

**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2016**

**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

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**SEPTEMBER 30, 2016**

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## **INDEPENDENT AUDITOR'S REPORT**

Nathan A. Phillips, CPA

Deborah L. Harvey, CPA

March 3, 2017

Stephanie J. Feldman, CPA

Michelle L. Vastola, CPA

Shannon Huber, CPA

Trey M. Bruce, CPA

To the Board of Supervisors  
PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT  
Naples, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT as of September 30, 2016, and the respective changes in financial position for the 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 on pages 3 through 10 and 32 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 3, 2017, on our consideration of the PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT's internal control over financial reporting and compliance.

  
PHILLIPS HARVEY GROUP, P.A.  
Certified Public Accountants  
Naples, Florida

# **PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**SEPTEMBER 30, 2016**

## **MANAGEMENT DISCUSSION AND ANALYSIS OVERVIEW AND HISTORY**

The Pelican Marsh Community Development District (the “District”) has prepared the following Management Discussion and Analysis (the “MD&A”), which presents an overview of the District’s financial activities for the fiscal year ended September 30, 2016. Please read it in conjunction with the letter of transmittal in the introductory section, and the District’s audited financial statements following the MD&A.

The Pelican Marsh Community Development District is a special purpose unit of government created in 1993 under Florida Statute Chapter 190. The purpose of Community Development Districts throughout Florida is to provide a uniform method for financing and maintaining public services and capital assets. Special Districts frequently substitute or “stand-in” for general-purpose governments when their priorities would not otherwise provide for these public facilities in Master Planned Communities.

### **Financial Highlights**

- Total net position, FY 2016 was \$21.2 million in the statement of net position.
- There was a \$624,592 increase in net position for 2016.
- Fund balances on hand at September 30, 2016 totaled approximately \$2.1 million dollars; of this amount \$1,300,293 was in the District’s general fund.
- There were no instances of non-compliance or material weaknesses noted within the compliance report requiring a response.

### ***Overview of the Financial Statements***

This discussion and analysis is intended to serve as an introduction to the District’s basic financial statements. The District’s basic financial statements comprise three components:

- 1) government-wide financial statements;
- 2) fund financial statements; and
- 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### ***Government-Wide Financial Statements***

In 2015, the District adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement required that the difference between assets and liabilities be reported as net position. In addition, the impact of a deferred outflow of resources or a deferred inflow of resources must be explained.

The government-wide financial statements, which consist of the following two statements, are designed to provide readers with a broad overview of the District’s finances, in a manner similar to private-sector businesses.

The statement of net position presents information on all of the District’s assets and liabilities, with the difference between the two reported as net position. Over time, as the original debt is retired, increases or decreases in net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

# **PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**SEPTEMBER 30, 2016**

## **MANAGEMENT DISCUSSION AND ANALYSIS OVERVIEW AND HISTORY**

### ***Government-Wide Financial Statements (continued)***

The statement of activities presents information showing how the government's net position changed during fiscal year 2016. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected but earned, and unused vacation leave).

Both of these financial statements distinguish functions of the District that are principally supported by non-ad valorem assessments, intergovernmental and miscellaneous revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. Examples of these would include the sale of irrigation meters and community service fees. The governmental activities of the District include general government, public works, security and physical environment. The government-wide financial statements can be found immediately following the MD&A.

Fund financial statements present financial information for governmental funds. These statements provide financial information for the major funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources.

Fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all governmental funds. A statement of revenues, expenditures, and changes in fund balances-budget and actual, is provided for the District's General and Debt Service Funds. Fund financial statements provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses or to comply with legal requirements.

The government-wide financial statements and the fund financial statements provide different pictures of the District. The government-wide financial statements provide an overall picture of the District's financial standing. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets of the District, including buildings, land, roads, bridges, and traffic signals are reported in the statement of net position. All liabilities, including principal outstanding on bonds, obligated but not paid by the District, are included. The statement of activities includes depreciation on all long lived assets of the District, but transactions between the different functions of the District have been eliminated in order to avoid "doubling up" the revenues and expenses. The fund financial statements provide a picture of the major funds of the District. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as general obligation bonds, are not included in the fund financial statements. To provide a link from the fund financial statements to the government-wide financial statements, a reconciliation is provided from the fund financial statements to the government-wide financial statements.

Notes to the financial statements provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District; investments of the District, capital assets, and long-term debt are some of the items included in the notes to the financial statements.

**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**SEPTEMBER 30, 2016**

**MANAGEMENT DISCUSSION AND ANALYSIS  
OVERVIEW AND HISTORY**

**FY 2016 Final Budget Analysis**

The following year-end adjustments for budgeted revenues and expenditures have been prepared from audited statements.

<b><u>GENERAL FUND</u></b>	<b><u>Original Budget</u></b>	<b><u>Final Budget</u></b>
<u>Revenue</u>		
Maintenance assessments	\$ 3,315,075	\$ 3,315,075
Investment earnings and other	<u>78,800</u>	<u>78,800</u>
Total Revenue	3,393,875	3,393,875
 <u>Expenditures</u>		
General government/admin	417,300	417,300
Community Services:		
Field management	170,100	170,100
Water management	315,000	315,000
Street lighting	99,300	99,300
Landscape maintenance	1,328,100	1,328,100
Access control	797,900	797,900
Roadway service	17,000	17,000
 <u>Debt service</u>		
Principal retirement	0	0
Interest & fiscal charges	0	0
Capital outlay	211,500	211,500
Contingency/revenue reserve	<u>37,675</u>	<u>37,675</u>
 Total Expenditures	<u>3,393,875</u>	<u>3,393,875</u>
 <u>Other</u>		
Transfers in (out)	<u>(0)</u>	<u>(0)</u>
 Excess (deficiency) of revenue Over (under) expenditures	<u>\$ 0</u>	<u>\$ 0</u>
 <b><u>DEBT SERVICE FUNDS</u></b>	<b><u>Original</u></b>	<b><u>Final</u></b>
<u>Revenue</u>		
Special assessments	\$ 1,678,634	\$ 2,894,893
Prepaid assessments	0	43,000
Investment earnings and other	<u>763,558</u>	<u>817,039</u>
 Total Revenues	<u>2,442,192</u>	<u>3,754,932</u>

**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**SEPTEMBER 30, 2016**

**MANAGEMENT DISCUSSION AND ANALYSIS**  
**OVERVIEW AND HISTORY**

**FY 2016 Final Budget Analysis (Continued)**

**Expenditures**

**Current:**

General government/administration	181,173	181,173
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**Debt service**

Principal retirement	1,770,000	3,155,000
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Interest & fiscal charges	<u>491,019</u>	<u>489,095</u>
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Total Expenditures	<u>2,442,192</u>	<u>3,754,932</u>
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Excess (deficiency) of revenues

Over (under) expenditures	<u>\$ 0</u>	<u>\$ 0</u>
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**Capital Asset Balances**

The following schedule provides a summary of the District's capital asset balances, net of accumulated depreciation, at September 30, 2015 and 2016.

<b>Description</b>	<b><u>Governmental Activities</u></b>		<b><u>Percent Change</u></b>
	<b><u>2015</u></b>	<b><u>2016</u></b>	
Land	\$ 6,838,000	\$ 6,838,000	-
Land improvements	8,189,367	8,189,367	-
Buildings	2,094,173	2,033,571	(3.0%)
Improvements, net	1,570,065	1,592,394	1.4%
Infrastructure, net	9,080,477	8,500,210	(6.0%)
Machinery and equipment, net	223,414	182,670	(18.0%)
Construction in progress	<u>2,475</u>	<u>0</u>	(100%)
Total Capital Assets, net	<u>\$ 27,997,971</u>	<u>\$ 27,336,212</u>	(2.4%)



**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**SEPTEMBER 30, 2016**

**MANAGEMENT DISCUSSION AND ANALYSIS  
OVERVIEW AND HISTORY**

**Financial Analysis of the District (Continued)**

**Changes in General Fund Balances**

	<u>2015</u>	<u>2016</u>	<u>Percent Change</u>	
<u>Program Revenues</u>				
Maintenance Assessments	\$ 3,210,848	\$ 3,307,964	3.0%	
<u>General Revenue</u>				
Investment/Misc	82,608	83,574	1.1%	
	<u>3,293,456</u>	<u>3,391,538</u>	2.9%	
<u>Expenses</u>				
General Government	424,189	421,662	(.005%)	
Community Services	2,625,821	2,583,867	(1.5%)	
Capital Outlay	<u>219,682</u>	<u>203,930</u>	(7.0%)	
Total Expenses	3,269,692	3,209,459	(1.8%)	
<u>Other Financing Sources (Uses)</u>				
Transfers in	<u>0</u>	<u>10,098</u>	100%	(1)
Change in Fund Balance	23,764	192,177	708%	
Fund Balance - Beginning of Year	<u>1,084,352</u>	<u>1,108,116</u>	2.2%	
Fund Balance - End of Year	<u>\$ 1,108,116</u>	<u>\$ 1,300,293</u>	17.3%	

(1) Increase due to a balance transferred when the 1997A Series bonds were retired.

**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**SEPTEMBER 30, 2016**

**MANAGEMENT DISCUSSION AND ANALYSIS  
OVERVIEW AND HISTORY**

**Financial Analysis of the District (Continued)**

**Changes in Debt Service Fund Balances**

	<u>2015</u>	<u>2016</u>	<u>Percent Change</u>	
<u>Program Revenues</u>				
Special Assessments	\$ 2,787,822	\$ 1,613,276	(42%)	(1)
Prepaid Assessments	1,505,498	42,458	(97%)	(2)
<u>General Revenue</u>				
Investment/Misc	22,215	11,261	(49%)	
	<u>4,315,535</u>	<u>1,666,995</u>	(61%)	
<u>Expenses</u>				
General Government	146,936	110,837	(25%)	
Principal Retirement	2,470,000	3,155,000	28%	(3)
Interest and Fiscal Charges	<u>618,725</u>	<u>489,095</u>	(21%)	
Total Expenses	3,235,661	3,754,932	16%	
<u>Other Financing Sources (Uses)</u>				
Transfers in (out)	<u>0</u>	<u>(10,098)</u>	(100%)	(4)
Change in Fund Balance	1,079,874	(2,098,035)	(294%)	(1)
Fund Balance - Beginning of Year	<u>1,847,045</u>	<u>2,926,919</u>	58%	
Fund Balance - End of Year	<u>\$ 2,926,919</u>	<u>\$ 828,884</u>	(72%)	

(1) Decrease due to the retirement of the 1997A Series bonds.

(2) Decrease a result of one-time prepayments received from TWC Associates, Galleria Shoppes at Vanderbilt in 2015.

(3) Increase due to prepayments made during the year due from TWC Associate payment received in 2015.

(4) Decrease due to a balance transferred when the 1997A Series bonds were retired.

**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**SEPTEMBER 30, 2016**

**MANAGEMENT DISCUSSION AND ANALYSIS  
OVERVIEW AND HISTORY**

**Financial Analysis of the District (Continued)**

The following schedule provides a summary of the assets, liabilities and net position of the District and is presented by category for comparison purposes.

**Net Position**

	Governmental Activities		Percent Change	
	2015	2016		
<u>Assets</u>				
Current Assets	\$ 1,292,028	\$ 1,428,179	11.0%	
Restricted Assets	2,858,759	784,981	(72.0%)	(1)
Capital Assets	27,997,971	27,336,212	(2.4%)	
Total Assets	32,148,758	29,549,372	(8.0%)	
<u>Liabilities</u>				
Current Liabilities	2,474,666	1,237,688	(49.9%)	
Non-Current Liabilities	9,105,000	7,100,000	(22.0%)	(1)
Total Liabilities	11,579,666	8,337,688	(28.0%)	
<u>Net Position</u>				
Net Position Invested in Capital				
Assets, Net of Debt	16,747,971	19,241,212	15.0%	(1)
Restricted for Debt Service	2,641,479	624,276	(76.3%)	(1)
Unrestricted	1,179,642	1,346,196	14.0%	
Total Net Position	\$ 20,569,092	\$ 21,211,684	3.1%	

(1) Decrease due to the retirement of the 1997A Series bonds.

**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**SEPTEMBER 30, 2016**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**OVERVIEW AND HISTORY**

**Financial Analysis of the District (Continued)**

**Change in Net Position**

	<b><u>Governmental Activities</u></b>		<b><u>Percent Change</u></b>
	<b><u>2015</u></b>	<b><u>2016</u></b>	
Program Revenues			
Charges for services	\$ 7,504,169	\$ 4,963,698	(34.0%) (1)
General Revenues			
Investment earnings	2,410	8,352	246%
Miscellaneous income	102,413	86,344	(15.6%)
Total Revenues	<u>7,608,992</u>	<u>5,058,394</u>	(33.5%)
Expenses			
General government	571,124	532,360	(6.8%)
Community services	3,487,999	3,449,556	(1.1%)
Interest on long-term debt	<u>572,183</u>	<u>433,886</u>	(24.1%)
Total Expenses	<u>4,631,306</u>	<u>4,415,802</u>	(4.6%)
Change in Position	2,977,686	642,592	(78.2%)
Net Position - Beginning of Year	<u>17,591,406</u>	<u>20,569,092</u>	16.9%
Net Position - End of Year	<u>\$ 20,569,092</u>	<u>\$ 21,211,684</u>	3.1%

(1) Decrease a result of one-time prepayments received from TWC Associates, Galleria Shoppes at Vanderbilt in 2015 and to the retirement of the 1997A Series bonds.

**Conclusion**

The 2016 fiscal year was a year of continuing refinement of focus and challenged financial accounting. If you, upon review of the above, have any questions or concerns, please do not hesitate to contact me.

Sincerely,

*W. Neil Dorrill*

W. Neil Dorrill, District Manager  
Pelican Marsh Community Development District  
cc: Supervisors

**PART I. FINANCIAL SECTION**

**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**STATEMENTS OF NET POSITION**

**SEPTEMBER 30, 2016 AND 2015**

<b>ASSETS</b>	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
Cash	\$ 1,382,178	\$ 1,244,490
Receivables	46,001	47,538
Restricted assets:		
Investments, restricted for principal and interest	782,981	2,855,393
Prepaid expenses	0	1,366
Other assets	2,000	2,000
Capital assets, net:		
Nondepreciable assets:		
Land	6,838,000	6,838,000
Land improvements	8,189,367	8,189,367
Construction in progress	0	2,475
Depreciable assets, net of accumulated depreciation:		
Buildings	2,033,571	2,094,173
Improvements	1,592,394	1,570,065
Infrastructure	8,500,210	9,080,477
Machinery and equipment	182,670	223,414
Total capital assets, net (Note 4)	<u>27,336,212</u>	<u>27,997,971</u>
Total assets	<u>29,549,372</u>	<u>32,148,758</u>
<b>LIABILITIES</b>		
Accounts payable	29,451	65,530
Accrued payroll and other	54,532	50,222
Accrued interest payable	158,705	213,914
Non-current liabilities:		
Portion due within one year (Note 5)	995,000	2,145,000
Portion due after one year (Note 5)	<u>7,100,000</u>	<u>9,105,000</u>
Total liabilities	<u>8,337,688</u>	<u>11,579,666</u>
<b>NET POSITION</b>		
Investment in capital assets, net of related debt	19,241,212	16,747,971
Restricted for:		
Debt service	624,276	2,641,479
Unrestricted	<u>1,346,196</u>	<u>1,179,642</u>
Total net position	<u>\$ 21,211,684</u>	<u>\$ 20,569,092</u>

The accompanying notes are an integral part of these financial statements.

**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**(with comparative totals for 2015)**

<b><u>Functions/Programs</u></b>	<b><u>2016</u></b>			<b><u>Net (Expenses)</u></b>	<b><u>2015</u></b>
	<b><u>Program Revenues</u></b>			<b><u>Revenues and</u></b>	<b><u>Net (Expenses)</u></b>
	<b><u>Expenses</u></b>	<b><u>Charges for Services</u></b>	<b><u>Operating Grants and Contributions</u></b>	<b><u>Changes in Net Position</u></b>	<b><u>Revenues and Changes in Net Position</u></b>
Primary Government:				<b><u>Governmental</u></b>	<b><u>Comparative</u></b>
Governmental activities:				<b><u>Activities</u></b>	<b><u>Totals</u></b>
General government	\$ 532,360	\$ 576,609	\$ 0	\$ 44,249	\$ 212,447
Community services	3,449,556	2,905,403	0	(544,153)	(661,405)
Interest on long term debt	<u>433,886</u>	<u>1,481,686</u>	<u>0</u>	<u>1,047,800</u>	<u>3,321,821</u>
Total governmental activities	<u>\$ 4,415,802</u>	<u>\$ 4,963,698</u>	<u>\$ 0</u>	<u>547,896</u>	<u>2,872,863</u>
General revenues:					
Interest income				8,352	2,410
Miscellaneous				<u>86,344</u>	<u>102,413</u>
Total general revenues				<u>94,696</u>	<u>104,823</u>
Change in net position				642,592	2,977,686
Net position, September 30, 2015				<u>20,569,092</u>	<u>17,591,406</u>
Net position, September 30, 2016				<u>\$21,211,684</u>	<u>\$20,569,092</u>

The accompanying notes are an integral part of these financial statements.

**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2016**

	<b>2016</b>					<b>2015</b>
	<b>MAJOR FUNDS</b>					
	<b>DEBT SERVICE GENERAL</b>	<b>DEBT SERVICE 1997 A</b>	<b>DEBT SERVICE 2012</b>	<b>DEBT SERVICE 2013</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>Totals</b>
<b><u>ASSETS</u></b>						
Cash (Note 3)	\$ 1,382,178	\$ 0	0	\$ 0	\$ 1,382,178	\$ 1,244,490
Investments (Note 3)	0	0	560,631	222,350	782,981	2,855,393
Receivables	34,531	0	4,661	6,809	46,001	47,538
Due from other funds	28,391	0	0	50,933	79,324	1,437,341
Prepaid expenses	0	0	0	0	0	1,366
Other assets	2,000	0	0	0	2,000	2,000
Total Assets	<u>\$ 1,447,100</u>	<u>\$ 0</u>	<u>\$ 565,292</u>	<u>\$ 280,092</u>	<u>\$ 2,292,484</u>	<u>\$ 5,588,128</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
Liabilities:						
Accounts payable	\$ 29,451	\$ 0	0	0	\$ 29,451	\$ 65,530
Accrued payroll and other	54,532	0	0	0	54,532	50,222
Due to other funds	62,824	0	8,250	8,250	79,324	1,437,341
Total Liabilities	<u>146,807</u>	<u>0</u>	<u>8,250</u>	<u>8,250</u>	<u>163,307</u>	<u>1,553,093</u>
Fund Balances (Note 8):						
Reserved for:						
Non-spendable	0	0	0	0	0	1,366
Restricted	90,000	0	557,042	271,842	918,884	3,016,919
Assigned	616,575	0	0	0	616,575	249,175
Unassigned	593,718	0	0	0	593,718	767,575
Total Fund Balances	<u>1,300,293</u>	<u>0</u>	<u>557,042</u>	<u>271,842</u>	<u>2,129,177</u>	<u>4,035,035</u>
Total Liabilities and Fund Balances	<u>\$ 1,447,100</u>	<u>\$ 0</u>	<u>\$ 565,292</u>	<u>\$ 280,092</u>	<u>\$ 2,292,484</u>	<u>\$ 5,588,128</u>
Amounts reported for governmental activities in the statement of net position are different because:						
Fund balances - governmental funds					\$ 2,129,177	\$ 4,035,035
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 accumulated depreciation, in the assets of the government as a whole.					27,336,212	27,997,971
Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements.						
All liabilities, both current and long-term, are reported in the government-wide statements.					(8,253,705)	(11,463,914)
Net position of governmental activities					<u>\$ 21,211,684</u>	<u>\$ 20,569,092</u>

The accompanying notes are an integral part of these financial statements.



**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<b>2016</b>					<b>2015</b>
	<b>MAJOR FUNDS</b>					
	<b>GENERAL</b>	<b>DEBT SERVICE 1997 A</b>	<b>DEBT SERVICE 2012</b>	<b>DEBT SERVICE 2013</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>Totals</b>
<b>REVENUES:</b>						
Maintenance assessments	\$ 3,307,964	\$ 0	\$ 0	\$ 0	\$ 3,307,964	\$ 3,210,848
Special assessments	0	139,759	598,816	874,701	1,613,276	2,787,822
Prepaid assessments	0	0	9,759	32,699	42,458	1,505,498
Interest and other revenues	83,574	31	4,600	6,630	94,835	104,823
Total Revenues	<u>3,391,538</u>	<u>139,790</u>	<u>613,175</u>	<u>914,030</u>	<u>5,058,533</u>	<u>7,608,991</u>
<b>EXPENDITURES:</b>						
Current:						
General government	421,662	20,081	39,933	50,823	532,499	571,125
Community services:						
Field management	169,356	0	0	0	169,356	165,493
Water management	293,016	0	0	0	293,016	306,154
Street lighting	90,560	0	0	0	90,560	91,684
Landscaping maintenance	1,216,309	0	0	0	1,216,309	1,260,985
Access control	774,944	0	0	0	774,944	749,780
Roadway service	39,682	0	0	0	39,682	51,725
Capital outlay	203,930	0	0	0	203,930	219,682
Debt service:						
Principal	0	830,000	235,000	2,090,000	3,155,000	2,470,000
Interest	0	45,513	313,732	129,850	489,095	618,725
Total Expenditures	<u>3,209,459</u>	<u>895,594</u>	<u>588,665</u>	<u>2,270,673</u>	<u>6,964,391</u>	<u>6,505,353</u>
Excess (deficiency) of revenues over (under) expenditures	182,079	(755,804)	24,510	(1,356,643)	(1,905,858)	1,103,638
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in (out)	<u>10,098</u>	<u>(10,098)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	192,177	(765,902)	24,510	(1,356,643)	(1,905,858)	1,103,638
Fund Balances, September 30, 2015	<u>1,108,116</u>	<u>765,902</u>	<u>532,532</u>	<u>1,628,485</u>	<u>4,035,035</u>	<u>2,931,397</u>
Fund Balances, September 30, 2016	<u>\$ 1,300,293</u>	<u>\$ 0</u>	<u>\$ 557,042</u>	<u>\$ 271,842</u>	<u>\$ 2,129,177</u>	<u>\$ 4,035,035</u>

The accompanying notes are an integral part of these financial statements.

**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Amounts reported for governmental activities in the statement of activities (page 12) are different because:

Net change in fund balances – total governmental funds (page 14)	\$ (1,905,858)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	(661,759)
The issuance of long-term debt (e.g., special assessment bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,155,000
Interest expense and other reported in the statement of activities does not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>55,209</u>
Change in net position of governmental activities (page 12)	<u><u>\$ 642,592</u></u>

The accompanying notes are an integral part of these financial statements.

# **PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2016**

### **NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Reporting Entity**

Pelican Marsh Community Development District ("the District") was created on November 23, 1993 pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), as a Community Development District and operates within the criteria established. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing or re-constructing, enlarging or extending, equipping, operating and maintaining water management, water supply, sewer and waste water management, bridges or culverts, district roads, landscaping, street lights and other basic infrastructure projects within or without the boundaries of Pelican Marsh Community Development District. The District is governed by a five member Board of Supervisors, who are elected on a rotating basis for terms of four years. The Supervisors are elected on an at large basis by qualified electors residing within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

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 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.

#### **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. *Governmental activities*, which normally are supported by taxes, are reported separately from *business-type activities* of which the District had no such activities during 2016. For the most part, the effect of inter-fund 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 are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds even though such funds are excluded from the government-wide financial statements. All governmental funds of the District are reported as major individual funds.

**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2016**

**NOTE 1 - REPORTING ENTITY AND 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 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. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures generally are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. The primary revenue sources that are susceptible to accrual are assessments (i.e. non-ad valorem taxes) and interest. Other receipts and fees become measurable and available when cash is received by the District and are recognized as revenue at that time.

**Assessments**

Maintenance assessments are non ad-valorem assessments on all property benefited within the District. Maintenance assessments are levied each year after the adoption of the annual budget. The fiscal year for which assessments are levied begins on October 1 with a maximum discount available for payments through November 30 and becomes delinquent on April 1. The Collier County, Florida Tax Collector's Office bills and collects maintenance assessments on behalf of the District.

Special assessments are imposed on each parcel of benefited land within the District. Certain assessments are collected upon closing on each lot and are used to prepay a portion of the Bonds and to pay a portion of the interest owed. The District must also levy and collect additional annual assessments to provide funds for additional debt service on the portion of the bonds which are not paid from prepaid assessments. The fiscal year for which assessments levied begins on October 1 with a maximum discount available for payments through November 30 and becomes delinquent on April 1. The Collier County, Florida Tax Collector's Office bills and collects special assessments on behalf of the District.

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

**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2016**

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assessments (Continued)**

The District reports the following major governmental funds:

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

**Debt Service Fund 1997 A** - The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt for the 1997 Bonds Series A.

**Debt Service Fund 2012** - The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt for the 2012 Bonds Series.

**Debt Service Fund 2013** - The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt for the 2013 Bonds Series.

As a general rule, the effect of inter-fund 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, then unrestricted resources as they are needed.

**Budgetary Process**

The General and Debt Service Fund budgets and amendments, if any, are approved by the Board of Supervisors. The budgets are prepared on a basis, which is consistent with modified accrual basis in accordance with generally accepted accounting principles. The budget amounts presented in the accompanying financial statements are as originally adopted, unless subsequently amended, by the District's Board of Supervisors. Budgetary control is established by the District through appropriated budgets for the General and Debt Service Funds.

The annual budget serves as the legal authorization for expenditures. Expenditures cannot legally exceed the total amount budgeted. All budget amendments, which change the legally adopted total appropriation, are approved by the Board of Supervisors. Appropriations, if any, lapse at the 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) A public hearing is conducted to obtain taxpayer comments.
- c) Prior to September 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.

**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2016**

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Encumbrances**

Encumbrance accounting under which purchase orders and other commitments for expenditures of monies are recorded is not employed by the District and thus no amount has been included in these financial statements for encumbrances.

**Due to and From Other Funds**

Interfund receivables and payables arise from interfund transactions and are recorded by funds affected in the period in which transactions are executed. There were amounts due to and from other funds at September 30, 2016 in the accompanying fund statements.

**Special Assessments**

The District's special assessment revenues (non ad valorem taxes) are levied through Collier County based on the approved budget submitted to the County by the District on or before September 15 of each tax year. The assessments are included in the property's tax levy, which begins each November 1 and is due on or before April 1.

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types**

The budget column of this statement is prepared from the District's adopted annual budget, as amended during the year, which reflects budgeted revenues and expenditures in total for all budgeted governmental fund types on a basis which is comparable to the modified accrual basis of accounting for the year ended SEPTEMBER 30, 2016. Appropriations lapse at year-end.

**Total Column on the Statement of Net Position, Statement of Activities, Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds**

The total columns on the statement of activities, balance sheet and the statement of revenues, expenditures and changes in fund balances is presented only to facilitate financial analysis and also is utilized for reconciliation purposes to the government-wide financial statements. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles, and such data is not comparable to a consolidation.

**Investments**

Investments are reported and are equal or equivalent to fair value. Florida Statutes allows the District to invest surplus funds in:

- a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s.163.01.
- 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, as defined in s. 280.02.
- d) Direct obligations of the U.S. Treasury.

**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2016**

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments (Continued)**

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair values of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

All investments held by the District at September 30, 2016 are in First American Government Obligations Fund. Investments are recorded at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (Level 1 inputs). Money market funds and short-term investments in the First American Government Obligation Fund are recorded at net asset value (NAV) per share. This method of determining fair value uses member units to which a proportionate share of net assets is attributed.

**Payables and Accruals**

Such payable and accrual amounts are recorded as expenses and liabilities when incurred in the government wide financial statements and as expenditures and liabilities in the fund financial statements when expected to be liquidated with available expendable financial resources.

**Restricted Assets**

Certain resources set aside for the repayment of the District's special assessment bond proceeds are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "Investments, restricted for principal and interest" account is used to segregate resources accumulated for future debt service payments.

**Capital Assets**

Capital assets, which include property, buildings, improvements, infrastructure assets (e.g. roads, bridges, sidewalks and similar items) and machinery and equipment are reported in the government activities columns in the government-wide financial statements (see Note 4). Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

As the District constructs or acquires additional infrastructure and capital assets each period, such assets are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life. In the case of donations, the District values these capital assets at the estimated fair value of the item at the date of donation. There were no such donated assets during 2016.

Buildings, improvements, infrastructure and machinery and equipment of the District are being depreciated using the straight line method over the following estimated useful lives.

	<b><u>YEARS</u></b>
Buildings	10 - 50
Improvements	10 - 20
Infrastructure	20 - 30
Machinery and equipment	5 - 7

**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2016**

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Reclassifications**

Certain accounts in the 2015 financial total columns have been reclassified for comparative purposes to conform to the presentation in the 2016 statements.

**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 issuance costs, if any, are expensed when incurred. Related interest is expensed in the accompanying Statement of Activities.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. Issuance costs are reported as debt service expenditures. 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. Related principal and interest payments are reported as expenditures in such Statement.

**Fund Equity**

The District adopted GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Fund balance classifications, under GASB 54, are: Nonspendable, Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restrictions placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of various fund balance classifications refer to Note 8.

Net Position in the government-wide statements are categorized as invested in capital assets, net of related debt, restricted or unrestricted. Invested in capital assets, net of related debt, represents net position related to land, buildings, improvements, infrastructure and machinery and equipment, net of any related debt. Restricted net position represents the assets restricted by the District's bond covenants net of accrued interest payable.

**Risk Management**

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; and natural disasters. Insurance coverage for such losses is purchased from third-party carriers. The financial impact of the District's risk management activities are reported in the general fund. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. There was no such type of occurrence during fiscal 2016. No accrual has been provided for claims and incidents not reported to the insurer. Claims made have not exceeded the insurance coverage for the current year.



**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2016**

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of Estimates**

The preparation of financial statements in conformity with U.S. 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 2 - RECONCILIATION OF GOVERNMENT-WIDE AND GOVERNMENTAL FUND FINANCIAL STATEMENTS**

**Explanation of certain differences between the government-wide statement of net position and the governmental funds balance sheet**

**Capital Assets, Net:**

The government fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$27,336,212 difference are as follows:

Total cost of capital assets at September 30, 2016 (see Note 4)	\$ 47,513,320
Accumulated depreciation at September 30, 2016 (see Note 4)	<u>(20,177,108)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 27,336,212</u>

**Bonds Payable and Other Debt Items:**

Another element of that reconciliation explains that “long term liabilities, including special assessment bonds payable, and related interest payable are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$8,253,705) difference are as follows:

Special assessment bonds payable (see Note 5)	\$ (8,095,000)
Accrued interest payable	<u>(158,705)</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ (8,253,705)</u>

**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2016**

**NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND GOVERNMENTAL FUND FINANCIAL STATEMENTS (Continued)**

**Explanation of certain differences between government-wide statement of activities and the governmental funds statement of revenues, expenditures, and changes in fund balances**

**Depreciation and Capital Outlay:**

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this (\$661,759) difference are as follows:

Depreciation expense (see Note 4)	\$ (865,689)
Capital outlay (see Note 4)	<u>203,930</u>
Net adjustment to decrease <i>net change in fund balances – total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ (661,759)</u>

**Bond and Related Debt Items:**

Another element of that reconciliation states that, “The issuance of long-term debt (e.g., special assessment bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. In addition, certain items related to debt issuance are reported as debt expenditures in the fund statements whereas in the statement of activities such costs are allocated over the terms of the bond agreement and reported as amortization expense. Neither transaction, however, has any effect on net position. The details of this \$3,155,000 difference are as follows:

Revenue bonds-principal repayments (see Note 5)	\$ <u>3,155,000</u>
Net adjustment to increase <i>net change in fund balances – total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ 3,155,000</u>

**Accrued Interest and Other:**

Another element of that reconciliation states that, “interest expense and other expenses reported in the statement of activities does not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$55,209 difference are as follows:

Special assessment bonds accrued interest payable at September 30, 2016	\$ (158,705)
Special assessments interest charged to expense which was accrued in 2015	<u>213,914</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ 55,209</u>

**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2016**

**NOTE 3 - CASH AND INVESTMENTS**

**Cash**

Cash held at September 30, 2016 consisted of the following:

	<u>GENERAL FUND</u>	<u>DEBT SERVICE FUNDS</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL</u>
Demand Deposits	<u>\$1,382,178</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$1,382,178</u>
Total	<u>\$1,382,178</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$1,382,178</u>

All deposits with banks are entirely insured by Federal Depository Insurance. All District depositories are banks designated by the Florida State Treasurer as qualified public depositories. Chapter 280 of the Florida Statutes "Florida Security for Public Deposits Act" provides procedures as discussed below for public depositories to ensure public monies in banks and savings and loans are collateralized with the Treasurer as agent for the public entities.

Financial institutions qualifying as public depositories shall deposit with the Treasurer eligible collateral having a market value equal to or in excess of the average daily balance of public deposits times the depository collateral pledging level required pursuant to Chapter 280 as computed and reported monthly or 25 percent of the average monthly balance, whichever is greater. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. Chapter 280 defines deposits as demand deposit accounts, time deposit accounts, and certificates of deposit.

At September 30, 2016, the District's demand deposits bank balance and carrying amounts were \$1,407,463 and \$1,382,178 respectively.

**Investments**

The District has no written and/or adopted formal investment policy and consequently adheres to the Investment Guidelines as set forth in Section 218.415 (17) of the Florida Statutes. Consequently, the District does not have a formal investment policy that addresses credit risk and/or interest rate risk. All investments held by the District at September 30, 2016 are held in First American Government Obligations Fund and are secured by underlying U.S. Government obligations.

The District records all interest income related to investment activities in the respective funds.

The District's investments were held as follows at September 30, 2016:

First American Government Obligations Fund	<u>\$ 782,981</u>
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The effective interest rate on these investments was 0% at September 30, 2016.

**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2016**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

**Interest Rate Risk**

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

**Credit Risk**

Florida Statutes Section 218.415(17) authorizes certain investment instruments that the District is permitted to invest in since the District does not have a formal investment policy. Consequently, the District has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk**

The District places no limit on the amount it may invest in any one issuer. All the District's investments are in the First American Government Obligations Fund.

**NOTE 4 - CAPITAL ASSETS, NET**

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

	<b><u>BALANCE SEPT. 30, 2015</u></b>	<b><u>ADDITIONS</u></b>	<b><u>OTHER</u></b>	<b><u>BALANCE SEPT. 30, 2016</u></b>
<b><u>Governmental activities</u></b>				
Capital assets, not being depreciated:				
Land	\$ 6,838,000	\$ 0	\$ 0	\$ 6,838,000
Land Improvements	8,189,367	0	0	8,189,367
Construction in progress	<u>2,475</u>	<u>0</u>	<u>(2,475)</u>	<u>0</u>
Total capital assets, not being depreciated	<u>15,029,842</u>	<u>0</u>	<u>(2,475)</u>	<u>15,027,367</u>
Capital assets, being depreciated:				
Buildings	2,657,263	0	0	2,657,263
Improvements— landscaping and common areas	9,247,820	138,105	0	9,385,925
Infrastructure	18,946,885	46,301	0	18,993,186
Machinery and equipment (inc. capital leases)	<u>1,427,580</u>	<u>21,999</u>	<u>0</u>	<u>1,449,579</u>
Total capital assets being depreciated	<u>32,279,548</u>	<u>206,405</u>	<u>0</u>	<u>32,485,953</u>
Less accumulated depreciation for:				
Buildings	(563,090)	(60,602)	0	(623,692)
Improvements— landscaping and common areas	(7,677,755)	(115,776)	0	(7,793,531)
Infrastructure	(9,866,408)	(626,568)	0	(10,492,976)
Machinery and equipment (inc. capital leases)	<u>(1,204,166)</u>	<u>(62,743)</u>	<u>0</u>	<u>(1,266,909)</u>
Total accumulated depreciation	<u>(19,311,419)</u>	<u>(865,689)</u>	<u>0</u>	<u>(20,177,108)</u>
Total capital assets, being depreciated, net	<u>12,968,129</u>	<u>(659,284)</u>	<u>0</u>	<u>12,308,845</u>
Governmental activities capital assets, net	<u>\$ 27,997,971</u>	<u>\$ (659,284)</u>	<u>\$ (2,475)</u>	<u>\$ 27,336,212</u>

Depreciation expense of \$865,689 was charged to Community Services program during the year in the accompanying Statement of Activities on page 12. The aggregate cost and accumulated depreciation of assets acquired under capital leases at September 30, 2016 are \$288,998 and \$260,572, respectively.

**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2016**

**NOTE 5 - CAPITAL IMPROVEMENT REVENUE BONDS AND OTHER DEBT**

**Capital Improvement Revenue Bonds:**

**Special Assessment Bonds - Series 1997**

On August 29, 1997, the District issued \$34,970,000 of bonds comprised of \$13,325,000 Special Assessment Revenue Refunding Bonds, Series A and B, and \$21,645,000 Special Assessment Revenue Bonds, Series C and D.

The Series 1997A Bonds for \$12,020,000 are due May 1, 2011 and May 1, 2016 and bear interest at a rate of 5.00% and 5.50% per annum, respectively. Interest is paid semiannually each May 1<sup>st</sup> and November 1<sup>st</sup> and principal is paid serially commencing May 1, 1998. The Series 1997B Bonds for \$1,305,000 due on May 1, 2009 were paid in full on such date. In May 2016, the 1997A Bonds for \$830,000 were paid in full.

The Series 1997C Bonds for \$13,460,000 and Series 1997D Bonds for \$8,185,000, originally due by May 1, 2019, were defeased as denoted below. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District.

On November 23, 2005, District issued Special Assessment Revenue Bonds Series 2005 A and B totaling \$14,545,000 to advance fund the Series 1997 C and D Bonds. The net proceeds of \$15,362,326 from the issuance of the Special Assessment Revenue Bonds Series 2005 A and B (i.e., 2005 bond proceeds plus existing 1997 C and D Reserve Funds net of related bond issuance costs) were deposited in an irrevocable trust with an escrow agent to make all required remaining debt service payments and the final debt service payment for Series 1997 C and D Bonds due on May 1, 2007. The advance refunding met the requirements of an in-substance debt defeasance and the Special Assessment Revenue Bonds Series 1997 C and D were removed from the District's government-wide financial statements at such time. The reacquisition price exceeded the net carrying amount of the old debt by \$817,326. This amount is being netted against the new debt and was written off in 2013 in conjunction with issuance of Series 2005 Bonds.

**Special Assessment Revenue Bonds - Series 2012**

On September 19, 2012, the District issued \$7,610,000 of Special Assessment Revenue Refunding Bonds 2012 Series comprised of \$3,115,000 Series 2012R-1 and \$4,495,000 Series 2012R-2. Series 2012R-1 is due May 1, 2022 bearing interest at a rate of 4.875%. Interest is paid semiannually on each May 1 and November 1 and principal is paid annually each May 1. Series 2012R-2 is due May 1, 2031 and bears interest at a rate of 5.375% per annum. Interest is paid semiannually each May 1 and November 1 and principal is paid annually starting May 1, 2023 and annually thereafter each May 1. These Bonds were issued along with other available District funds to advance refund and redeem all the outstanding principal amounts of the District's Special Revenue Assessment Revenue Bonds 2000 Series.

The Series 2012R-1 Bonds are not subject to redemption at the option of the District prior to their stated date of maturity. The Series 2012R-2 Bonds maturing on May 1, 2023 are subject to redemption prior to their stated maturity, at the option of the District, to be called for redemption in whole on any date, or in part on any interest payment date at the redemption price the principal amount being redeemed together with accrued interest to the redemption date and without premium.

**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2016**

**NOTE 5 - CAPITAL IMPROVEMENT REVENUE BONDS AND OTHER DEBT (Continued)**

**Capital Improvement Revenue Bonds: (Continued)**

**Special Assessment Revenue Bonds - Series 2012 (Continued)**

The Series 2012 Bonds are subject to extraordinary mandatory redemption prior to maturity, in whole or in part on any date in the manner determined by the Bond Registrar at the redemption price of 100% of the principal amount, without premium, together with accrued interest from prepayment amounts as denoted in the Bond Indenture Agreement dated September 1, 2012. The Bond Indenture requires the District maintain adequate funds in a reserve account to meet the debt service reserve requirement as defined in the Indenture. The Bond Indenture established a Debt Service Reserve Requirement in the Reserve Fund, which is included in the Debt Service Fund. The Series 2012 reserve requirement has been met for fiscal year ended September 30, 2016.

These Bonds are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from funds in the respective 2012 Sinking Fund Account established and denoted under the Sixth Supplemental Bond Indenture Agreement in satisfaction of applicable amortization installments at the redemption price of the principal amount together with accrued interest. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District is in compliance with the requirements of the respective Bond Indenture Agreement.

**Special Assessment Revenue Bonds - Series 2013**

On July 24, 2013, the District issued \$6,460,000 of Special Assessment Revenue Refunding Bonds 2013 Series. This Series 2013R-1 is due May 1, 2019 bearing interest at a rate of 3.5%. Interest is paid semiannually on each May 1 and November 1 and principal is paid annually each May 1. These Bonds were issued along with other available District 2005 Series funds to advance refund and redeem all the outstanding principal amounts of the District's Special Revenue Assessment Revenue Bonds 2005 Series.

The Series 2013R-1 Bonds are not subject to redemption at the option of the District prior to their stated dates of maturity. The Series 2013R-1 Bonds maturing May 1, 2019 are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2013 Sinking Fund Account established under the Seventh Supplement in satisfaction of applicable Amortization Installments at the redemption price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts as defined in the Bond Agreement.

The Series 2013 Bonds are subject to extraordinary mandatory redemption prior to maturity, in whole or in part on any date in the manner determined by the Bond Registrar at the redemption price of 100% of the principal amount, without premium, together with accrued interest to the date of redemption from prepayment amounts as denoted in the Bond Indenture Agreement dated July 8, 2013.

The Bond Indenture requires the District maintain adequate funds in a reserve account to meet the debt service reserve requirement as defined in the Indenture. The Bond Indenture established a Debt Service Reserve Requirement in the Reserve Fund, which is included in the Debt Service Fund.

The Series 2013 Series reserve requirement has been met for fiscal year ended September 30, 2016.

**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2016**

**NOTE 5 - CAPITAL IMPROVEMENT REVENUE BONDS AND OTHER DEBT (Continued)**

**Long Term Debt Transactions**

At September 30, 2016, the scheduled future debt service requirements on the District's outstanding Bonds are as follows:

<b><u>YEAR ENDING SEPTEMBER 30</u></b>	<b><u>BONDS</u></b>		
	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>TOTAL</u></b>
2017	\$ 995,000	\$ 383,300	\$ 1,378,300
2018	1,030,000	345,038	1,375,038
2019	1,070,000	305,413	1,375,413
2020	285,000	264,250	549,250
2021	300,000	250,356	550,356
2022-2026	1,900,000	994,413	2,894,413
2027-2031	<u>2,515,000</u>	<u>405,275</u>	<u>2,920,275</u>
Total	<u>\$ 8,095,000</u>	<u>\$ 2,948,045</u>	<u>\$ 11,043,045</u>

Changes in long-term liability activity for the fiscal year ended September 30, 2016 was as follows:

	<b><u>BALANCE SEPTEMBER 30, 2015</u></b>	<b><u>ADDITIONS</u></b>	<b><u>(REDUCTIONS)</u></b>	<b><u>BALANCE SEPTEMBER 30, 2016</u></b>	<b><u>DUE WITHIN ONE YEAR</u></b>
<b><u>Capital Improvement</u></b>					
<b><u>Revenue Bonds:</u></b>					
Series 1997A	\$ 830,000	\$ 0	\$ (830,000)	\$ 0	\$ 0
Series 2012	6,015,000	0	(235,000)	5,780,000	250,000
Series 2013	<u>4,405,000</u>	<u>0</u>	<u>(2,090,000)</u>	<u>2,315,000</u>	<u>745,000</u>
	<u>\$ 11,250,000</u>	<u>\$ 0</u>	<u>\$ (3,155,000)</u>	<u>\$ 8,095,000</u>	<u>\$ 995,000</u>

**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2016**

**NOTE 6 - EMPLOYEE BENEFIT PLAN**

The District established a defined contribution pension plan (the "Plan") in fiscal year 1996. The Plan, which is available to all District employees upon completion of one year of service, provides that the District will contribute 6% of an employee's annual salary, and the employee has the ability to contribute an additional 4%. Vesting occurs 20% per year after one year of service and is fully vested in the sixth year of continuous employment. Forfeitures are used to reduce the District's contribution. At September 30, 2016, there were thirty-five participant accounts and four contributing participants in the Plan. For the fiscal year ended September 30, 2016, total payroll and payroll for employees contributing to the Plan was approximately \$1,236,121 and \$142,464, respectively. Total contribution pension payments made in fiscal 2016 were \$68,194.

**NOTE 7 - MANAGEMENT COMPANY**

The District has contracted with a management company 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. Total management fees paid for 2016 was approximately \$120,600.

**NOTE 8 - FUND BALANCE DISCLOSURE**

In accordance with GASB No. 54, the District classifies governmental fund balances (as applicable) as follows:

- Nonspendable - includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements.
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, lenders or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through a formal action of the highest level of decision making authority.
- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned through the following: (1) the District's Property Manager is authorized by the Supervisors to assign amounts for specific purpose; (2) The Supervisors have authorized the District's Property Manager, in coordination with the District's auditors, to recapture excess fund balance that isn't restricted or committed and transfer the excess to the General Fund.
- Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned classifications. Unassigned fund balance may include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.



**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2016**

**NOTE 8 - FUND BALANCE DISCLOSURE (Continued)**

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents and /or contracts that prohibit doing this, such as grant agreements requiring certain dollars spent. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The District does not have a formal minimum fund balance policy. However, the District addresses various targeted reserve balances via the annual budget process and calculates targets and actuals to report the results to the Supervisors annually.

A schedule of the District's fund balances at September 30, 2016 is as follows:

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE 1997 A	DEBT SERVICE 2012	DEBT SERVICE 2013	
Non-spendable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	90,000	0	557,042	271,842	918,884
Committed	0	0	0	0	0
Assigned	616,575	0	0	0	616,575
Unassigned	<u>593,718</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>593,718</u>
Total	<u>\$ 1,300,293</u>	<u>\$ 0</u>	<u>\$ 557,042</u>	<u>\$ 271,842</u>	<u>\$ 2,129,177</u>

**NOTE 9 - SUBSEQUENT EVENTS**

Subsequent to September 30, 2016, the District made prepayments of principal of \$10,000 of the Series 2012 Bonds and \$35,000 of the Series 2013 Bonds. These redemptions were considered extraordinary mandatory redemptions as allowed in the respective Bond Indentures. In addition, the District paid interest in November 2016 totaling \$150,560 for the Series 2012 Bonds and \$40,512 for the Series 2013 Bonds.

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through March 3, 2017, the date that the financial statements were available to be issued.

**NOTE 10 - LITIGATION AND DISPUTES**

The District is involved in various legal matters involving District residents, the original Developer and certain government agencies arising in the ordinary course of its governmental activities and services. The District believes that these various asserted claims will not adversely affect the overall District's financial position.

The outcome of any legal action is uncertain and thus it is not possible to predict with any degree of certainty the outcome or result of any such litigation nor is it possible to predict with any degree of certainty the impact of any such litigation on the District.

**PART II. REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A**

**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<b>GENERAL FUND</b>			
	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL AMOUNT</b>	<b>VARIANCE WITH FINAL BUDGET</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
REVENUES:				
Maintenance assessments	\$ 3,315,075	\$ 3,315,075	\$ 3,307,964	\$ (7,111)
Special assessments	0	0	0	0
Prepaid assessments	0	0	0	0
Investment and other	78,800	78,800	83,574	4,774
Total Revenues	<u>3,393,875</u>	<u>3,393,875</u>	<u>3,391,538</u>	<u>(2,337)</u>
EXPENDITURES:				
Current:				
General government	417,300	417,300	421,662	4,362
Community services:				
Field management	170,100	170,100	169,356	(744)
Water management	315,000	315,000	293,016	(21,984)
Street lighting	99,300	99,300	90,560	(8,740)
Landscape maintenance	1,328,100	1,328,100	1,216,309	(111,791)
Access control	797,900	797,900	774,944	(22,956)
Roadway service	17,000	17,000	39,682	22,682
Capital outlay	211,500	211,500	203,930	(7,570)
Contingency/revenue reserve	37,675	37,675	0	(37,675)
Debt service:				
Principal retirement	0	0	0	0
Interest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>3,393,875</u>	<u>3,393,875</u>	<u>3,209,459</u>	<u>(184,416)</u>
Excess (deficiency) of revenues over (under) expenditures	0	0	182,079	182,079
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	<u>0</u>	<u>0</u>	<u>10,098</u>	<u>0</u>
Net change in fund balances	<u>\$ 0</u>	<u>\$ 0</u>	192,177	<u>\$ 192,177</u>
Fund Balances, September 30, 2015			<u>1,108,116</u>	
Fund Balances, September 30, 2016			<u>\$ 1,300,293</u>	

**DEBT SERVICE FUNDS**

<b>BUDGETED AMOUNTS</b>		<b>ACTUAL AMOUNT</b>	<b>VARIANCE WITH FINAL BUDGET</b>
<b>ORIGINAL</b>	<b>FINAL</b>		
\$ 0	\$ 0	\$ 0	\$ 0
1,678,634	2,894,893	1,613,276	(1,281,617)
0	43,000	42,458	(542)
<u>763,558</u>	<u>817,039</u>	<u>11,261</u>	<u>(805,778)</u>
<u>2,442,192</u>	<u>3,754,932</u>	<u>1,666,995</u>	<u>(2,087,937)</u>
181,173	110,837	110,837	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
1,770,000	3,155,000	3,155,000	0
<u>491,019</u>	<u>489,095</u>	<u>489,095</u>	<u>0</u>
<u>2,442,192</u>	<u>3,754,932</u>	<u>3,754,932</u>	<u>0</u>
0	0	(2,087,937)	(2,087,937)
<u>0</u>	<u>0</u>	<u>(10,098)</u>	<u>(10,098)</u>
<u>\$ 0</u>	<u>\$ 0</u>	(2,098,035)	<u>\$ (2,098,035)</u>
		<u>2,926,919</u>	
		<u>\$ 828,884</u>	

The accompanying notes are an integral part of these financial statements.

### **PART III. OTHER REPORTS**



**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**

Nathan A. Phillips, CPA

Deborah L. Harvey, CPA

Stephanie J. Feldman, CPA

Michelle L. Vastola, CPA

Shannon Huber, CPA

Trey M. Bruce, CPA

March 3, 2017

To the Board of Supervisors  
PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT  
Naples, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT'S basic financial statements, and have issued our report thereon dated March 3, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT'S internal control over financial reporting (internal control) to determine the auditing 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 PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT'S internal control. Accordingly, we do not express an opinion on the effectiveness of PELICAN MARSH COMMUNITY DEVELOPMENT 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 District'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.


To the Board of Supervisors  
PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT  
March 3, 2017

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

  
PHILLIPS HARVEY GROUP, P.A.  
Certified Public Accountants  
Naples, Florida



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH SECTION 218.415, FLORIDA STATUTES**

Nathan A. Phillips, CPA  
Deborah L. Harvey, CPA

Stephanie J. Feldman, CPA  
Michelle L. Vastola, CPA  
Shannon Huber, CPA  
Trey M. Bruce, CPA

March 3, 2017


To the Board of Supervisors  
PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT  
Naples, Florida

We have examined PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2016. Management is responsible for PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT's compliance with those requirements. Our responsibility is to express an opinion on PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT's compliance based on our examination.

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

In our opinion, PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

This report is intended solely for the information and use of the PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

  
PHILLIPS HARVEY GROUP, P.A.  
Certified Public Accountants  
Naples, Florida





## **MANAGEMENT LETTER - LOCAL GOVERNMENT ENTITIES**

Nathan A. Phillips, CPA  
Deborah L. Harvey, CPA

March 3, 2017

Stephanie J. Feldman, CPA  
Michelle L. Vastola, CPA  
Shannon Huber, CPA  
Trey M. Bruce, CPA

To the Board of Supervisors  
PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT  
Naples, Florida

Board of Supervisors:

### **Report on the Financial Statements**

We have audited the financial statements of PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT, Florida, as of and for the fiscal year ended September 30, 2016 and have issued our report thereon dated March 3, 2017.

### **Auditor's Responsibility**

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

### **Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports and schedule, which are dated March 3, 2017, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and/or recommendations reported in the preceding annual financial audit report.

### **Financial Condition**

Sections 10.554(1)(i)5.a and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether or not PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT did not meet any of the conditions described in the Section 218.503(1), Florida Statutes.

To the Board of Supervisors  
PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT  
March 3, 2017

### **Financial Condition (continued)**

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

### **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.


### **Other Matters**

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provision 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. In connection with our audit, we did not have any such findings.

### **Purpose of this Letter**

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

  
PHILLIPS HARVEY GROUP, P.A.  
Certified Public Accountants  
Naples, Florida