

**HERONS GLEN RECREATION DISTRICT  
JOINT FINANCE & AUDIT COMMITTEES –  
9:30 AM -Private Dining Room/Zoom  
Monday, February 21, 2022  
Agenda**

	Present		Present
<b>FINANCE COMMITTEE</b>		<b>AUDIT COMMITTEE</b>	
<b>Dennis Popp, Chair</b>	<b>X</b>	<b>David Brendsel</b>	<b>X</b>
<b>Jeffrey Buxton</b>	<b>X</b>	<b>Don Misener</b>	<b>X</b>
<b>Tom DeLache</b>	<b>X</b>	<b>Nicole Wilkin</b>	<b>-</b>
<b>Mary Koenig</b>	<b>X</b>	<b>Jayne Schwarz, Board Liaison</b>	<b>X</b>
<b>Rita Lehman</b>	<b>X</b>		
<b>Betty Ward</b>	<b>X</b>	<b>J.B. Belknap, Gen Mgr</b>	<b>X</b>
<b>Larry Pedersen</b>	<b>X</b>	<b>Lynn Brew, Controller</b>	<b>X</b>
		<b>Tom Hart, Counsel</b>	<b>X</b>
<b>Residents:</b>	<b>1</b>	<b>Supervisors Young, Overs, Kulkoski</b>	<b>X</b>

- I **CALL TO ORDER**  
Chair Dennis Popp called the joint meeting to order at 9:30 a.m.
- II **WELCOME**  
Chair Dennis Popp welcomed those in attendance and on Zoom.
- III **INTRODUCTION OF HGRD AUDITORS**  
Chair Dennis Popp introduced the HGRD Board's Auditors from CLA - Chris Kessler and Rob Willems.
- IV **RESULTS OF THE FY2020-21 HGRD FINANCIAL AUDIT**  
Chris Kessler began the presentation of the 2021 Audit Results with a firm overview.  
(See attached presentation).

The audit services performed for the Herons Glen Recreation District was the financial statement audit for the year ended September 30, 2021, in accordance with Government Auditing Standards.

Reports that will be delivered to the HGRD are an Independent Auditor's Report, a report on Internal Control 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 there were no disagreements with management.

CLA assessed the following areas to be of higher audit risk: Management overrides of controls, Capital projects, Revenue recognition, Payables, Accruals, and other Liabilities, Information Technology Control Environment and Financial Statement Disclosures. Treasurer Schwarz inquired as to whether CLA look at both IT vendors because the HGRD changed IT companies at the end of the year. Chris Kessler stated that they did look at both vendors and the environment of both companies was appropriate.

CLA stated that four of the five prior year findings were corrected. Management cleared the following: 2020-001 – Annual Financial Reporting under GAAP, 2020-003 – Compliance with Florida Statute Chapter 280, 2020-004 – Compliance with Florida Statute Chapter 218.415 and 2020-005 – Capital Asset Tracking. 2020-002 – Accounting for Leases was repeated in 2021. Under GASB to be implemented for FY2022, all new leases that are not cancellable must be capitalized on the balance sheet. This standard was delayed a year due to Covid but must now be addressed. Mr. Kessler suggested that the easiest implementation of the standard was for HGRD to continue showing lease expenses on internal management operating reports during the year. Then, at the end of the fiscal year, management should make the appropriate financial statement adjustments. This process would be similar to the current handling of capital lease expenses on the internal financial reports during the year.

The draft reportable findings of CLA for 2021 were the following: 2021-001 – Accounting for leases- significant deficiency, 2021-002 – Florida Statute Chapter 280 – Sweep Account compliance. Other comments included: Accrual cutoff and the need for management to reach out to vendors to obtain timely expenses (immaterial audit adjustments) Information technology security and the need to follow good practices with password complexity and the need to work with the District's IT company by requesting their SOC report, penetration audit results, or internal controls audits. Treasurer Schwarz asked for clarification on the additional documentation needed to be compliant with state requirements on the District's sweep account at Finemark Bank. (Subsequent correspondence from the auditors is that this finding will be withdrawn, as the state considers the sweep account an investment account).

Chris Kessler stated that the Management Letter on page 34 of the audit report is different than in year's past. There is a new requirement by the Florida Legislature for Special Districts. The purpose is to be more transparent in the district's spending of their funds. The group discussed items and learned that the legislature may evaluate the data and determine usefulness; however, it would probably take two sessions to amend.

**Highlights of the Financial Position as of September 30, 2021:  
Financial Statements – Pages 11 through 14**

- Total net position of \$35,811,242
- Operating Loss of \$730,378
- Increase of Net Position of \$859, 468
- Cash Flow Provided by Operations of \$363,443

**Make-up of Net Position – Page 11**

- Net Investment in Capital Assets - \$2,171,371
- Restricted to Debt Service - \$29,154,357
- Restricted for Capital Improvements and Maintenance - \$4,511,059
- Unrestricted – (\$25,545)

Chris Kessler stated that the HGRD needs to monitor the unrestricted cash balance.  
**New GASB Standards**

- GASB 87 – Leases – 2022

- **GASB 96 – Subscription based Information Technology Arrangements – 2023**

Supervisor Schwarz questioned why management's financial statements did not show the two-year comparative statement, recognizing that in FY2020 it was necessary to report a single year. As the report is in draft, management can determine if comparative statements should be provided. Management advised that the report should include comparative statements for FYs2020 and 2021. CLA will update the reports.

When asked as to the status of management's Internal Control Handbook, CLA services is for reviewing for completeness and best practices.

- V **DISCUSSION OF THE AUDIT AND RESULTS – Chair Popp asked that all management and staff leave the room so the Finance & Audit Committee can discuss the audit with CLA in private.**

***END OF JOINT FINANCE-AUDIT COMMITTEES MEETING WITH AUDITORS***

Draft Approved:

Draft Approved – February 25, 2022

Dennis Popp  
Chair, Finance Standing Committee  
February 2022

**HERONS GLEN RECREATION DISTRICT  
 JOINT FINANCE & AUDIT COMMITTEES –  
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 Agenda**

	Present		Present
<b>FINANCE COMMITTEE</b>		<b>AUDIT COMMITTEE</b>	
<b>Dennis Popp, Chair</b>		<b>David Brendsel</b>	
<b>Larry Pedersen, Vice Chair</b>		<b>Tim Gles</b>	
<b>Jeffrey Buxton</b>		<b>Don Misener</b>	
<b>Tom DeLache</b>		<b>Nicole Wilkin</b>	
<b>Mary Koenig</b>			
<b>Rita Lehman</b>		<b>Jayne Schwarz, Board Liaison</b>	
<b>Betty Ward</b>		<b>J.B. Belknap, Gen Mgr</b>	
		<b>Lynn Brew, Controller</b>	
<b>Residents:</b>			

- |      |   |                              |
|------|---|------------------------------|
| I    | CALL TO ORDER   | Dennis Popp                  |
| II   | WELCOME   | Dennis Popp                  |
| III  | INTRODUCTION OF HGRD AUDITORS<br>CLA – Chris Kessler & Rob Willems  | Dennis Popp                  |
| IV   | RESULTS OF THE FY2020-21 HGRD FINANCIAL AUDIT   | Chris Kessler<br>Rob Willems |
| V    | DISCUSSION OF THE AUDIT AND RESULTS   | ALL                          |
|      | <i>END OF JOINT FINANCE-AUDIT COMMITTEES MEETING WITH AUDITORS</i>  |                              |
| VI   | APPROVAL OF FINANCE COMMITTEE MINUTES -<br>November 15, 2021 – Finance Advisory Meeting   | Dennis Popp                  |
| VII  | MANAGEMENT OPERATIONS & FY2022 FINANCIAL UPDATE   | J.B.Belknap                  |
| VIII | OPEN COMMITTEE PROJECTS REVIEW  | Dennis Popp                  |
| IX   | NEW BUSINESS  |                              |
| X    | OTHER BUSINESS  |                              |
| XI   | NEXT MEETING – Monday, April 25, 2022, Joint Meeting w/Board of Supervisors at<br>9:30 a.m. for Mid-Year Review in Card Room C/Zoom |                              |
| X    | ADJOURNMENT   |                              |

**FINANCE STANDING ADVISORY COMMITTEE**  
**November 15, 2021**  
**Minutes**

<b>MEMBERS</b>	<b>Present</b>	<b>OTHERS</b>	<b>Present</b>
Dennis Popp, Chair	X	J.B. Belknap, General Manager	X
Larry Pedersen, Vice Chair	X	Lynn Brew	ZOOM
Tom DeLache	X	J. Schwarz, Finance Liaison	X
Mary Koenig	X		
Rita Lehman	X	Wendy Shea, Act. & Events Coord.	X
Jeff Buxton	X	Residents: (3 Zoom, 2 Attendance)	5
Betty Ward	X		

**I. CALL TO ORDER –**

Chair Popp called meeting to order at 9:00 a.m.

**II. WELCOME -**

Chair Popp welcomed all those in attendance and those on Zoom.

**III. APPROVAL OF THE MINUTES – August 30, 2021, Finance Advisory**

Chair Popp asked for approval of the August 30, 2021, Finance Advisory meeting minutes. Tom DeLache stated that in section VII under other business it should read..”Larry explained that \$110,000 has been budgeted for the tennis court portion for the Sports complex estimated in the bond project plan.” Larry Pedersen made a motion to approve the August 30, 2021, with the above correction. Tom DeLache seconded the motion, and a vote was taken, and the motion was approved unanimously.

**IV. MANAGEMENT OPERATIONS COMMENTS –**

GM Belknap presented his Finance Report. (See attached)

**1. FY '21 Recap Highlights**

- \* **\$208K Surplus:** 106K from “Other than Golf” & 102K from “Golf”
- \* **Non-Golf Operating expenses** were 415K favorable to offset revenue loss.
- \* 108 new home sales resulting in \$335K of **New Owner Capital Fees** to fund Long

Term Cap Reserve which is a 44% increase over last FY.

\* **DR Horton Homes:** Bond assessments and O&M collections on 16 lots are collected through the tax rolls.

Larry Pedersen asked for number of paid golf members to date for this year. GM Belknap stated it was currently 515 with a budget of 600. GM Belknap stated that many are waiting to come down before joining, as the course won't open until December.

**2. Bond Project Update:**

- \* **Golf Course:** GM Belknap stated that they are heading for the final touches on the golf course such as landscaping and edging. The grass looks great is growing well. Jeff Buxton asked about the change orders and if the final accounting will be known when the course opens. GM Belknap said it would most likely be in late February or March 2022. The golf course final budget will come within the \$6 million that was budgeted.
- \***LDO for Other 5 Projects –** GM Belknap informed the committee that all the information needed was submitted to Lee County on March 3<sup>rd</sup> and we are still waiting on the LDO.

Bond projects will not take place until the spring of 2022, at the earliest:

- Pool Deck/Restaurant –
- Storage Building -
- Sports Complex-Bocce, Shuffleboard, and Tennis  
- Pickleball Courts – 2 additional –
- Restrooms located at Palo Duro and driving range

\* **Architect** - GM Belknap explained that Stultz Construction is working on obtaining a proposal from RG Architecture for the restaurant renovation that is a task based. The previous architect's required billing was not in the best interests of the District.

\* **Piling Inspection for Bridge** – The Board has asked management to hire a forensic engineer to inspect the pilings below the water of the stability of the bridge. GM Belknap has asked Stultz to procure prices for the Engineer.

\* **Re-format the Income Statement** - Treasurer Schwarz has asked management to reformat the monthly Income Statement to be more user friendly, operationally oriented, and track trends easier. (See attached samples of Income Statement) Several finance committee members participated in the meeting with J.B and provided the suggestions.

\* **Golf Guys** – Management recommended using the Golf Guys in Bonita Springs to supply the Pro Shop with all clothing, clubs, balls, etc. The Pro Shop basically becomes a consignment store. The Board agreed that this is a management operational issue to provide customer service Committee questions and discussion included aging inventory, frees up cash tied up in inventory, the pricing of goods, ability to control the costs. This is a one-year contract, which is cancellable at any time. HGRD, receives 10% commission check on all goods purchased The Pro Shop orders merchandise as usual. Golf Guys purchased the inventory on hand at time of turnover. They paid 60% of cost for the inventory. These items may be sold in the Pro Shop; or the company may move to another location, including their store in Bonita Springs. the Finance Committee recommended a review of the program with the committee in 6 months.

\* **PEO Transition** – The Controller and Assistant Controller are investigating other PEO Companies that handle HGRD payroll, HR, etc. Management feels that we are paying too much for services being provided and will solicit bids and presenting bid their bid package and recommendation to the Bid Oversight Committee.

\* **Headwinds** – Inflation and Supply shortages are significant challenges, as well as balancing protecting the newly renovated golf course with generating daily fee play revenue

## **V. OPEN ITEMS**

**1. FY2020 Auditors Report** – This report and follow up will not be done by the Finance Advisory Committee but instead will be sent to the Audit Committee. This is considered closed.

**2. Tennis Association Fees review assignment** – Treasurer Schwarz will get the minutes from the Budget meetings to Chair Popp and the committee. Chair Popp will meet with F&A Chair Mars about the request to review the fees that the Tennis Association pays annually. This project is requested completion before FY23 budget workshops. Tom DeLache volunteered that he has the number of tennis association teams and bookings.

**3. Court Booking System – review for potential cost savings opportunity** – Tom DeLache explained the court booking system and the costs, but this open item is now closed.

## **VI. REQUEST TO ASSIST –**

\* **Changing due dates of quarterly assessment** – The Board has requested that the Finance Advisory Committee investigate how the HGRD can change the due dates of the quarterly assessment to the beginning of the month each quarter instead of the end of the month. The Board would like to know the software issues and the steps and process to possibly change the due dates. An Ad Hoc Committee of Dennis Popp, Larry Pedersen, Betty Ward and Jeff Buxton was formed to address the issue.

\* **Review the Finance Advisory Committee Charter** – The Finance Advisory Charter was provided and Chair Popp has requested that the committee review the charter to

determine if items need changing or moving to other committees. (See Attached Charter) It was requested that committee members send Chair Popp any suggestions.

**VIII. OTHER BUSINESS**

**IX NEXT MEETING – Monday, January 17, 2022 – 9:00 a.m. – Card Room C/Zoom**

**X. ADJOURNMENT – Chair Popp adjourned the meeting at 9:53 a.m.**

Draft Approved:

November 23, 2021

Dennis Popp

Chair, Finance Standing Advisory Committee

November

**To: Dennis Popp, Chair Finance Committee**

**From: Larry R. Pedersen**

**Date )1/03/22**

**RE: Tennis Association Fees**

**As per your request, finance sub committee made up of Rita Lehman, Mary Koenig and myself researched the question of the fee charged to HGRD Tennis Association.**

**We did the following**

- 1. Researched/reviewed the background of the basis of the HGRD fee charged to the Tennis Association,**
  - a. Including Board resolutions and minutes**
  - b. Benefits given to members of Tennis Association**
  - c. HGRD budgets for tennis: years 2017 – 2021**
- 2. Reviewed with the Tennis Association Chair current membership including non residents**
- 3. Current fee charged Tennis Association is \$10,000.**

**Our unanimous recommendation to the HGRD Board (assuming your approval) is starting next budget year, the Tennis association fee be increased at the same percentage rate as the annual HGRD homeowners fee. This percentage will become the index for future budgets and is suggested the HGRD Board make it a resolution.**





Dennis Popp <dennis.l.popp@gmail.com>

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**Re: tennis referral**

1 message

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**Karen Mars** <karen.mars01@gmail.com>

Sun, Jan 23, 2022 at 10:11 AM

To: Dennis Popp <dennis.l.popp@gmail.com>

I put the proposal and the supporting docs out to the committee a week ago. We are a committee of nine this year. I have 6 who support the proposal and 3 who did not respond.

Karen

On 1/11/2022 10:40 AM, Dennis Popp wrote:

Hi Karen,

Larry Pedersen, Mary Koenig and Rita Lehman gathered documents and met on this subject. I've attached their recommendation for your review.

I don't know how you want to handle the joint referral from your end. Let me what you think about the document and how you want to proceed.

Dennis

February 21,2022

To: HGRD Board of Supervisors

From: Finance Advisory Committee

Subject: Changing the dates assessments are due and payable

**Background.**

The FAC was asked to investigate the feasibility of having the payment of member assessments due prior to the first day of each quarter, starting with September 30 which is the end of the fiscal year. Currently the assessments are included in the member statements of October ( the first of the fiscal year), then January, April and July. They are payable by the end of the month in which they were billed. This month-long lapse between the beginning of the fiscal year and when assessments are due may cause some financial issues for the district. It may also be desirable for the HGRD to be on the same billing cycle as the HOA.

Assistance and input was provided by Supervisor Schwarz, Controller Brew and Attorney Hart. Jeff Buxton and Dennis Popp from the FAC comprised the sub-committee to work on the task.

**Findings:**

In order to receive payment for assessments by October 1st, or due September 30, at the beginning of the fiscal year, and the beginning of each quarter thereafter, the assessments would have to be included on the member statement of September (due September 30), December, March and June. This is possible, see attachments 1 and 2, per Controller Brew. Budget approval, hearing dates and notices would all have to be backed up one month. Attorney Hart could lay out the timeline for all these events to happen on a schedule consistent with state statutes, see attachment 3..

**Summary:**

Changing the dates assessments are billed and payable is not a complex issue. All dates just need to move one month backward, see the timeline attached. Controller Brew has said this is possible, see attachment 2.

The FAC was not asked to offer an opinion on changing the dates the assessments are due and payable. However, the BoS should be aware that changing the dates may have an adverse impact on some residents who have budgeted their payments to the HGRD and HOA to occur in different months. Also, Member Statements are currently sent out on the 9th day of the month. This allows about three weeks for members to pay. It may be better if those statements were sent out earlier in the month, say the 2nd or 3rd. There is currently a third party software issue

preventing earlier billing but Controller Brew says this may be moot in the near future, see attachment 2.

There is also an opportunity to mail the proposed budget and the member statement to members using in-house staff instead of Attorney Hart, see attachment 4 page2. This may create budgetary savings.

V/R

The FAC



Dennis Popp &lt;dennis.l.popp@gmail.com&gt;

**Fwd: Due Date change for asmnts**

2 messages

J.Schwarz &lt;j.schwarz.hg@gmail.com&gt;

Mon, Nov 15, 2021 at 8:50 PM

To: Dennis Popp &lt;dennis.l.popp@gmail.com&gt;, Mary Koenig &lt;mkoenig45@gmail.com&gt;

Just forwarding....

Thanks,

Jayne Schwarz

j.schwarz.hg@gmail.com

----- Forwarded message -----

From: Lynn Brew &lt;controller@hgrdnfm.com&gt;

Date: Mon, Nov 15, 2021 at 8:43 PM

Subject: Due Date change for asmnts

To: HGRD General Manager <hgrdgm@hgrdnfm.com>, hmyoung@charter.net <hmyoung@charter.net>,  
Jayne Schwarz <j.schwarz.hg@gmail.com>

Cc: Carol Bratten &lt;CarolBratten@hgrdnfm.com&gt;

Good evening, gentlemen.

Carol Bratten and I discussed the idea of changing the due date for the assessments (asmnts). The most efficient way we can do this is to bill the asmnts a month earlier than normal. The asmnts will technically be due by the end of the next month (i.e. bill Oct-Dec asmnts on August 31<sup>st</sup>, due on September 30<sup>th</sup>), but the statement notice will indicate there is a grace period and no late fee or finance charge on the quarterly asmnt if payment for the quarterly asmnt only is received no later than the 10<sup>th</sup> of the next month. We will need to run a report showing the residents who have not paid their asmnts by the 10<sup>th</sup> of the next month and charge them the late fee on the 10<sup>th</sup>. The late fee will not show up on their September statement - it will show up on their October statement (due by Sep 30, late if paid after Oct 10<sup>th</sup>). Their September statement will show the asmnt not paid and we can put in the message that if we receive payment for their asmnt by the 10<sup>th</sup>, they will not be charged a late fee. The only problem with that is we send the statements out on the 9<sup>th</sup>, so a lot of people won't even get their October statements until after the grace period is up and they will complain about that. Unfortunately, the software program we are using (Northstar) is not equipped to handle different due dates for different receivable types.

The other option is to go back to the way we used to do it with sending out four quarterly coupons before the new fiscal year starts and the residents will have to remember to pay their asmnts by the due dates. This entails a lot of printing, folding, stuffing, etc...

ATTACHMENT - PAGE 1



Dennis Popp &lt;dennis.l.popp@gmail.com&gt;

**FW: assessment date changes.**

1 message

Lynn Brew &lt;controller@hgrdrfm.com&gt;

Fri, Feb 4, 2022 at 8:11 PM

To: Dennis Popp &lt;Dennis.L.Popp@gmail.com&gt;

Cc: Jeffrey Buxton &lt;jeffrey\_buxton@hotmail.com&gt;, Jayne Schwarz &lt;j.schwarz.hg@gmail.com&gt;, HGRD General Manager &lt;hgrdgm@hgrdrfm.com&gt;

Good evening, Dennis.

I apologize for missing your email this past Monday. Not sure what happened. Please see below for the answers to your questions.

1. what would it take to bill the assessments on member statements for September (due September 30), December, March and June. This would be instead of October, January, April and July. I believe you said this was done previously, prior to changing to the current schedule.

The assessments have always been billed on September 30<sup>th</sup> in the software system, but when our due date was October 1<sup>st</sup>, January 1<sup>st</sup>, April 1<sup>st</sup> and July 1<sup>st</sup>, we did not send out statements. We sent out coupons for all four quarters at the beginning of each fiscal year as soon as the board approved the new budget on the first Wednesday of September. It was quite a task, but we had everyone in the office helping. Homeowners would have to remember to send in their payments in by the due date and no later than the end of the grace period, which was the 15<sup>th</sup> of the month. If we did not receive their payment by then, a \$20 late fee would be applied on the 15<sup>th</sup> and if payment still was not received by the end of the month interest was also applied and the statement would go out the following month showing the amount due including the late and interest accordingly. I have attached a copy of the coupons we used to use for your review.

What we discussed when we met with you in the office was to back the billing up to the previous month so it would be billed on the August statement, which is sent out the beginning of September. This would still work, as we can wait until the board approves the budget on the first Wednesday of September and backdate the billing to the end of the August. The issue with this is that it would create a bit of additional work for the accounting department to run the AR aging in the middle of the month for the assessments and then again at the end of the month for the house accounts. We could still run the finance charges through the system if we did not charge finance charges until the end of the month like we did in the past.

2. what would we need to do to get the statements mailed on the 3rd of the month (each monthly statement) rather than on the 9th. I think we need to know what the process is that takes 9 days to get information from the golf shop and other accounts and combine them into the statement.

The main reason we wait until the 9<sup>th</sup> of the month to get the statements out is due to the 3<sup>rd</sup> party online billing vendor. It takes up to 5 business days for us to receive the funds from the online payments. We are currently working on a way to change this and should have it in place by the end of this fiscal year, so that shouldn't be an issue once that happens. We also have to run the billing, finance charges, adjustments, charge event ticket and make sure all the receipts from the restaurant and the pro shop are posted and correct before we can run statements.

Thank you for your cooperation.

ATTACHMENT 2

*You may be only one person in the world, but you may also be the world to one person.*



As part of Herons Glen's commitment to the environment, please do not print this email unless necessary. Thank you.

*"Please note: Florida has a very broad public records law. Most written communications to or from Recreation District Employees and Officials regarding District business are public records available to the public and media upon request. Your e-mail communication may be subject to public disclosure."*

From: Thomas B. Hart <thart@knott-law.com>  
Sent: Wednesday, January 26, 2022 3:55 PM  
To: Lynn Brew <controller@hgrdnfm.com>  
Cc: Dennis Popp <dennis.l.popp@gmail.com>  
Subject: RE: FW: Questions regarding the Sunshine Law

Lynn and Dennis

The requirements for notice of the Final Budget Adoption Hearing are:

- A written notice must be mailed to each Herons Glen owner at the address for that Owner as shown by the Lee County Property Appraiser at least 30 days prior to the Hearing. Therefore, we mail those notices no later than the last day of July, but usually a few days earlier, to insure that the notice was given at least 30 days before the first week of September. (August is 31 days and there is usually a day or two in September before the meeting.)
- The notice must also be published, at least twice, in a newspaper of general circulation with the last such publication being done at least one week before the Final Budget Adoption Hearing.
- And, the Resolution by which the Board adopted the Preliminary Budget must also be published at least one time prior to that Final Budget Adoption Hearing.

The Final Budget Adoption Hearing has always been held the first week of September. So, as a precaution, we established from the beginning that we will publish the Resolution which sets the preliminary budget, and which calls for that Final Adoption Hearing, two times in August. Then, we also publish the official written Notice two other times in the month of August. Each publication is done one week apart. So, there are 4 notices published in August on consecutive weeks. That schedule meets what the applicable statutes require and it gives us a little margin for error in case someone complains that they did not know about the Hearing or that the last publication might have been a day or two short of one week prior to the Hearing. This way we can always say that we gave more than the required notice.

Tom

ATTACHMENT 3

**Knott · Ebelini · Hart**  
Attorneys At Law



Thomas B. Hart  
Board Certified Real Estate Attorney

Knott · Ebelini · Hart  
1625 Hendry Street Suite 301, Fort Myers, Florida 33901

239-334-2722 tel | 239-334-1446 fax



Dennis Popp <dennis.l.popp@gmail.com>

**FW: Questions regarding the Sunshine Law**

1 message

Lynn Brew <controller@hgrdnfm.com>  
To: Dennis Popp <Dennis.L.Popp@gmail.com>  
Cc: Carol Bratten <CarolBratten@hgrdnfm.com>

Thu, Jan 20, 2022 at 5:39 PM

Good evening, Dennis.

Thank you for coming to discuss the assessment due dates this afternoon. It was a pleasure meeting with you. I just received the information from our attorney regarding the questions you had at the meeting this afternoon.

If you have further questions or concerns, please do not hesitate to contact me at your convenience.

Sincerely,

**Lynn E. Brew, CHAE**  
**Controller**

ATTACHMENT 4  
PAGE 1



**Hérons Glen Recreation District**

2250 Herons Glen Blvd., Suite 100

N. Ft. Myers, FL 33917



239-731-4547



239-567-2823



Controller@hgrdnfm.com

www.hggcc.com

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PAGE 2

From: Thomas B. Hart <thart@knott-law.com>  
 Sent: Thursday, January 20, 2022 4:57 PM  
 To: Lynn Brew <controller@hgrdnfm.com>  
 Cc: Jolene R. Tarleton <JTarleton@knott-law.com>  
 Subject: RE: Questions regarding the Sunshine Law

Lynn

Regarding the direct billing of residents for Rec District assessments, it is not required at all. The Rec District could put all of its O&M Billing on the Tax Roll and have it collected annually by the Tax Collector just like we do the Bond assessments.

Prior to creation of the Rec District the residents were billed quarterly by the HOA and since that is what everybody was used to, the Rec District Board decided to continue that practice for Rec District billing of the Rec District's assessments. Technically, the Rec District assessments are annual assessments and they could be placed on the tax roll and collected entirely by the County Tax Collector.

Approximately 10-15 years ago we were having some collection problems (during that real estate recession in the 2006-20210 period) and I suggested the Board put chronically delinquent owners assessments on the tax roll as an annual assessment. You are familiar with that process which we have used but only sparingly over the years.

The reason my firm has been doing the annual billing is, in part, because the Rec District Charter says that the District must use the County Property Appraiser's records as the official records for billing assessments and often the Property Appraiser records are not the same as the addresses which the Rec District uses. For example, residents will tell you when to send bills to their Northern address and when to send them to their Herons Glen address. They cannot do that easily, however with the Property Appraiser. They can change their address with the Property Appraiser, but not too often and it is not as simple there as it is to change it with the Rec District office.

Also, when ordering the owner mailing labels from the Property Appraiser ("PA") it is necessary to give the PA the exact legal descriptions of all the parcels which are within the Rec District. In the beginning that was changing from year to year as the Developer kept adding new neighborhoods, i.e. new platted lots. So there was always a question of getting the correct legal descriptions to the PA in order to get all obligated property owners billed. The Board needed for me to keep track of those legal descriptions. That was still a concern as late as last year because we had to make sure to get the new Horton lots included when we order mailing labels for the Budget/Assessment notices.

Moreover, in those early days there was always a quantity of undeveloped land for which the Developers (first Coolidge; then Taylor Woodrow) were responsible to pay some number of assessments. That was the case until this past year when we were able to include the new Horton lots. The Board always wanted my firm to be involved in billing those Developers, because the calculation method was not well understood and I had the background on how that should be done.

The proposed Budget must be mailed to each owner at least 30 days before the meeting at which it will be considered for final approval by the Board of Supervisors, but notices of that meeting including specifics about the budget and assessment must also be published according to a fairly strict schedule. Those requirements are set by various statutes



for governmental entities. (Because the Rec District wanted to stay with that quarterly billing process we try to meet the requirements of two different statutes, one of which helps with collection of annual assessments and the other which we might want to use if necessary to collect a quarterly assessment. I try to keep up with those and review them each year at budget time before creating the notice and mailing calendar.

At this point, however, with the Horton plat finalized and no more undeveloped land, we will not have to bill any Developers in the future and we will not need to adjust the legal descriptions sent to the Property Appraiser in the future. The notice and timelines have not changed in recent years and the process has now become more routine. So, it may be time for the Board to consider bringing that whole mailing process in-house. It would certainly be fine with me as it is a real burden on my staff. Getting all the notices published and getting official Notice, the budget summary, the Board letter and sometimes other inserts copied, stuffed and mailed is quite time-consuming and we often have to hire temporary help for a day or two in order to meet the deadlines.

If the Board would like to bring that process in-house, we can help you with establishing a procedural checklist.

Tom

**Knott · Ebelini · Hart**  
Attorneys At Law



Thomas B. Hart

Board Certified Real Estate Attorney

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Page 3

From: Lynn Brew <[controller@hgrdnfm.com](mailto:controller@hgrdnfm.com)>  
Sent: Thursday, January 20, 2022 3:48 PM

To: Thomas B. Hart <thart@knott-law.com>  
Subject: Questions regarding the Sunshine Law

Good afternoon, Tom.

The Finance Committee is researching changing the due date on the quarterly assessments and was wondering a how it would relate to required due dates and time frames as far as the Florida Statutes. Please advise on the following:

1. Why does your office have to send the proposed budget out to the residents In July instead of us sending it out ourselves?
2. How many days between when the board approves the proposed budget and the final hearing to approve the budget?
3. Are there any other restrictions regarding dates and assessments/budget notifications/billings?

Thank you for your cooperation.

If you have further questions or concerns, please do not hesitate to contact me at your convenience.

Sincerely,

**Lynn E. Brew, CHAE**  
**Controller**



**Heron's Glen Recreation District**

2250 Herons Glen Blvd., Suite 100

N. Ft. Myers, FL 33917

239-731-4547

239-567-2823

Controller@hgrdnfm.com

www.hggcc.com

PAGE 4

*You may be only one person in the world, but you may also be the world to one person.*

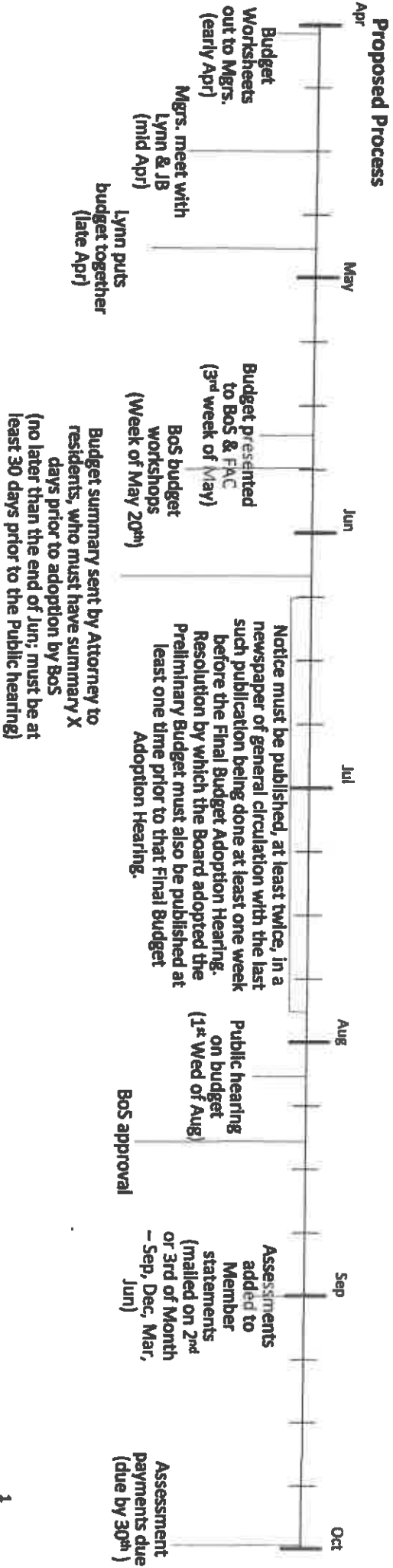
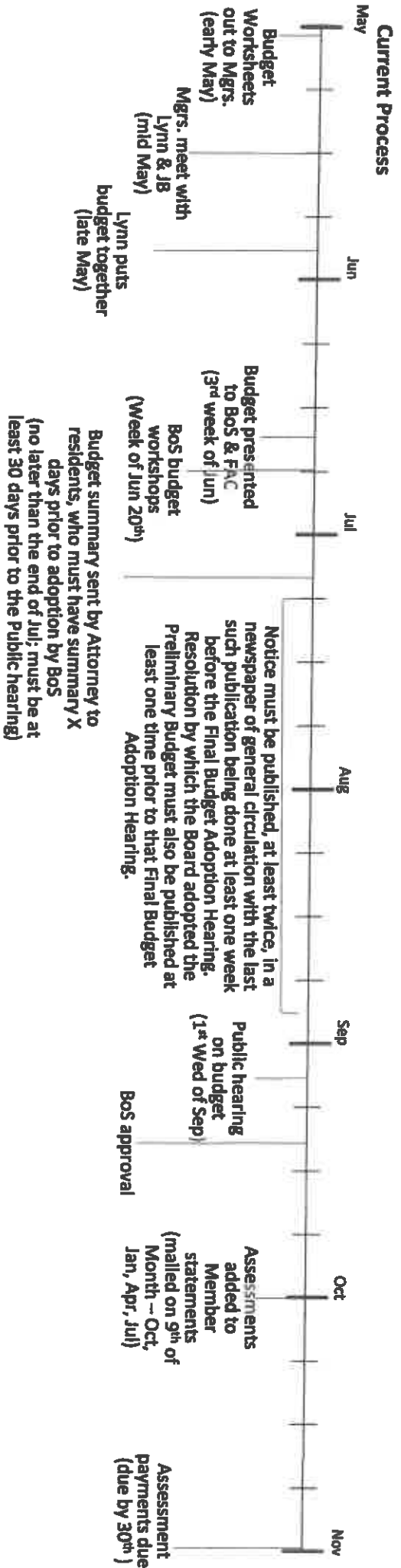


**As part of Herons Glen's commitment to the environment, please do not print this email unless necessary. Thank you.**

***"Please note: Florida has a very broad public records law. Most written communications to or from Recreation District Employees and Officials regarding District business are public records available to the public and media upon request. Your e-mail communication may be subject to public disclosure."***

PAGE 5

# HGRD Budget and Resident Invoicing timeline



Board of Supervisors  
Herons Glen Recreation District  
North Fort Myers, Florida

We have audited the financial statements of Herons Glen Recreation District (the District) as of and for the year ended September 30, 2021, and have issued our report thereon dated February 2, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our engagement agreement dated DATE. Professional standards also require that we communicate to you the following information related to our audit.

**Significant audit findings**

***Qualitative aspects of accounting practices***

**Accounting policies**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements.

No new accounting policies were adopted, and the application of existing policies was not changed during 2021.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

**Accounting estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

**Financial statement disclosures**

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

**Significant unusual transactions**

We identified no significant unusual transactions.

**Difficulties encountered in performing the audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

**Uncorrected misstatements**

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

**Corrected misstatements**

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

**Disagreements with management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

**Management representations**

We have requested certain representations from management that are included in the management representation letter dated February 2, 2022.

**Management consultations with other independent accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Significant issues discussed with management prior to engagement**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

**Other audit findings or issues**

The following describes findings or issues arising from the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process:

- In performing financial condition assessment procedures for the District in accordance with Section 10.554(1)(i)6.c and 10.556(7), Rules of the Auditor General, we noted several indicators that were unfavorable. Most of these indicators relate to the net operating loss of the District and the negative unrestricted net position balance. While this is not necessarily an indicator of deteriorating financial condition, it is of concern. We recommend the District monitor this situation and take corrective action if it is anticipated that unrestricted cash balances and operating revenues will not cover operating expenditures.

We have provided a separate letter to you dated February 2, 2022, communicating internal control related matters identified during the audit.

**Other information in documents containing audited financial statements**

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the budgetary comparison information (the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated February 2, 2022.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

This communication is intended solely for the information and use of the board of supervisors and management of Herons Glen Recreation District and is not intended to be, and should not be, used by anyone other than these specified parties.

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
February 2, 2022

**HERONS GLEN RECREATION DISTRICT**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2021**

**TENTATIVE REPORT -  
FOR DISCUSSION PURPOSES ONLY  
SUBJECT TO REVISION**



**HERONS GLEN RECREATION DISTRICT  
TABLE OF CONTENTS  
YEAR ENDED SEPTEMBER 30, 2021**

**INDEPENDENT AUDITORS' REPORT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL STATEMENTS**

**STATEMENT OF NET POSITION** 11

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION** 12

**STATEMENT OF CASH FLOWS** 13

**NOTES TO FINANCIAL STATEMENTS** 15

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF REVENUES AND EXPENSES – NON-GAAP BUDGETARY BASIS AND ACTUAL** 28

**OTHER REPORTS**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS** 29

**SCHEDULE OF FINDINGS AND RESPONSES** 31

**MANAGEMENT LETTER** 33

**INDEPENDENT ACCOUNTANTS' REPORT** 38

**FOR DISCUSSION PURPOSES ONLY  
SUBJECT TO REVISION**

## INDEPENDENT AUDITORS' REPORT

Board of Supervisors  
Herons Glen Recreation District  
North Fort Myers, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of Herons Glen Recreation District (the District), as of and for the year ended September 30, 2021, 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.

### Auditors' Responsibility

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of September 30, 2021, and the respective changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison information on page 28 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Supervisors  
Herons Glen Recreation District

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2022, 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, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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.

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
February 2, 2022

-TENTATIVE REPORT  
FOR DISCUSSION PURPOSES  
SUBJECT TO REVISION

**HERONS GLEN RECREATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

Herons Glen Recreation District's (the District) Management Discussion and Analysis (MD&A) is designed to offer readers of the District's financial statements a narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2021, with selected comparative information for the years ending September 30, 2021 and 2020. All references to years in this discussion relate to the fiscal year ending September 30.

The information presented in this MD&A should be considered in conjunction with the accompanying financial statements, notes to the financial statements, and required supplemental information in this report. This information taken collectively is designed to provide readers with an understanding of the District's finances. All information is believed to be current and accurate.

**DISTRICT'S ACTIVITIES AND HIGHLIGHTS**

The District is an independent special district established in 1998, pursuant to Lee County Ordinance Number 98-08 and provisions of Chapter 418, Florida Statutes. The District owns and operates an 18-hole golf course and related practice facilities, a clubhouse, restaurant, pro shop, fitness center, and other recreation facilities located in North Fort Myers, Florida. The District is governed by an elected, five-member Board of Supervisors which establishes the operation, capital, and deferred maintenance budgets each year for the estimated expenses for this period. The budget is adopted annually in September for the following fiscal year. The District assesses each homeowner for their portion of the required expenses based on a calculated homeowner base. For the years ending September 30, 2020 and 2021, the base assessment divisor was 1285 due to our acquisition of land previously owned by Taylor Morison. The land represented 15 of the 1300 lots. The annual budgeted fees are as follows:

	2021	2020
Operating Assessment	\$ 2,186,902	\$ 2,032,096
Capital Reserve	348,235	426,620
Deferred Maintenance	344,380	339,240

**BASIC FINANCIAL STATEMENTS**

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

The statement of net position presents information on all of the District's assets and deferred outflows, liabilities and deferred inflows with the difference between them reported as net position. Over time, increases or decreases in net position should serve as a useful indicator of whether the District's position is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing how the District'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 result in cash flows in other fiscal periods (e.g., unearned revenue).

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**HERONS GLEN RECREATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

**FINANCIAL HIGHLIGHTS AND SUMMARY**

As noted previously, the change in net position over time should serve as a useful indicator of the District's financial position. For the fiscal year ended September 30, 2021, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows by \$35,811,242 as compared to \$35,682,152 at the close of fiscal year ended September 30, 2020.

For fiscal year September 30, 2021 net position consists of \$2,171,371 net investment in capital assets; \$29,154,357 restricted for debt service, \$4,511,059 restricted for capital improvements and maintenance, and (\$25,545) (net deficit) of unrestricted net position.

The District's total debt decreased by \$1,052,722 for the year ended September 30, 2021 and increased by \$13,445,382 during the year ended September 30, 2020.

**Herons Glen Recreation District's Net Position**

The schedule presented below shows the District's comparative condensed summary of the District's net position for the years ended September 30:

	2021	2020
Current Assets	1,789,080	\$ 879,883
Noncurrent Assets	41,657,592	46,814,585
Capital Assets, Net	25,092,316	20,563,288
<b>Total Assets</b>	<b>67,918,988</b>	<b>68,257,756</b>
Deferred Outflows on Refunding Bond	844,069	901,948
Current Liabilities	3,157,320	2,607,106
Noncurrent Liabilities	29,794,495	30,870,446
<b>Total Liabilities</b>	<b>32,951,815</b>	<b>33,477,552</b>
<b>Net Position:</b>		
Net Investment in Capital Assets	2,171,371	2,285,983
Restricted for Debt Service	29,154,357	30,026,514
Restricted for Capital Improvements and Maint.	4,511,059	3,668,310
Unrestricted	(25,545)	(298,655)
<b>Total Net Position</b>	<b>\$ 35,811,242</b>	<b>\$ 35,682,152</b>

**Assets**

Current assets increased by \$289,197 or 33% from 2020 to 2021 primarily due to a 60% increase in cash and cash equivalents derived from a combination of the 7.6% increase in operating assessments, a decrease in accounts receivables and not having to expend the funds to pay the FY22 annual insurance premium until October when the invoice was received. There was also a 62% decrease in prepaid expenses year-over-year due to the timing of the FY22 annual insurance premium payment.

Restricted cash and cash equivalents decreased \$4,272,935 or 25%. for the most part due to the utilization of 2020 Series Bonds Funds for capital bond projects during the year. We collected \$683,600 throughout the year for capital reserve assessments and new owner capital fees, \$345,100 for deferred maintenance assessments and \$13,029 in interest earned from investments. Special assessments receivable decreased by \$875,000 from 2020 as expected as the 2020 Series Bonds are paid down each year.

**HERONS GLEN RECREATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

Net capital assets increased \$4,529,028 or 25% due to the amount invested in new capital assets, including work in progress on bond projects exceeding the amount of depreciation. The District currently has \$6,029,845 invested in a variety of bond projects that are expected to be completed over the next few years, with the golf course renovation being the largest of these projects at \$5,627,307 spent as of yearend.

Total assets decreased \$338,768 or .5%, attributed to utilizing \$5,115,686 of the 2020 Series Bonds Funds for capital bond projects throughout the year together with a \$4,529,028 increase in Capital Assets, Net, combined with a decrease in Special Assessments Receivable as the debt is paid down each year.

**Deferred Outflows of Resources**

Deferred outflows of resources include the unamortized deferred outflows, unamortized discount and unamortized prepaid bond insurance from previous bonds that were deferred. The amount is recorded as a deferred outflow of resources to be recognized as a component of interest expense systematically over the term of the debt.

**Liabilities**

Current liabilities increased overall by \$550,214 or 21%. Account payable outstanding at year-end increased \$392,324 or 249% due to high dollar invoices outstanding for capital bond projects. Unearned revenue decreased by \$64,654 or 6%. Accrued interest increased by 281,732 or 318% including a full five months of interest on Special Assessments Bonds as opposed to only a little over a month the previous year, as the new bonds were issued in August 2020. Unearned revenue decreased by \$64,654 or 6% primarily due to less members joining the golf course. Accrued expenses decreased by \$82,417 or 27%. Since the golf course renovation was ongoing, there was no outstanding lake bank work being done that was not invoiced at that time as there was in FY20. With sales being down in both the pro shop and the restaurant, sales tax collected to be paid to the Department of Revenue were down 21% relative to the decrease in sales. Accrued vacation was also down 18% from the previous year with employees using more of their vacation time than the previous year.

Noncurrent liabilities decreased \$1,075,451 or 3% primarily due to the annual repayment of the bonds as well as a decrease of \$7,591 or 5% in capital lease obligations. The special assessment bonds payable decreases annually as principal payments are made.

Total liabilities decreased \$525,787 or 2%.

**Net Position**

The District's total assets plus deferred outflow of resources exceeded total liabilities by \$35,811,242 at September 30, 2021. Net investment in capital assets decreased by \$114,612 or 5% primarily due to depreciation exceeding the new capital assets purchased with non-debt funding. Unrestricted net position increased by \$273,110 or 91%, while restricted for debt service and capital improvements and maintenance decreased by \$29,408 or 0%. The major component of net position is restricted for debt service for the 2020 Special Assessment Bonds.

**HERONS GLEN RECREATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

**Hérons Glen Recreation District's Changes In Net Position**

The District's 2021 operating loss decreased \$368,284 from 2020. The following is a summary of revenues, expenses, and changes in net position at September 30:

	<u>2021</u>	<u>2020</u>
<b>Revenues:</b>		
<b>Operating Revenues, Net:</b>		
Operating Assessments	\$ 2,186,916	\$ 2,065,284
Members Fees	1,486,205	1,419,750
Other User Fees	175,067	346,369
Pro Shop Operations	73,836	77,814
Restaurant Operations	626,447	840,676
Rental and Other	201,585	283,271
<b>Total Operating Revenues</b>	<u>4,450,056</u>	<u>4,974,144</u>
<b>Nonoperating Revenues:</b>		
Investment Earnings	13,029	54,556
Special Assessments Interest	975,825	890,324
Capital Reserve Assessments and New Owner Capital Fees	688,600	655,370
Capital Reserve Assessment - Fitness Center	-	170,499
Deferred Maintenance Assessments	345,100	339,240
Miscellaneous Other Nonoperating Income, Net	77,330	102,633
<b>Total Nonoperating Revenues</b>	<u>2,094,984</u>	<u>2,212,622</u>
<b>Total Revenues</b>	<u>6,545,040</u>	<u>7,186,766</u>
<b>Expenses:</b>		
<b>Operating Expenses:</b>		
Salaries and Wages	2,099,055	2,444,711
Cost of Sales	319,002	466,134
Operating Supplies	376,849	650,248
Depreciation	914,068	932,600
General and Administration	299,043	314,283
Utilities	279,563	298,402
Repair and Maintenance	309,811	343,022
Professional Fees	124,553	147,770
Insurance	163,910	164,922
Other Contractual Services	182,713	195,377
Rental and Leases	64,317	69,757
Office Expense and Other Miscellaneous Expenses	47,550	45,580
<b>Total Operating Expenses</b>	<u>5,180,434</u>	<u>6,072,806</u>
<b>Nonoperating Expenses:</b>		
Interest Expense and Fiscal Costs	809,204	859,153
Bond Issuance Costs	-	683,463
Net Gain (Loss) on Disposal of Capital Assets	426,312	(3,311)
<b>Total Nonoperating Expenses</b>	<u>1,235,516</u>	<u>1,539,305</u>
<b>Total Expenses</b>	<u>6,415,950</u>	<u>7,612,111</u>
<b>Capital Contributions</b>	-	11,983,137
<b>Increase In Net Position</b>	<u>129,090</u>	<u>11,557,792</u>
<b>Beginning Net Position</b>	<u>35,682,152</u>	<u>24,124,360</u>
<b>Ending Net Position</b>	<u>\$ 35,811,242</u>	<u>\$ 35,682,152</u>



**HERONS GLEN RECREATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

Total revenues decreased from 2020 results by \$641,726. The 9% net decrease is attributed primarily to a 11% decrease in operating revenues, as well as a 25% decrease in restaurant operations, 21% decrease in rentals and a 23% decrease in user fees. This was offset by a 7% increase in operating assessments. The total number of golf memberships decreased from 599 at the end of FY20 to 504, a decrease of 16% due to the golf course renovation starting in April. The change in net position decreased overall by \$11,428,702 or 99%. This decrease was directly related to capital contributions of \$11,983,137 from the 2020 Series Bonds Issuance in FY20. The District's operating plan continues to reflect the economic conditions as well as the need to invest in the maintenance of the community. Each investment in capital assets is reviewed in terms of need and priority before an expenditure is approved. Management continues to review opportunities for non-assessment revenues for the District.

Total expenses decreased from 2020 results by \$1,196,161. The 16% net decrease is comprised of a variety of things, as every expense line-item decreased from 2020 results except two. The major factors were Salaries and Wages with a decrease of \$345,658, Operating Supplies of \$273,399, Cost of Sales of \$147,132 and the 2020 Series Bond Issuance costs of \$683,463 from FY20.

**CAPITAL ASSETS**

The District's net investment in capital assets as of September 30, 2021 amounts to \$25,092,316 (net of depreciation). Capital assets, such as an 18-hole golf course and related practice facilities, a clubhouse, restaurant, pro shop, and other recreation facilities, utilized by the District for the provision and maintenance of recreational facilities to residents.

**HERONS GLEN RECREATION DISTRICT'S CAPITAL ASSETS**

	2021	2020
Land and Site Improvements	\$ 13,465,491	\$ 13,572,264
Work In Progress	6,029,845	379,241
Equipment on Capital Lease	616,003	715,109
Original Purchase	2,549,232	2,549,232
Equipment	2,846,662	2,887,589
Common Lot Irrigation System	2,382,328	2,382,047
Property and Improvements	9,609,479	9,697,987
Total Property and Equipment	<u>37,499,040</u>	<u>32,383,469</u>
Less: Accumulated Depreciation	<u>(12,406,724)</u>	<u>(11,820,181)</u>
Total, Net Depreciation	<u>\$ 25,092,316</u>	<u>\$ 20,563,288</u>

Additional information on the District's capital assets can be found in Note 4, of the notes to the financial statements.

**HERONS GLEN RECREATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

In 2021, the District completed work on several projects in addition to purchasing equipment and putting the final touches on the new fitness center building totaling \$81,757 spent during the fiscal year, as follows:

Peerless 7000 Reel Grinder and all Attachments on Capital Lease	\$ 12,283
Fitness Equipment on Capital Lease	13,370
Dell PowerEdge T440 Tower Server	14,229
Fitness Center Bldg and Infrastructure	1,315
HVAC HOA Office	10,580
Total	<u>\$ 81,757</u>

Work in process (WIP) – a number of capital projects were continued from 2020 and new ones started during 2021. The total amount spent on the following projects during 2021 was \$5,774,837, most of which was funded from the 2020 Series Bonds::

Northstar Technologies New Website Design Project	8,050
DR Horton 15 Unplatted Lots Project	2,192
Restaurant Project	939
Storage Building Construction Project	12,945
Golf Course Renovation Project	5,520,335
Dumpster Enclosure	6,437
Driving Range Restroom	13,195
Clubhouse Improvements	82,337
CLIS Irrigation Project	77,487
Bocce Courts	16,690
Pool Deck	15,865
Pickleball Courts	18,365
Total	<u>\$ 5,774,837</u>

**SPECIAL ASSESSMENT BONDS**

The District levies special assessments to be collected by the Lee County Tax Collector for the payment of the current principal and interest portion of the Series 2020 Bonds. These payments are then remitted by the Tax Collector to the District's trustee who, in turn, pays the bondholder. These payments are made in May and November of each year. As of September 30, 2021, the District had special assessment bonds plus unamortized premium outstanding totaling \$30.5 million.

**HERONS GLEN RECREATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

**ECONOMIC FACTORS AND FUTURE IMPACTS**

The economy in Southwest Florida has been and continues to be suffering from the pandemic, contributing to the significant decrease in restaurant and pro shop sales at Herons Glen throughout the year. We saw a 25% decrease in food and beverage revenues over 2020. Due to the golf course renovation to begin in April, several of our golf members decided not to join for the year and our membership numbers dropped from 599 at the end of 2020 to 504. This caused a decrease in membership revenue of \$233,545 or 16%. The Board decided not to allow outside play due to the pandemic, causing the District a decrease of \$171,302 or 49% in Other User Fees over 2020. We look forward to the opening of the newly renovated golf course in FY22 and to having our membership return.

Despite the state of the economy, the housing market continues to remain active in the community, with a total of 120 homes sold during the year in Herons Glen. Investment earnings were down significantly with interest rates still lagging since the beginning of the pandemic. Interest earned over the fiscal year was down \$41,527 or 76% from 2020. We continue to invest capital and deferred maintenance funds in the Florida PRIME SBA Fund to take advantage of higher interest rates. The value at Herons Glen is evident and continues to be a driving force in the decision-making process for those moving into the area.

With the new owner capital fee in its sixth full year, the District collected \$334,800 from 108 owners new to Herons Glen, a \$106,050 decrease over 2020 with an increase of \$50 each over the previous year. The new owner capital fee goes into our long-term capital reserves for future needs.

The District's delinquent account balance continues to decrease each year and was less than \$2,500 ending the fiscal year. The District currently charges the annual maintenance assessment on the tax roll for any owner who is at least two quarters delinquent in their quarterly maintenance assessments at the time the tax roll is prepared. Management and outside counsel believe the District has an adequate allocation for bad debt.

We carefully watch the District's performance compared with budget and make changes to alleviate potential problems before they arise.

**CONTACTING THE DISTRICT'S CONTROLLER**

The financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or require additional financial information, please contact the District Controller at 2250 Herons Glen Blvd., N. Ft. Myers, Florida 33917.

**HERONS GLEN RECREATION DISTRICT  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2021**

**ASSETS AND DEFERRED OUTFLOWS OR RESOURCES**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 1,018,326
Accounts Receivable, Net	38,326
Inventories	58,271
Prepaid Expenses	52,157
Total Current Assets	169,080

**NONCURRENT ASSETS**

<b>Restricted Assets:</b>	
Cash and Cash Equivalents	4,511,060
Cash Equivalents with Fiscal Agent	8,277,613
Special Assessments Receivable	28,620,000
Total Restricted Assets	41,408,673
Capital Assets, Net	25,092,316
Unamortized Prepaid Bond Insurance Costs, Net	248,919
Total Noncurrent Assets	66,749,908

Total Assets

67,918,988

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows on Refunding Bond	844,069
Total Deferred Outflows	844,069

**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES**

Accounts Payable	549,750
Accrued Expenses	218,457
Unearned Revenue	1,009,945
Accrued Interest	370,250
Obligations Under Capital Lease, Current Portion	113,918
Special Assessment Bonds Payable, Current Portion	895,000
Total Current Liabilities	3,157,320

**NONCURRENT LIABILITIES**

Obligations Under Capital Lease, Net of Current Portion	150,926
Special Assessment Bonds Payable, Including Unamortized Premium	29,643,569
Total Noncurrent Liabilities	29,794,495

Total Liabilities

32,951,815

**NET POSITION**

Net Investment in Capital Assets	2,171,371
Restricted for Debt Service	29,154,357
Restricted for Capital Improvements and Maintenance	4,511,059
Unrestricted	(25,545)
Total Net Position	\$ 35,811,242

See accompanying Notes to Financial Statements.

**HERONS GLEN RECREATION DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED SEPTEMBER 30, 2021**

<b>OPERATING REVENUES</b>	
Operating Assessments	\$ 2,186,916
Members Fees	1,186,205
Other User Fees	175,067
Pro Shop Operations	77,836
Restaurant Operations	628,441
Rental and Other	201,585
Total Operating Revenues	<u>4,450,058</u>
<b>OPERATING EXPENSES</b>	
Salaries and Wages	2,099,055
Cost of Sales	319,002
Operating Supplies	376,849
Depreciation	914,068
General and Administration	299,043
Utilities	279,583
Repair and Maintenance	309,811
Professional Fees	124,553
Insurance	183,910
Other Contractual Services	182,713
Rental and Leases	64,317
Office Expense and Other Miscellaneous Expenses	47,550
Total Operating Expenses	<u>5,180,434</u>
<b>OPERATING LOSS</b>	<b>(730,378)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment Earnings	13,029
Interest Expense and Fiscal Costs	(809,204)
Special Assessments Interest	975,925
Capital Reserve Assessments and New Owner Capital Fees	683,600
Deferred Maintenance Assessments	345,100
Net Gain (Loss) on Disposal of Capital Assets	(426,312)
Miscellaneous Other Nonoperating Income/Net	77,330
Total Nonoperating Revenues	<u>859,488</u>
<b>CHANGE IN NET POSITION</b>	<b>129,090</b>
Total Net Position - Beginning of Year	<u>35,682,152</u>
<b>TOTAL NET POSITION - END OF YEAR</b>	<b><u>\$ 35,811,242</u></b>

See accompanying Notes to Financial Statements.

**HERONS GLEN RECREATION DISTRICT  
STATEMENT OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received from Operating Assessments	\$ 2,177,483
Cash Received from Members	1,133,141
Cash Received from Other Users	175,067
Cash Received from Pro Shop and Restaurant Operations	700,283
Cash Received from Rents and Contracted Services	201,586
Miscellaneous and Other Cash Receipts	17,330
Cash Payments to Suppliers	(2,098,021)
Cash Payments to Employees for Payroll	(2,093,425)
Net Cash Provided by Operating Activities	363,443

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Collection of Deferred Maintenance Assessments	344,597
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**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition of Capital Assets	(5,575,563)
Proceeds from the Sale of Capital Assets	10
Collection of Special Assessment Principal and Interest	1,850,925
Collection of Capital Reserve Assessments	348,560
Collection of New Owner Capital Fees	334,800
Interest Paid on Special Assessment Bonds	(619,627)
Principal Paid on Special Assessment Bonds	(875,000)
Interest Paid on Obligations Under Capital Lease	(14,616)
Principal Paid on Obligation Under Capital Lease	(59,996)
Net Cash Used by Capital and Related Financing Activities	(4,610,507)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment Earnings	13,029
Net Cash Provided by Operating Activities	13,029

**NET DECREASE IN CASH AND CASH EQUIVALENTS**

(3,889,438)

Cash and Cash Equivalents - Beginning of Year

17,696,437

**CASH AND CASH EQUIVALENTS - END OF YEAR**

**\$ 13,806,999**

*See accompanying Notes to Financial Statements.*

**HERONS GLEN RECREATION DISTRICT  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2021**

**RECONCILIATION OF CASH AND CASH EQUIVALENTS**

Cash Included in Current Assets:	
Cash and Cash Equivalents	\$ 1,018,326
Cash Included in Noncurrent Assets:	
Restricted Cash:	
Cash and Cash Equivalents	4,574,089
Cash Equivalents with Fiscal Agent	8,277,813
Total Cash and Cash Equivalents	<u>\$ 13,806,999</u>

**SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITY**

Purchase of Capital Assets Through Capital Leases	<u>\$ 55,633</u>
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**RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating Loss	(730,378)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	914,068
Miscellaneous Other Nonoperating Income, Net	77,330
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	1,414
Decrease in Inventories	6,300
Decrease in Prepaid Expense	86,586
Increase in Deposits, Net	(2,297)
Increase in Accounts Payable and Accrued Expenses	74,331
Decrease in Unearned Revenue	(63,911)
Total Adjustments	<u>1,093,821</u>
Net Cash Provided by Operating Activities	<u>\$ 363,443</u>

FOR DISCUSSION PURPOSES ONLY  
- TENTATIVE REPORT -  
SUBJECT TO REVISION

**HERONS GLEN RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

**Reporting Entity**

**Mission Statement:** Herons Glen Recreation District (the District) is a Florida Special District, a community that provides quality recreation activities, and programs for all residents. We strive to provide excellent financial value and well-maintained facilities to satisfy residents' varied interests and promote healthy lifestyles.

**Vision Statement:** Continue to be one of the premier active adult communities in Southwest Florida providing an excellent value for our current and future residents.

The Lee County Board of County Commissioners, pursuant to Lee County Ordinance Number 98-08 and provisions of Chapter 418, Florida Statutes, established the District on April 28, 1998. The District owns and operates an 18-hole golf course and related practice facilities, a clubhouse, restaurant, pro shop, and other recreation facilities located in Lee County, Florida. The District acquired the recreation facilities on June 1, 1999. A five-member Board of Supervisors governs the District. The accounting policies of Herons Glen Recreation District conform with accounting principles generally accepted in the United States of America as applicable to governments.

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.

**Summary of Significant Accounting Policies**

The following is a summary of the more significant accounting policies used in the preparation of these financial statements.

**Basis of Accounting**

Basis of accounting determines when transactions are reported in the financial statements. The basic 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 at the time liabilities are incurred, regardless of when the related cash flows take place.

**Measurement Focus**

The District is accounted for on the flow of economic resources measurement focus. This means that all assets, all deferred outflows of resources, all liabilities and all deferred inflows of resources (whether current or noncurrent) associated with its activity are included on the statement of net position. The District's operating statement presents increases (revenues) and decreases (expenses) in net total position.



**HERONS GLEN RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

**Summary of Significant Accounting Policies (Continued)**

**Measurement Focus (Continued)**

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with an enterprise fund's ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available, restricted resources will be used first for eligible incurred expenses, and then use unrestricted resources, as needed.

**Budgetary Process**

On September 2, 2020, the Board of Supervisors adopted the annual operating budget for fiscal year 2021 for the District. The budget covers the periods October 1, 2020 through September 30, 2021 and include the estimated operating expenses for the period and the means of financing them. The budget is prepared on a basis, which is consistent with modified accrual basis, not necessarily in accordance with generally accepted accounting principles. The budget amounts presented in the supplementary information are as originally adopted, unless subsequently amended, by the District's Board of Supervisors.

These amounts are reconciled from the modified accrual budget basis to a basis in accordance with generally accepted accounting principles. Budgetary control is established by the District through the appropriated budget.

**Cash and Investments**

For purposes of the statements of cash flows, the District considers all highly liquid investments (including restricted cash assets) with a maturity of three months or less when purchased to be cash equivalents. In addition, the District's investment in the Local Government Surplus Funds Trust Fund (labeled as Florida PRIME) Investment Pool is considered a cash equivalent and is reported as such on the statement of net position. The investment in the Florida PRIME fund is recorded at a stable net asset value (NAV) per share, which approximates the fair value of the investment.

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

Investments held by the District at September 30, 2021 in First American Government Obligations Fund is considered a cash equivalent and is reported as such on the statement of net position. Investments in Money market funds and short-term investments in the First American Government Obligation Fund are recorded at the amortized cost.

**HERONS GLEN RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

**Summary of Significant Accounting Policies (Continued)**

**Restricted Cash and Cash Equivalents**

Restricted cash and cash equivalents consist of amounts restricted for debt service, capital improvements, deferred maintenance, emergencies, and other projects as required by bonds or the District's charter.

**Accounts Receivable**

Accounts receivable is carried at the original charge amount less an estimate made for doubtful receivables. An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days.

Management determines the allowances for doubtful accounts by identifying troubled accounts and by using historical experience, adjusted for the current economic climate. Accounts receivable are written off when deemed uncollectible.

**Inventories**

Inventories consist of fuel, restaurant food, beverage and pro shop merchandise and are valued at the lower of cost (using the last cost paid or average weighted cost method) or net realizable value.

**Capital Assets**

Property, plant, and equipment are recorded at costs or estimated historical cost. The threshold for capitalization is \$5,000. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. The ranges of the useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Equipment on Capital Lease	5
Original Purchase	8 to 30
Equipment	3 to 15
Common Lot Irrigation System	5 to 25
Property and Improvements	5 to 30

The costs of normal maintenance and repairs which do not add to the value of the asset or materially extend assets lives are not capitalized. The District capitalized major expenditures for additions and improvements. Expenditures for maintenance and repairs are charged to expense as incurred.

**Deferred Outflows of Resources Related to Refunding Bonds**

The difference between the reacquisition price (new debt) and the net carrying value of the old debt on refunded debt transactions is recorded as a deferred outflow of resources and recognized as a component of expense using the effective interest method over the shorter of the remaining life of the old debt or the new debt.

**HERONS GLEN RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

**Summary of Significant Accounting Policies (Continued)**

**Bond Premium, Discount and Prepaid Bond Insurance Costs**

Bond premium, discount and prepaid bond insurance costs are amortized over the life of the bonds using the effective interest method. Special assessment bonds payable are shown net of unamortized premium or discount whereas prepaid bond insurance costs are recorded as other assets.

**Unearned Revenue**

Unearned revenue represents payments received by the District prior to September 30, 2021, for amounts to be recognized as revenues during future periods. The unearned revenue consists primarily of prepaid assessments and golf club dues and fees.

**Net Position**

Net position is categorized as net investment in capital assets, restricted and unrestricted. Net investment in capital assets represents the difference between the cost of capital assets, less accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Restriction of net position indicates amounts that are restricted for a specific purpose based on the District's charter or bonds. Restricted for debt service indicates that portion which has been set aside for future debt service payments. Restricted for capital improvements and maintenance indicates that portion of net position which has been set aside for future capital improvements. Unrestricted net position indicates that portion which is available for budgeting in future periods.

**Revenue and Expenses**

***Operating Revenues and Expenses***

Operating revenues and expenses are those that result from providing and delivering goods and/or services. It also includes all revenue and expenses not related to financing or investing activities.

***Nonoperating Revenues and Expenses***

Nonoperating revenues and expenses represent revenue and expense items that are not incurred from the normal user activity of the District. This classification primarily includes revenue received from investments, interest received on special assessments, capital reserve assessments, new owner capital fees, deferred maintenance assessments and interest expense and fiscal costs.

**Risk Management**

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; and natural disasters. Insurance coverage for such losses is purchased from third-party carriers. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. There was no such type of occurrence during fiscal 2021. There have been no significant reductions in insurance coverage from the prior year and the amount of settlements, if any, have not exceeded insurance coverage in any of the past three fiscal years.

**HERONS GLEN RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

**Summary of Significant Accounting Policies (Continued)**

**Use of Estimates**

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

**NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS**

As of September 30, the District's cash and investments were as follows:

	2021
Deposits with Financial Institutions	\$ 2,046,296
Investments Considered as Cash Equivalents	11,760,503
Cash on Hand	200
Total	\$ 13,806,999
Cash and Cash Equivalents	\$ 1,018,326
Restricted Cash and Cash Equivalents	4,511,060
Restricted Cash Equivalents with Fiscal Agent	8,277,613
Total	\$ 13,806,999

**Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. In accordance with its policy, all District depositories are banks designated by the Florida State Treasurer as qualified public depositories. Chapter 280 of the Florida Statutes, "Florida Security for Public Deposits Act," provides procedures for public depositories to ensure public monies in banks and saving and loans are collateralized with the Treasurer as agent for the public entities. Chapter 280 defines deposits as demand accounts, time deposit accounts, and nonnegotiable certificates of deposit.

Financial institutions qualifying as public depositories shall deposit with the Florida State Treasurer eligible collateral pursuant to the specific requirements provided in Chapter 280. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof, and therefore the District is not exposed to custodial credit risk.

The amounts covered under Chapter 280 for the fiscal year ended September 30, 2021 was \$758 and amount not covered was \$2,033,306.

**HERONS GLEN RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**Deposits (Continued)**

The District participates in a deposit placement agreement in which balances are placed with participating banks in deposit accounts up to the maximum Federal Deposit Insurance Corporation (FDIC) coverage of \$250,000. At times there are balances waiting to be allocated to participating banks, these amounts are subject to a single FDIC maximum of \$250,000. As of September 30, 2021, the District had \$2,033,306 of deposits in this program of which \$345,466 was in excess of FDIC coverage.

**Investments**

The District's investment policy is to follow Florida Statute 218.415(17), the District is authorized to make investments in: Local Government Surplus Funds Trust Fund, or any Intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Florida Statute 280.02; Direct obligations of the U.S. Treasury. The District's bond resolutions provide limitations on authorized investment securities.

The Florida State Board of Administration Local Government Surplus Funds Trust Fund (Florida PRIME) is not a registrant with the Securities and Exchange Commission (SEC); however, it meets all of the necessary criteria to elect to measure all of the investments at amortized cost. In accordance with these requirements, the method used to determine the participants' shares sold and redeemed is the amortized cost method. Amortized cost includes accrued income and is a method of calculating an investment's value by adjusting its acquisition cost for the amortization of discount or premium over the period from purchase to maturity. Florida PRIME is governed by Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of Florida PRIME. Additionally, the Office of the Auditor General of the State of Florida performs the operational audit of the activities and investment of Florida PRIME.

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investment policy limits investment maturities to 18 months as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations of its debt type investments using the segmented time distribution model is as follows:

**HERONS GLEN RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**Interest Rate Risk (Continued)**

As of September 30, 2021:

Investment Type	Amortized Cost	Investment Maturities	
		Less Than One Year	More Than One Year
First American Government Obligation			
Fund CI D	\$ 8,277,613	\$ 8,277,613	\$ -
Florida PRIME	3,482,890	3,482,890	-
Total	<u>\$ 11,760,503</u>	<u>\$ 11,760,503</u>	<u>\$ -</u>

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law limits investments in commercial paper to the top two ratings used by nationally recognized statistical rating organizations (NRSROs). The District's policy would not further limit its investment choices.

As of September 30, 2021 investments were rated as follows:

Investment Type	Moody's Investor's Services	Standard & Poor's
First American Government Obligation		
Fund CI D	Aaa-mf	AAAm
Florida PRIME	N/A	AAAm

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's investment policy does not limit investments in any one issuer.

**Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District's investment policy does not limit investment with any one counterparty.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, Florida PRIME currently meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Therefore, the District's participant account balance should also be considered the fair value of its investment and exempt from the GASB Statement No. 72, *Fair Value Measurement and Application*.

**HERONS GLEN RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**Custodial Credit Risk (Continued)**

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days."

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made. As of September 30, 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

**NOTE 3 RESTRICTED ASSETS**

Assets were restricted for the following purposes at September 30, 2021:

Debt Service - Special Assessments Receivable	\$ 28,620,000
Restricted for Interest and Principal	904,607
Capital Improvements	8,580,560
Intermediate Capital Fund	1,963,104
Golf Course Special Improvement	425,238
Deferred Maintenance	563,845
Emergency Fund	350,561
Projects and Other	758
Total Restricted Assets	41,408,673
Less: Accrued Interest	(370,250)
Less: Unspent Debt Proceeds	(7,373,007)
Total Restricted Net Position	\$ 33,665,416

**HERONS GLEN RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 4 CAPITAL ASSETS, NET**

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

	Balance September 30, 2020	Additions	Deletions and Transfers	Balance September 30, 2021
<b>Capital Assets, Not Being Depreciated:</b>				
Land and Site Improvements	\$ 13,572,264	\$ 12,814	\$ (119,587)	\$ 13,465,491
Work In Progress	379,241	5,774,857	(124,233)	6,029,845
<b>Total Capital Assets, Not Being Depreciated</b>	<b>13,951,505</b>	<b>5,787,651</b>	<b>(243,820)</b>	<b>19,495,336</b>
<b>Capital Assets, Being Depreciated:</b>				
Equipment on Capital Lease	715,109	55,833	(154,739)	616,003
Original Purchase	2,549,232	-	-	2,549,232
Equipment	2,887,559	24,809	(85,738)	2,846,682
Common Lot Irrigation System	2,382,092	-	281	2,382,328
Property and Improvements	9,887,887	315	(289,823)	9,609,479
<b>Total Capital Assets Being Depreciated</b>	<b>18,421,984</b>	<b>81,957</b>	<b>(510,617)</b>	<b>18,003,704</b>
<b>Less Accumulated Depreciation for:</b>				
Equipment on Capital Lease	373,219	115,462	(154,738)	333,933
Original Purchase	1,872,103	78,814	(1)	1,950,716
Equipment	2,274,603	100,993	81,813	2,437,409
Common Lot Irrigation System	1,157,755	107,887	281	1,565,923
Property and Improvements	6,842,501	543,122	(234,860)	6,118,743
<b>Total Accumulated Depreciation</b>	<b>11,940,181</b>	<b>845,368</b>	<b>(327,525)</b>	<b>12,408,724</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>6,811,793</b>	<b>(832,311)</b>	<b>(182,492)</b>	<b>5,596,980</b>
<b>Total Capital Assets, Net</b>	<b>\$ 20,563,288</b>	<b>\$ 4,955,340</b>	<b>\$ (426,312)</b>	<b>\$ 25,092,316</b>

Work in progress totaling \$6,029,845 as of September 30, 2021 primarily included spending for the district's golf course renovation.

**NOTE 5 SPECIAL ASSESSMENT BONDS**

Bonds payable consisted of the following at September 30, 2021:

Description

**Special Assessment Bonds**  
\$29,495,000 Series 2020 bonds, maturing serially through 2050, interest at 2.50% to 3.00%, collateralized by the pledged revenues of special assessments levied against benefited property owners, payable November 1 and May 1, respectively.

\$ 28,620,000



**HERONS GLEN RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 5 SPECIAL ASSESSMENT BONDS (CONTINUED)**

The following is a summary of changes in bond payable for the fiscal year ended September 30, 2021:

Bonds Payable at October 1, 2020	\$ 28,495,000
Principal Retired	(675,000)
Bonds Payable at September 30, 2021	28,620,000
Add: Unamortized Premium	1,918,569
Bonds Payable at September 30, 2021, Net	30,538,569
Less: Amount Recorded as Current Liability	(895,000)
Total	\$ 29,643,569

At September 30, 2021, the scheduled future debt service requirements on the District's outstanding Bonds are as follows:

<u>Year Ending September 30.</u>	Bonds		<u>Total</u>
	Principal	Interest	
2022	\$ 895,000	\$ 888,600	\$ 1,783,600
2023	920,000	888,225	1,788,225
2024	940,000	843,225	1,783,225
2025	965,000	819,725	1,784,725
2026	990,000	795,600	1,785,600
2027-2031	5,345,000	3,593,875	8,938,875
2032-2036	6,135,000	2,828,975	8,963,975
2037-2041	3,725,000	2,084,750	5,809,750
2042-2046	4,450,000	1,399,000	5,849,000
2047-2051	4,255,000	434,200	4,689,200
Total	28,620,000	\$ 14,554,175	\$ 43,174,175
Less: Unamortized Premium	1,918,569		
Total	\$ 30,538,569		

**Significant Bond Provisions**

The District is to levy special assessments, pursuant to Section 197.3632 of the Florida Statutes, to the assessment rolls approved by resolutions of the District. The collections of such assessments are to be accounted for and applied to the debt service of the bond series for which they were levied. The District covenants permit it to levy special assessments in annual amounts adequate to provide for payment of principal and interest on the bonds. However, payment of principal and interest on the bonds is dependent on the money available in the Debt Service Accounts and the District's ability to collect special assessments levied.

The Bonds are subject to mandatory redemption at par on a schedule of annual redemptions. The District may redeem the Bonds at par prior to scheduled maturity from the proceeds of any assessments prepaid in full or monies received as a result of condemnation or destruction of the project. The Indenture provides for a Bond Revenue Fund, which shall be held by the Trustee, separate and apart from all other funds for the purpose of depositing special assessment collections.

**HERONS GLEN RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 6 SPECIAL ASSESSMENTS**

In August 2020, the District levied debt service special assessments in the amount of \$29,495,000, relating to the Series 2020 Bonds. The Series 2020 Bond special assessments outstanding as of September 30, 2021 totaled \$28,620,000.

The annual installment of special assessment for debt service are levied on October 1 of each year, after formal adoption of the District's budget, and are due and payable upon receipt of the notice of levy. The Lee County, Florida Tax Collector's office bills and collects debt service special assessments on behalf of the District.

**NOTE 7 LEASES**

The District has entered into lease agreements as lessee for financing the acquisition of various equipment. The lease agreements qualify as capital leases for accounting purposes and have been recorded at the present values of the future minimum lease payments as of the date of their inception. Equipment capitalized under such leases had an original cost of \$616,003 and accumulated depreciation of \$333,934 at September 30, 2021. The minimum annual lease payments for these capital leases are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2022	\$ 123,359
2023	86,753
2024	52,099
2025	12,338
Thereafter	6,917
Total Minimum Lease Payments	<u>281,466</u>
Less: Amount Representing Interest	(16,622)
Present Value of Future Lease Payments	<u>\$ 264,844</u>

The District leases equipment under noncancelable operating leases, which expire through December 2027. Total expenses for these operating leases of \$72,274 for the year ended September 30, 2021. The minimum rental commitment for these leases is as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2022	\$ 42,731
2023	35,163
2024	25,655
2025	11,960
Thereafter	5,692
Total	<u>\$ 121,202</u>

**HERONS GLEN RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 8 EMPLOYEE BENEFIT PLAN**

Effective October 1, 2004, the District implemented a 401(k) retirement plan, the Herons Glen Recreation District Retirement Savings Plan, a defined contribution pension plan, for the benefit of its employees. The plan is for all employees who meet certain eligibility provisions and is administered through the Professional Employment Organization. District contributions to the plan are discretionary. The employer contributions to the Plan for the fiscal year ended September 30, 2021 were \$30,532. Employee contributions were \$70,119 for the fiscal year ended September 30, 2021. The District has reserved the right to establish and amend all plan provisions. The contribution requirements of plan members and the District are established and may be amended by the District.

**NOTE 9 CONSTRUCTION COMMITMENTS**

The District's outstanding construction commitments as of September 30, 2021, are as follows:

<u>Project</u>	<u>Total Contract</u>	<u>Spent to Date</u>	<u>Remaining</u>
Storage Building Bond Project #2	\$ 58,600	\$ 32,820	\$ 25,780
CLIS Bond Project #3	46,339	42,074	4,265
Golf Course Renovation Bond Project #5	5,504,891	4,690,570	814,271
Driving Range Restroom Bond Project #10	15,100	13,020	4,080
Pickleball Court Addition Bond Project #13	25,180	18,345	6,755
Bocce Ball Courts Bond Project #16	28,100	16,670	9,430
Pool Deck Expansion & Partial Awning Bond Project #17	21,100	15,845	5,255
Total	<u>\$ 5,699,180</u>	<u>\$ 4,829,344</u>	<u>\$ 869,836</u>

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS**

In accordance with Section 112.0801, Florida Statutes, if the District provides insurance plans to employees of the District and their eligible dependents, the District is also required to provide retirees the opportunity to participate in the group employee health plan. For purposes of Section 112.0801, "retiree" means any officer or employee who retires under a state retirement system or a state optional annuity or retirement program or is placed on disability retirement and who begins receiving retirement benefits immediately after retirement from employment. The District does not offer a retirement plan under a state retirement system or a state optional annuity or retirement program. Therefore, the District is not required to allow retired employees to continue to participate in the District's insurance plans upon retirement. Consequently, there is no OPEB liability for the District at September 30, 2021.

**HERONS GLEN RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 11 SUBSEQUENT EVENT**

In October 2021, the District entered into an agreement with Golf Ball Warehouse, Inc., a Florida Corporation d/b/a Golf Guys (Golf Guys) to provide merchandise and equipment for the pro shop. Monthly the District will remit the amount of gross sales to Golf Guys who will return a 10% commission to the District. The agreement is for a term of one year with automatic one year renewals until terminated by either party with 30 days written notice.

The pro shop inventory on hand will be purchased by Golf Guys for an agreed upon amount of 60% of cost (\$0.60 per \$1 of cost).

FOR DISCUSSION PURPOSES ONLY  
-TENTATIVE REPORT-  
SUBJECT TO REVISION

**HERONS GLEN RECREATION DISTRICT  
SCHEDULE OF REVENUES AND EXPENSES  
NON-GAAP BUDGETARY BASIS AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2021**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
<b>Operating Revenues:</b>				
Operating Assessments	\$ 2,186,902	\$ 2,186,902	\$ 2,186,916	\$ 16
Members Fees	1,265,942	1,265,942	1,186,205	(79,737)
Other users Fees	305,511	305,511	175,067	(130,444)
Other	1,183,120	1,183,120	901,866	(281,252)
Net Operating Revenues	<u>4,941,475</u>	<u>4,941,475</u>	<u>4,450,056</u>	<u>(491,419)</u>
<b>Nonoperating Revenues:</b>				
Investment Earnings	31,400	31,400	13,025	(18,371)
Capital Reserve Assessment and New Owner Capital Fees	348,235	348,235	669,600	335,365
Deferred Maintenance Assessment	344,380	344,380	345,100	720
Miscellaneous Other Nonoperating Income	70,667	70,667	77,330	7,243
Total Nonoperating Revenues	<u>794,682</u>	<u>794,682</u>	<u>1,115,055</u>	<u>324,957</u>
Total Revenues	<u>5,736,157</u>	<u>5,736,157</u>	<u>5,565,111</u>	<u>(166,462)</u>
<b>EXPENSES</b>				
<b>Operating Expenses:</b>				
Salaries and Wages	2,284,982	2,284,982	2,099,055	(185,927)
Operating Supplies	436,982	436,982	376,849	(62,133)
Cost of Sales	123,787	123,787	319,002	(104,785)
General and Administrative	685,447	685,447	227,900	(457,547)
Utilities	401,233	306,293	279,563	(21,670)
Repair and Maintenance	399,707	399,707	309,811	(89,896)
Professional Fees	130,349	130,349	124,553	(5,796)
Insurance	186,404	186,404	163,910	(22,494)
Other Contractual Services	195,290	195,290	182,713	(12,577)
Rentals and Leases	164,293	164,293	64,317	(119,976)
Office Expense and Other Miscellaneous	45,642	45,642	47,550	1,908
Total Operating Expenses	<u>5,276,116</u>	<u>5,276,116</u>	<u>4,195,223</u>	<u>(1,080,893)</u>
Capital Outlay	8,961,140	8,961,140	5,669,408	(3,091,732)
Bond Issuance Costs	-	-	-	-
Total Expenses	<u>14,237,256</u>	<u>14,237,256</u>	<u>10,064,631</u>	<u>(4,172,625)</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ (8,501,679)</u>	<u>\$ (8,501,679)</u>	<u>\$ (4,495,516)</u>	<u>\$ 4,006,163</u>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP</b>				
Change in Net Position - Budgetary Basis	\$ (4,495,516)			
Add: Capital Expenditures	5,669,408			
Special Assessment Interest	975,925			
Less: Depreciation	(914,068)			
Interest Expense and Bond Related Amortization	(809,204)			
Loss on Disposal of Capital Assets	(426,312)			
Tax Collector Commissions and Discounts	(71,143)			
<b>CHANGE IN NET POSITION - GAAP</b>	<u>\$ 129,080</u>			

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

Board of Supervisors  
Herons Glen Recreation District  
North Fort Myers, 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 Herons Glen Recreation District (the District), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 2, 2022.

**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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as Item 2021-001 that we consider to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and responses as item 2021-002.

**The District's Responses to Findings**

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

CliftonLarsonAllen LLP

Fort Myers, Florida  
February 2, 2022

FOR DISCUSSION ONLY  
SUBJECT TO REVISION

**HERONS GLEN RECREATION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED SEPTEMBER 30, 2021**

**2021-001 – Accounting for Leases**

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

**Criteria**

When a lease is a capital lease, GASBS No. 62, paragraph 216, requires the transaction to be treated as if the government purchased the asset and is financing it over the term of the lease. Capital lease treatment is required if the lease has at least one of the following characteristics described in GASBS No. 62, paragraph 213:

1. It passes title to the lessee by the end of the lease term.
2. It contains a bargain purchase option.
3. The lease term is at least 75% of the asset's estimated economic life.
4. The present value of the minimum lease payments at the beginning of the lease term is at least 90% of the asset's fair value.

**Condition**

During our review of the operating lease schedule provided, we noticed ice machine leases that met the requirement for treatment as a capital lease due to the present value of minimum lease payments exceeding 90% of the asset's fair value.

**Cause**

The District has not been assessing all new leases for proper treatment as capital vs. operating.

**Effect**

Balances of capital assets are understated, liabilities are understated, and expenses are overstated.

**Repeat Finding**

Yes, 2020-002.

**Recommendation**

We recommend the District assign an employee to review all new leases to determine if the lease meets the criteria to be recorded as a capital lease.

**Views of Responsible Officials and Planned Corrective Actions**

A large portion of the ice machine lease expenditures is allocated to the maintenance and repair of these machines, which is the reason the District leases the machines as opposed to purchasing them with capital funds. In essence, the ice machine vendor is much more responsive to repair calls when it comes to leased equipment versus owned equipment. As much as the District relies on operational ice machines, we cannot afford extended periods of interruption. Going forward, as recommended by our Government Auditors to comply with GASB No. 62, paragraph 213, we will treat these leases as capital leases and include these balances with capital assets and liabilities as opposed to expensing them. We will continue to analyze each new lease to determine whether or not the lease meets the criteria to be recorded as a capital lease. Maintenance and/or repair costs will not be included in this analysis unless specifically broken out by the leasing company. Effective immediately, the Controller will perform this analysis prior to entering into all leases.

Target date: October 31, 2021



**HERONS GLEN RECREATION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED SEPTEMBER 30, 2021**

**2021-002 – Florida Statutes 280**

Type of Finding: Compliance and Other Matters

**Criteria**

Each official custodian of moneys that meet the definition of a public deposit under s. 280.02 shall ensure such moneys are placed in a qualified public depository unless the moneys are exempt under the laws of this state.

"Public deposit" means the moneys of the state or of any state university, county, school district, community college district, special district, metropolitan government, or municipality, including agencies, boards, bureaus, commissions, and institutions of any of the foregoing, or of any court, and includes the moneys of all county officers, including constitutional officers, which are placed on deposit in a bank, savings bank, or savings association. This includes, but is not limited to, time deposit accounts, demand deposit accounts, and nonnegotiable certificates of deposit. Moneys in deposit notes and in other nondeposit accounts such as repurchase or reverse repurchase operations are not public deposits. Securities, mutual funds, and similar types of investments are not public deposits and are not subject to this chapter.

**Condition**

The District has entered into a sweep agreement that moves deposits from the qualified public depository to other banks throughout the country that are not qualified public depositories.

**Cause**

The District was trying to obtain a higher return and the District was not aware the sweep account was not covered as part of their relationship with the qualified public depository where the account was opened.

**Effect**

The deposits held at banks that are not qualified public depositories are not covered by Florida Statute 280 in the event of a bank failure. The District would only be covered under FDIC insurance.

**Repeat Finding**

No

**Recommendation**

We recommend the District maintain deposit account balances in a qualified public depository. In addition, the District can assess its short term needs and invest excess fund based on the Districts investment policy.

**Views of Responsible Officials and Planned Corrective Actions**

The Controller will research this issue to determine if there is a way to move the funds into qualified public depositories only and if not, we will dismantle the sweep agreement with FineMark National Bank.

Target date: April 30, 2022

## MANAGEMENT LETTER

Board of Supervisors  
Herons Glen Recreation District  
North Fort Myers, Florida

### Report on the Financial Statements

We have audited the financial statements of the Herons Glen Recreation District (the District) as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated February 2, 2022.

### Auditors' 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 Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' 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 February 2, 2022, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. See Exhibit A for the status of findings and recommendations made in the preceding annual financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The District discloses this information in the notes to the financial statements.

**Financial Condition and Management**

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we noted several indicators that were unfavorable. Most of these indicators relate to the net operating loss of the District and the negative unrestricted net position balance. While this is not necessarily an indicator of deteriorating financial condition, it is of concern. We recommend the District monitor this situation and take corrective action if it is anticipated that unrestricted cash balances and operating revenues will not cover operating expenditures. During our consideration of information technology in relation to the financial audit we noted that information security policies should be enhanced for user access. We also suggest reviewing outsourced IT contracts to ensure the vendor is meeting the contract requirements.

**Special District Component Units**

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. The District does not have any special district component units.

**Specific Information**

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

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 49.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 59.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$66,213.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$158,360.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as \$5,726,158 (provide list).

Board of Supervisors  
Heron's Glen Recreation District

HERON'S GLEN		Project Trial Balance				
		Heron's Glen Recreation District				
Start Date: 10/01/2020 End Date: 09/30/2021						
Project	Total Project Budget	Project Budget for FY21	Opening Balance	This Period	Total Spent To Date	Remaining Budget Carryfwd
2 - Storage Building - Bond	\$ 715,755.00	\$ 700,000.00	\$ 18,735.00	\$ 15,945.00	\$ 34,680.00	\$ 681,075.00
3 - CLIS - Bond	\$ 1,050,000.00	\$ 750,000.00	\$ 23,485.00	\$ 77,487.43	\$ 100,972.43	\$ 949,027.57
5 - Golf Course Renovation - Bond	\$ 6,088,212.00	\$ 5,788,800.00	\$ 182,784.11	\$ 5,464,522.63	\$ 5,627,306.74	\$ 440,905.26
7 - Restaurant Renovation - Bond	\$ 607,880.00	\$ 0.00	\$ 26,000.00	\$ 938.58	\$ 27,238.58	\$ 580,641.42
9 - Clubhouse Improvements - Bond	\$ 1,475,630.00	\$ 0.00	\$ 0.00	\$ 103,149.33	\$ 103,149.33	\$ 1,372,480.67
10 - Driving Range Restroom - Bond	\$ 349,025.00	\$ 350,000.00	\$ 0.00	\$ 13,195.00	\$ 13,195.00	\$ 335,830.00
11 - Ballroom Equip, Curtain, Shade - Bond	\$ 83,000.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 83,000.00
12 - Ballroom ADA Bath, Stage, Cell - Bond	\$ 134,905.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 134,905.00
13 - Pickleball Court Addition-Bond	\$ 254,500.00	\$ 255,000.00	\$ 0.00	\$ 18,365.00	\$ 18,365.00	\$ 236,135.00
14 - Tennis Awning/Pavers - Bond	\$ 110,000.00	\$ 110,000.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 110,000.00
15 - Cart/Pedestrian Bridge - Bond	\$ 438,600.00	\$ 0.00	\$ 500.00	\$ 0.00	\$ 500.00	\$ 438,100.00
16 - Bocce Courts - Bond	\$ 350,790.00	\$ 350,000.00	\$ 0.00	\$ 15,690.00	\$ 15,690.00	\$ 334,100.00
17 - Pool Deck - Bond	\$ 481,740.00	\$ 750,000.00	\$ 0.00	\$ 15,865.00	\$ 15,865.00	\$ 465,875.00
18 - Permeation Retention - Bond	\$ 500,000.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 500,000.00
<b>Total</b>	<b>\$ 12,620,037.00</b>	<b>\$ 6,063,800.00</b>	<b>\$ 231,804.11</b>	<b>\$ 5,738,157.97</b>	<b>\$ 5,957,962.08</b>	<b>\$ 6,162,074.92</b>

- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as: See page 28 of the financial statements.

As required by Section 218.39(3)(c) Florida Statutes, and Section 10.554(1)(I)7, Rules of the Auditor General, the District reported:

- The rate or rates of non-ad valorem special assessments imposed by the District as \$1,425.
- The total amount of special assessments collected by or on behalf of the district as \$1,854,633.
- The total amount of outstanding bonds issued by the district and the terms of such bonds as See Note 5 page 25 of the financial statements.

**Additional Matters**

Section 10.554(1)(I)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Board of Supervisors  
Herons Glen Recreation District

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the board of supervisors, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
February 2, 2022

-TENTATIVE REPORT-  
FOR DISCUSSION PURPOSES ONLY  
SUBJECT TO REVISION

**HERONS GLEN RECREATION DISTRICT  
EXHIBIT A  
YEAR ENDED SEPTEMBER 30, 2021**

Prior Year Findings		FINDING NUMBER			Current Year Status		
		Current Year	2019-2020	2018-2019	Cleared	Partially Cleared	Not Cleared
Annual Financial Reporting Under Generally Accepted Accounting Principles	Material Weakness	N/A	2020-001	N/A	X		
Accounting for Leases	Significant Deficiency	2021-001	2020-002	N/A			X
Florida Statute Chapter 280	Compliance	N/A	2020-003	N/A	X		
Florida Statute Chapter 218.415	Compliance	N/A	2020-004	N/A	X		
Capital Asset Depreciation Schedule	Material Weakness	N/A	2020-005	N/A	X		

TENTATIVE REPORTS ONLY  
 FOR DISCUSSION PURPOSES ONLY  
 SUBJECT TO REVISION

## INDEPENDENT ACCOUNTANTS' REPORT

Board of Supervisors  
Herons Glen Recreation District  
North Fort Myers, Florida

We have examined the Herons Glen Recreation District's (the District) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2021. Management is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements 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 above. 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.

Our examination disclosed no instances of material noncompliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2021.

In our opinion, the District complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2021.

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

CliftonLarsonAllen LLP

Fort Myers, Florida  
February 2, 2022

-TENTATIVE REPORT -  
FOR DISCUSSION PURPOSES ONLY  
SUBJECT TO REVISION







# Herons Glen Recreation District

Presentation of the 2021 Audit Results

February 21, 2022

**WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING**

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment adviser.

# Firm Overview

## Create opportunities

CLA is the 8th largest public accounting firm in the country. CLA exists to create opportunities for our clients and our communities through industry-focused wealth advisory, outsourcing, audit, tax and consulting services.



7,400+ PEOPLE  
120+ OFFICES  
60+ YEARS IN BUSINESS  
400+ PROFESSIONALS  
4,150+ GOVERNMENT ENTITIES  
\$1.1 BILLION IN OPPORTUNITY



Create Opportunities

## Audit Services Performed

### Financial Statements

- Financial statement audit for the year ended September 30, 2021, in accordance with *Government Auditing Standards*



# Reports to be Delivered

**Independent  
Auditors' Report**

**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  
(Yellow Book Report)**

**Management Letter**

**Independent  
Accountants' Report**

**Governance  
Communication  
Letter**



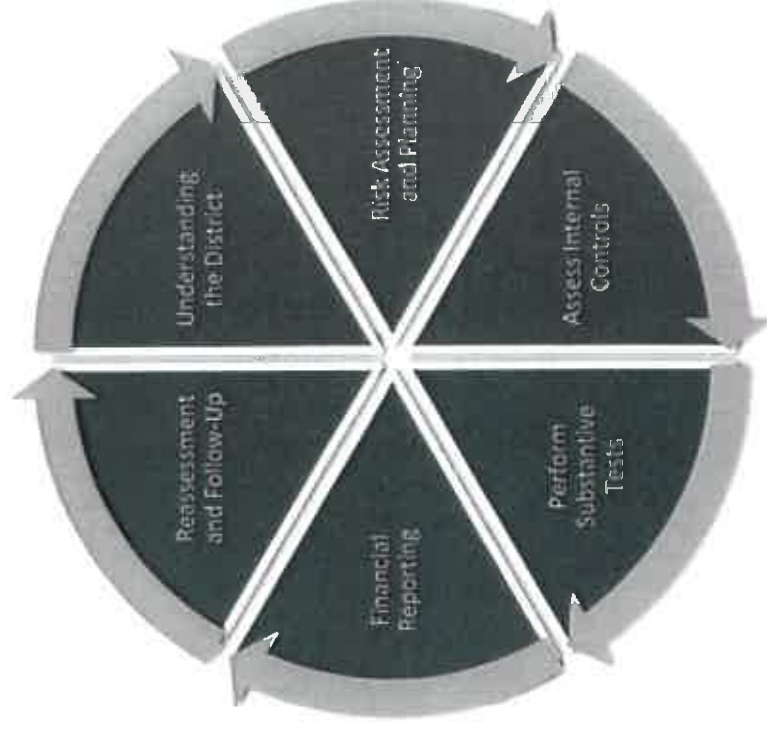
# Required Communications to Governance

- Unmodified Opinion on the Financial Statements
- Scope and timing of audit proceeded as planned
- Significant accounting policies
  - In accordance with generally accepted accounting principles and consistent with industry practices and standards
- Change in accounting policies
  - None
- Significant estimates within the financial statements
  - None
- No uncorrected misstatements
- No difficulties encountered in performing the audit
- No disagreements with management
  - Management was very helpful in working with us to complete our audit
- Noted other matter on financial condition of the District



# Audit Approach Summary

- We have assessed the following areas to be of higher audit risk:
  - Management Override of Controls
  - Capital projects
  - Revenue Recognition
  - Payables, Accruals, Other Liabilities
  - Information Technology Control Environment
  - Financial Statement Disclosures



# Prior Year Findings Follow Up

- 2020-001 – Annual Financial Reporting under GAAP
  - Cleared by Management
- 2020-002 – Accounting for Leases
  - Repeated in 2021
- 2020-003 – Compliance with Florida Statute Chapter 280
  - Cleared by Management
- 2020-004 – Compliance with Florida Statue Chapter 218.415
  - Cleared by Management
- 2020-005 – Capital Asset Tracking
  - Cleared by Management



# 2021 Reportable Findings

- 2021-001 – Accounting for Leases
  - Significant Deficiency
- 2021-002 –Florida Statute Chapter 280 – Sweep Account
  - Compliance
- Verbal management comments provided related to:
  - Accrual cutoff related to immaterial audit adjustments
  - Information technology security

# Highlights of Financial Position as of September 30, 2021

- Management's Discussion and Analysis – Pages 4 through 10
- Financial Statements – Pages 11 through 14
  - Total Net Position of \$35,811,242
  - Operating Loss of \$730,378
  - Increase of Net Position of \$859,468
  - Cash Flow Provided by Operations of \$363,443
- Make-up of Net Position – Page 11
  - Net Investment in Capital Assets - \$2,171,371
  - Restricted to Debt Service - \$29,154,357
  - Restricted for Capital Improvements and Maintenance - \$4,511,059
  - Unrestricted – **(\$25,545)**



# 2022 and Beyond

- New GASB Standards
  - GASB 87 – Leases – 2022
  - GASB 96 – Subscription Based Information Technology Arrangements - 2023
- IT Security



Questions?

Christopher Kessler, CPA  
Principal

[Chris.Kessler@CLACoconnect.com](mailto:Chris.Kessler@CLACoconnect.com)

Robert Willems, CPA  
Director

[Robert.Willems@CLACoconnect.com](mailto:Robert.Willems@CLACoconnect.com)



[CLACoconnect.com](http://CLACoconnect.com)



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



Herons Glen Recreation District  
**FUND BALANCE REPORT**  
As of Jan 31, 2022

ACCOUNT DESCRIPTION	BANK NAME	GL ACCT#	INT RATE	ACCT TYPE	
<b>OPERATING ACCOUNTS</b>					
	Peity Cash	00-1010	0.00%	Cash, Peity	\$200
	FineMark - Operating	00-1138	0.01%	Cash, Operating	\$1,142,919
	SBA Fund A - Florida Prime - Operating	00-1051	0.14%	Cash, Operating	\$3
<b>TOTAL OPERATING ACCOUNTS</b>					<b>\$1,143,122</b>
<b>RESERVES</b>					
<b>DEFERRED MAINTENANCE</b>					
	FineMark Bank - Deferred Maintenance	00-1142	0.01%	Cash, Reserved	\$277,036
	SBA Fund A - Florida Prime - Deferred Maintenance	00-1131	0.14%	Cash, Reserved	\$219,552
<b>TOTAL DEFERRED MAINTENANCE</b>					<b>\$496,588</b>
<b>CAPITAL RESERVE</b>					
	FineMark Bank - Capital	00-1088	0.01%	Cash, Reserved	\$348,249
	FineMark Bank - Long Term Capital Reserve Fund	00-1089	0.01%	Cash, Reserved	\$334,808
	SBA Fund A - Florida Prime - Capital Fund	00-1130	0.14%	Cash, Reserved	\$859,664
	SBA Fund A - Florida Prime - Long Term Capital Reserve Fund	00-1132	0.14%	Cash, Reserved	\$1,629,505
<b>TOTAL CAPITAL RESERVE</b>					<b>\$3,172,227</b>
<b>UNINSURED LOSSES RESERVE</b>					
	FineMark Money Market - Uninsured Losses Reserve Fund	00-1134	0.19%	Cash, Reserved	\$0
	SBA Fund A - Florida Prime - Uninsured Losses Reserve Fund	00-1141	0.14%	Cash, Reserved	\$350,139
<b>TOTAL UNINSURED LOSSES RESERVE</b>					<b>\$350,139</b>
<b>PROJECTS</b>					
	FineMark Money Market - GCM Special Improvements Fund	00-1128	0.14%	Cash, Reserved	\$759
	SBA Fund A - Florida Prime - Golf Course Special Improvements Fund	00-1144	0.14%	Cash, Reserved	\$428,407
<b>TOTAL PROJECTS</b>					<b>\$428,166</b>
<b>2020 Bond Funds - 0000 - Revenue Fund</b>					
	2020 Bond Funds - 0001 - Interest Fund	00-1411			\$1,696,795
	2020 Bond Funds - 0008 - Acquisition & Construction Fund	00-1417			\$0
	2020 Bond Funds - 0009 - Cost of Issuance Fund	00-1418			\$6,599,863
	2020 Bond Funds - 0004 - Debt Reserve Fund	00-1419			\$0
					\$444,072
<b>TOTAL RESERVE ACCOUNTS</b>					<b>\$8,730,729</b>
					<b>\$13,175,848</b>

**Hérons Glen Recreation District  
BALANCE SHEET**

	as at Jan 31, 2022	Last Fiscal Yr End
<b>ASSETS</b>		
<b>CASH &amp; CASH EQUIVALENTS</b>		
CASH, PETTY	200	200
CASH, OPERATING	1,142,922	1,018,126
CASH, RESERVED	4,445,119	4,511,060
<b>TOTAL CASH &amp; CASH EQUIVALANETS</b>	5,588,241	5,529,386
ACCOUNTS RECEIVABLE	197,166	28,222
ACCOUNTS RECEIVABLE, OTHER	23,328	12,104
ACCOUNTS RECEIVABLE, SUB-ASSOCIATIONS	170	0
ALLOWANCE FOR BAD DEBT	(1,000)	(1,000)
INVENTORY, PRO SHOP	0	22,015
INVENTORY, RESTAURANT	55,556	32,248
INVENTORY, GAS	4,157	5,009
PREPAID	96,873	52,157
PR BENEFITS CLEARING	0	(622)
GRATUITIES CLEARING	(8,040)	(4,121)
EMPLOYEE CHRISTMAS FUND	385	109
<b>TOTAL CURRENT ASSETS</b>	5,956,837	5,675,506
<b>RESTRICTED ASSETS</b>		
2020 SERIES BOND FUNDS - REVENUE FUND	1,696,795	460,535
2020 SERIES BOND FUNDS - ACQUISITION & CONSTRU	6,589,863	7,373,006
2020 SERIES BOND FUNDS - DEBT RESERVE FUND	444,072	444,072
<b>TOTAL RESTRICTED ASSETS</b>	8,730,729	8,277,613
<b>WORK IN PROCESS</b>		
WIP - CLUBHOUSE IMPROVEMENTS - BOND	82,337	82,337
WIP - GOLF COURSE RENOVATION - BOND	5,912,105	5,720,002
WIP - CLIS - BOND	134,660	100,972
WIP - RESTAURANT - BOND	27,239	27,239
WIP - STORAGE BUILDING - BOND	35,200	34,680
WIP - MISCELLANEOUS SMALL CAPITAL PROJECTS	6,800	0
WIP - CART/PEDESTRIAN BRIDGE - BOND	500	500
WIP - DRIVING RANGE RESTROOM	13,715	13,195
WIP -- BOCCE COURTS - BOND	23,410	16,690
WIP - POOL DECK - BOND	16,385	15,865
WIP - PICKLEBALL COURTS - BOND	19,232	18,365
WIP - TENNIS AWNING/PAVERS - BOND	49,053	0
WIP - PERMEATION RETENTION POND - BOND	59,749	0
WIP - MULTI-USE PATH - BOND	23,559	0
<b>TOTAL WORK IN PROCESS</b>	6,403,943	6,029,845

	as at Jan 31, 2022	Last Fiscal Yr End
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>		
CAPITAL PROJECT, OTHER	1,984,725	1,984,725
REAL PROPERTY AND IMPORVEMENTS	4,617,690	4,617,690
EQUIPMENT	2,098,874	2,098,874
PROPERTY & IMPOVEMENTS	1,109,293	1,109,293
GOLF COURSE PROJECT	1,299,200	1,299,200
CLIS SYSTEM	1,540,279	1,540,279
PARKING LOT PROJECT	999,724	999,724
CLIS - PUMP STATIONS	135,000	135,000
EFFLUENT STORAGE	373,295	373,295
CLUBHOUSE PROJECT	320,927	320,927
GOLF COURSE MAINTENANCE	1,374,324	1,374,324
STORM DRAIN PROJECT	36,200	36,200
FITNESS CENTER	983,011	983,011
RESTAURANT RENOVATION	2,401,176	2,401,176
ACCUMULATED DEPRECIATION	(12,760,712)	(12,490,527)
<b>TOTAL NET PROPERTY, PLANT &amp; EQUIP</b>	<b>6,513,007</b>	<b>6,783,192</b>
<b>LAND</b>		
LAND ORIGINAL	11,720,482	11,720,482
LAND-WASTEWATER/MAINTENANCE	538,962	538,962
LAND-PUMP HOUSE-MYSTIC WAY	30,000	30,000
<b>TOTAL LAND</b>	<b>12,289,444</b>	<b>12,289,444</b>
<b>OTHER ASSETS</b>		
SPECIAL ASSESSMENT RECEIVABLE	28,620,000	28,620,000
2020 SERIES BOND INSURANCE PREMIUM	248,919	248,919
DEPOSITS, LONG TERM	125,029	2,900
HOLE IN ONE ACCOUNT	(1,195)	(912)
<b>TOTAL OTHER ASSETS</b>	<b>28,992,753</b>	<b>28,870,907</b>
<b>TOTAL ASSETS</b>	<b>68,886,714</b>	<b>67,926,507</b>
<b>LIABILITIES &amp; FUND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
<b>PAYABLE FROM CURRENT ASSETS</b>		
ACCOUNTS PAYABLE, TRADE	170,305	455,681
ACCRUED INTEREST	0	370,250
GOLF SHOP CONSIGNMENT SALES & CLUB RENTALS P.	13,553	0
SALES TAXES PAYABLE	14,631	56,019
ACCRUED EXPENSES	112,730	217,190
CAPITAL LEASE - CURRENT	113,918	113,918
DEPOSITS - BALLROOM & LOCKER	775	685
GIFT CARDS & GROUPONS	39,645	28,994



	as at Jan 31, 2022	Last Fiscal Yr End
CREDIT BOOK	27,121	5,792
HOLE IN ONE CLUB	400	1,200
ADVANCED TICKET SALES	41,605	0
OTHER CURRENT LIABILITIES	(576)	0
2020 SERIES BONDS PAYABLE - SHORT TERM	895,000	895,000
	<hr/> 1,429,106	<hr/> 2,144,728
<b>DEFERRED REVENUES</b>		
DEFERRED BASE ASSESSMENTS	308,822	14,650
DEFERRED CAPITAL RESERVE	60,667	2,406
DEFERRED ASSESSMENT, MAINT. RESERV	55,466	2,112
DEFERRED ASSMNTS, USER FEES	67,431	1,206
DEFERRED GOLF ANNUAL DUES	791,195	984,510
DEFERRED ANNUAL RANGE & HANDICAP	8,784	5,061
<b>TOTAL PAYABLES FROM CURRENT ASSETS</b>	<hr/> 2,721,470	<hr/> 3,154,673
<b>LONG-TERM LIABILITIES</b>		
2020 SERIES BONDS PAYABLE	27,725,000	27,725,000
2020 SERIES BONDS PAYABLE - PREMIUM/DISCOUNT	1,918,569	1,918,569
2020 SERIES BONDS - DEFERRED OUTFLOW (INFLOW)	(844,069)	(844,069)
CAPITAL LEASE- LONG TERM	150,926	150,926
<b>TOTAL LONG-TERM LIABILITIES</b>	<hr/> 28,950,426	<hr/> 28,950,426
<b>FUND EQUITY</b>		
CONTRIBUTED CAPITAL	39,627,310	39,627,310
ASSOCIATION EQUITY(DEFICIT)	(4,796,018)	(4,796,018)
PROFIT/(LOSS)	1,532,666	139,256
RETAINED EARNINGS-RESERVED	850,861	850,861
<b>TOTAL FUND EQUITY(DEFICIT)</b>	<hr/> 37,214,818	<hr/> 35,821,408
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<hr/> <hr/> 68,886,714	<hr/> <hr/> 67,926,507

**Heron's Glen Recreation District  
Income Statement  
Jan 31, 2022**

	This Month			Year to Date			Annual Budgets			
	Actual	Budget	Variance	Last Yr	Actual	Budget	Variance	Last Yr	FY22 2021-22	FY21 2020-21
<b>Non-Golf Operations</b>										
<b>REVENUE</b>										
Admin	85,590	101,553	(15,964)	74,425	323,091	335,134	(12,043)	344,102	940,571	956,859
Restaurant	140,456	161,017	(20,561)	83,811	512,570	593,269	(80,698)	367,185	1,530,601	1,235,752
Clubhouse	68,651	67,051	1,600	63,083	275,908	275,455	452	262,690	802,012	755,984
CLIS	37,585	37,428	157	36,594	145,904	147,246	(1,343)	142,017	425,701	389,446
Fitness Center	4,870	5,001	(131)	4,861	26,734	26,475	259	22,179	70,326	61,349
Assessments Included With Above Revenue	183,458	183,458	0	179,535	801,103	801,103	0	807,342	2,301,034	2,186,902
<b>EXPENSES</b>										
Admin	73,932	101,553	(27,621)	44,089	310,116	335,134	(25,019)	274,103	940,571	956,859
Restaurant	156,068	161,017	(4,949)	99,597	528,230	593,269	(65,039)	380,181	1,530,601	1,235,752
Clubhouse	68,755	67,051	1,704	57,135	283,991	275,455	8,536	236,367	802,012	755,984
CLIS	38,129	37,428	702	34,498	139,290	147,246	(7,957)	120,257	425,701	389,446
Fitness Center	5,918	5,001	917	4,337	19,852	26,475	(6,623)	17,876	70,326	61,349
Total Revenue	337,152	372,051	(34,899)	262,774	1,284,207	1,377,579	(93,373)	1,138,173	3,769,211	3,399,390
Total Expenses	342,802	372,051	(29,249)	239,655	1,281,478	1,377,579	(96,101)	1,028,784	3,769,211	3,399,390
Total Assessments Included With Revenue	183,458	183,458	0	179,535	801,103	801,103	0	807,342	2,301,034	2,186,902
<b>OPERATIONS - Non-Golf Net Income</b>	(5,650)	(0)	(5,650)	23,119	2,728	(0)	2,728	109,389	(0)	0
<b>Golf Operations</b>										
<b>REVENUE</b>										
Pro Shop	146,396	217,395	(70,999)	151,471	431,147	614,946	(183,798)	517,672	1,953,722	1,643,571
GCM	0	0	0	0	0	0	0	0	0	0
<b>EXPENSES</b>										
Pro Shop	43,004	47,811	(4,806)	37,755	131,151	193,862	(62,711)	146,162	547,809	381,435
GCM	98,343	121,821	(23,478)	87,307	497,797	507,368	(9,570)	406,657	1,405,914	1,262,136
Golf Total Revenue	146,396	217,395	(70,999)	151,471	431,147	614,946	(183,798)	517,672	1,953,722	1,643,571
Golf Total Expenses	141,347	169,631	(28,285)	125,062	628,948	701,229	(72,282)	552,818	1,953,723	1,643,571
Golf Net Income	5,049	47,764	(42,715)	26,409	(197,800)	(86,284)	(111,517)	(35,146)	(1)	(1)
<b>NET INCOME ALL DEPTS.</b>	(601)	47,764	(48,365)	49,527	(195,072)	(86,284)	(108,789)	74,243	(2)	(0)

Heron's Glen Recreation District  
Consolidated as of Dec21 - Trend

	Period 1-2021		Period 2-2021		Period 3-2021		Period 4-2022		Forecasted	FY22 Adopted	%
	OCT	NOV	DEC	JAN	Yr End	2021-2022	+/-				
Non-Golf Operations	Actual	Actual	Actual	Actual	Estimate	Budget	Budget	Budget			
<b>REVENUE</b>											
Admin	97,506	68,888	71,107	85,590	928,527	940,571	-1.28%				
Restaurant	117,863	116,515	137,736	140,456	1,449,902	1,530,601	-5.27%				
Clubhouse	66,521	77,673	63,063	68,651	802,464	802,012	0.06%				
CLIS	38,111	33,937	36,270	37,585	424,359	425,701	-0.32%				
Fitness Center	5,515	10,871	5,478	4,870	70,586	70,326	0.37%				
Assessments Included With Above Revenue	214,179	206,298	197,168	183,458	2,301,034	2,301,034	0.00%				
<b>EXPENSES</b>											
Admin	70,325	89,058	76,801	73,932	915,552	940,571	-2.66%				
Restaurant	95,936	134,671	141,555	156,068	1,465,562	1,530,601	-4.25%				
Clubhouse	69,582	81,701	63,954	68,755	810,548	802,012	1.06%				
CLIS	31,448	32,361	37,351	38,129	417,744	425,701	-1.87%				
Fitness Center	5,201	4,247	4,486	5,918	63,704	70,326	-9.42%				
Total Revenue	325,517	307,884	313,654	337,152	3,675,838	3,769,211	-2.48%				
Total Expenses	272,492	342,039	324,146	342,802	3,673,110	3,769,211	-2.55%				
Total Assessments Included With Revenue	214,179	206,298	197,168	183,458	2,301,034	2,301,034	0.00%				
OPERATIONS - Non-Golf Net Income	53,025	(34,155)	(10,492)	(5,650)	2,728	(0)					
<b>Golf Operations</b>											
<b>REVENUE</b>											
Pro Shop	86,281	86,280	112,190	146,396	1,769,923	1,953,722	-9.41%				
GCM	-	-	-	-	-	-					
<b>EXPENSES</b>											
Pro Shop	19,536	30,228	38,382	43,004	485,098	547,809	-11.45%				
GCM	141,863	150,245	107,346	98,343	1,396,344	1,405,914	-0.68%				
Golf Total Revenue	86,281	86,280	112,190	146,396	1,769,923	1,953,722	-9.41%				
Golf Total Expenses	161,399	180,474	145,728	141,347	1,881,441	1,953,723	-3.70%				
Golf Net Income	(75,117)	(94,194)	(33,538)	5,049	(111,518)	(1)					
<b>NET INCOME ALL DEPTS.</b>											
	(22,092)	(128,349)	(44,030)	(601)	(108,790)	(2)					

**Hérons Glen Recreation District**  
**TOTAL VARIANCE REPORT**  
**Jan 31, 2022**

DEPARTMENT	ACTUAL MTD	BUDGET MTD	VARIANCE Favorable / (Unfavorable)	ACTUAL YTD	BUDGET YTD	VARIANCE Favorable / (Unfavorable)
<b>ADMINISTRATION</b>						
Operating Revenue	19,575	35,539	(15,964)	42,391	54,434	(12,043)
Operating Expenses	73,932	101,553	27,621	310,116	335,134	25,019
Operating Income	(54,357)	(66,015)	11,658	(267,725)	(280,701)	12,975
Assessment	66,015	66,015	0	280,701	280,701	0
Net Income	11,658	0	<b>11,658</b>	12,975	0	<b>12,975</b>
<b>RESTAURANT</b>						
Operating Revenue	116,741	137,302	(20,561)	357,423	438,121	(80,698)
Operating Expenses	156,068	161,017	4,949	528,230	593,269	65,039
Operating Income	(39,327)	(23,715)	(15,612)	(170,807)	(155,148)	(15,660)
Assessment	23,715	23,715	0	155,148	155,148	0
Net Income	(15,612)	(0)	<b>(15,612)</b>	(15,660)	(0)	<b>(15,660)</b>
<b>CLUBHOUSE</b>						
Operating Revenue	1,600	0	1,600	11,652	11,200	452
Operating Expenses	68,755	67,051	(1,704)	283,991	275,455	(8,536)
Operating Income	(67,155)	(67,051)	(104)	(272,339)	(264,255)	(8,084)
Assessment	67,051	67,051	0	264,255	264,255	0
Net Income	(104)	(0)	<b>(104)</b>	(8,084)	(0)	<b>(8,084)</b>
<b>CLIS Dept.</b>						
Operating Revenue	15,759	15,602	157	70,778	72,121	(1,343)
Operating Expenses	38,129	37,428	(702)	139,290	147,246	7,957
Operating Income	(22,371)	(21,826)	(544)	(68,512)	(75,126)	6,614
Assessment	21,826	21,826	0	75,126	75,126	0
Net Income	(544)	0	<b>(544)</b>	6,614	(0)	<b>6,614</b>
<b>Fitness Center</b>						
Operating Revenue	19	150	(131)	859	600	259
Operating Expenses	5,918	5,001	(917)	19,852	26,475	6,623
Operating Income	(5,899)	(4,851)	(1,048)	(18,993)	(25,875)	6,882
Assessment	4,851	4,851	0	25,875	25,875	0
Net Income	(1,048)	0	<b>(1,048)</b>	6,882	(0)	<b>6,882</b>
<b>SUBTOTAL</b>						
Total Operating Revenues	153,694	188,592	(34,899)	483,103	576,476	(93,373)
Total Assessments	183,458	183,458	0	801,103	801,103	0
Total Operating Expenses	342,802	372,051	29,249	1,281,478	1,377,579	96,101
Net Income	(5,650)	(0)	(5,650)	2,728	(0)	2,728

DEPARTMENT	ACTUAL MTD	BUDGET MTD	VARIANCE Favorable / (Unfavorable)	ACTUAL YTD	BUDGET YTD	VARIANCE Favorable / (Unfavorable)
<b>GOLF MAINTENANCE</b>						
Operating Revenue	0	0	0	0	0	0
Operating Expenses	98,343	121,821	23,478	497,797	507,368	9,570
Net Income	(98,343)	(121,821)	<b>23,478</b>	(497,797)	(507,368)	<b>9,570</b>
<b>PRO SHOP</b>						
Operating Revenue	146,396	217,395	(70,999)	431,147	614,946	(183,798)
Operating Expenses	43,004	47,811	4,806	131,151	193,862	62,711
Net Income	103,392	169,584	<b>(66,193)</b>	299,997	421,084	<b>(121,087)</b>
<b>ALL DEPARTMENTS</b>						
Total Operating Revenues	300,089	405,987	(105,898)	914,250	1,191,421	(277,171)
Total Assessments	183,458	183,458	0	801,103	801,103	0
Total Operating Expenses	484,149	541,682	57,533	1,910,426	2,078,808	168,382
Net Income	(601)	47,764	<b>(48,365)</b>	(195,072)	(86,284)	<b>(108,789)</b>
<i>From Golf Operations</i>	5,049	47,764	<b>(42,715)</b>	(197,800)	(86,284)	<b>(111,517)</b>
<i>From Other than Golf Operations</i>	(5,650)	(0)	<b>(5,650)</b>	2,728	(0)	<b>2,728</b>

<b>HGRD Variance</b>				
<b>Jan-22</b>				
	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Explanation</b>
	<b>This Month</b>	<b>This Month</b>	<b>Favorable / (Unfavorable)</b>	
<b>Administration</b>				
Concert Series Revenues	13,344	24,140	(10,796)	Budgeted for two shows in Jan22; only had one.
Misc. Other Income	2,983	8,746	(5,763)	Budget too high, Actuals from Dec21 were \$2,993 Budget same as FY21 budget. Only had 4 closings in Jan22.
Concert Series Expenses	10,037	22,540	12,503	Budgeted for two shows in Jan22; only had one.
Professional Fees	5,586	17,632	12,046	Budgeted \$10,785 in Jan22 for auditors for progress billing; CLA bills sporadically.
<b>Restaurant</b>				
Food Sales	81,920	98,503	(16,583)	Budget based on pre-COVID actuals plus 5%. Same month last year was \$43,935 86%
Beverage Sales	34,730	38,798	(4,068)	Budget based on pre-COVID actuals plus 5%. Same month last year was \$17,961 93%
COS, Food	26,663	41,371	14,708	Made purchases based on availability of product and sales volume. 32.55% to a budget of 42%. YTD 43.32% to a budget of 42.00%
Payroll, Kitchen	28,856	31,939	3,083	Having trouble retaining dish staff.
H-2B Additional Expenses	7,180	140	(7,040)	Airline tickets, Visa reimbursements & move-in expenses for H-2Bs who came later than original anticipated. Recruiting invoice budgeted in Nov. Room & Board payroll deductions started later since employees arrived later. HGRD has to cover the rent for the apartments for the time the H-2B employees were not here and not contributing. Rent is much higher than budgeted. This is the trend all around Florida. We have a cap on how much we can collect on a monthly basis from the H-2B employees.
Casual Labor	3,185	100	(3,085)	To temporarily fill dishwasher position.
Maintenance & Repairs	3,076	800	(2,276)	TWC Globe floor mixer repair
<b>Clubhouse</b>				
Miscellaneous Income	1,600	-	1,600	Outside tennis memberships budgeted in December, collected in January.
Payroll	15,330	17,586	2,256	Down two employees; one out sick and one left
Chemicals	3,316	1,225	(2,091)	Purchasing product when available
Service Contracts	15,132	13,206	(1,926)	Bowen Cooling quarterly maintenance charged in January and billed in February \$1,610.
Tennis Court Maintenance	2,943	600	(2,343)	Mats, brooms, line sweeps, shoe cleaning, etc.
Effluent Water	277	1,350	1,073	January total rainfall 3". That combined with cooler temperatures requires less effluent water
<b>CLIS</b>				
Payroll, OT	2,118	518	(1,600)	Crew came in on weekend to finish a mainline repair and catch up on work orders
Computer Support	-	1,750	1,750	Tucor controllers maintenance fee budgeted in January but no bill received yet.
<b>Fitness Center</b>				
Fitness Center Maintenance	2,911	618	(2,293)	Various fitness equipment repairs \$1,068. Purchasing product when available.
<b>Golf Maintenance</b>				
Payroll	40,311	43,572	3,261	Down three employees for the month
Payroll, OT	3,950	1,139	(2,811)	Overtime worked due to vacant positions - Mechanic also working extra hours but is tapering down since he's been able to catch up.
Payroll Benefits	3,650	7,741	4,091	New employees not yet eligible for health benefits.
Chemicals	3,732	16,000	12,268	Called vendor to purchase Ronstar chemical in January - product not available
Dues & Subscriptions	1,233	-	(1,233)	National Superintendent membership due in December was paid in January
Fertilizer	6,291	13,000	6,709	Fertilizer blended with Ronstar chemical ordered but not available in January
Gasoline	3,380	1,322	(2,058)	Switched to a higher grade of fuel to preserve the life of the equipment. Fuel prices are much higher than forecasted by the Energy Information Administration at budget time.
Maintenance, Equipment	7,413	5,100	(2,313)	Additional roller purchased for aerifier; reels purchased for pull frame mower
Seed, Sod, Sand	1,247	2,500	1,253	No divot sand was needed for filling holes because the range grass was not in play until February.
Uniforms	497	1,600	1,103	Product ordered in July - late arrival in the country

	Actual	Budget	Variance	Explanation
	This Month	This Month	Favorable / (Unfavorable)	
<b>Pro Shop</b>				
Membership Fees	98,899	119,123	(20,224)	585 members as of 01/31/22; budgeted for 603. 584 members as of 02/14/22 (1 refund issued in Feb).
Outside Play	43,989	87,480	(43,491)	Monday - closed half a day; no afternoon play and no 4pm play; only 28 tee times available as opposed to 66. Thurs, Fri & Sun - eliminated the 9:22am, 9:30am, 1:29pm and 1:37pm tee times due to crossovers; only 28 tee times available as opposed to 34 tee times due to crossovers. Tee time intervals started at 9 minutes, then switched to 8 minutes the 2nd week of the month. We do not double up the par 3's on shotguns. All to protect the new golf course.
Pro Shop Mds / COS / Consignment GP	1,007	2,400	(1,393)	Net Pro Shop Merchandise, Cost of Sales & Consignment Gross Profit (10%)
Advertising	-	1,000	1,000	Advertising forthcoming in February
Continuing Education	-	1,000	1,000	PGA Show/Education - couldn't go due to staffing issues in the pro shop.
Dues & Subscriptions	1,200	-	(1,200)	Golf Genius software upgrade for tournaments not budgeted.
Range balls & Mats	2,700	-	(2,700)	Supply chain issue - budgeted in October.

**GOLF MEMBERSHIP STATUS  
FOR MONTH ENDED JANUARY 2021**

			Non-Res	Non-Res	AMOUNT
	COUPLE	SINGLE	Coup	Sing	PAID (pre-tax)
<b>End of Month Totals for 2021-2022</b>					
585 Total Paid Members	156	216	5	47	\$ 1,165,251
<b>Current Year Totals 2021-2022</b>					
584 Members Paid	155	217	5	47	\$ 1,163,552
43 Range Membership	4	35			\$ 11,825
19 Handicap Services					\$ 380
0 Undecided					\$ -
33 Members who did not renew	11	6	1	3	\$ (69,892)
9 Members who received refunds	2	5			\$ (17,029)

**Budgeted Totals**

Members Budgeted

Members Budgeted

**Prior Year Comparison**

Members Paid for fiscal yr 2020-21

Members Paid for fiscal yr 2020-21



**HERONS GLEN RECREATION DISTRICT  
FINANCE COMMITTEE  
MINUTES**

Monday, May 2, 2022

	<b>Present</b>		<b>Present</b>
Jeffrey Buxton	X	Jayne Schwarz, Board Liaison & Treasurer	X
David Brendsel	X		
Tom Hards	Absent	J.B. Belknap, General Manager	X
Rita Lehman	X	Lynn Brew, Controller	X
Larry Pedersen, Vice Chair	X	Karon Bennett, Executive Assistant	X
Dennis Popp, Chair	X	Residents:	2

- I. **CALL TO ORDER** – Supervisor Schwarz called the meeting to order at 1:00 PM.
  
- II. **WELCOME & INTRODUCTION OF 2022-2023 COMMITTEE MEMBERS** - Supervisor Schwarz welcomed all members and introduced the new additions to the 2022-2023 to the Finance Committee: David Brendsel and Jeffrey Buxton. Tom Hards was unable to attend.
  
- III. **COMMITTEE CHARTER** - The committee charter was previously provided. It was noted that the committee needed a chair and vice-chair. The latter runs bid oversight meetings, and several bid projects would be coming to the committee during the year.
 

**ELECTION OF CHAIR AND VICE-CHAIR** - Supervisor Schwarz reminded the committee that the Vice-Chair would be responsible for the Bid Oversight Sub-Committee. Larry Pedersen nominated Dennis Popp to be chair of the committee. Rita Lehman seconded the motion. Dennis was unanimously elected chair of the committee. Dennis then nominated Larry Pedersen as vice-chair of the finance committee. Rita Lehman seconded the motion. Larry was unanimously elected vice-chairman.
  
- IV. **GM UPDATE** - J.B. Belknap briefed the committee on the status of the bond projects designated priority and assigned to the construction management company (Stultz). He noted that he was awaiting updated project costs. The original costs for the projects were developed in 2020, updated in July 2021, and now that Lee County approved the limited development order current pricing to perform the work was being determined. It was noted due to increases, projects may need to be adjusted and prioritizations made.
  
- V. **BOARD APPROVAL OF PRELIMINARY BUDGET** – All Finance Advisory Committee Members were invited to attend the budget meetings in June 2022 and will receive budget financials and updates the same as the Board members receive their copies.

**SCHEDULE OF FY2021-22 BUDGET MEETINGS:**

- Monday, June 20 - 9:00 AM - 5:00 PM – CR-C/Zoom
- Tuesday, June 21 - 9:00 AM - 5:00 PM – CR-C/Zoom
- Wednesday, June 22 - 9:00 AM - 5:00 PM – CR-C/Zoom
- Thursday, June 23 - 9:00 AM - 5:00 PM – CR-C/Zoom
- Friday, June 24 - 9:00 AM - 5:00 PM – CR-C/Zoom (Board Meeting)

**VI. SCHEDULE OF FINANCE COMMITTEE MEETINGS:**

- Monday, August 29 – 9:00 AM – CR-C/ZOOM
- Monday, September 12 – 9:00 AM – CR-C/ZOOM (First Hold)
- Monday, November 7 – 9:00 AM – CR-C/ZOOM
- Monday, January 23 – 9:00 AM – CR-C/ZOOM
- Monday, February 6 – Joint Mtg w/Board & Auditors – 9:00 AM – CR-C/Zoom
- Monday, March 13 – 9:00 AM – CR-C/ZOOM (First Hold)
- Monday, April 24 - Joint Mtg. w/ Board-Mid-Year Review – 9:00 AM – CR-C/Zoom

**VII. OTHER BUSINESS** – None.

**VIII. NEXT MEETING** – Monday, August 29, 2022 – 9:00 AM – CR-C/ZOOM

**IX. ADJOURNMENT** - Meeting adjourned by chair Dennis Popp at 1:35 PM.

**APPROVED: Dennis Popp, Chair      DATED: August 29, 2022**

**FINANCE STANDING ADVISORY COMMITTEE**

**August 29, 2022**

**Minutes**

<b>MEMBERS</b>	<b>Present</b>	<b>OTHERS</b>	<b>Present</b>
Jeff Buxton	Zoom	J.B. Belknap, General Manager	X
David Brendsel	X	Lynn Brew, Controller	X
Tom Hards	Zoom	J. Schwarz, Finance Liaison	X
Mary Koenig	X		
Paul Kutney	Zoom	Wendy Shea, Activities & Events Coord.	X
Rita Lehman	X	Supervisor Howard Young	X
Larry Pedersen, Vice Chair	Zoom	Supervisor MaryAnn Polvinen	X
Dennis Popp, Chair	Zoom	Residents:	7

**I. CALL TO ORDER –**

Chair Popp called meeting to order at 9:00 a.m.

**II. WELCOME -**

Chair Popp welcomed all those in attendance and those on Zoom.

**III. APPROVAL OF THE MINUTES – May 2, 2022, Finance Advisory**

Chair Popp asked for approval of the May 2, 2022, Finance Advisory meeting minutes. Larry Pedersen made a motion to approve the May 2, 2022, as written. David Brendsel seconded the motion, and a vote was taken, and the motion was approved unanimously.

**August 12, 2022 – Finance Mtg. on Bid Oversight** – Chair Popp asked for approval of the August 12, 2022, Finance Mtg. on Bid Oversight meeting minutes. Larry Pedersen made a motion to approve the August 12, 2022, as written. Mary Koenig seconded the motion, and a vote was taken, and the motion was approved unanimously.

**IV. MANAGEMENT OPERATIONS & FY2022 FINANCIAL UPDATE –**

● **JULY 2022 FINANCIAL HIGHLIGHTS** - Controller Brew reported cash balances: operating account balance was \$826,701. In addition; reserves for deferred maintenance total \$600,989, the capital reserve account totals \$3,398,846, and the uninsured losses reserve totals \$351,547. With funds held by the bond trustee, the total amount shown as reserves are \$11,818,707.

Controller Brew discussed the July 2022 Variance Report (see Attachment). For the month of July 2022, the Recreation District was unfavorable to budget by \$34,988 (Golf Operations-\$25,437 & Other Departments \$9,551).

GM Belknap presented his analysis of Non-Golf YTD Operating Favorability to Budget (see attached). The Fitness Center, CLIS, Clubhouse and Administration are favorable YTD Operations to Budget through July 2022 (by \$27,230), but the Restaurant is unfavorable by \$68,000. GM Belknap explained the F&B revenue – YTD to Budget: \$58,000 or 4.2% unfavourability by showing a chart (see attached) that shows the outside banquet and lounge revenue is favorable to budget, but the resident banquet and dining room are unfavorable to budget. He cited the trend for more casual dining.

GM Belknap made another presentation of the Golf Operations YTD Favorability to Budget through July 2022 (see attached presentation). GM Belknap explained that the two-month dues credit was not reflected in the 2021-2022 budget because it occurred after the budget was approved. There were many variables that have contributed to the unfavorable numbers in the golf operations – the two-month refund of dues, less outside play revenue, longer spacing between tee times, increased and unexpected increases in the cost of fuel, fertilizer costs, etc. and closing of the golf course on Monday afternoons for the first year of the new course. The

past four years the HGRD has had a surplus vs. the final budget. This will be the first year that there will not be a surplus. Larry Pedersen questioned the 10% consignment fee for golf shop merchandise. GM Belknap stated that the upcoming budget would reflect the change to consignment merchandising. The old business model of Pro Shop merchandise is reflected in this year's budget. Jeff Buxton asked the GM about the forecasting accuracy, as it is the credibility of the budget for next year. GM Belknap stated that the Board and Management worked countless hours in May and June to develop the budget with the information that they had at that time. It is difficult to forecast costs when the budget does not begin until October and things can change so dramatically in between that time. An example is that LCEC stated in June that their rates would go up 10% but recently advised that the increase would be 38%. GM Belknap stated that expenses are generally correct with information provided, but the revenue is difficult to determine with accuracy. Based on the last three years of O&M surpluses, GM Belknap stated the forecasting has been fairly accurate over the years.

- **FY2023 BUDGET recap sheet** – Controller Brew went over FY2023 Budget recap with the Finance Committee (see attached). The O&M Assessment per lot in 2021-22 was \$2,304 and the 2022-23 assessment will be \$2,535 which is 10% higher this upcoming fiscal year. Some of the contributing factors to this increase is an 18% increase in property & liability insurance and a mandatory increase in the minimum wage. At the start of the budget meetings, the proposed total increase was 13.8% over the current fiscal year budget. The Board supplemented the capital replacement reserve assessment through the long-term capital reserves to lower the total assessment increase to 10%. Jeff Buxton asked if GM Belknap was working on trying to hire a F&B Manager. GM Belknap is currently working on having a F&B Manager in place by October 1<sup>st</sup>.

**V. MANAGEMENT OPERATIONS COMMENTS** – GM Belknap made operations comments during the financial section of the agenda.

**VI. OLD BUSINESS** –

- **LIABILITY INSURANCE** – This item was an open issue from the August 12<sup>th</sup> meeting. The broker's offerings showed an 18% premium increase; however, they were awaiting the updated property appraisal. Treasurer Schwarz pointed out that, due to the updated appraisal which is expected to show District property value increased significantly, the cost of our property and liability insurance policy will also be increasing. When management receives updated quotes for the new fiscal year the committee will meet again. The question was raised on the adequacy of the insured loss reserve, which by District policy is the greater of \$350,000 or the insurance deductible amount. The current deductible is approximately \$310,000. Funds required to increase the reserve are allocated, by policy, from the new owner capital assessment. There have been sufficient closings this fiscal year to fund any needed increase. The Board determines this allocation at the end of the fiscal year when the liability insurance premiums and deductibles are finalized.

**VII. NEW BUSINESS**

- **CASH FLOW & INVESTMENTS PROPOSED CD'S** – Chair Popp and Treasurer Schwarz asked David Brendsel to investigate options for investments of District funds using FL qualified public depositories. David Brendsel met with our Finemark Bank representatives to discuss Intra-Fi Network Deposits (formally CDARS) to determine available options for the District. Current District funds are invested through the Intra-Fi Network and deposits are placed in Finemark, Truist, and 21<sup>st</sup> Republic, Finemark representatives stated they would pay a gross rate of .60% less 11 basis points net .49%. Finemark does not offer any other investment options or laddering of CD's.

David was advised that the FL State Board of Administration Prime Fund cannot ladder CD's and does not offer any other investment strategies. David stated that Lynn Brew met with an

individual that manages public funds at a Municipal Finance Officers conference. David contacted Nathan Nissan of PMA Financial who shared that his company helps local governments manage their cash investments along with providing a fixed income investments (treasury securities, CD's etc.) through their broker dealer program. The rates that they quoted to David was a net rate after fees of 10 to 15 basis points. They use FL Safe and Florida Surplus Asset Fund Trust as investment vehicles. These are local government investment pools developed by Florida local governments for Florida local governments in accordance with FL Statues. FL Safe has no association with the State of Florida and its sole purpose is to serve government entities in Florida to meet their daily cash management needs with an emphasis on safety, liquidity, transparency, and competitive yields.

David felt that using either one of these new companies can bring in a significant increase per month to the district. After discussion, Larry Pedersen made a motion to recommend to the Board of Supervisors to have a joint Board of Supervisors and Finance Advisory meeting with Florida Class and PMA and SBA Prime to review their programs. Mary Koenig seconded the motion. A vote was taken and passed unanimously. Treasurer Schwarz thanked David for his research and presentation.

● **STRATEGIC PLAN** – Jeff Buxton presented the HGRD's Strategic Plan Key Strategic Issues to the Finance Advisory Committee. (See attached) Jeff only went through the key strategic issues and strategies. The key strategic issues were 1. Facilities and Land Use by maintaining and expanding quality facilities, amenities, activities that meet the needs and desires of the residents. 2. Governance – implementation of the Strategic Plan, capital and operational budget management, and periodic review of Policies/Procedures and Rules/Regulations. 3. Services – optimized utilization of Herons Glen facilities and amenities, operation efficiencies and improvements and matching residents' desires with resources. 4. Staffing – maintain quality staff and management and control of wage and benefit costs.

Strategies to be employed to address Strategic Issues:

#### Facilities & land Use

1. Develop an overall Community Master Plan which should include Facilities utilization review, land Acquisition and Development, Environmental Safety, Prioritization of competing Capital Projects, HGRD facilities safety and security and energy conservation opportunities.
2. Review and adjust Long Range Plans annually (including an annual review of all large capital projects and the Master Plan).

#### Governance

1. Execute the Action Plans associated with this Strategic Plan
2. Operate within parameters set by the Board and the approved Capital and Operational budgets: Develop a long-range plan for Capital funding.
3. Ensure annual review of all rules/policies to assure continuous relevance.

#### Services

1. Develop a services utilization study to better understand the use of the services provided by HGRD to residents.
2. Develop a Restaurant Services Plan to resolve how the HG restaurant should better fulfill resident desires. Plan should address the following: Vision, Restaurant Management Model, Restaurant Communications, how/if to improve utilization and revenues from the restaurant.
3. Conduct an operational review of all food and beverage operations.
4. Determine and address community-wide wants in a timely fashion

#### Staffing

1. Develop short/long term plans to keep key staff in place.
2. Get control of all wage and benefit costs in every department.

Jeff stated that some of these strategies are already being addressed or will be soon. The Finance Advisory Committee would be part of the Governance Action Plan. Dennis thanked Jeff for the presentation.

**VIII. OTHER BUSINESS**

**IX. NEXT MEETING – Monday, November 7, 2022 – 9:00 a.m. – Card Room C/Zoom**

**X. ADJOURNMENT** – Chair Popp adjourned the meeting at 10:18 a.m.

**Approved:**

Dennis Popp  
Chair, Finance Standing Advisory Committee  
September 1, 2022

**FINANCE STANDING ADVISORY COMMITTEE**  
**September 19, 2022**  
**Minutes**

<b>MEMBERS</b>	<b>Present</b>	<b>OTHERS</b>	<b>Present</b>
Jeff Buxton	Zoom	J.B. Belknap, General Manager	X
David Brendsel	X	Lynn Brew, Controller	-
Tom Hards	Zoom	J. Schwarz, Finance Liaison	X
Mary Koenig, Alternate	X	Wendy Shea, Activities & Events Coord.	X
Paul Kutney, Alternate	X	Supervisor Howard Young	Zoom
Rita Lehman	X	Supervisor Peter Overs	X
Larry Pedersen, Vice Chair	Zoom	Supervisor MaryAnn Polvinen	X
Dennis Popp, Chair	Zoom	Supervisor Bill Kulkoski	Zoom

**I. CALL TO ORDER –**

Chair Popp called meeting to order at 10:00 a.m.

**II. WELCOME -**

Chair Popp welcomed all those in attendance including our presenters and those on Zoom. Chair Popp thanked David Brendsel for his hard work on his research and in coordinating with the companies to come and make a presentation to the committee. Chair Popp also thanked Lynn Brew for the recommendation of FL Safe, one of the presenters today. Chair Popp turned the meeting over to David Brendsel to introduce the first speaker.

**III. INTRODUCTION OF SPEAKER**

David Brendsel introduced Zach Falconer, PMA Financial Network to make his presentation on Florida Surplus Asset Fund Trust (FL Safe).

**IV. FL SAFE (PMA) PRESENTATION**

Zach Falconer, Senior Client Relationship Representative, gave an overview of FL Safe (PMA) background. PMA has been serving the public sector in 14 states for over 35 years has over 150 employees and \$32 billion in Assets under Administration with \$18.6b in investment advisory assets. Their main office is in Illinois and the company has a Florida office in Orlando, Zach Falconer then made his presentation. (See attached presentation). The first thing PMA will do is perform a Cash Flow Analysis of the district. PMA's investment strategy will come from the cash flow analysis in that they offer short-term, intermediate term and long-term investment strategies. PMA adheres to the investment policy tenets of Safety, Liquidity and Yield. They are compliant with FL State Statutes, rated AAAM by Standard & Poor's and maintains high credit standards. Day-to-day account services are handled from Naperville IL.

Chair Popp asked if PMA has any local clients. Zach Falconer stated that they have the City of Venice, Cape Coral, City of Fort Myers, and numerous Fire Districts. Mary Koenig asked what sets PMA apart from other investment companies. Zach stated that PMA works almost exclusively with public funds, has local fixed income securities and they can ramp up or ramp down at any time. Tom Hards asked about the PMA online services and the nature of the transactions that occur online. Zack stated that the online platform allows clients to wire monies to other accounts, add funds to accounts. He stated that some clients use the portal and others prefer to speak to their account rep. He said that no trading is done online, and forms need to be signed to transfer monies. There are no minimums for the liquid fund accounts.

Chair Popp thanked Zach Falconer for attending the meeting.

**V. FL State Board of Administration PRIME PRESENTATION**

David Brendsel informed the committee that Mike McCauley from the SBA Prime let David know last Friday that no one from the SBA would be able to come to today's meeting to make a

presentation. FL SBA Prime is an investment service for public funds. Florida PRIME is a government investment pool that offers investors experienced, government-level liquidity management, conservative investment policies, an extensive governance framework, a Standard & Poor's "AAAm" rating, SBA Prime currently has over 700 participants in FL. Currently, the SBA has a relationship with the Bank of America and are in the process of rebidding. David was disappointed that Mike McCauley was so aloof. David stated the SBA Prime has \$18.7 billion in securities in the pool, has 30-day average yield for August of 2.34 and participant yield of 2.26. All three companies – SBA Prime, PMA (FL Safe) and FL Class offer online transfers. FL Safe and FL Class are intergovernmental investment pools, and FL SBA Prime is a Local Government Surplus Funds Trust Fund.

## **VI. BREAK FOR LUNCH**

The meeting temporarily adjourned at 11:25 a.m. for lunch and will reconvene at 1:00 p.m.

## **VII. FL CLASS PRESENTATION**

David Brendsel introduced Rod Bettini from FL Class. Rod Bettini stated the purpose of FL Class is to provide Florida governmental entities with a convenient, short-term investment opportunity carefully selected to optimize interest earnings while maximizing safety and liquidity. (See attached Presentation) Rod stated that FL Class has the largest intergovernmental investment pool with 150 participants with approximately \$ 6 billion in assets in the FL CLASS pool. Currently, they have a competitive return as of 9/9/22 of 2.4%. FL Class offers competitive daily yields, interest compounds and pays daily, same-day liquidity, professionally managed portfolio, effortless distributions to other public entities and direct deposit of state payments.

David Brendsel asked if FL Class offers a cash flow analysis for the district. Rod stated that it was not a standard feature but if the district would engage with FL Class that they would do a cash flow analysis at no charge. Mary Koenig asked how FL Class sets themselves apart from other competitors. Rod stated that performance varies but the use of their portal, their service and the access given, daily interest payment and a level of stability that allows them to absorb market risk. They also allow sub-accounts for reporting convenience.

Jeff Buxton asked if there were any minimum or maximum for balances or fees. FL Class offers unlimited transactions with no limit on transactions and no transaction fees. Larry Pedersen asked how long a cash flow analysis would take. Rod stated that it could take from 1 to 3 months but is dependent on the collection of information from the District to FL Class.

Rod Bettini concluded his presentation at 2:00 p.m. and was thanked by Chair Popp for his participation.

## **VIII. COMMITTEE DISCUSSION AND RECOMMENDATION**

Chair Popp asked for all committee members reactions to the two presentations and if a recommendation should be made to the Board of Supervisors.

Mary Koenig thought FL Class presentation was best for the current situation although she feels the absolute need for a good cash flow analysis. She suggested getting the ball rolling with FL Class which offers better liquidity than PMA.

Chair Popp does not think that the District needs to just have short-term investment. The District need to have the long-term investments and therefore must review the Bond covenants to see if the district is able to invest any or all the funds. Chair Popp and David Brendsel will review the covenants when both are in Herons Glen.



Tom Hards likes the FL Class presentation and stated that the district needs to hire a firm to help us utilize the funds that we have both short term and long term (if covenants allow).

David Brendsel said that he would choose either FL Class or Florida Safe or both but feels that FL Class is a stronger local presence player. He also added that he feels a cash flow analysis is vital and must be done and provide help to Lynn Brew to get the analysis done.

Jeff Buxton didn't like FL Class representative dancing around possible long-term maturity timelines. He felt we should use both companies by using FL Class for liquidity and FL Safe for long-term.

Larry Pedersen felt that FL Safe offered the best flexibility of the two companies.

After discussion, Tom Hards made a motion to recommend to the Board of Supervisors to request from FL Class a letter of engagement within two weeks. David Brendsel seconded the motion.

Discussion ensued whereby Larry Pedersen suggested that the motion should ask for a letter of engagement from both FL Class and FL Safe.

After discussion, a vote was taken on the original motion by Tom Hards and the motion passed with a vote of 4 to 2.

**IX. NEXT MEETING – Monday, November 7, 2022 – 9:00 a.m. – Card Room C/Zoom**

**X. ADJOURNMENT** – Chair Popp adjourned the meeting at 2:30 p.m.

**Approved:**

Dennis Popp  
Chair, Finance Standing Advisory Committee  
September 26, 2022

**HERONS GLEN RECREATION DISTRICT  
 BID OVER SIGHT – FINANCE SUB COMMITTEE  
 September 26, 2022  
 Minutes**

<b>MEMBERS</b>	<b>Present</b>	<b>OTHERS</b>	<b>Present</b>
Larry Pedersen, Chair	Webex	Tom Hards	Webex
David Brendsel	Webex	J.B. Belknap, General Manager	Webex
Jeff Buxton	Webex	Lynn Brew, Controller	Webex
Rita Lehman	Webex	Ryan Schmidt, Insurance Advisor	Webex
Dennis Popp,	Webex	J. Schwarz, Finance Liaison-recording	Webex
Paul Kutney	Webex	Supervisors listening: 4	Webex

**CALL TO ORDER** –Chair Larry Pedersen called the meeting to order at 1:10 PM.

**Insurance Coverage effective 10/1/2022**

Larry turned the bid oversight meeting over to Ryan Schmidt the District’s Insurance Advisor. This meeting is the follow-up to the August 12, 2022 meeting on insurance options, as at that time, the updated property appraisal had not been finalized with rates. The insurance increase included in the FY2023 budget was 18%, as recommended by the advisor.

Ryan discussed the various options that may be available to the District. The FL insurance industry has become tighter which means fewer options and quotes received later and much closer to the renewal dates. There is currently a moratorium to bind business on the west coast of FL due to the projected path and landfall of a tropical cyclone activity. This is in effect until such time that the tropical cyclone dissipates, or the underwriter notifies the carriers. The existing carrier may renew coverage but restrictions are in place concerning changing coverage. The carriers also reserve the right to change their quotes depending on the storm’s development.

As covered in the previous meeting on insurance, the District’s total coverage includes property, equipment, crime, D&O, storage tank liability, etc. It is the property portion of the total premium package which, if timing of storm permits, could change to provide better coverage options at a lower rate.

Jeff Buxton recommended and Rita Lehman seconded that the Finance committee recommend: Renewal Option 2 with the extra Ordinance & Law coverage if binding restrictions from the carriers are released before the end of business Friday. Option 2 is a replacement of the expiring Catalytic program with AmRisc. Catalytic previously insured the Clubhouse and Fitness Center while all other property is on the Trisura Specialty policy.

If option 2 is not available, the committee recommending renewing with Catalytic as they will offer a renewal.

The sub-committee unanimously agreed to forward that recommendation to the Finance Committee.

**ADJOURNMENT** – Bid Oversight Chair Pederson adjourned the meeting at 2:15 PM

APPROVED:

Larry Pedersen  
 September 27, 2022

**FINANCE STANDING ADVISORY COMMITTEE**  
**November 7, 2022**  
**Minutes**

<b>MEMBERS</b>	<b>Present</b>	<b>OTHERS</b>	<b>Present</b>
Jeff Buxton	X	J.B. Belknap, General Manager	X
David Brendsel	X	Lynn Brew, Controller	X
Tom Hards	X	J. Schwarz, Finance Liaison	X
Mary Koenig	X		
Paul Kutney	X	Wendy Shea, Activities & Events Coord.	X
Rita Lehman	X	Supervisor Peter Overs	X
Larry Pedersen, Vice Chair	X	Supervisor MaryAnn Polvinen	X
Dennis Popp, Chair	X	Residents:	0

**I. CALL TO ORDER –**

Chair Popp called meeting to order at 9:00 a.m.

**II. WELCOME -**

Chair Popp welcomed all those in attendance and staff members.

**III. APPROVAL OF THE MINUTES –**

**August 29, 2022, Finance Advisory -** Chair Popp asked for approval of the August 29, 2022, Finance Advisory meeting minutes. David Brendsel made a motion to approve the August 29, 2022, minutes as written. Jeff Buxton seconded the motion, and a vote was taken, and the motion was approved unanimously.

**September 19, 2022 – Finance Mtg. on Investment –** Chair Popp asked for approval of the September 19, 2022, Finance Mtg. on Investment meeting minutes. Larry Pedersen made a motion to approve the September 19, 2022, minutes as written. David Brendsel seconded the motion, and a vote was taken, and the motion was approved unanimously.

**September 26, 2022 – Bid Oversight-Finance Sub Committee –** Chair Popp asked for approval of the September 26, 2022, Bid Oversight-Finance Sub Committee minutes. Jeff Buxton made a motion to approve the September 26, 2022, minutes as written. David Brendsel seconded the motion, and a vote was taken, and the motion was approved unanimously.

**IV. REVIEW OF CURRENT FINANCIAL POSITION OF DISTRICT –**

• **SEPTEMBER 2022 FINANCIAL HIGHLIGHTS -** Controller Brew reported cash balances: operating account balance was \$315,062. In addition; reserves for deferred maintenance total \$629,840, the capital reserve account totals \$3,892,206, and the uninsured losses reserve totals \$352,980. With funds held by the bond trustee, the total amount shown as reserves are \$12,264,500.

Controller Brew discussed the September 2022 Variance Report (see Attachment). This document is a draft only until audit has been completed and approved by the Board. For the month of September 2022, the Recreation District was unfavorable to budget by \$45,487 (Golf Operations-\$14,780 & Other Departments \$46,033). Due to Hurricane Ian on September 28<sup>th</sup> expenses for payroll and spoilage in the F&B department totaled \$46,975.

• **STATUS OF GOLF MEMBERSHIPS –** GM Belknap made a presentation on the Pro Shop and GC Maintenance September net \$83,000 unfavorable budget. (See attached) The **Pro Shop** membership fees (592 vs. 603) were \$50,000 in the red due to a December opening of the golf course and prorated memberships. Public play was down \$13,000 due to lack of outside play due to the course opening in December and then no available golf tee times for the public. Non-resident Member play was down \$24,000 and merchandise sales were down \$19,000. **Golf Course Maintenance** was unfavorable by \$44,000 to budget due in large part to two items: Gas and Fertilizer accounted for \$51,000 negative variance to budget.

Tom Hards asked for clarification on the \$191,000 carried forward on the Draft Variance Sheet. The golf budget surplus from fiscal 2021 was being used to offset dues for returning golf members in current year.

GM Belknap made a presentation of the 2022-23 Golf Memberships. (See attached) – As of this morning (11/7/22) we have an actual golf membership of 561 to a budget of 557. The number of resident single memberships is 7% below budget (and 11% below last year's membership) due to the increase of membership dues. The non-resident golf single membership is 18% below budget and 22% below the number from last year. The number of resident household memberships increased by 7% over budget and the non-resident couple memberships increased by 3, or 60% over plan. The actual golf membership revenue is \$1,701,140 to a budget of \$1,716,520 which is \$15,380 short of budget year-to-date.

## **V. MANAGEMENT OPERATIONS COMMENTS –**

**Finance Report –** (See Attached) GM Belknap –

### **1. Hurricane Ian Update**

- Property-Clubhouse & Fitness Center – Roof Discussion – GM Belknap showed a drone video of the damage to the Clubhouse, Golf Maintenance Facility & Fitness Center due to Hurricane Ian. According to our insurance policy, to qualify for a new roof for the Clubhouse there must be a minimum of 25% damage to the roof and they also depreciate the roof so the maximum the HGRD can receive as a settlement would be approximately \$400,000. The replacement of the Clubhouse roof is currently on the Bond renovation list. We continue to gather estimates for hurricane damage and are segregating all invoices attributable to Hurricane Ian.
- Ancillary Property – Pumphouses, fencing, restrooms, Tennis, bocce, etc. – Ancillary Property is subject to a 2% deductible. There was damage to the Portofino pumphouse due to a power surge and Hoover will be out to this week. The HGRD does not have tree to green insurance coverage so all tree cutting and removal after the hurricane which totaled over \$200,000 will have to be paid by Herons Glen.
- FEMA – Debris Pickup; Deductibles – GM Belknap, Dan Parker, Supervisor Kulkoski are working with FEMA to see if the HGRD can recoup losses due to Hurricane Ian. After a few meetings with FEMA, we now have a FEMA manager who is handling our case. The process is complicated and tedious. We have reached out to the FEMA Manager to schedule an “Exploratory Call” which will be an opportunity for us to discuss damages and to address any questions or concerns we may have about the FEMA Public Assistance Grant Process.

### **2. Bond Project Updates**

Pool Deck/Restaurant- Pool deck and restaurant renovation has been delayed until the spring, but Century Fence has finished installing fencing in between the columns which will shorten their installation time in the spring. A water feature has been chosen and ordered for the new deck area. The Zoom meeting was held last week between Shultz, Ryan (RG Architecture), John Cowgill, Dan Parker, and GM Belknap to discuss the new proposed restaurant layout which is basically flipping the dining room with the lounge. Jeff Stultz has enough information now to put together construction cost estimates but will need several weeks to get it back to us. Sports Complex-Bocce, Shuffleboard, Tennis – Stultz is meeting again with HONC this coming week. HONC should be back on the Sports complex site the week of 11/14 to pour footings and compact the courts. Mor Sports has told Jeff Stultz that they'll be back on the site in early December.

Multi-use Path – GM Belknap explained that after speaking with Hole Montes, Inc. engineering this past week, the asphalt companies who are bidding the HOA roadway resurfacing were informed to add a separate addendum to their bid documents to include the District's plan to widen and restore sections of the existing asphalt Multi-Use path. Hole Montes has sent the asphalt companies our plans with corresponding bid tabs. The bidding companies will keep the pricing for the MUP separate as its own bid tab for the Bid Oversight/Finance Committee to review and then make a recommendation to the Board. Running these projects concurrently will

save the community money on both projects. Hole Montes deadline to submit bids to the District is Friday, December 9<sup>th</sup>.

CLIS – All controllers are now working.

Storage Building – Has been delayed until other bond projects have been completed.

Other Non-bond projects: Carpet, Vinyl tile, separate irrigation for tennis – The Activity rooms and the hallway from the Administration to the Pro Shop have new laminate flooring and the Card Rooms have new carpet. Dan Parker has worked hard in getting the new light poles set for tennis as well as installing the new pump for dedicated irrigation to the tennis courts and eventually the new bocce courts. Now, we won't have to rely on CLIS or use expensive potable city water.

### **3. Opportunities for FY '23**

- New F& B Manager – GM Belknap announced that Janine Stepanich has accepted the position of F&B Director and will start November 22<sup>nd</sup>. We feel that Janine will help to increase sales. We will not hire a Dining Room Manager, rather let Janine promote a server as a Team Captain.
- New Head Golf Pro & GC Superintendent – Bruce Harris is our new Golf Pro and Tim Kortanek has hired a new Golf Course Superintendent named Matthew Bourne.
- Headwinds – Staffing shortages/Increase in Wages, Inflationary Pressures, Recession/Market Worries-pinch on discretionary income, Balancing Golf Membership with generating daily fee play revenue

### **VI. OLD BUSINESS –**

- **UPDATE ON Insurance Coverage (Property & Liability – what was available due to Hurricane Ian in FL)** – As a result of named storm (Hurricane Ian) in Florida when the District's liability insurance must be renewed, the HGRD had to go with Catalytic our current carrier for the Clubhouse and Fitness Center. The proposed carrier put a freeze on writing new policies due to Hurricane Ian. The expiring insurance premium was \$208,382 and the new is \$304,723. Fiscal 2022 our insurance total covered amount is \$14,081,489 and had a named storm deductible of \$317,676. The new policy with Catalytic for fiscal year 2023 has an insured value of \$16,115,195 and a named storm deductible of \$555,713. The Board approved increasing the full amount of the uninsured reserve to reflect the deductible. As in the District's policy, the reserve is funded by the new owner capital fees. In FY2022, 89 homes sold and \$284,800 was paid for fees.

Chair Popp asked if there were any time restrictions on claiming additional damages that might not be obvious at the present time but show up later. The HGRD has a two-year time frame to claim any damages. Damage assessment is ongoing.

### **VII. NEW BUSINESS**

### **VIII. OTHER BUSINESS**

At the September 26<sup>th</sup> Finance meeting to discuss investment possibilities, the Finance Committee recommended to the Board to request a letter of engagement to FL Class. Supervisor Schwarz stated that she has this on her plate and is working on it.

### **IX. NEXT MEETING – Monday, February 6<sup>th</sup> (Meeting w/Board on Audit) – 9:00 a.m. – Card Room C/Zoom**

**X. ADJOURNMENT** – Chair Popp adjourned the meeting at 10:03 a.m.

**Approved:**

Dennis Popp

Chair, Finance Standing Advisory Committee  
On May 8, 2023 for meeting on November 7, 2022