



HERONS GLEN RECREATION DISTRICT
Joint Meeting with Finance / Audit Committees / Auditors
February 12, 2024, at 9:00 AM, Card Room C
Minutes

FINANCE/AUDIT COMMITTEES	PRESENT	OTHERS	PRESENT
David Brendsel, Finance/Audit	X	GM J.B. Belknap	X
Jeff Buxton, Finance	X	Controller Lynn Brew	X
Paul Chipman, Finance	X	Treasurer Jayne Schwarz	X
Richard Kline, Alt. Finance	X	Wendy Shea, Act./Events	X
Rita Lehman, Finance	X	Chris Kessler, CLA	X
Arthur Lippens, Finance	X	Rob Willems, CLA	X
Larry Pedersen, Vice Chair Fin.	X		
Dennis Popp, Chair Finance	X	Supervisor Young	X
Don Misener, Audit	X	Supervisor Overs	X
Beth Tyndall, Audit	X		
Nicole Wilkin, Audit	-	Residents	0

- I. **CALL TO ORDER - FINANCE & AUDIT COMMITTEES** – Chair Dennis Popp
 Chair Dennis Popp called the joint meeting to order at 9:00 a.m. and welcomed all those in attendance.

- II. **REVIEW OF MINUTES – Joint Mtg. Board & Finance on Prop. Insurance – 1/15/24** -Chair Dennis Popp
 Chair Dennis Popp asked the Finance Advisory Committee to review the minutes from the Joint Meeting between the Board of Supervisors and the Finance Advisory Committee on Property Insurance. The Finance Advisory Committee had no issues or concerns with the minutes.

- III. **PRESENTATION OF THE 2023 AUDIT RESULTS** –Chris Kessler and Rob Willems from CliftonLarsonAllen
 Chair Dennis Popp introduced the HGRD Board’s Auditors from CliftonLarsonAllen – Chris Kessler and Rob Willems. Chris provided the participants an overview of financial statements reported under GASB standards. He noted the Herons Glen, a government unit, did not report using fund accounting. Rather the reporting was as an enterprise entity.

Chris Kessler then provided an overview of CLA. (See attached presentation).

The audit services performed for the Herons Glen Recreation District was the financial statement audit for the year ending September 30, 2023, in accordance with Government Auditing Standards.

Reports that will be delivered to the HGRD are an Independent Auditor’s Report, a report on Internal Controls over Financial Reporting and on compliance and other matters based on an Audit of Financial Statements, a Management Letter, an Independent Accountants’ Report, and a Governance Communication Letter.

Chris Kessler explained the required communications to governance which included the following: Unmodified Opinion on the Financial Statements, the scope and timing of the audit proceeded as planned, significant accounting policies, there were no changes in accounting policies, there were no significant estimates within the financial statements, there were no uncorrected misstatements, there were no difficulties encountered in performing the audit , and no disagreements with management but there was one material audit adjustment related to recording accounts payable. The reports include those specifically required by the Florida Auditor General.

Chris Kessler reviewed the 2023-001 – Audit Adjustment of the Material Weakness in Internal Control over financial reporting. As recommended by CLA audit team, management adjusted accounts payable, work in progress and expenses for goods and services not received or rendered, but committed as of September 30, 202. Management advised that the District will no longer book the full amount of a contract, equipment or other expense or expenditure purchased, contracted or committed to until goods and services have been received or rendered. The adjusting entries were completed by January 27, 2027.

Chris Kessler reviewed the 2023-002 – Bank Reconciliations – bank accounts reconciled timely. CLA recommends the District develop an internal control policy which defines the expected time frame for the bank reconciliations to be completed. In addition, CLA recommends scheduling time monthly to prepare the bank reconciliation as a priority early in the month. Management advised that the Controller had an excess amount of work during the month end closing, which is why the bank statement reconciliations do not always get done in a timely manner. Management noted that there have not been instances in which there were issues with the reconciliations that would cause errors not to be recognized or transactions not to be posted. Management stated that outstanding amounts and adjustments are reconciled during the following month prior to the release of that month’s internal financial statements. Management committed to have reconciliations completed and reviewed by the end of the month following the date of the financial statement. The target date for completion is May 31, 2024. Timeliness of bank reconciliations is a management letter item and a repeat item from the prior year.

Highlights of the Financial Position as of September 30, 2023:

Financial Statements – Pages 14 through 17

- Total net position of \$35,241,296
- Operating Loss of \$1,375,211
- Increase of Net Position of \$194,196
- Cash Flow Provided by Operations of \$797,159

Make-up of Net Position \$35,241,296 – Page 14

- Net Investment in Capital Assets - \$2,512,707
- Restricted to Debt Service - \$27,380,922
- Restricted for Capital Improvements and Maintenance - \$5,360,187
- Unrestricted – (\$12,520)

Overall change in Net Position was an increase of \$194,000. Treasurer Schwarz noted that the operating loss was primarily depreciation (\$1m) and Hurricane Ian expenses. General Manager Belknap noted that hurricane expense, net of reimbursements, was approximately \$370,000.

There was a discussion on the Qualified public depository and use of “Sweep” Accounts. The state has determined such activity to be investment activity and not covered. Therefore, funds more than the FDIC coverage could be at risk. Treasurer Schwarz and David Brendsel will talk with the bank on this issue of the unallocated funds.

Chair Dennis Popp asked if there was recommendation to the Board of Supervisors to accept the CLA 2023 Audit Results and David Brendsel moved to recommend to the Board of Supervisors the CLA 2023 Audit Results. Larry Pedersen seconded the motion. A vote was taken, and the motion passed unanimously.

- IV. **FINANCE AND AUDIT COMMITTEE DISCUSSION** – Chair Dennis Popp asked that all management and staff leave the room so the Finance & Audit Committee can discuss audit with CLA in private.

END OF JOINT FINANCE-AUDIT COMMITTEE MEETING WITH AUDITORS – 9:50 A.M.

- V. **NEXT FINANCE MEETING DATE – March 11, 2024 – Card Room C/Zoom - TBD**

VI. FINANCE AND AUDIT COMMITTEE MEETING ADJOURNMENT

Approved- March 11, 2024:

Approved
Dennis Popp
Chair, Finance Advisory Committee
February 13, 2024