

**Harbour Waterway Special District  
Duval County, Florida  
Financial Statements  
For the Year Ended June 30, 2017**

**Harbour Waterway Special District**  
**Duval County, Florida**  
**For the Year Ended June 30, 2017**

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# Robert M. Thaggard, *Certified Public Accountant*

## Independent Auditor's Report

Board of Supervisors  
Harbour Waterway Special District  
11554 Starboard Drive  
Jacksonville, Florida 32225-1015

I have audited the accompanying financial statements of the governmental activities of Harbour Waterway Special District ("the District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

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

460 Town Plaza Avenue, Suite 230, Ponte Vedra, Florida 32081  
904-860-1040 robert@rmtcpa.com

**Other Matters**

*Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated October 6, 2017 on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Robert M. Thaggard, CPA

October 6, 2017

# **Harbour Waterway Special District Management's Discussion and Analysis For the Year Ended June 30, 2017 (Unaudited)**

Management's discussion and analysis of Harbour Waterway Special District's (the "District") financial performance provides an analysis of the District's financial activities. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements.

## **Overview of the Financial Statements**

The District is engaged in a single governmental program and administers only one fund, the General Fund.

The basic financial statements of the District include a combined governmental fund and a government-wide statement, as well as notes to the financial statements. There is additional supplementary information following these financial statements, which may be of interest to the reader.

The statement of Governmental Fund Balance Sheet/Statement of Net Position is designed to provide the reader with the financial position of the District and is similar to private-sector financial statements. The statements include a Statement of Net Position and a Statement of Activities.

The statement of Governmental Fund Balance Sheet/Statement of Net Position, general fund column shows the District's near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirement.

All of the District's programs are considered to be governmental activities and are all related to the maintenance of the system of canals located in the Harbour, Harbour North, Harbour Cay, and Harbour Island neighborhoods. The District's primary source of funds for these activities is non-ad valorem assessment revenues from the property owners of the aforementioned neighborhoods. The District does not have any business-type activities that are intended to recover any or all of these costs through user fees and charges.

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

## **Financial Highlights**

The following are various financial highlights for fiscal year ended June 30, 2017:

The District reduced the liability from Harbour Waterway Special District (the "District") Taxable Special Assessment Revenue Notes, Series 2012 and 2013 by \$139,000.

The District's overall net position increased by approximately \$154,098.

Total ending unrestricted net position were approximately a positive \$10,569.

The District had total expenses for the year of about \$44,771 compared to revenues of approximately \$198,869.

**Harbour Waterway Special District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017  
(Unaudited)**

**Financial Analysis of the District**

The following schedule provides a summary of the assets, liabilities and net position of the District.

Over time, net position may serve as a useful indicator of a district's financial position. In the case of the District, assets exceed liabilities \$10,569 at the close of the fiscal year. This year of financial activity of the District reflects revenues in excess of expenses, resulting in an increase in net position.

	<b>FYE 2017</b>	<b>FYE 2016</b>
Current assets	\$ 155,870	\$ 139,158
Non-current assets	3,940	8,644
<b>Total Assets</b>	<u>159,810</u>	<u>147,802</u>
Current liabilities	149,241	148,302
Non-current liabilities	-	143,000
<b>Total Liabilities</b>	<u>149,241</u>	<u>291,302</u>
Unrestricted net position	10,569	(143,500)
<b>Total Net Position</b>	<u>\$ 10,569</u>	<u>\$ (143,500)</u>
District Revenues		
Operating revenues	\$ 198,869	\$ 199,539
Non-operating revenues	-	-
<b>Total Revenues</b>	<u>198,869</u>	<u>199,539</u>
Expenses		
Amortization expense	4,704	4,704
Dredging expense	5,705	1,614
Other operating expenses	34,362	29,274
<b>Total Expenses</b>	<u>44,771</u>	<u>35,592</u>
Change in Net Position	\$ 154,098	\$ 163,947
Net Position - Beginning of Year	<u>(143,529)</u>	<u>(307,476)</u>
Net Position - End of Year	<u>\$ 10,569</u>	<u>\$ (143,529)</u>

While the statement of net position shows the change in net position, the statement of revenues, expenditures and changes in fund balance provides answers as to the nature and source of these changes.

**Budgetary Highlights**

There were no changes between the original and final budgets for the General Fund.

Revenues received in the General Fund were lower than the budgeted amount by \$403.

General Fund expenditures were \$121,261 lower than budgeted amounts due primarily to the unanticipated delay in closing on the purchase of an island from the Jacksonville Port Authority for a spoil site for the District's dredging activities.

**Harbour Waterway Special District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017  
(Unaudited)**

**Economic Factors**

The District's Board of Supervisors are not currently aware of any conditions that are expected to have a significant effect on the District's financial position or results of operations.

**Contacting the District's Financial Management**

The financial report is designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions concerning any of the information provided in this report or need additional information, contact the District's Secretary/Treasurer, Stanley H. Pipes, Jr. at 11554 Starboard Drive, Jacksonville, FL 32225.

**Harbour Waterway Special District**  
**Governmental Fund Balance Sheet/Statement of Net Position**  
June 30, 2017

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 152,783	\$ -	\$ 152,783
Assessments receivable	2,046	-	2,046
Prepaid insurance	1,041	-	1,041
Total current assets	155,870	-	155,870
Non-current assets			
Capitalized bond origination fees - net of accumulated amortization	3,940	-	3,940
Total assets	\$ 159,810	\$ -	\$ 159,810
<b>Liabilities</b>			
Current liabilities			
Accounts payable	\$ 5,550	\$ -	\$ 5,550
Accrued interest payable	691	-	691
Revenue notes payable - current portion	143,000	-	143,000
Total current liabilities	149,241	-	149,241
Non-current liabilities			
Revenue notes payable - non-current	-	-	-
Total liabilities	149,241	-	149,241
<b>Fund Balance</b>			
Unassigned	10,569	(10,569)	-
Total Liabilities and Fund Balance	\$ 159,810		
<b>Net Position</b>			
Unrestricted		10,569	10,569
Total Liabilities and Net Position		\$ -	\$ 159,810

**Harbour Waterway Special District**  
**Statement of Governmental Fund Revenues, Expenditures and**  
**Changes in Fund Balance/Statement of Activities**  
**For the Year Ended June 30, 2017**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Operating revenues			
Assessment income	\$ 198,869	\$ -	\$ 198,869
Total operating revenues	<u>198,869</u>	<u>-</u>	<u>198,869</u>
Operating expenditures			
Dredging & Spoil Site	5,705	-	5,705
Legal service	16,739	-	16,739
Audit fee	3,100	-	3,100
Legal advertising	27	-	27
Office supplies	182	-	182
Interest expense	7,469	-	7,469
Insurance	4,180	-	4,180
Amortization of Loan Fees	4,704	-	4,704
Other administrative	2,665	-	2,665
Total operating expenditures	<u>44,771</u>	<u>-</u>	<u>44,771</u>
Excess of Revenues Over Expenses	154,098	-	154,098
Fund Balance/Net position, beginning of year	<u>(143,529)</u>	<u>-</u>	<u>(143,529)</u>
Fund Balance/Net position, end of year	<u>\$ 10,569</u>	<u>\$ -</u>	<u>\$ 10,569</u>

**Harbour Waterway Special District**  
**Notes to Financial Statements**  
**For the year ended June 30, 2017**

**Note 1 - Summary of Significant Accounting Policies**

Reporting Entity

The District is a dependent special district, created in 2010 by the City Council under ordinance number 2010-725-E-of the City of Jacksonville, Duval County, Florida pursuant to Section 189.4041 of the Florida Statutes; adopting a charter for the Harbour Waterway Special District for the limited purpose of maintaining the system of canals located in the Harbour, Harbour North, Harbour Cay, and Harbour Island neighborhoods. It operates under the direction of a Board of Supervisors elected by the registered voters within the District.

The District uses the criteria established in GASB Statement No. 14 to define the reporting entity and identify component units. Component units are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the District's financial statements to be misleading or incomplete. There are no entities to consider for inclusion as a component unit within the District's reporting entity. The District did not participate in any joint ventures during the 2016-2017 fiscal year.

Basic Financial Statements

The District is engaged in a single governmental program and administers only one fund, the General Fund. The Statement of Net Position reports the District's financial position as of the end of the fiscal year for the General Fund. The District has taken the option of presenting combined fund financial statements and government-wide statements using a columnar format that reconciles fund financial data to government-wide data in a separate column.

The Statements of Governmental Fund Balance Sheet and Net Position reports the District's financial position as of the end of the fiscal year for both the General Fund and the governmental activities.

The Statement of Revenues, Expenditures and Change in Fund Balances and the Statement of Activities reports changes in the financial position of the General Fund and the governmental activities, and the degree to which functional activities are offset by program revenues for the governmental activities.

Measurement, Basis of Accounting and Financial Statement Presentation

The financial statement of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The District's governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are recorded when the related fund liability is incurred.

Net Position

Net position represent the difference between assets and liabilities reported for the governmental activities. Net position is reported as restricted when there are externally imposed restrictions or restrictions imposed by enabling legislation. Unrestricted net position are net position that do not meet the definition of the classification previously described. As of June 30, 2017, the District had no restricted net position.

Cash and Cash Equivalents

All of the cash deposits of the District are placed with qualified public depositories and are insured by federal depository insurance.

**Harbour Waterway Special District**  
**Notes to Financial Statements**  
**For the year ended June 30, 2017**

Fund Types and Major Funds

Governmental Funds

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

Budgets and Budgetary Accounting

The District prepares a budget for its General Fund-Statement of Revenues and Expenditures on a consistent basis, which does not differ materially from generally accepted accounting principles. The budget and amendments are approved by the District.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

Risk Management

The District is exposed to various risks of loss including general liability, property, and officials' liability. To manage its risks, the District has commercial insurance and participates in the Florida Mutual Insurance Trust administered by the Florida League of Cities. The District pays an annual premium to the Trust for its coverage. The premiums are designed to fund the liability risks assumed by the Trust and are based on certain actual exposures of each member.

Non-ad valorem Assessments and Collection

Florida Statutes requires that special districts provide for the collection and enforcement of non-ad valorem assessments, expressing the specific intent to use the uniform method of levy, collection and enforcement. The District has entered into an interlocal agreement with the Duval County Property Appraiser and the Duval County Tax Collector to administer the collection and enforcement of the non-ad valorem assessments.

Allowance for Doubtful Accounts

As explained in the paragraph above, delinquent taxes and special assessments are subject to collection by the Tax Collector's office through the sale of tax certificates on real property and the issuance of warrants for seizure and sale of tangible personal property. Consequently, an allowance for uncollectible accounts is not maintained because the District believes all amounts will ultimately be collected by the Tax Collector.

**Note 2 - Concentration of Credit Risk**

At June 30, 2017, a total of \$ 152,783 in cash is on deposit. All deposits are insured by federal deposit insurance or collateralized pursuant to Chapter 280, Florida Statutes.

In addition to insurance provided by the Federal Deposit Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposit Act, the State Treasurer requires all Florida qualified depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

**Harbour Waterway Special District**  
**Notes to Financial Statements**  
**For the year ended June 30, 2017**

**Note 3 - Bonds Payable**

Bonds payable at June 30, 2017 are as follows:

Series 2012

\$350,000 Harbour Waterway Special District, Duval County, Florida Taxable Special Assessment Revenue Note, Series 2012 was issued to pay the cost of dredging. Due in semi-annual installments on May 1 and November 1, commencing May 1, 2013 through May 1, 2018; interest rate is 2.8%.

Payments remaining are to be made as follows:

	Interest	Principal	Total
11/1/2017	1,036	-	1,036
5/1/2018	1,036	74,000	75,036
Total	<u>\$ 2,072</u>	<u>\$ 74,000</u>	<u>\$ 76,072</u>

Series 2013

\$326,000 Harbour Waterway Special District, Duval County, Florida Taxable Special Assessment Revenue Note, Series 2013 was issued to pay the cost of dredging. Due in semi-annual installments on May 1 and November 1, commencing May 1, 2013 through May 1, 2018; interest rate is 2.8%.

Payments remaining are to be made as follows:

	Interest	Principal	Total
11/1/2017	966	-	966
5/1/2018	966	69,000	69,966
Total	<u>\$ 1,932</u>	<u>\$ 69,000</u>	<u>\$ 70,932</u>

The bonds are secured by the non-ad valorem assessments of the District.

**Note 4 - Subsequent Events**

Management has evaluated subsequent events through October 6, 2017, which is the date the financial statements were available to be issued. In the opinion of management, no events occurred subsequent to June 30, 2017 through October 6, 2017 that require adjustment to the accompanying financial statements.

On October 24, 2016, the District entered into an agreement with the Jacksonville Port Authority to purchase real estate to be used as a dredge spoil site. The agreement was for a one year time period to allow for certain contingencies to be cleared. Two of the three contingencies have been met and the parties have extended the agreement until February 28, 2018 to allow additional time to meet the final contingency. The District also obtained a commitment from its lender for a \$350,000 assessment bond. As of October 6, 2017, the date these financial statements are available to be issued, these transaction have not been consummated.

## **Required Supplementary Information**

**Harbour Waterway Special District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
<b>Revenues</b>				
Net Assessments	\$ 199,272	\$ 199,272	\$ 198,869	\$ (403)
<b>Total Revenues</b>	<b>199,272</b>	<b>199,272</b>	<b>198,869</b>	<b>(403)</b>
<b>Expenditures</b>				
<b>Administrative</b>				
Legal services	6,500	6,500	16,739	10,239
Annual audit	3,500	3,500	3,100	(400)
Legal advertising	250	250	27	(223)
Office supplies and postage	240	240	182	(58)
Insurance	4,500	4,500	4,180	(320)
Debt Service-Interest expense	8,141	8,141	7,469	(672)
Debt Service-Amortized Loan Fees	4,704	4,704	4,704	-
Other administrative expenditures	4,600	4,600	2,665	(1,935)
<b>Total Administrative Expenditures</b>	<b>32,435</b>	<b>32,435</b>	<b>39,066</b>	<b>6,631</b>
<b>Canal Maintenance and Dredging Operations</b>				
Dredging contractor & surveyor	134,000	134,000	5,705	(128,295)
<b>Total Canal Maintenance and Dredging Operations</b>	<b>134,000</b>	<b>134,000</b>	<b>5,705</b>	<b>(128,295)</b>
<b>Total Expenditures</b>	<b>166,435</b>	<b>166,435</b>	<b>44,771</b>	<b>(121,664)</b>
<b>Excess Revenues (Expenditures)</b>	<b>\$ 32,837</b>	<b>\$ 32,837</b>	<b>\$ 154,098</b>	<b>\$ 121,261</b>
<b>Fund Balance - beginning of year</b>	<b>(143,529)</b>	<b>(143,529)</b>	<b>(143,529)</b>	<b>-</b>
<b>Fund Balance - end of year</b>	<b>\$ (110,692)</b>	<b>\$ (110,692)</b>	<b>\$ 10,569</b>	<b>\$ 121,261</b>

**Note to Schedule**

The budget is prepared by the Treasurer and approved by the Board of Supervisors. The final budgeted revenues and expenditures reflect all amendments approved by the Board of Supervisors. The budget is prepared on the accrual basis of accounting, which is consistent with generally accepted accounting principles.

**Additional Elements Required by  
*Government Auditing Standards***

# Robert M. Thaggard, Certified Public Accountant

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

Board of Supervisors  
Harbour Waterway Special District  
Jacksonville, Florida

I 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 Harbour Waterway Special District, which comprise the statement of net position as of June 30, 2017, and the related statements of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued my report thereon dated October 6, 2017.

### **Internal Control over Financial Reporting**

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Robert M. Thaggard, CPA

October 6, 2017

460 Town Square Avenue, Suite 230, Ponte Vedra, Florida 32081  
904-860-1040 – [www.rmtcpa.com](http://www.rmtcpa.com)

## **Additional Elements Required by Auditor General**

# **Robert M. Thaggard, Certified Public Accountant**

## **INDEPENDENT AUDITOR'S MANAGEMENT LETTER**

October 6, 2017

Board of Supervisors  
Harbour Waterway Special District  
Jacksonville, Florida

I have audited the basic financial statements of the Harbour Waterway Special District as of and for the year ended June 30, 2017, and have issued my report thereon dated October 6, 2017. I conducted my 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. I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated October 6, 2017, should be considered in conjunction with this Management Letter.

Additionally, my audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report.

### **CURRENT YEAR COMMENTS**

#### **Investment of Public Funds**

Rules of the Auditor General require my audit to include a review of the Harbour Waterway Special District's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with my audit, I determined that the Harbour Waterway Special District complied with Section 218.415, Florida Statutes.

#### **Current Year Recommendations**

Rules of the Auditor General require that I address in the Management Letter any recommendations to improve financial management. In connection with my audit, I did not have any recommendations that are required to be reported in this letter.

#### **Violations of Contracts and Grant Provisions or Abuse**

Rules of the Auditor General require that I address violations of provisions of contracts or grant agreements, fraud, illegal acts, 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 more than inconsequential. In connection with my audit, I did not have any such findings.

#### **Matters Inconsequential to the Financial Statements**

Rules of the Auditor General provides that the auditor may, based upon professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse; and (2) deficiencies in internal control that are not significant deficiencies. In connection with my audit for the fiscal year ended June 30, 2017, I did not have any such findings.

Oversight Unit and Component Units

Rules of the Auditor General require 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. This information is disclosed in Note 1 to the financial statements.

Consideration of Financial Emergency Criteria

Rules of the Auditor General require a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503, Florida Statutes, and identification of the specific conditions met. In connection with my audit, I determined that the Harbour Waterway Special District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Annual Financial Report

Rules of the Auditor General require that I determine whether the annual financial report for Harbour Waterway Special District for the fiscal year ended June 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended June 30, 2017. In connection with my audit, I determined that these two reports were in substantial agreement.

Financial Condition Assessment Procedures

Rules of the Auditor General require that I apply financial condition assessment procedures. In connection with my audit, I applied financial condition assessment procedures. It is management's responsibility to monitor the Harbour Waterway Special District's financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The results of my procedures did not disclose any matters that are required to be reported.

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

Very truly yours,



Robert M. Thaggard, CPA