

**Palms of Terra Ceia Bay Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2022**

**Palms of Terra Ceia Bay Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2022**

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors  
Palms of Terra Ceia Bay Community Development District  
City of Palmetto, Florida

### Report on Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the governmental activities and each major fund of Palms of Terra Ceia Bay Community Development District (the "District"), as of and for the year ended September 30, 2022, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Palms of Terra Ceia Bay Community Development District as of September 30, 2022, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management 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; and for 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.

Fort Pierce / Stuart

To the Board of Supervisors  
Palms of Terra Ceia Bay Community Development District

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including currently known information that may raise substantial doubt thereafter.

### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

To the Board of Supervisors  
Palms of Terra Ceia Bay Community Development District

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 a report dated September 21, 2023 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 and contracts.

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 Palms of Terra Ceia Bay Community Development District's internal control over financial reporting and compliance.

*Berger Toombs Elam  
Gaines + Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

September 21, 2023

**Palms of Terra Ceia Bay Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended September 30, 2022**

Management's discussion and analysis of Palms of Terra Ceia Bay Community Development District's (the "District") financial performance provides an objective and easily readable analysis of the District's financial activities. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The District's basic financial statements comprise three components; 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to financial statements*. The *Government-wide financial statements* present an overall picture of the District's financial position and results of operations. The *Fund financial statements* present financial information for the District's major funds. The *Notes to financial statements* provide additional information concerning the District's finances.

The *Government-wide financial statements* are the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental activities are primarily supported by special assessments.

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position is reported in three categories; 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Assets, liabilities, and net position are reported for all Governmental activities.

The **statement of activities** presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities. Governmental activities financed by the District include general government, physical environment and debt service.

*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.

**Palms of Terra Ceia Bay Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended September 30, 2022**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

*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 Fund. *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 capital assets are reported in the **statement of net position**. All liabilities, including principal outstanding on bonds 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*, reconciliations are provided from the *fund financial statements* to the *government-wide financial statements*.

*Notes to 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 financial statements*.

**Financial Highlights**

The following are the highlights of financial activity for the fiscal year ended September 30, 2022.

- ◆ The District's assets exceeded liabilities by \$698,115 (net position). Net investment in capital assets was \$595,448. Unrestricted net position was \$102,667.
- ◆ Governmental activities revenues totaled \$360,456, while governmental activities expenses totaled \$809,884.

**Palms of Terra Ceia Bay Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended September 30, 2022**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District**

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**

	<b>Governmental Activities</b>	
	<b>2022</b>	<b>2021</b>
Current assets	\$ 108,209	\$ 332,400
Restricted assets	-	157,923
Capital assets	595,448	661,406
Total Assets	703,657	1,151,729
 Current liabilities	 5,542	 4,186
 Net Position		
Net investment in capital assets	595,448	661,406
Restricted net position	-	159,249
Unrestricted	102,667	326,888
Total Net Position	\$ 698,115	\$ 1,147,543

The decrease in current assets and restricted assets is related to expenditures exceeding revenues at the fund level in the current year.

The decrease in capital assets and net investment in capital assets is related to depreciation in the current year.



**Palms of Terra Ceia Bay Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended September 30, 2022**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

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

**Change In Net Position**

	<b>Governmental Activities</b>	
	<b>2022</b>	<b>2021</b>
Program Revenues		
Charges for services	\$ 356,293	\$ 362,765
Miscellaneous revenues	4,152	34,199
Investment income	11	476
Total Revenues	<u>360,456</u>	<u>397,440</u>
Expenses		
General government	83,234	87,290
Physical environment	726,650	232,304
Total Expenses	<u>809,884</u>	<u>319,594</u>
Change in Net Position	(449,428)	77,846
Net Position - Beginning of Period	<u>1,147,543</u>	<u>1,069,697</u>
Net Position - End of Period	<u>\$ 698,115</u>	<u>\$ 1,147,543</u>

The increase in physical environment is related to bridge, gate and boardwalk repairs completed in the current year.

**Palms of Terra Ceia Bay Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended September 30, 2022**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Capital Assets Activity**

The following schedule provides a summary of the District's capital assets as of September 30, 2022 and 2021.

	<b>Governmental Activities</b>	
	<b>2022</b>	<b>2021</b>
Land	\$ 22,400	\$ 22,400
Construction in progress	-	33,000
Buildings and improvements	161,305	161,305
Infrastructure	1,246,684	1,246,684
Equipment	96,123	43,872
Accumulated depreciation	(931,064)	(845,855)
Total	\$ 595,448	\$ 661,406

Current year activity consisted of additions of \$19,251 to construction in progress, depreciation of \$85,209 and transfers of \$52,251 from construction in progress to equipment.

**General Fund Budgetary Highlights**

Actual expenditures were less than the budgeted expenditures because street repairs and stormwater maintenance costs were lower than anticipated.

The September 30, 2022 budget was amended for street repairs that were more than originally anticipated.

**Economic Factors and Next Year's Budget**

Palms of Terra Ceia Bay Community Development District does not expect any economic factors to have any significant effect on the financial position or results of operations of the District in the fiscal year ended September 30, 2023.

**Request for Information**

The financial report is designed to provide a general overview of Palms of Terra Ceia Bay Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Palms of Terra Ceia Bay Community Development District 219 East Livingston Street, Orlando, Florida, 32801.

**Palms of Terra Ceia Bay Community Development District**  
**STATEMENT OF NET POSITION**  
**September 30, 2022**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 105,135
Accounts receivable	1,141
Assessments receivable	1,898
Deposits	35
Total Current Assets	108,209
Non-Current Assets:	
Capital Assets, not being depreciated	
Land	22,400
Capital Assets, being depreciated	
Buildings and improvements	161,305
Infrastructure	1,246,684
Equipment	96,123
Accumulated depreciation	(931,064)
Total Non-Current Assets	595,448
Total Assets	703,657
 <b>LIABILITIES</b>	
Current Liabilities	
Accounts payable and accrued expenses	5,542
 <b>NET POSITION</b>	
Net investment in capital assets	595,448
Unrestricted	102,667
Total Net Position	\$ 698,115

See accompanying notes to financial statements.

**Palms of Terra Ceia Bay Community Development District**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended September 30, 2022**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues Charges for Services</b>	<b>Net (Expenses) Revenues and Changes in Net Position Governmental Activities</b>
Governmental Activities			
General government	\$ (83,234)	\$ 82,820	\$ (414)
Physical environment	(726,650)	273,473	(453,177)
Total Governmental Activities	\$ (809,884)	\$ 356,293	(453,591)
	<b>General Revenues</b>		
			4,152
			11
		Total General Revenues	4,163
		Change in Net Position	(449,428)
		Net Position October 1, 2021	1,147,543
		Net Position September 30, 2022	\$ 698,115

See accompanying notes to financial statements.

**Palms of Terra Ceia Bay Community Development District**  
**BALANCE SHEET –**  
**GOVERNMENTAL FUNDS**  
**September 30, 2022**

	General	Capital Projects	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 85,447	\$ 19,688	\$ 105,135
Accounts receivable	1,141	-	1,141
Assessments receivable	1,600	298	1,898
Due from other funds	14,380	-	14,380
Deposits	35	-	35
Total Assets	<u>\$ 102,603</u>	<u>\$ 19,986</u>	<u>\$ 122,589</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 5,542	\$ -	\$ 5,542
Due to other funds	-	14,380	14,380
Total Liabilities	<u>5,542</u>	<u>14,380</u>	<u>19,922</u>
<b>FUND BALANCES</b>			
Nonspendable - deposits	35	-	35
Assigned - capital projects	-	5,606	5,606
Unassigned	97,026	-	97,026
Total Fund Balances	<u>97,061</u>	<u>5,606</u>	<u>102,667</u>
Total Liabilities and Fund Balances	<u>\$ 102,603</u>	<u>\$ 19,986</u>	<u>\$ 122,589</u>

See accompanying notes to financial statements.

**Palms of Terra Ceia Bay Community Development District**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**September 30, 2022**

Total Governmental Fund Balances	\$ 102,667
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, land, \$22,400, buildings and improvements, \$161,305, infrastructure, \$1,246,684, and equipment, \$96,123, net of accumulated depreciation, \$(931,064), used in governmental activities are not current financial resources and therefore, are not reported at the fund level.	<u>595,448</u>
Net Position of Governmental Activities	<u><u>\$ 698,115</u></u>

See accompanying notes to financial statements.

**Palms of Terra Ceia Bay Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2022**

	General	Capital Projects	Total Governmental Funds
Revenues			
Special assessments	\$ 300,311	\$ 55,982	\$ 356,293
Miscellaneous revenues	4,152	-	4,152
Investment earnings	11	-	11
Total Revenues	<u>304,474</u>	<u>55,982</u>	<u>360,456</u>
Expenditures			
Current			
General government	83,234	-	83,234
Physical environment	274,841	366,600	641,441
Capital outlay	-	19,251	19,251
Total Expenditures	<u>358,075</u>	<u>385,851</u>	<u>743,926</u>
Excess of revenues over/(under) expenditures	<u>(53,601)</u>	<u>(329,869)</u>	<u>(383,470)</u>
Other Financing Sources/(Uses)			
Transfers in	-	176,226	176,226
Transfers out	(176,226)	-	(176,226)
Total Other Financing Sources/(Uses)	<u>(176,226)</u>	<u>176,226</u>	<u>-</u>
Net change in fund balances	(229,827)	(153,643)	(383,470)
Fund Balances - October 1, 2021	<u>326,888</u>	<u>159,249</u>	<u>486,137</u>
Fund Balances - September 30, 2022	<u>\$ 97,061</u>	<u>\$ 5,606</u>	<u>\$ 102,667</u>

See accompanying notes to financial statements.

**Palms of Terra Ceia Bay 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 Fiscal Year Ended September 30, 2022**

Net Change in Fund Balances - Total Governmental Funds	\$ (383,470)
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Amounts reported for governmental activities in the Statement of Activities are different because:

<p style="padding-left: 40px;">Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount that depreciation \$(85,209), exceeded capital outlay, \$19,251, in the current year.</p>	<u>(65,958)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (449,428)</u></u>
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See accompanying notes to financial statements.



**Palms of Terra Ceia Bay Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND**  
**For the Fiscal Year Ended September 30, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues				
Special assessments	\$ 302,802	\$ 302,802	\$ 300,311	\$ (2,491)
Miscellaneous revenues	5,000	4,301	4,152	(149)
Investment income	-	11	11	-
Total Revenues	<u>307,802</u>	<u>307,114</u>	<u>304,474</u>	<u>(2,640)</u>
Expenditures				
Current				
General government	100,306	83,149	83,234	(85)
Physical environment	256,496	290,022	274,841	15,181
Total Expenditures	<u>356,802</u>	<u>373,171</u>	<u>358,075</u>	<u>15,096</u>
Excess of revenues over/(under) expenditures	(49,000)	(66,057)	(53,601)	12,456
Other Financing Sources/(Uses)				
Transfers out	-	(176,226)	(176,226)	-
Net Change in Fund Balances	(49,000)	(242,283)	(229,827)	12,456
Fund Balances - October 1, 2021	<u>312,909</u>	<u>506,192</u>	<u>326,888</u>	<u>(179,304)</u>
Fund Balances - September 30, 2022	<u>\$ 263,909</u>	<u>\$ 263,909</u>	<u>\$ 97,061</u>	<u>\$ (166,848)</u>

See accompanying notes to financial statements.

**Palms of Terra Ceia Bay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2022**

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

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

**1. Reporting Entity**

The District was established on December 20, 1982, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), and by Ordinance No 167 of the City of Palmetto, Florida, as a Community Development District. 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 district roads, landscaping, and other basic infrastructure projects within or outside the boundaries of the Palms of Terra Ceia Bay Community Development District. The District is governed by a five member Board of Supervisors. All the Supervisors are employed by the Developer. The District operates within the criteria established by Chapter 190, Florida Statutes.

As required by GAAP, these financial statements present the Palms of Terra Ceia Bay Community Development District (the primary government) as a stand-alone government. The reporting entity for the District includes all functions of government in which the District's Board exercises oversight responsibility including, but not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based upon the application of the above-mentioned criteria as set forth in Governmental Accounting Standards Board, The Financial Reporting Entity, the District has identified no component units.

**2. Measurement Focus and Basis of Accounting**

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

**Palms of Terra Ceia Bay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**a. Government-wide Financial Statements**

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include all the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities are supported by developer contributions and interest. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

**b. Fund Financial Statements**

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

**Palms of Terra Ceia Bay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds**

The District classifies fund balance according to Governmental Accounting Standards Board Statement 54 – Fund Balance Reporting and Governmental Fund Type Definitions. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The District has various policies governing the fund balance classifications.

**Nonspendable Fund Balance** – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

**Restricted Fund Balance** – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**Assigned Fund Balance** – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed. The assigned fund balances can also be assigned by the District's management company.

**Unassigned Fund Balance** – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Fund Balance Spending Hierarchy** – For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

**Palms of Terra Ceia Bay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources are expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

Debt service expenditures are recorded only when payment is due.

**3. Basis of Presentation**

**a. Governmental Major Funds**

General Fund – The General Fund is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Palms of Terra Ceia Bay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. Basis of Presentation (Continued)**

**a. Governmental Major Funds (Continued)**

Capital Projects Fund – The Capital Projects Fund accounts for the construction of infrastructure improvements within the District.

**b. Non-current Governmental Assets/Liabilities**

GASB Statement 34 requires that non-current governmental assets, such as land and improvements, and non-current governmental liabilities, such as general obligation bonds and due to developer be reported in the governmental activities column in the government-wide Statement of Net Position.

**4. Assets, Liabilities, and Net Position or Equity**

**a. Cash and Investments**

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

The District is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

**Palms of Terra Ceia Bay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**a. Cash and Investments (Continued)**

Cash equivalents include time deposits and all highly liquid debt instruments with original maturities of three months or less and held in a qualified public depository as defined by Section 280.02, Florida Statutes.

**b. Capital Assets**

Capital assets, which include land, buildings and improvements, infrastructure and equipment are reported in the applicable governmental activities column.

The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. The valuation basis for all assets is historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Depreciation of capital assets is computed and recorded by utilizing the straight-line method over the following estimated useful lives:

Buildings	14 years
Infrastructure	10-20 years
Equipment	7-10 years

**c. Budgets**

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. A formal budget is adopted for the general fund. As a result, deficits in the budget columns of the accompanying financial statements may occur.

**Palms of Terra Ceia Bay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2022**

**NOTE B – CASH AND INVESTMENTS**

All deposits are held in qualified public depositories and are included on the accompanying balance sheet as cash and investments.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk, however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2022, the District's bank balance was \$114,451 and the carrying value was \$105,135. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

As of September 30, 2022, the District had no investments.

The District categorizes its fair value measurements within the fair value hierarchy recently established by generally accepted accounting principles. The fair value 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. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The District uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the District's own data in measuring unobservable inputs.

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.



**Palms of Terra Ceia Bay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2022**

**NOTE B – CASH AND INVESTMENTS (CONTINUED)**

Credit Risk

The District's investments are limited by state statutory requirements and bond compliance. 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 fund.

The types of deposits and investments and their level of risk exposure as of September 30, 2022 were typical. The District considers any decline in fair value for certain investments to be temporary.

**NOTE C – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended September 30, 2022 was as follows:

	Balance October 1, 2021	Additions	Deletions	Balance September 30, 2022
<b><u>Governmental Activities:</u></b>				
Capital assets				
Land	\$ 22,400	\$ -	\$ -	\$ 22,400
Construction in progress	33,000	19,251	(52,251)	-
Buildings and improvements	161,305	-	-	161,305
Infrastructure	1,246,684	-	-	1,246,684
Equipment	43,872	52,251	-	96,123
Accumulated depreciation	(845,855)	(85,209)	-	(931,064)
Total Capital Assets	<u>\$ 661,406</u>	<u>\$ (13,707)</u>	<u>\$ (52,251)</u>	<u>\$ 595,448</u>

Depreciation of \$85,209 was charged to physical environment.

**Palms of Terra Ceia Bay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2022**

**NOTE D – SPECIAL ASSESSMENT REVENUES**

Assessments are non-ad valorem assessments on benefitted property within the District. Operating and Maintenance Assessments are based upon adopted budget and levied annually. Debt Service Assessments are levied when bonds are issued and collected annually for the term of the bond. The District may collect assessments directly or utilize the uniform method of collection (Chapter 197.3632, Florida Statutes). Directly collected assessments are due as determined by annual assessment resolution adopted by the Board of Supervisors. Assessments collected under the uniform method are mailed by County Tax Collector on November 1 and due on or before March 31 of each year. Property owners may prepay a portion or all of the Debt Service Assessments on their property subject to various provisions in the bond documents.

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. All other revenue items are considered to be measurable and available only when cash is received by the government.

**NOTE E – INTERFUND ACTIVITY**

Interfund balances as of September 30, 2022, consisted of the following:

<b>Receivable Fund</b>	<b>Payable Fund</b>
General Fund	Capital Projects Fund
	\$ 14,380

The balances due from the Capital Projects to the General Fund relate to the reclassification of an expenditure to the appropriate fund.

Interfund activity for the year ended September 30, 2022, consisted of the following:

<b>Transfers In</b>	<b>Transfers Out</b>
Capital Projects Fund	General Fund
	\$ 176,226

The transfers from the General Fund to the Capital Projects Fund were made in to fund capital reserves.

**NOTE F – RISK MANAGEMENT**

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The District has not filed any claims under this commercial coverage.



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## **INDEPENDENT AUDITORS' 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  
Palms of Terra Ceia Bay Community Development District  
City of Palmetto, 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, as listed in the table of contents, of Palms of Terra Ceia Bay Community Development District, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated September 21, 2023.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Palms of Terra Ceia Bay Community Development District's internal control over financial reporting (internal control) as a basis for designing 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 Palms of Terra Ceia Bay Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Palms of Terra Ceia Bay 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 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 or significant deficiencies may exist that have not been identified.

To the Board of Supervisors  
Palms of Terra Ceia Bay Community Development District

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Palms of Terra Ceia Bay 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 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.



Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

September 21, 2023



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## MANAGEMENT LETTER

To the Board of Supervisors  
Palms of Terra Ceia Bay Community Development District  
City of Palmetto, Florida

### Report on the Financial Statements

We have audited the financial statements of the Palms of Terra Ceia Bay Community Development District as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated September 21, 2023.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States; 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 Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with AICPA Professionals Standards, AT-C Section 315 regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated September 21, 2023, 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 made to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations in the preceding audit.

### Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires us to apply appropriate procedures and communicate the results of our determination as to whether or not Palms of Terra Ceia Bay Community Development District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the Palms of Terra Ceia Bay Community Development District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial conditions assessment procedures as of September 30, 2022 for the Palms of Terra Ceia Bay Community Development District. It is management's responsibility to monitor the Palms of Terra Ceia Bay Community Development District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same.

Fort Pierce / Stuart  
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To the Board of Supervisors  
Palms of Terra Ceia Bay Community Development District

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

### **Specific Information**

The information provided below was provided by management and has not been audited; therefore, we do not express an opinion or provide any assurance on the information.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Palms of Terra Ceia Bay Community Development District reported:

- 1) The total number of district employees compensated in the last pay period of the District's fiscal year: 6
- 2) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year: 11
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$37,680
- 4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$706,246
- 5) Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1, 2021, together with the total expenditures for such project: N/A
- 6) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes: The budget was amended, see below.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General, the Palms of Terra Ceia Bay Community Development District reported:

- 1) The rate or rates of non-ad valorem special assessments imposed by the District: \$417.39 - \$6,254.21.
- 2) The amount of special assessments collected by or on behalf of the District: Total special assessments collected was \$356,293.
- 3) The total amount of outstanding bonds issued by the District and the terms of such bonds: \$0.

To the Board of Supervisors  
Palms of Terra Ceia Bay Community Development District

	<b>Original Budget</b>	<b>Actual</b>	<b>Variance with Original Budget Positive (Negative)</b>
Revenues			
Special assessments	\$ 302,802	\$ 300,311	\$ (2,491)
Interest Earnings	-	11	11
Miscellaneous Revenues	5,000	4,152	(848)
Total Revenues	<u>307,802</u>	<u>304,474</u>	<u>(3,328)</u>
Expenditures			
Current			
General government	100,306	83,234	17,072
Physical environment	256,496	274,841	(18,345)
Total Expenditures	<u>356,802</u>	<u>358,075</u>	<u>(1,273)</u>
Revenues over/(under) expenditures	<u>(49,000)</u>	<u>(53,601)</u>	<u>(4,601)</u>
Other Financing Sources/(Uses)			
Transfers Out	-	(176,226)	(176,226)
Net changes in fund balance	<u>(49,000)</u>	<u>(229,827)</u>	<u>(180,827)</u>
Fund Balances - Beginning of year	<u>312,909</u>	<u>326,888</u>	<u>13,979</u>
Fund Balances - End of year	<u>\$ 263,909</u>	<u>\$ 97,061</u>	<u>\$ (166,848)</u>

**Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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. In connection with our audit, we noted no such findings.



Berger, Toombs, Elam,  
Gaines & Frank  
Certified Public Accountants PL

To the Board of Supervisors  
Palms of Terra Ceia Bay Community Development District

**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.

*Berger Toombs Elam  
Gaines + Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

September 21, 2023





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## INDEPENDENT ACCOUNTANTS' REPORT/COMPLIANCE WITH SECTION 218.415 FLORIDA STATUTES

To the Board of Supervisors  
Palms of Terra Ceia Bay Community Development District  
City of Palmetto, Florida

We have examined Palms of Terra Ceia Bay Community Development District's compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2022. Management is responsible for Palms of Terra Ceia Bay Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Palms of Terra Ceia Bay 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 Palms of Terra Ceia Bay 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 Palms of Terra Ceia Bay Community Development District's compliance with the specified requirements.

In our opinion, Palms of Terra Ceia Bay Community Development District's complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2022.

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

June 27, 2022