted investment earnings	58	57	60	53	118	110
Total revenues	158,679	168,519	139,092	146,894	297,771	315,413
Expenses:						
General government	45,399	46,028	-	-	45,399	46,028
Maintenance and operations	85,732	92,563	-	-	85,732	92,563
Water and sewer	-	-	136,700	117,215	136,700	117,215
Total expenses	131,131	138,591	136,700	117,215	267,831	255,806
Change in net position	27,548	29,928	2,392	29,679	29,940	59,607
Net position - beginning	1,075,848	1,045,920	140,682	111,003	1,216,530	1,156,923
Net position - ending	\$ 1,103,396	\$ 1,075,848	\$ 143,074	\$ 140,682	\$ 1,246,470	\$ 1,216,530

### **Governmental activities**

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2017 was \$131,131. 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. The general fund budget for the fiscal year ended September 30, 2017 was amended to increase revenues by \$759 and increase appropriations by \$60,260. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2017.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At September 30, 2017, the District had \$1,339,163 invested in capital assets for its governmental activities. In the government-wide financial statements depreciation of \$300,944 has been taken, which resulted in a net book value of \$1,038,219. More detailed information about the District's capital assets is presented in the notes of the financial statements.

### Capital Debt

At September 30, 2017, 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, 2017**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 69,384	\$ 149,554	\$ 218,938
Investments	468	-	468
Assessments receivable	1,003	101	1,104
Accounts receivable	250	11,076	11,326
Prepaid items	430	-	430
Capital assets:			
Nondepreciable	761,831	-	761,831
Depreciable, net	276,388	-	276,388
Total assets	<u>1,109,754</u>	<u>160,731</u>	<u>1,270,485</u>
<b>LIABILITIES</b>			
Accounts payable	3,658	9,352	13,010
Deposits payable	2,700	8,305	11,005
Total liabilities	<u>6,358</u>	<u>17,657</u>	<u>24,015</u>
<b>NET POSITION</b>			
Investment in capital assets	1,038,219	-	1,038,219
Unrestricted	65,177	143,074	208,251
Total net position	<u>\$ 1,103,396</u>	<u>\$ 143,074</u>	<u>\$ 1,246,470</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, 2017**

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Governmental Activities	Business-type Activities	
Primary government:					
Governmental activities:					
General government	\$ 45,399	\$ 45,399	\$ -	\$ -	\$ -
Maintenance and operations	85,732	113,222	27,490	-	27,490
Total governmental activities	131,131	158,621	27,490	-	27,490
					-
Business-type activities:					
Water and sewer utilities	136,700	139,032	-	2,332	2,332
Total business-type activities	136,700	139,032	-	2,332	2,332
					-

See notes to the financial statements

**PALM BAY COMMUNITY DEVELOPMENT DISTRICT  
HILLSBOROUGH COUNTY, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017**

	<u>Major Fund</u>	<u>Total</u>
	<u>General</u>	<u>Governmental</u>
		<u>Funds</u>
<b>ASSETS</b>		
Cash	\$ 69,384	\$ 69,384
Investments	468	468
Assessments receivable	1,003	1,003
Accounts receivable	250	250
Prepaid and deposit items	430	430
Total assets	<u>\$ 71,535</u>	<u>\$ 71,535</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 3,658	\$ 3,658
Deposits	2,700	2,700
Total liabilities	<u>6,358</u>	<u>6,358</u>
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid items	430	430
Assigned to:		
Subsequent year's expenditures	57,500	57,500
Unassigned	7,247	7,247
Total fund balances	<u>65,177</u>	<u>65,177</u>
Total liabilities and fund balances	<u>\$ 71,535</u>	<u>\$ 71,535</u>

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, 2017**

Total fund balances - governmental funds \$ 65,177

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	1,339,163	
Accumulated depreciation	(300,944)	1,038,219
Net position of governmental activities		<u>\$ 1,103,396</u>

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, 2017**

	Major Fund General	Total Governmental Funds
REVENUES		
Assessments	\$ 158,621	\$ 158,621
Interest income	58	58
Total revenues	<u>158,679</u>	<u>158,679</u>
EXPENDITURES		
Current:		
General government	45,399	45,399
Maintenance and operations	63,145	63,145
Capital outlay	84,721	84,721
Total expenditures	<u>193,265</u>	<u>193,265</u>
Excess (deficiency) of revenues over (under) expenditures	(34,586)	(34,586)
Fund balances - beginning	<u>99,763</u>	<u>99,763</u>
Fund balances - ending	<u><u>\$ 65,177</u></u>	<u><u>\$ 65,177</u></u>

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, 2017**

Net change in fund balances - total governmental funds	\$ (34,586)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures, however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position.	84,721
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>(22,587)</u>
Change in net position of governmental activities	<u><u>\$ 27,548</u></u>

See notes to the financial statements

**PALM BAY COMMUNITY DEVELOPMENT DISTRICT  
HILLSBOROUGH COUNTY, FLORIDA  
STATEMENT OF NET POSITION - PROPRIETARY FUND  
SEPTEMBER 30, 2017**

	<u>Water and Sewer Utility</u>
<b>ASSETS</b>	
Current assets:	
Cash and equivalents	\$ 149,554
Accounts receivable	11,076
Assessments receivable	101
Total current assets	<u>160,731</u>
Noncurrent assets:	
Capital assets:	
Infrastructure	171,505
Less accumulated depreciation	<u>(171,505)</u>
Total capital assets, net of depreciation	<u>-</u>
Total assets	<u>160,731</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	9,352
Deposits payable	<u>8,305</u>
Total current liabilities	<u>17,657</u>
Total liabilities	<u>17,657</u>
<b>NET POSITION</b>	
Unrestricted	<u>143,074</u>
Total net position	<u><u>\$ 143,074</u></u>

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, 2017**

	<u>Water and Sewer Utility</u>
Operating revenues:	
Charges for services:	
Water and sewer services	\$ 123,095
Assessments	<u>15,937</u>
Total operating revenues	<u>139,032</u>
 Operating expenses:	
Water and sewer	104,780
Maintenance costs	30,763
Other current charges	938
Miscellaneous	<u>219</u>
Total operating expenses	<u>136,700</u>
 Operating income	<u>2,332</u>
 Nonoperating revenues (expenses):	
Interest income	<u>60</u>
Total nonoperating revenues (expenses)	<u>60</u>
 Change in net position	2,392
 Total net position - beginning	<u>140,682</u>
 Total net position - ending	<u>\$ 143,074</u>

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, 2017**

	<u>Water and Sewer Utility</u>
CASH FLOW FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 139,250
Payments for goods and services	<u>(136,037)</u>
Net cash provided (used) by operating activities	<u>3,213</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>60</u>
Net cash provided (used) by investing activities	<u>60</u>
Net increase (decrease) in cash and cash equivalents	3,273
Cash and cash equivalents - October 1	<u>146,281</u>
Cash and cash equivalents - September 30	<u><u>\$ 149,554</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 2,332
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase)/Decrease in:	
Accounts receivable	194
Assessemnts receivable	24
Increase/(Decrease) in:	
Accounts payable	(170)
Deposits payable	<u>833</u>
Total adjustments	<u>881</u>
Net cash provided (used) by operating activities	<u><u>\$ 3,213</u></u>

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)**

### **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.

#### **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, 2017, 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.



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

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

#### Capital Assets (Continued)

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.

#### 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.

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

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

#### **Fund Equity/Net Position (Continued)**

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, 2017 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	84,721	-	573,629
Machinery and equipment	3,703	-	-	3,703
Total capital assets, being depreciated	492,611	84,721	-	577,332
Less accumulated depreciation for:				
Improvements other than buildings	274,654	22,587	-	297,241
Machinery and equipment	3,703	-	-	3,703
Total accumulated depreciation	278,357	22,587	-	300,944
Total capital assets, being depreciated, net	214,254	62,134	-	276,388
Governmental activities capital assets, net	\$ 976,085	\$ 62,134	\$ -	\$ 1,038,219
<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.

**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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Assessments	\$ 157,663	\$ 158,621	\$ 158,621	\$ -
Interest income	250	51	58	7
Total revenues	157,913	158,672	158,679	7
EXPENDITURES				
Current:				
General government	50,272	48,497	45,399	3,098
Maintenance and operations	107,641	84,954	63,145	21,809
Capital outlay	-	84,722	84,721	1
Total expenditures	157,913	218,173	193,265	24,908
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (59,501)	(34,586)	\$ 24,915
Fund balance - beginning			99,763	
Fund balance - ending			\$ 65,177	

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. The general fund budget for the fiscal year ended September 30, 2017 was amended to increase revenues by \$759 and increase appropriations by \$60,260. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2017.



**Grau & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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**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, 2017, 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, 2018.

**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, 2018



**Grau & Associates**  
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**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, 2017. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the 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, 2017.

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, 2018





**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, 2017, and have issued our report thereon dated March 28, 2018.

**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 Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 28, 2018, 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, 2018

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

### II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

### 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, 2016.

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, 2017.

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, 2017.

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, 2017 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.

**PALM BAY**  
**COMMUNITY DEVELOPMENT DISTRICT**

**4**

**RESOLUTION 2018-02**

**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, 2017**

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 2017;

**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 2017, heretofore submitted to the Board, is hereby accepted for Fiscal Year 2017, for the period ending September 30, 2017; and
2. A verified copy of said Audited Financial Report for Fiscal Year 2017 shall be attached hereto as an exhibit to this Resolution, in the District's "Official Record of Proceedings".

**PASSED AND ADOPTED** this \_\_\_\_ day of \_\_\_\_\_, 2018.

**PALM BAY COMMUNITY DEVELOPMENT  
DISTRICT**

---

Secretary/Assistant Secretary

---

Chair/Vice Chair

**PALM BAY**  
**COMMUNITY DEVELOPMENT DISTRICT**

**5**

## **RESOLUTION 2018-03**

### **A RESOLUTION OF THE BOARD OF SUPERVISORS OF PALM BAY COMMUNITY DEVELOPMENT DISTRICT APPROVING PROPOSED BUDGET FOR FISCAL YEAR 2018/2019 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, 2018, a proposed operating budget for Fiscal Year 2018/2019; 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 2018/2019 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 12, 2018

**HOOR:** 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 \_\_\_\_\_, 2018.**

ATTEST:

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

\_\_\_\_\_  
Secretary

By:\_\_\_\_\_

Its:\_\_\_\_\_

## **EXHIBIT A**



**PALM BAY  
COMMUNITY DEVELOPMENT DISTRICT  
PROPOSED BUDGET  
FISCAL YEAR 2019  
REVISED APRIL 12, 2018**

**PALM BAY  
COMMUNITY DEVELOPMENT DISTRICT  
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**PALM BAY  
COMMUNITY DEVELOPMENT DISTRICT  
GENERAL FUND BUDGET  
FISCAL YEAR 2019**

	Fiscal Year 2018				
	Adopted Budget FY 2018	Actual through 3/31/18	Projected through 9/30/18	Total Revenues and Expenditures	Proposed Budget FY 2019
<b>REVENUES</b>					
Assessment levy - gross	\$ 164,232				\$ 163,966
Allowable discounts (4%)	(6,569)				(6,559)
Assessment levy - net	157,663	\$ 147,976	\$ 9,687	\$ 157,663	157,407
Interest & miscellaneous	250	402	40,400	40,802	250
Total revenues	157,913	148,378	50,087	198,465	157,657
<b>EXPENDITURES</b>					
<b>Professional &amp; administrative fees</b>					
Supervisors	5,383	2,153	3,230	5,383	5,383
Management	18,536	9,268	9,268	18,536	18,536
Audit	7,200	7,200	-	7,200	7,200
Legal	500	-	500	500	500
Postage	425	164	261	425	425
Meeting room	1,000	696	500	1,196	1,000
Insurance	6,500	6,406	-	6,406	6,500
Printing and binding	500	250	250	500	500
Legal advertising	1,500	986	750	1,736	1,500
Other current charges	750	394	400	794	800
Annual district filing fee	175	175	-	175	175
Website	500	616	-	616	650
Tax bills	1,881	1,352	-	1,352	1,500
Total professional & administrative fees	44,850	29,660	15,159	44,819	44,669
<b>Parks and recreation services</b>					
Boat lift repair and maintenance	5,000	2,731	5,000	7,731	5,000
Lake maintenance	2,000	1,025	1,500	2,525	2,500
Capital outlay - dock	50,000	2,850	47,150	50,000	50,000
Total parks and recreation	57,000	6,606	53,650	60,256	57,500
<b>Access Control/Entry</b>					
Telephone - gate	1,700	1,438	1,500	2,938	3,000
Insurance - property and casualty	2,500	2,389	-	2,389	2,500
Repair and maintenance - gate	25,000	9,435	5,000	14,435	10,000
Landscape maintenance	15,000	6,522	7,000	13,522	15,000
Capital outlay	45,000	18,753	10,000	28,753	2,500
Contingency	3,115	-	-	-	750
Total access control	92,315	38,537	23,500	62,037	33,750

**PALM BAY  
COMMUNITY DEVELOPMENT DISTRICT  
GENERAL FUND BUDGET  
FISCAL YEAR 2019**

	Fiscal Year 2018				
	Adopted Budget FY 2018	Actual through 3/31/18	Projected through 9/30/18	Total Revenues and Expenditures	Proposed Budget FY 2019
<b>Roadway/signage/street lighting</b>					
Electric utility service	10,000	6,452	6,500	12,952	13,000
Repairs and maintenance	3,000	2,540	6,000	8,540	3,000
Capital outlay	2,500	6,800	-	6,800	-
Total roadway/signage/street lighting	15,500	15,792	12,500	28,292	16,000
<b>Other fees &amp; charges</b>					
Property appraiser	2,463	-	2,463	2,463	2,459
Tax collector	3,285	2,959	326	3,285	3,279
Total other fees & charges	5,748	2,959	2,789	5,748	5,738
 Total expenditures and other charges	 215,413	 93,554	 107,598	 201,152	 157,657
 Net increase/(decrease) of fund balance	 (57,500)	 54,824	 (57,511)	 (2,687)	 -
Fund balance - beginning (unaudited)	90,290	65,178	120,002	65,178	62,491
Fund balance - ending (projected)	\$ 32,790	\$ 120,002	\$ 62,491	\$ 62,491	\$ 62,491

**PALM BAY  
COMMUNITY DEVELOPMENT DISTRICT  
DEFINITIONS OF GENERAL FUND EXPENDITURES**

**EXPENDITURES**

Supervisors	\$ 5,383
Statutory set at \$200 (plus applicable taxes) for each meeting of the Board of Supervisors not to exceed \$4,800 for each fiscal year. The District anticipates meeting five times.	
Management	18,536
<b>Wrathell, Hunt and Associates, LLC</b> specializes in managing community development districts in the State of Florida by combining the knowledge, skills and experiences of a team of professionals to ensure compliance with all governmental requirements of the District, develop financing programs, administer the issuance of tax exempt bond financing's and finally operate and maintain the assets of the community.	
Audit	7,200
The District is required to annually undertake an independent examination of its books, records and accounting procedures. This audit is conducted pursuant to Florida State Law and the Rules of the Florida Auditor General.	
Legal	500
Buchanan Ingersoll and Rooney provides on-going general counsel and legal representation. These lawyers are confronted with issues relating to public finance, public bidding, rulemaking, open meetings, public records, real property dedications, conveyances and contracts. In this capacity, they provide services as "local government lawyers," realizing that this type of local government is very limited in its scope - providing infrastructure and services to development.	
Postage	425
Mailing of agenda packages, overnight deliveries, correspondence, etc.	
Meeting room	1,000
The use of the room for board meetings.	
Insurance	6,500
The District carries public officials liability and general liability insurance. The limit of liability for this coverage is set at \$1,000,000 for general liability (\$2,000,000 general aggregate) and \$1,000,000 for public officials liability.	
Printing and binding	500
Letterhead, envelopes, copies, etc.	
Legal advertising	1,500
The District advertises in the Tampa Tribune for monthly meetings, special meetings, public hearings, bidding, etc. Based on prior year's experience.	
Other current charges	800
Bank charges and other miscellaneous expenses incurred during the year.	
Annual district filing fee	175
Annual fee paid to the Department of Economic Opportunity.	
Website	650
Tax bills	1,500
<b>Parks and recreation services</b>	
The following categories are considered to be incidental to the daily operations.	
Boat lift repair and maintenance	5,000
The District is responsible for the repair and maintenance of the boat lift.	

**PALM BAY  
COMMUNITY DEVELOPMENT DISTRICT  
DEFINITIONS OF GENERAL FUND EXPENDITURES**

**EXPENDITURES (Continued)**

Lake maintenance	2,500
The District is responsible for the repair and maintenance of its water management facilities.	
Capital outlay Dock	50,000
The District Anticipates the repair/replacement of the marina separator bulkhead adjacent to the canal during fiscal year 2018.	
<b>Access Control/Entry</b>	
Telephone - gate	3,000
For communication purposes at the gate, which includes monthly services with Spectrum and Frontier.	
Insurance - property and casualty	2,500
This item covers the property and casualty of the District's facilities, which is the catwalk at the marina (\$25,000), lift station (\$50,000), security gate (\$50,000), fountain (\$5,000), boat lift (\$125,000), entrance sign (\$4,000) for a total of \$259,000.	
Repair and maintenance - gate	10,000
The District is responsible for the repair and maintenance of the facilities. For 2018 this also includes recurring monthly costs for Envera gate monitoring.	
Landscape maintenance	15,000
This District contracts with an outside company to maintain the landscaping of District land. The contract provides for equipment, labor and materials. Costs also include mulching, tree trimming, on-call services and blowing off streets (twice monthly).	
Capital outlay	2,500
For 2019, this includes one time capital costs for updating the main entry landscaping etc.	
Contingency	750
The purpose of this account is to provide for unexpected expenditures that may be incurred during the upcoming fiscal year.	
<b>Roadway/signage/street lighting</b>	
The following categories are considered to be incidental to the daily operations.	
Electric utility service	13,000
Repairs and maintenance	3,000
Other Fees & Charges	
Property appraiser	2,459
The property appraiser's fee is 1.5% of the assessments.	
Tax collector	3,279
The tax collector's fee is 2% of the assessments.	
Total expenditures	<u><u>\$157,657</u></u>

**PALM BAY  
COMMUNITY DEVELOPMENT DISTRICT  
ENTERPRISE FUND  
FISCAL YEAR 2019**

	Fiscal Year 2018				Proposed
	Adopted Budget FY 2018	Actual through 3/31/18	Projected through 9/30/18	Total Revenues and Expenditures	Budget FY 2019
<b>OPERATING REVENUES</b>					
Assessment levy - gross	\$ 16,510				\$ 16,510
Allowable discounts (4%)	(660)				(660)
Assessment levy - net*	15,850	\$ 14,867	\$ 983	\$ 15,850	15,850
Charges for sales and services:					
Water and sewer	110,000	54,535	55,465	110,000	110,000
Interest	10	31	-	31	10
Total revenues	125,860	69,433	56,448	125,881	125,860
<b>OPERATING EXPENDITURES</b>					
Water and sewer - county	95,767	42,119	53,648	95,767	95,767
Maintenance costs*	15,000	3,182	11,818	15,000	15,000
Other current charges*	850	425	425	850	850
Total operating expenditures	111,617	45,726	65,891	111,617	111,617
Operating income	14,243	23,707	(9,443)	14,264	14,243
<b>NONOPERATING REVENUES/(EXPENSES)</b>					
Property appraiser	(238)	-	(238)	(238)	(238)
Tax collector	(317)	(297)	(20)	(317)	(317)
Total nonoperating revenues/(expenses)	(555)	(297)	(258)	(555)	(555)
Income before contributions and transfers	13,688	23,410	(9,701)	13,709	13,688
Change in net assets	13,688	23,410	(9,701)	13,709	13,688
Total net assets - beginning (unaudited)	154,384	143,075	166,485	143,075	156,784
Total net assets - ending (projected)	\$ 168,072	\$ 166,485	\$ 156,784	\$ 156,784	\$ 170,472

**PALM BAY  
COMMUNITY DEVELOPMENT DISTRICT  
PROJECTED ASSESSMENTS PER UNIT**

Assessment Summary					
Description	General Fund	Debt Service Fund	Enterprise Fund	Total assessment	Percent change over prior year
Fiscal year 2019	\$ 1,639.66	\$ -	\$ 165.10	\$ 1,804.76	-0.15%
Fiscal year 2018	\$ 1,642.32	\$ -	\$ 165.10	\$ 1,807.42	



**PALM BAY**  
**COMMUNITY DEVELOPMENT DISTRICT**

**6**

**RESOLUTION 2018-04**

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE PALM BAY COMMUNITY DEVELOPMENT DISTRICT DESIGNATING A DATE, TIME AND LOCATION FOR A LANDOWNERS' MEETING; PROVIDING FOR PUBLICATION; PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, Palm Bay Community Development District ("**District**") is a local unit of special-purpose government created and existing pursuant to Chapter 190, Florida Statutes, being situated entirely within Hillsborough County, Florida; and

**WHEREAS**, the District's Board of Supervisors ("**Board**") is statutorily authorized to exercise the powers granted to the District; and

**WHEREAS**, all meetings of the Board shall be open to the public and governed by provisions of Chapter 286, Florida Statutes; and

**WHEREAS**, the effective date of Ordinance No., 93-25, creating the District was the 3<sup>rd</sup> day of December, 1993; and

**WHEREAS**, the District is statutorily required to hold a meeting of the landowners of the District for the purpose of electing supervisors for the District on a date in November established by the Board, which shall be noticed pursuant to Section 190.006(2)(a), Florida Statutes.

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

Section 1. In accordance with Section 190.006(2), Florida Statutes, the meeting of the landowners to elect three (3) supervisors of the District, shall be held on the 8<sup>th</sup> day of November, 2018, at 9:00 a.m., at the Courtyard by Marriott Tampa/Oldsmar, located at 4014 Tampa Road, Oldsmar, Florida 34677.

Section 2. The District's Secretary is hereby directed to publish notice of this landowners' meeting in accordance with the requirements of Section 190.006(2)(a), Florida Statutes.

Section 3. Pursuant to Section 190.006(2)(b), Florida Statutes, the landowners' meeting and election has been announced by the Board at its April 26, 2018 meeting. A sample notice of landowners' meeting and election, proxy, ballot form and instructions were presented at such meeting and are attached hereto as **Exhibit A**. Such documents are available for review and copying during normal business hours at the office of the District Manager, Wrathell, Hunt & Associates, LLC, located at 2300 Glades Road, Suite 410W, Boca Raton, Florida 33431.

Section 4. This Resolution shall become effective immediately upon its adoption.

**PASSED AND ADOPTED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2018.**

**PALM BAY COMMUNITY DEVELOPMENT DISTRICT**

**ATTEST:**

\_\_\_\_\_  
**CHAIR/VICE CHAIR**

\_\_\_\_\_  
**SECRETARY/ASSTISTANT SECRETARY**

## **EXHIBIT A**

**NOTICE OF LANDOWNERS' MEETING AND ELECTION AND MEETING OF THE BOARD OF  
SUPERVISORS OF THE PALM BAY COMMUNITY DEVELOPMENT DISTRICT**

Notice is hereby given to the public and all landowners within Palm Bay Community Development District (the "District") in Hillsborough County, Florida, advising that a meeting of landowners will be held for the purpose of electing three (3) persons to the District Board of Supervisors. Immediately following the landowners' meeting there will be convened a meeting of the Board of Supervisors for the purpose of considering certain matters of the Board to include election of certain District officers, and other such business which may properly come before the Board.

DATE: November 8, 2018  
TIME: 9:00 A.M.  
PLACE: Courtyard by Marriott Tampa/Oldsmar  
4014 Tampa Road  
Oldsmar, Florida 34677

Each landowner may vote in person or by written proxy. Proxy forms may be obtained upon request at the office of the District Manager, 2300 Glades Road, Suite 410W, Boca Raton, Florida 33431. At said meeting each landowner or his or her proxy shall be entitled to nominate persons for the position of Supervisor and cast one vote per acre of land, or fractional portion thereof, owned by him or her and located within the District for each person to be elected to the position of Supervisor. A fraction of an acre shall be treated as one acre, entitling the landowner to one vote with respect thereto. Platted lots shall be counted individually and rounded up to the nearest whole acre. The acreage of platted lots shall not be aggregated for determining the number of voting units held by a landowner or a landowner's proxy. At the landowners' meeting the landowners shall select a person to serve as the meeting chair and who shall conduct the meeting.

The landowners' meeting and the Board of Supervisors meeting are open to the public and will be conducted in accordance with the provisions of Florida law. One or both of the meetings may be continued to a date, time, and place to be specified on the record at such meeting. A copy of the agenda for these meetings may be obtained from 2300 Glades Road, Suite 410W, Boca Raton, Florida 33431. There may be an occasion where one or more supervisors will participate by telephone.

Any person requiring special accommodations to participate in these meetings is asked to contact the District Office at (877) 276-0889, at least 48 hours before the hearing. If you are hearing or speech impaired, please contact the Florida Relay Service at (800) 955-8770 for aid in contacting the District Office.

A person who decides to appeal any decision made by the Board with respect to any matter considered at the meeting is advised that such person will need a record of the proceedings and that accordingly, the person may need to ensure that a verbatim record of the proceedings is made, including the testimony and evidence upon which the appeal is to be based.

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District Manager

Run Date(s): \_\_\_\_\_ & \_\_\_\_\_

**PUBLISH: ONCE A WEEK FOR 2 CONSECUTIVE WEEKS, THE LAST DAY OF PUBLICATION TO BE NOT FEWER THAN 14 DAYS OR MORE THAN 28 DAYS BEFORE THE DATE OF ELECTION, IN A NEWSPAPER WHICH IS IN GENERAL CIRCULATION IN THE AREA OF THE DISTRICT**

**INSTRUCTIONS RELATING TO LANDOWNERS' MEETING OF  
PALM BAY COMMUNITY DEVELOPMENT DISTRICT  
FOR THE ELECTION OF SUPERVISORS**

DATE OF LANDOWNERS' MEETING: **Thursday, November 8, 2018**

TIME: **9:00 A.M.**

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

Pursuant to Chapter 190, Florida Statutes, and after a Community Development District ("**District**") has been established and the landowners have held their initial election, there shall be a subsequent landowners' meeting for the purpose of electing members of the Board of Supervisors ("**Board**") every two years until the District qualifies to have its board members elected by the qualified electors of the District. The following instructions on how all landowners may participate in the election are intended to comply with Section 190.006(2)(b), Florida Statutes.

A landowner may vote in person at the landowners' meeting, or the landowner may nominate a proxy holder to vote at the meeting in place of the landowner. Whether in person or by proxy, each landowner shall be entitled to cast one vote per acre of land owned by him or her and located within the District, for each position on the Board that is open for election for the upcoming term. A fraction of an acre shall be treated as one (1) acre, entitling the landowner to one vote with respect thereto. Please note that a particular parcel of real property is entitled to only one vote for each eligible acre of land or fraction thereof; therefore, two or more people who own real property in common, that is one acre or less, are together entitled to only one vote for that real property.

At the landowners' meeting, the first step is to elect a chair for the meeting, who may be any person present at the meeting. The landowners shall also elect a secretary for the meeting who may be any person present at the meeting. The secretary shall be responsible for the minutes of the meeting. The chair shall conduct the nominations and the voting. If the chair is a landowner or proxy holder of a landowner, he or she may nominate candidates and make and second motions. Candidates must be nominated and then shall be elected by a vote of the landowners. Nominees may be elected only to a position on the Board that is open for election for the upcoming term.

This year, three (3) seats on the Board will be up for election by landowners. The two candidates receiving the highest number of votes shall be elected for a term of four (4) years. The candidate receiving the next highest number of votes shall be elected for a term of two (2) years. The term of office for each successful candidate shall commence upon election.

A proxy is available upon request. To be valid, each proxy must be signed by one of the legal owners of the property for which the vote is cast and must contain the typed or printed name of the individual who signed the proxy; the street address, legal description of the property or tax parcel identification number; and the number of authorized votes. If the proxy authorizes more than one vote, each property must be listed and the number of acres of each property must be included. The signature on a proxy does not need to be notarized.

**LANDOWNER PROXY**

**PALM BAY COMMUNITY DEVELOPMENT DISTRICT  
HILLSBOROUGH COUNTY, FLORIDA  
LANDOWNERS' MEETING – NOVEMBER 8, 2018**

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, the fee simple owner of the lands described herein, hereby constitutes and appoints \_\_\_\_\_ (**"Proxy Holder"**) for and on behalf of the undersigned, to vote as proxy at the meeting of the landowners of the Palm Bay Community Development District to be held at Courtyard by Marriott Tampa/Oldsmar, 4014 Tampa Road, Oldsmar, Florida 34677, on November 8, 2018, at 9:00 a.m., and at any adjournments thereof, according to the number of acres of unplatted land and/or platted lots owned by the undersigned landowner that the undersigned would be entitled to vote if then personally present, upon any question, proposition, or resolution or any other matter or thing that may be considered at said meeting including, but not limited to, the election of members of the Board of Supervisors. Said Proxy Holder may vote in accordance with his or her discretion on all matters not known or determined at the time of solicitation of this proxy, which may legally be considered at said meeting.

Any proxy heretofore given by the undersigned for said meeting is hereby revoked. This proxy is to continue in full force and effect from the date hereof until the conclusion of the landowners' meeting and any adjournment or adjournments thereof, but may be revoked at any time by written notice of such revocation presented at the landowners' meeting prior to the Proxy Holder's exercising the voting rights conferred herein.

\_\_\_\_\_  
Printed Name of Legal Owner

\_\_\_\_\_  
Signature of Legal Owner

\_\_\_\_\_  
Date

**Parcel Description**

**Acreage**

**Authorized Votes**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Insert above, the street address of each parcel, the legal description of each parcel, or the tax identification number of each parcel. If more space is needed, identification of parcels owned may be incorporated by reference to an attachment hereto.]

**Total Number of Authorized Votes:**

\_\_\_\_\_

NOTES: Pursuant to Section 190.006(2)(b), Florida Statutes (2015), a fraction of an acre is treated as one (1) acre entitling the landowner to one vote with respect thereto. Moreover, two (2) or more persons who own real property in common that is one acre or less are together entitled to only one vote for that real property.

If the fee simple landowner is not an individual, and is instead a corporation, limited liability company, limited partnership or other entity, evidence that the individual signing on behalf of the entity has the authority to do so should be attached hereto (e.g., bylaws, corporate resolution, etc.).

**OFFICIAL BALLOT**

**PALM BAY COMMUNITY DEVELOPMENT DISTRICT  
HILLSBOROUGH COUNTY, FLORIDA  
LANDOWNERS' MEETING - NOVEMBER 8, 2018**

**For Election (3 Supervisors):** The two (2) candidates receiving the highest number of votes will each receive a four (4) year term, and the one (1) candidate receiving the next highest number of votes will receive a two (2) year term, with the term of office for the successful candidates commencing upon election.

The undersigned certifies that he/she/it is the fee simple owner of land, or the proxy holder for the fee simple owner of land, located within the Palm Bay Community Development District and described as follows:

<b><u>Description</u></b>	<b><u>Acreage</u></b>
_____	_____
_____	_____
_____	_____

[Insert above the street address of each parcel, the legal description of each parcel, or the tax identification number of each parcel.] [If more space is needed, identification of parcels owned may be incorporated by reference to an attachment hereto.]

or

**Attach Proxy.**

I, \_\_\_\_\_, as Landowner, or as the proxy holder of \_\_\_\_\_ (Landowner) pursuant to the Landowner's Proxy attached hereto, do cast my votes as follows:

<b>NAME OF CANDIDATE</b>	<b>NUMBER OF VOTES</b>
1. _____	_____
2. _____	_____
3. _____	_____

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

Printed Name: \_\_\_\_\_

**PALM BAY**  
**COMMUNITY DEVELOPMENT DISTRICT**

**10**



**PALM BAY  
COMMUNITY DEVELOPMENT DISTRICT  
FINANCIAL STATEMENTS  
UNAUDITED  
MARCH 31, 2018**

**PALM BAY  
COMMUNITY DEVELOPMENT DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2018**

	<u>Major Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>	<u>General</u>	
Cash	\$ 132,480	\$ 132,480
Investments	469	469
Accounts receivable	250	250
Teco deposit	430	430
Total assets	<u>\$ 133,629</u>	<u>\$ 133,629</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 10,100	\$ 10,100
Lease deposit refundable	2,700	2,700
Due to other funds		
Enterprise	827	827
Total liabilities	<u>13,627</u>	<u>13,627</u>
<b>Fund Balances:</b>		
Unassigned	120,002	120,002
Total fund balances	<u>120,002</u>	<u>120,002</u>
Total liabilities and fund balance	<u>\$ 133,629</u>	<u>\$ 133,629</u>

**PALM BAY  
COMMUNITY DEVELOPMENT DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE PERIOD ENDED MARCH 31, 2018**

	Current Month	Year to Date	Budget	% of Budget
<b>REVENUES</b>				
Assessments	\$ 1,626	\$ 147,976	\$ 157,663	94%
Interest & miscellaneous	105	402	250	161%
Total revenues	<u>1,731</u>	<u>148,378</u>	<u>157,913</u>	94%
<b>EXPENDITURES</b>				
<b>Professional</b>				
Supervisors	-	2,153	5,383	40%
Management	1,545	9,268	18,536	50%
Audit	4,700	7,200	7,200	100%
Legal	-	-	500	0%
Postage	-	164	425	39%
Meeting room	-	696	1,000	70%
Insurance	-	6,406	6,500	99%
Printing and binding	42	250	500	50%
Legal advertising	219	986	1,500	66%
Other current charges	80	394	750	53%
Annual district filing fee	-	175	175	100%
Wesbite	-	616	500	123%
Tax bills	-	1,352	1,881	72%
Total professional	<u>6,586</u>	<u>29,660</u>	<u>44,850</u>	66%
<b>Parks &amp; recreation</b>				
Boat lift repair and maintenance	-	2,731	5,000	55%
Lake maintenance	205	1,025	2,000	51%
Capital outlay - dock	-	2,850	50,000	6%
Total parks & recreation	<u>205</u>	<u>6,606</u>	<u>57,000</u>	12%
<b>Access control</b>				
Telephone - gate	318	1,438	1,700	85%
Insurance - property & causality	-	2,389	2,500	96%
Repairs & maintenance - gate	2,176	9,435	25,000	38%
Landscape maintenance	1,342	6,522	15,000	43%
Contingency	-	-	3,115	0%
Capital outlay	-	18,753	45,000	0%
Total access control	<u>3,836</u>	<u>38,537</u>	<u>92,315</u>	42%
<b>Roadway/signage/street lighting</b>				
Electric utility service	1,316	6,452	10,000	65%
Repairs and maintenance	-	2,540	3,000	85%
Capital outlay	-	6,800	2,500	272%
Total roadway/signage/street lighting	<u>1,316</u>	<u>15,792</u>	<u>15,500</u>	102%

**PALM BAY  
COMMUNITY DEVELOPMENT DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE PERIOD ENDED MARCH 31, 2018**

	Current Month	Year to Date	Budget	% of Budget
<b>Other fees &amp; charges</b>				
Property appraiser	-	-	2,463	0%
Tax collector	33	2,959	3,285	90%
Total other fees & charges	33	2,959	5,748	51%
Total expenditures	11,976	93,554	215,413	43%
 Excess/(deficiency) of revenues over/(under) expenditures	 (10,245)	 54,824	 (57,500)	
 Fund balances - beginning	 130,247	 65,178	 90,290	
Fund balances - ending	<u>\$ 120,002</u>	<u>\$ 120,002</u>	<u>\$ 32,790</u>	

**PALM BAY  
COMMUNITY DEVELOPMENT DISTRICT  
PROPRIETARY FUND  
STATEMENT OF NET POSITION  
MARCH 31, 2018**

**ASSETS**

Current assets:

Cash - SunTrust	\$ 162,886
Accounts receivable - (net of allowances for uncollectible)	11,167
Due from governmental funds	<u>827</u>
Total current assets	<u>174,880</u>

Noncurrent assets:

Utility plant and improvements	171,505
Less accumulated depreciation	<u>(171,505)</u>
Total capital assets, net of accumulated depreciation	<u>-</u>
Total noncurrent assets	<u>-</u>
Total assets	<u>174,880</u>

**LIABILITIES**

Current liabilities:

Customer deposits payable	<u>8,395</u>
Total liabilities	<u>8,395</u>

**NET POSITION**

Unrestricted	<u>166,485</u>
Total net position	<u><u>\$ 166,485</u></u>

**PALM BAY  
COMMUNITY DEVELOPMENT DISTRICT  
PROPRIETARY FUND  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE PERIOD ENDED MARCH 31, 2018**

	Current Month	Year to Date	Budget	% of Budget
<b>OPERATING REVENUES</b>				
Assessment levy	\$ 163	\$ 14,867	\$ 15,850	94%
Charges for sales and services:				
Water & sewer	8,717	54,535	110,000	50%
Interest	5	31	10	310%
Total operating revenues	<u>8,885</u>	<u>69,433</u>	<u>125,860</u>	55%
<b>OPERATING EXPENSES</b>				
Water & sewer - county	7,921	42,119	95,767	44%
Maintenance costs	803	3,182	15,000	21%
Other current charges	64	425	850	50%
Total operating expenses	<u>8,788</u>	<u>45,726</u>	<u>111,617</u>	41%
Operating income	<u>97</u>	<u>23,707</u>	<u>14,243</u>	166%
<b>NONOPERATING REVENUES/(EXPENSES)</b>				
Property appraiser	-	-	(238)	N/A
Tax collector	(3)	(297)	(317)	N/A
Total nonoperating revenues/(expenses)	<u>(3)</u>	<u>(297)</u>	<u>(555)</u>	N/A
Change in net position	94	23,410	13,688	
Total net position - beginning	166,391	143,075	154,384	
Total net position - ending	<u>\$ 166,485</u>	<u>\$ 166,485</u>	<u>\$ 168,072</u>	

**PALM BAY  
COMMUNITY DEVELOPMENT DISTRICT**

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**Present and constituting a quorum were:**

**Also present:**

## FIRST ORDER OF BUSINESS

## Call to Order/Roll Call

Mr. Adams called the meeting to order at 9:01 a.m. Supervisors Bergman, Aschenbrenner, Miller and Williamson were present in person. Supervisor Turner was not present at roll call.

## SECOND ORDER OF BUSINESS

## Public Comments

Mr. Daryl Crawford, a resident, asked about the water and sewer billing process, as one homeowner reported that payments were not being posted in a timely manner and changes were to have been made in July. Mr. Adams stated this item would be covered during the Third Order of Business.

Ms. Martha Nadar, a resident and HOA President, asked if the paving contractor was paid in full. Mr. Adams replied that the contractor was paid for the original job. Ms. Nadar read on the website about the District trying to get EC to repair the pavers. Mr. Adams stated that Mr.



Williamson would give an update. Ms. Nadar felt that the water company issue has gone on too long.

Mr. Jeff Lynn, a resident, stated that he had two months of bills, reaching \$1,038, and reluctantly paid, because the person he spoke to was extremely forceful and told him that there was no mistake. Despite installing a pool and sod during various months, he felt he was billed for more gallons than he should have and questioned the accuracy of the bills. The house was in foreclosure for a year prior to purchase and, even though he challenged the meter reads, they still wanted him to pay back water bills for that year. Mr. Adams stated that water bills were based on usage; if a high bill is received, the water meter should be checked to ensure it is performing accurately. Costs are calculated using a tier structure and, once the base amount is exceeded, charges are steep, in terms of cost per 1,000 gallons.

***\*\*\*Supervisor Turner arrived at the meeting at 9:07 a.m.\*\*\****

Ms. Wendy Popielarcheck, a resident, felt that the frequency and timing of meetings were inconvenient and asked about moving meetings to a more realistic time, such as after work, so more residents could attend. Mr. Adams stated the CDD meetings were held quarterly and it would be up to the Board to change the time. Discussion ensued regarding the best time to schedule the meetings. Ms. Popielarcheck asked about the CDD's responsibilities and whether the financials were posted on the CDD website. Mr. Adams confirmed the CDD website contains a plethora of current and historical information, including minutes, audits, budgets, schedules, agendas, Board Member contact information and the CDD's responsibilities. The duty of the CDD is to manage the infrastructure. The CDD issued bonds to pay for the initial infrastructure, which were paid in full and the District was now in the process of reinvesting in the infrastructure before reducing operating assessments. Ms. Nadar stated, as HOA President, her time is consumed with CDD issues such as water, pavers, gates, decals. Mr. Adams stated that Ms. Nadar should direct people to the CDD website. Mr. Lynn believed that was because of CDD meeting schedule and time; he was in favor of increasing the budget to hold evening meetings and combining the HOA and CDD meetings; communication between the HOA and CDD should be synced. A Board Member stated an increase in fees was not warranted but improving communication between the HOA and CDD and information between the HOA and residents were needed. In response to a suggestion to send the minutes, via email, Mr. Adams suggested sending them to Ms. Nadar who would send them to residents, via HOA e-blast. Because Sunshine Law applies to information being public, the CDD does not have an email

74 database. The email message should encourage residents visit the CDD website to review  
75 minutes and to learn more about the CDD. A Board Member stated he attended past HOA  
76 meetings and gave snippets of CDD updates and, in return, brought certain resident concerns or  
77 future projects to the CDD. Mr. Adams stated having a CDD liaison at the HOA meeting was  
78 common; however, they must be careful, as, under the Sunshine Law, two or more CDD Board  
79 Members cannot discuss CDD-related items outside of a public CDD meeting.

80 Ms. Judy Anderson, a resident, was attending to gain a better understanding of the  
81 differences between the CDD and the HOA. She asked how to get on the email list and offered  
82 to volunteer her services. Ms. Nadar advised her to attend the next HOA meeting on January 25,  
83 2018 at 5:30 p.m., at the library. Mr. Adams stated changing the frequency and time of the  
84 meetings should be discussed during the May budget meeting. Mr. Lynn asked if leftover  
85 receipts for power washing and re-staining the deck area could be submitted for reimbursement.  
86 Mr. Adams would review them to determine whether those could be reimbursed. Going forward,  
87 before performing any work on CDD assets, it should first be discussed at a CDD meeting.

### 88 89 **THIRD ORDER OF BUSINESS**

### **Update: Online Utility Bill Payment Initiation**

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92 Mr. Adams presented a timeline of the issues causing delays in the online utility bill pay  
93 process. Severn Trent's central processing center, in Houston, Texas, was shut down due to  
94 Hurricane Harvey, thus delaying processing payments; normal services returned in October.  
95 More delays occurred in December, when Severn Trent North America was acquired by  
96 Inframark. Further delays were caused by the recent Federal Regulation changes in banking, in  
97 regard to online payment services requiring additional information from Management, who, as a  
98 private entity, was not willing to provide. This issue resulted in having to create a direct  
99 agreement between the Bank and the CDD so that payments could be made through  
100 Management, solely as their treasury service provider. Within 30 to 45 days, residents should be  
101 able to pay online. Once residents begin paying online, likely no later than July, and, with the  
102 new language added to the irrigation rule, which states bills would be considered past due when  
103 it is 20 days past the date on the actual statement, a decline in late fees should occur.

104 Mr. Adams stated that Hillsboro County supplies water and sewer and bulk services for  
105 the CDD. He explained that Hillsboro County stops services on the CDD side of the Master  
106 meter. The CDD owns the lift station and everything internal to the community, in terms of

water and sewer. Severn Trent provides meter reading and addresses line breaks, sewage back-ups at the connection points to the home, raising meters, and emergency response when there are issues with the lift station. In response to a question, Mr. Adams stated residents may contact Severn Trent directly to replace a water meter box and they, in turn, submit an invoice to the CDD for payment. The budget is funded for those types of repairs and maintenance. Mr. Crawford asked if Severn Trent would continue to waive late fees for all residents until the online payment process was finalized. Mr. Adams replied affirmatively; however, once online payment is active, residents must begin using that process to insure there are no further late fee charges. The cost to offer online payment services is \$3,000 and \$4,000, annually. From his recent discussions with the Vice President of the Bank, the documents were being fast tracked; and Inframark is ready with a template to set up and create the CDD's website. Once the process is finalized, an informational package would be sent to residents. Ms. Nadar suggested using Midway Services as their online services provider. Mr. Adams stated that, until the online payment process is set up, the District should wait before considering any other options.

#### **FOURTH ORDER OF BUSINESS**

#### **Update: New Dock Project**

Mr. Turner stated the new design plans for the dock should arrive soon; he expects the permits to be pulled using the Construction Contractor's license. Regarding awarding a contract, Mr. Adams stated that the first step is the Request for Proposals (RFP) process and, once selected, it would become an exhibit to the Construction Contract. The additional dock and sea wall project is expected to cost less than \$70,000, which would require an open, as opposed to closed, RFP. Mr. Adams suggested asking the Construction Contractor to seek a few contractor leads for the boat lift. Mr. Turner stated that, once the dock and lift installation were complete, there were plans to install a fish cleaning station, with water and power. He would present further details of this project at the next HOA meeting; these were the types of projects that the HOA and CDD should work on together to get community input, before beginning discretionary projects. Discussion ensued regarding rumors about building a community pool near the beach, work needed at the beach area and, as a community, investing in the area. Ms. Anderson asked if the beach was sprayed for bugs. It was suggested that she ask the County to spray the area before holding an event, since spraying does not last long.

#### **Supervisors' Requests**

***\*\*\*This item, previously the Eighth Order of Business, was presented out of order.\*\*\****

140 Mr. Williamson presented an overview of the paver project; proposals were submitted  
141 and it was now in the contract stage. Collectively, there are at least 30 cracked pavers. The  
142 project consists of repairing the broken pavers, replacing, sanding and beginning the sealing  
143 process. Mr. Adams would send the deposit to the Contractor. It was noted that a new contract  
144 was required because the original contractor went out of business. Discussion ensued regarding  
145 the previous contractors efforts in returning twice to make repairs and that the damages were  
146 mainly due to heavy trucks, spacing issues and the use of aggregate concrete versus smooth. Mr.  
147 Adams expected completion in February. In response to a question, Mr. Williamson stated that,  
148 once a project timetable is developed, the intent was to present it at an HOA meeting. Residents  
149 would be notified when the project would begin, the areas being closed off and how long the  
150 sealing process would take. Once the contract is executed, the project should start in February  
151 and would be broken down into stages; certain roads will be portioned off, hopefully resulting in  
152 as little inconvenience as possible. Between repairing and sealing the pavers, it will take a  
153 number of days. He preferred the project be completed before the rainy season.

154 Mr. Aschenbrenner stated the installation of the virtual guard entry system went better  
155 than expected. Repairs to the pedestrian gate were made; however, someone removed parts that  
156 prevent it from shutting automatically, so it is broken again. It would be inspected again and the  
157 combination lock was being removed. Discussion ensued regarding installing a tougher spring,  
158 welding it so that it does not go past 90°, changing the design by flipping the arm to go right to  
159 the left, whether the tampering was captured on camera and residents prying it open. Temporary  
160 repairs would be made while obtaining quotes for a new gate. Mr. Adams confirmed these costs  
161 could be allocated from the maintenance budget.

162 Mr. Aschenbrenner stated the virtual guards were given a stacking protocol to follow,  
163 which allows opening the gate when four or more vehicles are waiting for entry. Protocol would  
164 be reduced to three, which was necessary because they were not able to see past the larger trucks  
165 entering the development. All vehicles are still monitored by the cameras. Discussed ensued  
166 regarding delays caused by the Amazon and Uber drivers using private vehicles, which resulted  
167 in adding them and other standard delivery service providers to the protocol list, asking residents  
168 to install the Uber App, the speediness of the system reading licenses in under 10 seconds and  
169 asking residents to add delivery providers to their temporary visitors list. Some residents were  
170 requesting more than four decals; however, when the decals were purchased, it was decided that  
171 each household would only receive two and was limited to obtaining up to four; they would be

charged \$25 per decal, beyond the first two. The CDD purchased the decals for \$12. Since residents cannot remove decals when changing vehicles, he offered to show how to link the decal to the App; those instructions are also on the website. Discussion ensued regarding trash and it was noted that, not only is the trash to be removed at the Marina but they were also asked to remove trash from the beach.

Mr. Aschenbrenner reiterated that the vendor for the pedestrian gate considered the project complete; because residents tampered with it, he would confirm if the warranty would cover those repairs. Mr. Adams stated repairs would likely result in additional charges. Discussion ensued regarding residents using key fobs, since the lock was being removed, issues with the combination lock, concerns about removing the lock, since it is useful for those with younger children, the number of people knowing the combination, fewer vehicles were broken into or stolen this year because of the lock and that the HD cameras should help with that issue.

#### **FIFTH ORDER OF BUSINESS**

#### **Approval of Unaudited Financial Statements as of November 30, 2017**

Mr. Adams presented the Unaudited Financial Statements as of November 30, 2017. Assessment revenue collections were at 17% and expenditures were at 9%. Some of the proprietary funds could be used to offset some of the costs associated with the dock. In response to the question, Mr. Adams stated that a not-to-exceed amount of \$60,000 was approved for the dock. The design process was almost complete; the next step would be the RFP and then determining how to fund it. Funding was allotted; however, unrestricted surplus funds were available if there is a need to offset some of the costs.

#### **SIXTH ORDER OF BUSINESS**

#### **Approval of October 12, 2017 Regular Meeting Minutes**

Mr. Adams presented the October 12, 2017 Regular Meeting Minutes and asked for any deletions, additions or corrections.

**On MOTION by Mr. Miller and seconded by Mr. Bergman, with all in favor, the October 12, 2017 Regular Meeting Minutes, as presented, were approved.**

**SEVENTH ORDER OF BUSINESS****Staff Reports****A. District Counsel**

There being no report, the next item followed.

**B. District Engineer**

There being no report, the next item followed.

**C. District Manager****i. NEXT MEETING DATE: April 26, 2018 at 9:00 A.M.**

- **Approve Fiscal Year 2018/2019 Proposed Budget**
- **Accept Audited Financial Report for Fiscal Year 2017**

The next meeting will be held on April 26, 2018 at 9:00 a.m., at this location.

**EIGHTH ORDER OF BUSINESS****Supervisors' Requests**

Supervisors' requests were presented, in part, following the Fourth Order of Business.

Mr. Turner stated the HOA asked him to go over some items with the Board relating to the broken pavers and the dock project, which were discussed earlier in the meeting. The HOA was also concerned about the stacking stones, outside the walls and beyond the pond at the entrance, falling down. Mr. Adams suggested setting the stones in concrete or using an epoxy. Residents were pleased with the mail box project and were now concerned with the white street and stop sign posts not being black. Discussion ensued regarding painting the posts, funding the project, whether paint would adhere, maintenance of the posts, etc. Mr. Aschenbrenner would request bids for this project. In response to a question, Mr. Adams stated there was enough in the maintenance budget to purchase and install more mounted garbage cans at the Marina.

**NINTH ORDER OF BUSINESS****Adjournment**

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

<p><b>On MOTION by Mr. Aschenbrenner and seconded by Mr. Miller, with all in favor, the meeting adjourned at 10:07 a.m.</b></p>
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Secretary/Assistant Secretary

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Chair/Vice Chair

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