

Community Development District

Board of Supervisors' Regular Meeting

February 15, 2018 at 8:30 a.m.

505 Whiskey Creek Drive
Marco Island, FL 34145

AGENDA

Note: Requests to address the Board on all subjects, which are not on today's agenda, will be accommodated under "Public Comments". Public Comments should be limited to 2 minutes.

Any person who decides to appeal a decision of this Board will need a record of the proceedings pertaining there to and may need to ensure that a verbatim record of these proceedings is made at their expense.

Any person requiring special accommodations at this meeting because of a disability of physical impairment should contact the District Office at 239 -394-4346 at least five days prior to the meeting.

1. Call to Order
2. Roll Call
3. Approval of Agenda
4. Approval of Minutes a.
January 18, 2018
5. Audience Questions and Comments on Agenda Items
6. Specific Items of Old Business
7. Specific Items of New Business
8. **Reports:**

District Counsel — Greg Urbancic

- a. Final Public Records Request Policy

District Manager — Katie Wine

- a. Financial Statement Ending December (No Report)
 - b. DRAFT Financial Report FY Ending September 30, 2017 and Open Items
 - c. FEMA Update and Expenses
 - d. Management Contract - InfraMark
 - e. Street Lights Request for Proposal
 - f. Hydraulic Oil stain on roadway at the intersection of Whiskey Creek & Blue Hill
 - g. "Ellen's Garden" on Blue Hill Creek Drive
 - h. Road Pavement Study
 - i. Earth View — Clean Catch Basins and Lower Turf at Roadway Edges
 - j. Maintenance Yard - Final Payment
 - k. Landscape Project at the Guard House I.
Interior painting of the Guard House
 - m. Speeding letter from DM (*approved in December meeting*)
 - n. Public Access
 - a. Request for Event Access
 - i. YMCA Tour de Marco, Sunday, February 25, 2018
 - ii. Marco Island Half Marathon, Sunday, March 18, 2018
 - iii. Naples Walking Club, Friday, March 23, 2018
9. Supervisors Request and Comments a.
District Manager Annual Review
 10. Audience Questions and Comments
 11. Schedule Next Meeting Date and Time
 12. Adjournment

Published Daily
Naples, FL 34110

Affidavit of Publication

State of Florida

Counties of Collier and Lee

Before the undersigned they serve as the authority, personally appeared Natalie Zollar who on oath says that she serves as **Inside Sales Manager** of the Naples Daily News, a daily newspaper published at Naples, in Collier County, Florida; distributed in Collier and Lee counties of Florida; that the attached copy of the advertising was published in said newspaper on dates listed. Affiant further says that the said Naples Daily News is a newspaper published at Naples, in said Collier County, Florida, and that the said newspaper has heretofore been continuously published in said Collier County, Florida; distributed in Collier and Lee counties of Florida, each day and has been entered as second class mail matter at the post office in Naples, in said Collier County, Florida, for a period of one year next preceding the first publication of the attached copy of advertisement; and affiant further says that he has neither paid nor promised any person, or corporation any discount, rebate, commission or refund for the purpose of securing this advertisement for publication in the said newspaper.

Customer	Ad Number	Copyline	P.O.#
KEY MARCO COMMUNITY DEV. DISTR	1914210	NOTICE OF REGULAR BO	

Pub Dates
February 5, 2018

(Signature of affiant)

Sworn to and subscribed before me
This February 05, 2018

(Signature of affiant)

Community Development District

February 1, 2018

Legal Advertising
Naples Daily News 1100
Immokalee Road
Naples, FL 34110

Email: legals@naplesnews.com

Please publish the attached Notice of Public Hearing in Monday, February 5, 2018 edition of the Naples Daily News. Please send proof of publication and invoice to the following:

Account #026506

Please note the billing address has been changed to:

Key Marco Community Development District 505
Whiskey Creek Drive
Marco Island, FL 34145

Should you have any questions, please feel free to contact me at 239-394-4346.

Sincerely,

Katit Ma Li.aive

Katie Maline, CAM
Manager, Key Marco 505
Whiskey Creek Drive
Marco Island, FL 34145

NOTICE OF REGULAR BOARD OF SUPERVISORS MEETING FOR THE
KEY MARCO COMMUNITY DEVELOPMENT DISTRICT

Thursday, February 15, 2018
8:30 a.m.

Notice is hereby given that the Key Marco Community Development District Supervisors will meet on Thursday, February 15, 2018 at 8:30 a.m. at the Key Marco Community Center, 505 Whiskey Creek Drive, Marco Island, Florida. The Board of Supervisors will hold meeting to conduct the business of the Key Marco Community Development District, at the above stated time and date.

Any person who decides to appeal a decision of this Board will need a record of the proceedings pertaining thereto, and therefore may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

Any person requiring special accommodations at this meeting because of a disability or physical impairment should contact the District Office at (239) 394-4346 at least five calendar days prior to the meeting.

KEY MARCO COMMUNITY DEVELOPMENT DISTRICT
COLLIER COUNTY, FLORIDA

K. MALINE, CAM
MANAGER, KEY MARCO

CommunityDevelopmentDistrict

KEY MARCO COMMUNITY DEVELOPMENT DISTRICT REGULAR BOARD MEETING JANUARY 18, 2018

The Board of Supervisors of the Key Marco Community Development District met at 8:30 a.m. on January 18, 2018, at the Key Marco Community Center, Marco Island, Florida.

APPEARANCES: Maureen McFarland, Chairman/Treasurer
Mary Beth Schewitz, Vice-Chairman Corrie
Grado, Assistant Secretary Johanna
Parkes, Assistant Secretary Dawn
Aitkenhead, Assistant Secretary

ALSO PRESENT: Katie Maline, Manager/Secretary
Greg Urbancic, Board Counsel

ROLL CALL/APPROVAL OF AGENDA

Mrs. McFarland indicated that a quorum was present, with all Board members noted as being in attendance. Mrs. Maline provided copies of the publication and advertising of the meeting showing that it had been properly noticed.

The Agenda was unanimously approved on a MOTION by Mrs. Parkes and a second by Mrs. Aitkenhead.

APPROVAL OF MINUTES OF DECEMBER MEETING

On Page 2 in the second to last paragraph, it was noted that Mrs. Maline would ask the case manager to attend the January meeting, but that will not occur until the following day, the 22nd. On Page 3, again in the second to last paragraph, the words "and t hey miss nothing" after the word "excellent" should be removed.

At the end of that paragraph, Mrs. McFarland noted that with the new system at Fifth Third Bank, she checks all the banking statements every month to make sure that all the money that goes out of the account has been previously approved. She asked Mrs. Maline if she had spoken to them about getting more of the back history, and Mrs. Maline is meeting with them on this day and will make those arrangements.

As it relates to the first paragraph on Page 4, Mrs. McFarland asked when the guard house had last been power washed, and was advised that it was done in September. As it is due for a wash, Mrs. Maline will have the cleaning done as soon as possible, and will continue to work on putting a plan in place to have it cleaned regularly every three months at the best possible price.

Additionally, in that paragraph, Mrs. Aitkenhead noted that the guard gate needed to be painted but that it was an HOA issue. Mrs. McFarland noted that it is not HOA, but a CDD responsibility.

Mrs. McFarland also noted that the guard house painting had been previously approved by the Board as noted in the Motion towards the bottom of Page 4 of the December minutes.

Mrs. Schewitz asked for clarification on Page 5 in the second paragraph, as to what committee Mrs. Parkes had indicated an interest in serving on, and Mrs. McFarland advised that this was a committee to determine landscape design for the guard house and was not the Joint Environmental Committee. Ultimately it was determined that Mrs. Aitkenhead would work with Mrs. Maline on a design and present it to the Board.

On Page 9, Mrs. Schewitz noted that it was she and not Mrs. Aitkenhead who proposed the use of speed bumps.

On a MOTION by Mrs. Schewitz and a second by Mrs. Parkes, the minutes were then unanimously approved as corrected.

AUDIENCE QUESTIONS AND COMMENTS ON AGENDA

ITEMS No questions or comments were received at this time.

SPECIFIC ITEMS OF OLD BUSINESS

A. Street Lights

Mrs. Maline has been working with the electrical engineer and they have determined that proposals will be publicly advertised. Once they are received, they will notice a meeting to open the proposals, review and make decisions on moving forward. Two options are being solicited, directly wired LCEC lights and solar lights. This item will be brought back to the Board once the proposals are received.

B. Gatehouse Flower Bowls

Mrs. Aitkenhead and Mrs. Maline spoke with a landscape architect the previous day and he is preparing a plan for the front entrance to include the flower bowls. Mrs. Maline asked if they could leave them as they are for now, and Mrs. McFarland reminded those present that they have a new service which costs \$350 a month to maintain and replace plants as necessary.

Mrs. McFarland felt that this was a lot of money. Mrs. Aitkenhead felt that they should put it in with the whole plan for the gatehouse, which she hopes to see within a month. There are two different people bidding on the landscaping now, we are seeking a third. Mrs. Grado restated her thoughts about the green ferns, which were very little trouble to care for and very inexpensive. In her opinion they should reconsider this option, and Mrs. McFarland indicated that it would be considered.

C. Joint Environmental Committee 2017 Funded Project

Mrs. McFarland felt that this project was actually in the fourth quarter of 2016, when the Board gave \$50,000 for landscaping projects on COD property. That money has not been spent and there have been no meetings or updates to the Board on that project. Mrs. McFarland suggested that given the damage from the hurricane and the other projects going on in the community, that it would be more prudent to have the \$50,000 retracted from the Joint Environmental Committee and used for the guardhouse.

On a MOTION by Mrs. Schewitz and a second by Mrs. Aitkenhead, the Board unanimously approved that the \$50,000 be moved from the Joint Environmental Committee funded project from 2017 to the 2018 Landscaping Budget for the guardhouse.

It was also noted that at some point there was discussion about some plantings on the way to the docks, and it was determined that this was HOA business. As a reminder, Mrs. McFarland advised the Board that the CDD is responsible for the guardhouse and the area around it, the roads, the bridge, the streetlights, 30 feet on either side from the center of the roadway and the security. The assessment for the CDD is significantly more than that of the HOA, as the CDD has more infrastructure to maintain.

SPECIFIC ITEMS OF NEW BUSINESS

A. Authorize Mrs. Maline to Research In -House Security Staff

This item asked for the Board's approval to research in -house security as opposed to having the outside contractor they now use. Mrs. Maline would like to do this, and then come back to the Board at a later date with the information. She felt that it would be beneficial to have in - house staff that she could work with, as now she must go through Securitas, especially if there is a disciplinary problem. At a Board member's suggestion, she will research both options, in house and other companies that provide security to gated communities.

Mrs. McFarland indicated that she and Mrs. Maline have been discussing this for about six months, and presently they pay about \$22 an hour to Securitas, while at least some of the guards only make \$10 an hour and have not received a raise in quite some time. Mrs. Maline's research has indicated that \$15 an hour for a good guard was the going rate.

Addressing issues at the security gate has become difficult, and there have been a number of them. Mrs. McFarland felt that losing control of what happens in the guardhouse is not something she is comfortable with, and it was her experience with Mrs. Maline that she is very good with managing the Crawford crews as she is present full time. Mrs. Maline did feel that she could manage an In -house gate staff, and they would be spending less money and have more control.

Mr. Krutisch felt that most importantly it was getting better quality people, and the Board agreed. Mrs. Maline will put together a package for the Board with the pros and cons so it can be determined whether this is the right option. While Mrs. Maline is an HOA employee, gatehouse personnel would be CDD employees, and there would be no precedents for benefits that would have to be followed. Mrs. McFarland also pointed out that as the CDD is a government entity, there may be potential issues that Mrs. Maline would need to know about as the guards would be CDD employees on the CDD payroll. There may be some costs to get things in writing to make sure that everything is done correctly.

After a brief discussion, the Board agreed that Mrs. Maline should move forward with this research, and **on a MOTION by Mrs. Parkes and a second by Mrs. McFarland the Board unanimously approved \$2,000 for Mrs. Maline's expenses in this regard.**

B. Street Sign Repairs

The Board was provided with a proposal from Lykins -Signtek to repair and replace if necessary street signs that were damaged or lost during the hurricane. The logo on most of the signs was sandblasted off. Mrs. Maline is not asking the Board to approve the proposal today as she has solicited two other proposals as well. Mrs. McFarland noted that the proposal was for \$7,600, and she asked the Board if they would consider going ahead and giving Mrs. Maline the authority to select the appropriate vendor, not to exceed the amount quoted above. Mrs. Schewitz asked Mrs. Aitkenhead if she had any feeling about design for the signs, but Mrs. Aitkenhead had not studied that.

Mrs. Schewitz felt that the quoted price from Lykins -Signtek seemed very high. The signs were only ordered about 18 months ago, and they paid about \$24,000 for them. Mrs. McFarland felt that they may not want to change them all because they were so expensive and they were just put in a short while ago. Mrs. Maline indicated that street signs are on the FEMA damage inventory list.

A MOTION was then made by Mrs. Schewitz and seconded by Mrs. McFarland to allow Mrs. Maline to go forward with ordering the repair and replacements from the most responsible bidder, not to exceed \$7,600.

C. Gatehouse Roof Replacement

Three bids have been received for replacement of the roof on the gatehouse, and this item is also on the FEMA damage inventory. Blue Moon came in at \$10,140, Robert Kettelle Roofing at \$14,550, and K-Simon Construction came in at \$20,500. Mrs. Maline felt that Blue Moon as the lowest, qualified bidder would be the best choice.

The roof does need to be replaced as the underlayment and sheathing are in very bad shape. Mr. Urbancic suggested that the warranty be checked before they move forward, and Mrs. Maline indicated that on a replacement there is a full warranty. Mrs. Maline also has the license and insurance information on these roofers, as well as references.

On a MOTION by Mrs. Schewitz and a second by Mrs. McFarland, the Board unanimously approved the bid from Blue Moon Roofing.

REPORTS

DISTRICT COUNSEL — Greg Urbancic

A. Public Records Request Clarification

The previous week there was a necessity to address some requests for clarifications on a Public Records request. Some of the Board members have also been asked about this, and as a general description of the law, someone can request public records, and if the District has them, they must be turned over. There is no obligation under the law for the District to create a record that doesn't exist, and if the requested record does not exist, the party can be told that. Additionally, there is no obligation technically to answer questions regarding records, and is up to the individual and their ability or time they have to answer questions.

As District supervisors, the Board members may get questions regarding community and agenda items from time to time. In these cases, Mr. Urbancic recommended that they be very cautious, indicating that they are one of five Board members, and that it would be better if the person comes to the Board meeting and addresses their question at that time, or refer them to Mrs. Maline. Additionally, the manager has a limited amount of time and can address what she can, but ultimately there are some lines that must be adhered to.

In response to a question from Mr. Kerins, Mr. Urbancic reiterated that they are only required to provide copies of records that already exist, and do not have to do research or put together a report that does not exist. Mrs. McFarland added that requests should be made through the district manager and not individual Board members. This is a State Statute and can be looked up by everyone.

Mrs. Maline noted that the first half hour of a records request requires no payment. The last request they had took four and a half hours of her time to provide. The requesting party was charged for the extra four hours and paid it. However, this could happen every day or even once a week, and she asked Mr. Urbancic what constitutes a reasonable request. Mrs. McFarland noted that the policy on these requests was included in the Board's packet, and on the second to last bullet point they would like to add the words "for the first request made by an individual" after the sentence that reads, "There will be no special service charge for the first 30 minutes of research".

Mr. Urbancic indicated that on the face of it he did not have a problem with it, a special service charge can be attached is if it is basically an onerous request. In Chapter 119 if a records request is going to take excessive staff time to research, and they are basically being given 30 free minutes of time, he does not see a problem with this addition.

Mrs. McFarland asked the Board if it made sense to all of them, and reiterated that it is not on a calendar basis, but the first request that they make, they are allowed 30 minutes free. Mr. Urbancic reminded them that it is only in the case of a voluminous request that will take excessive staff time to comply. Otherwise technically it cannot be charged for. By statute there is no limit to the amount that can be charged for these voluminous requests, but it must be stated in the policy, which the District has done. Mrs. McFarland reminded the Board that they have based their policy on the State of Florida Governors policy on records requests. Mrs. McFarland asked for a motion as she wanted to put this into effect immediately, and the motion will be made subject to Mr. Urbancic's legal review.

A MOTION was made by Mrs. McFarland to insert the words as discussed above into the CDD's policy on Records Requests, subject to legal review by counsel. The Motion was seconded by Mrs. Aitkenhead and unanimously approved by the Board.

Mrs. Schewitz asked if most of the documents related to the CDD were on the website, and if so, do they have an obligation to provide something that can be obtained on line. Mr. Urbancic indicated that in certain instances that can be done. Mrs. McFarland noted that the documents that get requested most of the time are emails, and specifically to her as the chair on certain topics that only she gets, and she has hundreds of them. As these requests have taken up hours of her time in the past, she has now given access to her email account to Mrs. Maline, and the District can charge for her time. Mr. Urbancic agreed that if a document is available on the website, they can be referred to it.

D. Email notices to Landowners

Mrs. Maline noted that Dorrill Management had begun the practice a year earlier of providing via email the CDD notices to all landowners. She carried that practice on, but has learned that she is not required to do that. Public notice is on the website, it is posted on the Community Center door and in the Naples Daily Newspaper. She would like to discontinue that practice. Mrs. McFarland then indicated that the question becomes do they stop emailing so that everyone's email is public record, or does it appear that as a governmental agency they should be transparent, and perhaps everyone will feel more involved in the community if they

get this information via email. She asked the Board how they felt, and Mrs. Aitkenhead indicated that she opposed email lists being maintained. She prefers that all documents be accessible to anyone through the website, and ask them to attend the meetings for information. Otherwise, she did not feel that they had a legal obligation to do more on this issue. If people now know that their email is a public document, they may wish to change it.

Mrs. McFarland suggested that they send out an email advising people that they can remove their email going forward, but Mrs. Maline indicated that their emails are already out there, and that they should no longer follow this practice, and she would not want to update the database any longer. Mrs. McFarland noted that this would be a Board decision.

The HOA is not required to give out personal information on anyone. Mr. Urbancic had suggested that the HOA maintain that list, and if there is something that the CDD would like to send via email, they can have the HOA send it to their distribution list. Mrs. McFarland agreed that this was a very good idea.

Mrs. Maline suggested that may be crossing records, and Mr. Urbancic agreed that it was difficult for her being the sole person handling these things, and suggested that the Board could specifically on the record, request that the HOA send out an email on behalf of the CDD, and then have Mr. Krutisch or another officer direct Mrs. Maline to send out the CDD notice.

A MOTION was then made by Mrs. Schewitz and seconded by Mrs. McFarland to stop collecting and updating the email roster for the CDD. The Board approved the Motion unanimously.

Mr. Kerins asked if the public record requests could be published within the CDD so the whole community can see the number of requests, as some people will continue to harass as long as they are not exposed. Mrs. Grado felt that this was an excellent idea, and Mrs. Schewitz felt that there could be a log that is maintained of public record requests.

It could be noted in the minutes, for instance, that certain requests were received since the previous meeting by certain individuals. Mrs. Maline indicated that she does keep a record, and the Board discussed if listing those requests would be appropriate. Mrs. McFarland suggested that before they begin doing that, they should consider where it will stop, and it is already onerous without asking Mrs. Maline to do something else with these requests. The Board agreed that now that they have a policy in place they should table that idea and re-evaluate it sometime in the future.

Mrs. McFarland asked Mrs. Maline to put this item on the agenda if she reaches the point that she feels this idea should be looked at again. Mr. Krutisch asked if someone could be hired to handle the record requests, and the Board briefly discussed what can be charged for these requests. A big concern of the Board's was the amount of time Mrs. Maline has to spend on these requests, as it takes away from her time managing the community. Mrs. McFarland noted that they charge \$49 an hour for time over half an hour, so they are directly compensated for her time.

At Mrs. McFarland's suggestion, the Board agreed to wait and see what happens during the coming month, and Mrs. Maline indicated that the requests have not slowed down.

DISTRICT MANAGER

A. Financial Statement Ending November 30, 2017

Mrs. Maline indicated that for the fourth month in a row they probably will not be approving the financials because they are still not correct. She advised the Board that the red dots on the financials were questionable items. Apparently Dorrell Management had not paid Crawford since October, indicating that they did not receive invoices. Mrs. Maline noted that they are transitioning to Inframark now and as soon as everything is completed they will sit down and correct the financials and then get them approved.

Presently the financials don't show the numbers for the FEMA expenses, and there are two items for land leases that they have asked to be corrected numerous times. Mrs. Maline was hopeful that the financials will be able to be approved in February.

Mrs. Maline also reminded the Board that the CDD's fiscal year was different than that of the HOA, and the CDD runs from October to October, so nothing will be seen after September 30 as a new fiscal year was started. However, the FEMA expenses for this month of almost \$110,000 were not reflected in the financials. There was also an HOA invoice that was paid through the CDD, that has since been reimbursed by the HOA.

Mrs. McFarland also noted that that goes against policy as everything must be approved by she and Mrs. Maline before it is paid. Mrs. Maline pointed out, however, that they don't see the dollar amount because they don't see the check. So when the invoice was approved, they were approving the amount for the CDD.

SUPERVISORS' REQUESTS AND COMMENTS

A. General Guardhouse Plans

Mrs. Aitkenhead indicated that she and Mrs. Maline had spoken with Crawford about this Project, and will be speaking with Dan Issacson, Landscape Architect, ISA Group after the meeting. We are seeking a third proposal and expect three very different bids will be received for a determination.

An inspection of the guardhouse was also done, and Mrs. Aitkenhead did not feel that it needed to be painted unless they want to change the color at this point. After the new roof is installed and the landscaping put in, it may need repainting, but at this point it is not in bad shape.

Some of the lanterns are broken, and new lighting may be considered as well. There are about a dozen lanterns in total. The pavers are quite dirty and need to be cleaned, and it was felt that quite a bit of this was just maintenance. Some of the wood in the eaves needs to be replaced because of rotting. Mrs. Maline noted that the wiring on the back of the building will be put back up once the roof is put on. The interior of the guardhouse also needs painting.

The pedestrian gates also need cleaning as there is mold and mildew on them, and some of the wood is rotting. This area needs to be cleaned up and updated. There was quite a bit of damage to the landscape lighting, and they will need replacing. It was noted that some strings of Christmas lights were still up, and those will be removed. A new vendor will be sought if the Board wished to put up Christmas lights this year.

Mrs. McFarland summarized, indicating that the guardhouse does need attention, and Mrs. Aitkenhead and Mrs. Maline are focusing on that for the next project. Mr. Kerins, Mrs. Maline and Mrs. McFarland will continue to concentrate on the streetlights. They met the previous day with the electrical engineer regarding the streetlight project, and Mr. Urbancic is involved as well. This item will be readdressed at the March meeting.

AUDIENCE QUESTIONS AND COMMENTS

Mrs. Maline noted at this point that she had an inquiry into Cypress Access who takes care of the gate access, as they are missing finials, some are bent, and the gate arm is rusted. The paint needs to be touched up as well. Cypress Access is quite backed up at this point, but quite

a bit of work needs to be done on the gates. They badly need some attention, and a temporary door can be put up when the gates are taken off for repair.

Mr. Kerins commented that the cul-de-sac next to the gate of the marina has a washout that encroaches on the bike path. He expressed concern that some biker is going to hit that area and he suggested that the hole be filled up as soon as possible.

Mrs. McFarland was concerned that Mrs. Maline was so busy that the most important issues may be lost sight of. Contacting real estate agents and doing a newsletter are not priorities at this time as there is so much else going on. Mr. Krutisch reiterated that perhaps the record requests could be done by someone else, as it takes quite a bit of Mrs. Maline's time. Mrs. McFarland agreed that they would have a better idea of how much time they do take the following month, but in the meantime, she wanted to make sure that Mrs. Maline does not get overwhelmed. She felt that the Board would agree that there are certain priorities as a community that they would like Mrs. Maline to focus on, many of them dealing with safety issues, such as the street lights.

She suggested that if looking into in-house guards will take a lot of time, that project can be deferred and the present guards can stay for now. Mrs. Maline noted that FEMA is taking most of her time at this point, and Mrs. McFarland agreed that FEMA is a priority. The RFPs are being done for the streetlights, and she assured the Board that while she is very busy, she is not overwhelmed. There is a lot of traffic on Key Marco right now as it is season, and quite a few realtors are coming in looking for information.

Mrs. Grado asked where the issue of dissolving the CDD stood, and Mrs. McFarland indicated that they were waiting for information on the number of people who did not pay their assessments to give an idea of the investor strength, and also, they are waiting to see how much of a FEMA reimbursement they will get. By the summer they will be readdressing the issue of dissolving the CDD.

ADJOURNMENT

With the agreement that the next meeting would be held on February 15th at 8:30 a.m., **the meeting was adjourned on a MOTION by Mrs. Grado and a second by Mrs. Schewitz at 10:00 a.m.**

Key Marco Community Development District Public Records Policy

Effective August 24, 2017 (amended 11-16-2017)

Key Marco Community Development District (KM CDD) is committed to providing the public with access to information that allows citizens to hold government accountable, to provide full and expeditious compliance with Florida's public records laws.

Public records are defined as "all documents, papers, letters, maps, books, tapes, photographs, films, sound recordings, data processing software, or other material, regardless of the physical form, characteristics, or means of transmission, made or received pursuant to law or ordinance or in connection with the transaction of official business by any agency."

Florida's Constitution and public records laws provide a right to inspect or copy such records unless specifically exempted by the Constitution or by Florida statute.

A Public Records Request may be requested by submitting the request [to Katie@ManagerKeyMarcoHOA.org](mailto:Katie@ManagerKeyMarcoHOA.org).

Requestors are not required to provide a purpose for seeking the records. Requestors who wish to view documents must make an appointment with the custodian of the requested records.

We will acknowledge a new request as soon as practicable and may provide one or more of the following initial responses:

- A statement that the Office is initiating a search for responsive records
- An inquiry to clarify the scope of the request when more information is necessary to initiate a search
- A statement that the Office does not have the requested records
- Referral to the proper custodian of the requested records
- An estimate of time required to fulfill the request
- An estimate of fees associated with processing the request
- Costs are calculated on extensive time and actual labor costs and separate from material costs
- Estimated fees shall be paid in advance.

Duplication and Materials Costs

If documents are requested in hard copy or disc format, they may be provided upon payment of the following actual duplication and materials costs when applicable:

- One sided copy: \$0.15 per page of not more than 8 1/2 by 14 inches
- Double sided copy: \$0.20 per page of not more than 8 1/2 x 14 inches
- All other duplication: Actual cost (material and supplies, not labor)
- CD-ROM: \$0.85 each
- DVD: \$1.15 each
- Certified Copies: \$1.00 per page
- Packaging and shipping charges: Estimated costs may be changed to reflect actual cost incurred
- There will be no special service charge for the first 30 minutes of research
- Personnel expense at the current hourly rate

Publication of Public Records Requests Information for all public records requests processed on or after August 24, 2017 will be publicly available online www.keymarcocdd.com.

Crawford

Hurricane Landscape Debris Removal through January 31, 2018

		Labor Hours	Equip Hours	Debris Loads	Tree Staking	Total
9/4-9/17	S	3,278	S 2,100	S -	S	S 5,378
9/18-10/17	5	40,056	\$ 11,393	\$ 3,545	S 1,650	S 56,644
10/18-12/16	S	19,585	S 5,093	\$ 5,150	S	S 29,827
12/17-12/30	S	20,070	\$	\$ 750	S -	S 20,820
1/1-1/31	5	18,983	S 6,379	S 3,375	S	S 28,737
	S	101,972	\$ 24,964	S 12,820	S 1,650	S 141,406

invoices

Sep		39,310
Oct	S	32,296
Nov	S	20,243
Dec	S	20,820
Jan	S	28,737
Total	S	141,406

Crawford

Post Hurricane Irma Irrigation Repairs

Date	Amount
9/29/2017	\$901.00
10/31/2017	\$1,402.00
11/30/2017	\$460.00
12/29/2017	\$3,245.00
TOTAL	\$6,008.00

Key Marco CDD
 do Katie Maline
 505 Whiskey Creek Drive
 Marco Island FL 34145

Statement No:

Attn: Katie Maline

Gen Rep

SENT VIA EMAIL TO: katie@managerkeymarcohoa.org

Fees

12/15/2017	GLU Review email correspondence from Katie Maline on board agenda; Brief review of same	32.50
12/18/2017	GLU Draft resolution for re-designation of officers; Draft email correspondence to Katie Maline of same	162.50
12/19/2017	GLU Review and respond to email correspondence from Bob Koncar on draft Inframark agreement; Draft email correspondence to Chair and Katie Maline on same. (no charge)	
12/20/2017	GLU Review agenda and prepare for Board of Supervisors meeting	97.50
12/21/2017	GLU Attendance at Board of Supervisors meeting	1,235.00
12/26/2017	GLU Review email correspondence from Bob Koncar on proposed Inframark agreement; Review and comment on agreement form; Review email correspondence from Katie Maline and Chair regarding agreement; Draft email correspondence to Katie Maline and Chair on agreement comments and proposed conference call; Review and respond to email correspondence scheduling call	422.50
12/27/2017	GLU Telephone conference with Katie Maline and Chair regarding Inframark contract revisions	195.00
12/29/2017	GLU Work on revisions to Inframark agreement	325.00
	Professional Fees through 12/31/2017	<u>2,470.00</u>
	Total Current Work	2,470.00

Balance Due

\$2,470.00

**GRAU AND ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
2700 N MILITARY TRAIL, SUITE 350
BOCA RATON, FLORIDA 33431
TELEPHONE: (800) 299-4728 - (561) 994-9299
FAX: (561) 994-5823**

DATE: January 17, 2018

TO: Leigh Briant

RE: Key Marco CDD

Attached is the draft of the financial statements for your review. I have the following open items:

1. Report filed with the Florida Department of Financial Services.
2. Minutes of meetings subsequent to September 2017 through report completion date. If minutes have not yet been prepared, please provide copy of the agenda package and meeting notes. Also, please provide the date of the next scheduled meeting.
3. Need June 2017 bank reconciliation.
4. Need December 2016 tax remittance advice.
5. Expenditures in the general fund exceeded budgeted amounts for the fiscal year ended September 30, 2017: we need a response to the finding.
6. We will also need to obtain the attorney response before the report is issued.
7. After the open items are cleared and the financial statements are reviewed and approved, we will need the signed representation letter (see attached). The letter and report should be dated concurrently.

Please call me if you have any questions.

Racquel McIntosh

**KEY MARCO COMMUNITY DEVELOPMENT DISTRICT
COLLIER COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2017**

DRAFT

**KEY MARCO COMMUNITY DEVELOPMENT
DISTRICT COLLIER COUNTY, FLORIDA**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-5
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	6
Statement of Activities	7
Fund Financial Statements:	
Balance Sheet — Governmental Funds	8
Reconciliation of Balance Sheet — Governmental Funds to Statement of Net Position	9
Statement of Revenues, Expenditures and Changes in Fund Balances — Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Notes to the Financial Statements	12-17
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance — Budget and Actual — General Fund	18
Notes to Required Supplementary Information	19
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 <i>GOVERNMENT AUDITING STANDARDS</i>	20-21
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	22
MANAGEMENT LETTER PURSUANT TO THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	23-24

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Key Marco Community Development District
Collier County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Key Marco Community Development District, Collier County, Florida ("District") as of and for the fiscal year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of September 30, 2017, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary information

Accounting principles generally accepted in the United States of America require that the managements discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with managements 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 Xxxxxxxx, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated Xxxxxxx, 2018, on our consideration of the District's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American **Institute** of Certified Public Accountants.

koc>a, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Key Marco Community Development District, Collier County, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2017. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year resulting in a net position balance of \$5,411,296.
- The change in the District's total net position in comparison with the prior fiscal year was (\$287,552), a decrease. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2017, the District's governmental fund reported an ending fund balance of \$810,323, a decrease of (\$50,530) in comparison with the prior fiscal year. The total fund balance is unassigned fund balance which is available for spending at the District's discretion.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

The government-wide financial statements include all governmental activities that are principally supported by special assessment revenues. The District does not have any business-type activities. The governmental activities of the District include the general government (management) and maintenance functions.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund category: governmental funds.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one governmental fund for external reporting. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund. The general fund is considered a major fund.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets exceeded liabilities at the close of the most recent fiscal year.

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

	NET POSITION SEPTEMBER 30,	
	2017	2016
Current and other assets	\$ 887,074	\$ 914,643
Capital assets, net of depreciation	4,600,973	4,837,995
Total assets	<u>5,488,047</u>	<u>5,752,638</u>
Current liabilities	76,751	53,790
Total liabilities	<u>76,751</u>	<u>53,790</u>
Net position		
Investment in capital assets	4,600,973	4,837,995
Unrestricted	810,323	860,853
Total net position	<u>\$ 5,411,296</u>	<u>\$ 5,698,848</u>

The District's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure) less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents, consequently, these assets are not available for future spending.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

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

	CHANGES IN NET POSITION	
	FOR THE FISCAL YEAR ENDED SEPTEMBER 30,	
	2017	2016
Revenues:		
Program revenues		
Charges for services	\$ 586,260	\$ 623,464
General revenues	12,474	8,373
Total revenues	<u>598,734</u>	<u>631,837</u>
Expenses:		
General government	164,128	162,130
Maintenance and operations	<u>722,158</u>	<u>689,997</u>
Total expenses	<u>886,286</u>	<u>852,127</u>
Change in net position	(287,552)	(220,290)
Net position - beginning	<u>5,698,848</u>	<u>5,919,138</u>
Net position - ending	<u>\$ 5,411,296</u>	<u>\$ 5,698,848</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2017 was \$886,286. The costs of the District's activities were primarily funded by program revenues. Program revenues are comprised primarily of assessments. In total, expenses, including depreciation, increased from the prior fiscal year. The majority of the increase was the result of an increase in professional services including the landscape maintenance and repairs as a result of Hurricane Irma

GENERAL BUDGETING HIGHLIGHTS

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

Actual general fund expenditures for the fiscal year ended September 30, 2017 exceeded appropriations by \$24,914. The over expenditures were funded by available fund balance.

CAPITAL ASSETS

At September 30, 2017, the District had \$9,630,192 invested in capital assets for its governmental activities. In the government-wide financial statements depreciation of \$5,029,219 has been taken, which resulted in a net book value of \$4,600,973. More detailed information about the District's capital assets is presented in the notes of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, land owners, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Key Marco Community Development District's management services at Dorrill Management Group, Inc., 5672 Strand Court, Suite 1, Naples, Florida 34110.

DRAFT

**KEY MARCO COMMUNITY DEVELOPMENT DISTRICT
COLLIER COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017**

	Governmental Activities
ASSETS	
Cash	\$ 882,900
Assessments receivable	3,850
Accounts receivables	324
Capital assets:	
Depreciable	2,631,770
Nondepreciable	1,969,203
Total assets	5,488,047
 LIABILITIES	
Accounts payable	76,751
Total liabilities	76,751
 NET POSITION	
Investment in capital assets	4,600,973
Unrestricted	810,323
Total net position	\$ 5,411,296

See notes to the financial statements

**KEY MARCO COMMUNITY DEVELOPMENT DISTRICT
COLLIER COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Primary government:			
Governmental activities:			
General government	\$164,128 \$	164,128 \$	
Maintenance and operations	722,158	422,132	(300,026)
Total governmental activities	886,286	586,260	(300,026)
General revenues:			
			12,474
			12,474
			(287,552)
			5,698,848
			\$ 5,411,296

See notes to the financial statements

**KEY MARCO COMMUNITY DEVELOPMENT DISTRICT
COLLIER COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

	Major Fund Genera	Total Governmental Funds
ASSETS		
Cash	\$ 882,900	\$ 882,900
Assessments receivable	3,850	3,850
Accounts receivable	324	324
Total assets	\$ 887,074	\$ 887,074
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 76,751	\$ 76,751
Total liabilities	76,751	76,751
 Fund balances:		
Unassigned	810,323	810,323
Total fund balances	810,323	810,323
Total liabilities and fund balances	\$ 887,074	\$ 887,074

See notes to the financial statements

**KEY MARCO COMMUNITY DEVELOPMENT DISTRICT
COLLIER COUNTY, FLORIDA
RECONCILIATION OF BALANCE SHEET — GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

Total fund balances - governmental funds \$ 810,323

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

Capital assets used in governmental activities are not financial
resources and therefore, are not reported as assets in the
governmental funds. The statement of net position includes
those capital assets, net of any accumulated depreciation, in the
net position of the government as a whole.

Cost of capital assets	9,630,192	
Accumulated depreciation	<u>(5,029,219)</u>	<u>4,600,973</u>
Net position of governmental activities		<u><u>\$ 5,411,296</u></u>

See notes to the financial statements

**KEY MARCO COMMUNITY DEVELOPMENT DISTRICT
COLLIER COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Major Fund General	Total Governmental Funds
REVENUES		
Assessments	\$ 586,260	\$ 586,260
Interest and other revenues	12,474	12,474
Total revenues	598,734	598,734
EXPENDITURES		
Current:		
General government	164,128	164,128
Maintenance and operations	485,136	485,136
Total expenditures	649,264	649,264
Excess (deficiency) of revenues over (under) expenditures	(50,530)	(50,530)
Fund balances - beginning	860,853	860,853
Fund balances - ending	\$ 810,323	\$ 810,323

See notes to the financial statements

**KEY MARCO COMMUNITY DEVELOPMENT DISTRICT
COLLIER COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 — NATURE OF ORGANIZATION AND REPORTING ENTITY

Key Marco Community Development District ("District") was created on July 7, 1992 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, under Collier County Ordinance 92-45. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

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

The District is governed by the Board of Supervisors ("Board") which is composed of five members. The Supervisors are elected on an at large basis by the owners of the property within the District. Ownership of land within the District entitles the owner to one vote per acre. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the final responsibility for:

1. Assessing and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District is considered to be financially accountable and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment (Operating-type special assessments for maintenance and debt service are treated as charges for services.) and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assessments

Assessments are non-ad valorem assessments on benefited lands within the District. Assessments are levied to pay for the operations and maintenance of the District. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. The District's annual assessments for operations and debt service are billed and collected by the County Tax Assessor/Collector. The amounts remitted to the District are net of applicable discounts or fees and include interest on monies held from the day of collection to the day of distribution.

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

The District reports the following major governmental fund:

General Fund

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

Assets, Liabilities and Net Position or Equity

Restricted Assets

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

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Deposits and Investments (Continued)

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured.

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

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>A s s e t s</u>	<u>Y e a r s</u>
Building and improvements	10 — 30
Infrastructure assets	10 — 40
Machinery and equipment	6-15

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

Unearned Revenue

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

Long-Term Obligations

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

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

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Deferred Outflows/Inflows of Resources

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

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

Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The District can establish limitations on the use of fund balance as follows:

Committed fund balance — Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

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

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

Other Disclosures

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 — BUDGETARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

- a) Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain public comments.
- c) Prior to October 1, the budget is legally adopted by the District Board.
- d) All budget changes must be approved by the District Board.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

NOTE 4 — DEPOSITS

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

NOTE 5 — CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2017 was as follows:

	Beginning Balance	Additions	Ending Reductions
<u>Gmemmental activities</u>			
Capital assets, not being depreciated			
Land and land improvements	\$ 1,969,203	\$	\$ 1,969,203
Total capital assets, not being depreciated	1,969,203		1,969,203
Capital assets, being depreciated			
Buildings	143,369		143,369
Improvements	882,684		882,684
Infrastructure	6,511,876		6,511,876
Machinery & Equipment	123,060		123,060
Total capital assets, being depreciated	7,660,989		7,660,989
Less accumulated depreciation for:			
Buildings	106,308	4,779	111,087
Improvements	660,872	20,817	681,689
Infrastructure	3,998,354	205,273	4,203,627
Machinery & Equipment	26,663	6,153	32,816
Total accumulated depreciation	4,792,197	237,022	5,029,219
Total capital assets, being depreciated, net		2,868,792	(237,022)
	<u>2,631,770 Gmemmental activities capital assets, net</u>		\$
	4,837,995 \$	(237,022) \$ \$	4,600,973

Depreciation expense was charged to maintenance and operations.

NOTE 6 — LICENSE AGREEMENT

In October 2010, the District entered into an initial five year license agreement with Key Marco Community Association ("KMCA") wherein the District will have exclusive right and privilege to utilize KMCA's maintenance building as defined for a monthly license fee of \$1,433.33. In connection with this agreement, KMCA's is solely responsible for the overall maintenance of such property and related insurance coverage.

As of the effective date of the agreement, KMCA owed the District \$86,000 for previous past services rendered, and such parties agreed that the amount owed to the District would offset each month during the initial term by the monthly license fee until this obligation is liquidated. In December 2015, the District and KMCA entered into a new lease agreement whereby the District will pay \$2,553 monthly as a lease payment. At the end of the prior fiscal year, the amount owed to the District was completely recovered.

Total paid in the current fiscal year was \$30,636.

NOTE 7 — MANAGEMENT AGREEMENT

In February 2017, the District entered into an agreement with the KMCA regarding District management services. Per the agreement, the HOA Manager will provide District management services and will report to both the KMCA Board and the District Board. The District has agreed to pay KMCA an annual management fee of \$72,000 and a one-time start-up fee of \$5,000. The agreement is for a one year term and is automatically renewed for successive one year periods.

For the fiscal year ended September 30, 2017, the District paid the KMCA \$53,000 for these services.

As a result of the agreement, the existing management contract was reduced from \$4,507 monthly to \$1,250 monthly.

NOTE 8 — 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.

NOTE 9 — RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. There were no settled claims during the past three years.

**KEY MARCO COMMUNITY DEVELOPMENT DISTRICT
COLLIER COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL — GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts Original & Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Assessments	\$ 603,000	\$ 586,260	\$ (16,740)
Interest and other revenues	2,350	12,474	10,124
Total revenues	605,350	598,734	(6,616)
EXPENDITURES			
Current:			
General government	152,100	164,128	(12,028)
Maintenance and operations	472,250	485,136	(12,886)
Total expenditures	624,350	649,264	(24,914)
Beess (deficiency) of revenues over (under) expenditures	\$ (19,000)	(50,530)	\$ (31,530)
OTHER FINANCING SOURCES (USES)			
Use of fund balance	19,000		(19,000)
Total other financing sources	19,000		(19,000)
Net change in fund balances	\$ -	(50,530)	\$ (50,530)
Fund balance - beginning		860,853	
Fund balance - ending		\$ 810,323	

See notes to required supplementary information

**KEY MARCO COMMUNITY DEVELOPMENT DISTRICT
COLLIER COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors.

Actual general fund expenditures for the fiscal year ended September 30, 2017 exceeded appropriations by 324,914. The over expenditures were funded by available fund balance.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors
Key Marco Community Development District
Collier County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Key Marco Community Development District, Collier County, Florida ("District") as of and for the fiscal year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated Xxxxx,2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Xxxxx, 2018

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

To the Board of Supervisors
Key Marco Community Development District
Collier County, Florida

We have examined Key Marco Community Development District, Collier County, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2017. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2017.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, and the Board of Supervisors of Key Marco Community Development District, Collier County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Xxxx, 2018

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

To the Board of Supervisors
Key Marco Community Development District
Collier County, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Key Marco Community Development District ("District") as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated Xxxxx, 2018.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated Xxxxx, 2018, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
 - Compliance with the Provisions of the Auditor General of the State of Florida.**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, as applicable, management, and the Board of Supervisors of Key Marco Community Development District, Collier County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Key Marco Community Development District, Collier County, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements and the courtesies extended to us.

Xxxxx, 2018

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2017-01 Budget:

Observation: Actual expenditures exceeded appropriations in the general fund for the fiscal year ended September 30, 2017.

Recommendation: The District should amend the budget during the fiscal year or within statutory guidelines to ensure that all expenditures are properly budgeted.

Management Response: *(TO BE PROVIDED BY CLIENT)*

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2016.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2017, except as noted above.

3. Noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2017.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.

5. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2017 financial audit report.

6. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

7. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2017. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

PUT ON LETTERHEAD OF DISTRICT

xxxxxxxxxxxx, 2018

Grau & Associates
2700 North Military Trail, Suite
350 Boca Raton, Florida 33431

This representation letter is provided in connection with your audit of the financial statements of Key Marco Community Development District, Collier County, Florida ("District"), which comprise the respective financial position of the governmental activities and the major fund as of September 30, 2017, and the respective changes in financial position for the fiscal year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

This representation letter is also provided in connection with your examination of the District's compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2017 which was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

We confirm, to the best of our knowledge and belief, as of >coc0000000c, 2018, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 28, 2017, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units, if applicable, required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties, if any, have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements, if applicable.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 10) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Supervisors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the District and involves—
- Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements, except as disclosed in the financial statements.
- 18) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 19) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions, if any, of which we are aware.

Government-specific

- 20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us.
- 22) We have a process to track the status of audit findings and recommendations.
- 23) There have been no significant findings or recommendation from any previous audits, attestation engagements, and other studies related to the audit objectives being undertaken.
- 24) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 25) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 26) The District has no post-employment or post-retirement benefit plans. And, the District has no obligations under F.S. 112.0801.
- 27) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

- 28) There are no violations or possible violations others than those disclosed in the financial statements of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance, except as disclosed in the financial statements.
- 29) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 30) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral_
- 31) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 32) The financial statements include all component units as well as joint ventures with an equity interest, if any, and properly disclose all other joint ventures and other related organizations, if any.
- 33) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34 .
- 34) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 35) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 36) Investments, derivative instruments, and land and other real estate held by endowments, if any, are properly valued.
- 37) Provisions for uncollectible receivables, if any, have been properly identified and recorded.
- 38) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- 39) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal, as applicable.
- 40) Interfund, internal, and intra-entity activity and balances, if any, have been appropriately classified and reported.
- 41) Deposits and investment securities and derivative instruments, if any, are properly classified as to risk and are properly disclosed.
- 42) Capital assets, including infrastructure and intangible assets, if any, are properly capitalized, reported, and, if applicable, depreciated.
- 43) We are following *GASB Statement No. 54, paragraph 18*, to determine the fund balance classifications for financial reporting purposes.
- 44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 45) With regard to the requirements of Section 218.415, Florida Statutes:
 - a) We acknowledge our responsibility for complying with these requirements.
 - b) We acknowledge our responsibility for establishing and maintaining effective internal control over compliance.
 - c) We have performed an evaluation of the District's compliance with these requirements and the District's controls for ensuring compliance and detecting noncompliance with requirements, as applicable.

MARCO ISLAND HALF MARATHON, INC.

950 North Collier Boulevard, Suite 101
Marco Island, Florida 34145
Telephone: (239) 394-39(X)
Fax: (239) 642-0006

January 12, 2018

KEY MARCO COMMUNITY ASSOCIATION, INC.

Attn: Ms. Katie Maline 505
Whisky Creek Drive Marco
Island, Florida 34145

Re: The Marco Island Half Marathon

Dear Ms. Maline:

We want to again thank the Key Marco Community for supporting our annual half marathon bridge run. Further, the 2018 event is scheduled for Sunday March 18 and we would ask for approval for the submission of our application to the City of Marco Island.

I certainly want to address the unfortunate situation last year when, with authorization, a race volunteer marked turns in the course with paint. This was totally wrong and I want to assure you that such would never again happen.

Thank you again for helping make the race an asset to our island. Again we are volunteers and our funds are donated to local charities.

Very truly yours,

Frederick C. Kramer

FCK/sa

Katie Maline

From: marymoran3@aol.com
Sent: Thursday, February 8, 2018 10:14 AM
To: Katie Maline
Subject: Naples Walking Club

Katie,

It was so good to meet you on Tuesday, and learn that there was a way we could bring a few walkers into beautiful Key Marco. We discussed a tentative date for Friday morning, March 23. I would guess that we would have less than 10 walkers due to the distances from parking and lack of facilities, but will firm up that number later.

Meanwhile, I will let the club know that this is a good possibility, but we wait to hear definitely from you. Thanks for showing us your beautiful community room. It is exciting to find the secret Key Marco area!

Mary Moran
Naples Walking Club
230-571-2770

Katie Maline

From: Kevin Carter <Kevin@drngfl.com>
Sent: Thursday, February 8, 2018 1:17 PM
To: Katie Maline
Subject: Fwd: Key Marco as part of Tour de Marco in 2018

Kevin Carter
Director of Operations
Lely Resort CDD
6815 Wildflower Way
Naples, FL 34113
(0) 239/775-6502
kevin@dmal.com

Begin forwarded message:

From: James Seegers <docseegsPgmail.com>
Date: February 8, 2018 at 1:16:18 PM EST
To: Kevin Carter <Kevin@dmgfl.com>
Subject: Key Marco as part of Tour de Marco in 2018

Hello Kevin,

As in the past, the YMCA is having the Tour de Marco bicycle ride as a fund raiser. This will be the eighth year, and once again the YMCA hopes to have Key Marco as part of the tour. In the past you have been kind enough to supply the "Agreement regarding use of district facilities". The date for the event is Sunday, Feb 25, 2018. Could you help us out once again? Proof of liability and a cleaning deposit is probably needed and will be supplied.

Thank you very much,
Jim Seegers