

**HARBOUR WATERWAY
SPECIAL DISTRICT
Agenda**

Tuesday
October 12, 2021
6:00 pm

Watson Realty
2490 Monument Road
Jacksonville, FL. 32225

- I. Introduction**
 - a. Call to Order
 - b. Roll Call / Quorum

- II. Administrative**
 - a. Approval of Minutes
 - i. Minutes from September 14, 2021*

- III. District Business**
 - a. Reed Island Spoil Site
 - i. Spoil Site Levee Maintenance Project – Amendment #2 RIM License*
 - b. Spoil Site Disposal Activity
 - i. Isle of Palms – Dredging Project*
 - ii. JaxPort Project*
 - c. HNPA Marina
 - i. Boat Slip Licenses*
 - ii. HNPA General Meeting*
 - d. Waterway Rules & Regulations
 - i. Robert Bailey – pilings placed over the riparian boundary in canal.*

- IV. Financial**
 - a. FY2020-21 Annual Audit - Complete
 - b. Approval to disburse funds

- V. District Schedule**
 - a. Next Scheduled Board Meeting
 - i. November 9, 2021*

- VI. Other Business**
 - a. Legal and Compliance Issues

- VII. Comments and Questions from Audience**

- VIII. Adjournment of HWSD Meeting**

HARBOUR WATERWAY SPECIAL DISTRICT

Meeting Minutes

Tuesday, October 12, 2021

I. Introduction

The Harbour Waterway Special District (HSWD) meeting of the Board of supervisors was held on October 12, 2021. The meeting was called to order at 6:03 pm. In attendance were Robert Birtalan, Rick Fornos, David Prysock and District Manager Stanley Pipes. It was noted that there was a quorum present. Harbour Waterway attorney Wayne Flowers was present. Caroline Birtalan was present as recording secretary.

II. Administrative

Approval of minutes from September 14, 2021 – Motion made to approve the meeting minutes; Motion Carried.

III. District Business

Spoil Site Levee Maintenance Project – RIM License Amendment #2 terms requires RIM to increase the levees to 45 feet and purchase an additional 200,000 cubic yards of capacity for \$1,500,000 payable in three installments.

Isle of Palms: Still in progress. Based off the ARC Surveying results, roughly 56,000 cubic yards have been removed from the IOP dredging project as of June 30, 2021.

JaxPort- It is currently estimated that this project will 400,000 cubic yards with an option to add an additional 200,000 cubic yards of disposal.

HNPA Marina- The HNPA Board has received and are reviewing the resolutions, agreements, and marina rules regarding the upcoming general meeting of the HNPA. A packet of this information will be sent to the 100 parcels in Harbour North Units 1 – 5 prior to the general meeting with a provision for proxy votes. After these documents are approved by the Harbor North Park Association, proxy votes will be solicited.

Waterway Rules and Regulations

Wayne Flowers will continue to apprise the HWSO Board on progress regarding the removal of pilings placed over the riparian line by Daniel Tye onto Robert Baily's property.

Financial

The annual audit has been completed. There were no issues or negative findings.

Approval to disburse funds- A motion was made to approve the disbursements for administrative services, legal services, District Manager, ARC Surveying, tax, diesel fuel, annual dues and Marina Insurance, totaling \$21,295.48; Motion Carried.

Total Available Funds in the HWSD general fund as of September 30, 2021 is \$1,045,455.55. Projected Total Available Funds in the HWSD general fund as of June 30, 2022, is \$2,815,280.44.

IV. District Schedule

Next scheduled Board Meeting- The next meeting is scheduled for November 9, 2021.

V. Other Business

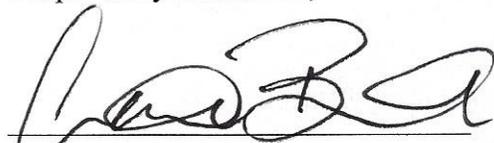
Legal and compliance issues- Nothing new to report.

VI. Comments and Questions

VII. Adjournment

The meeting was adjourned at 7:25 PM. The next monthly Board of Supervisors meeting is Scheduled for November 9, 2021.

Respectfully Submitted,



Caroline B. Birtalan
Recording Secretary



Robert P. Birtalan
Secretary / Treasurer

**Harbour Waterway Special District
Duval County, Florida
Financial Statements
For the Year Ended June 30, 2021**

Harbour Waterway Special District
Duval County, Florida
For the Year Ended June 30, 2021

Table of Contents

Independent Auditor's Report	2-3
Management Discussion and Analysis (unaudited)	4-6
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Governmental Fund Financial Statements	
Governmental Fund Balance Sheet & Statement of Net Position	9
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities	10
Proprietary Fund-Reed Island Enterprise Fund	
Statement of Net Position	11
Statement of Proprietary Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities	12
Statement of Cash Flows	13
Notes to Financial Statements	14-16
Required Supplemental Information	
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund	17
Additional Elements Required by <i>Government Auditing Standards</i>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18
Additional Elements Required by the Rules of the Auditor General	
Independent Auditor's Management Letter	19-20

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, the business-type activities and each major fund of Harbour Waterway Special District ("the District") as of and for the year ended June 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

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, the business-type activities and each major fund of the District, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 September 27, 2021 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.

In accordance with the *Rules of the Florida Auditor General*, I have also issued the management letter dated September 27, 2021.



Robert M. Thaggard, CPA
St. Augustine, Florida

September 27, 2021

Harbour Waterway Special District Management's Discussion and Analysis For the Year Ended June 30, 2021 (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 two funds, the General Fund and the Reed Island Enterprise 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 has one business-type activity that is intended to recover any or all of these costs through user fees and charges. In February 2018 and again in April 2019, the District acquired a total of 182 acres from Jacksonville Port Authority and the City of Jacksonville on Reed Island as part of a plan to provide a permanent dredge disposal site for the District, other similar special districts, homeowner associations and private residences in Jacksonville. A Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows is presented for this Enterprise Fund, as applicable.

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, 2021:

In order to maintain the spoil site and surrounding properties, the District purchased a T-66 Bobcat Track Loader for \$69,868. The district plans to purchase additional equipment to maintain the spoil site.

The District's overall net position increased by approximately \$409,139. This was due primarily to the tipping fees earned from dredging projects related to the operation of the Reed Island spoil

**Harbour Waterway Special District
Management's Discussion and Analysis
For the Year Ended June 30, 2021
(Unaudited)**

Financial Highlights (Continued)

Total ending net position was approximately a negative \$379,094.

The District had total expenses for the year of about \$191,920 compared to revenues of approximately \$601,059.

The District's acquisition of the Reed Island acreage for use as a spoil site provides approximately 1.2 million cubic yards of fill space which is estimated to provide dredge material disposal requirements for the next 50 years. The District will reserve 350,000 cubic yards for its own needs and will make the remaining fill space available on a commercial basis.

In an exchange with an unrelated commercial dredge operator, the District is permitting the operator to use 300,000 cubic yards of the spoil site for deposit of dredge material, plus an estimated additional 120,000 cubic yards in exchange for spoil site development. The operator will pay tipping fees totaling \$1,687,500 over a 3 year period. In the fiscal year ended June 30, 2019 the District received \$843,750 as a downpayment and in each of the fiscal years ended June 30, 2020 and 2021, the District received an additional \$281,250, respectively. These fees have been reflected as unearned revenue in the accompanying proprietary fund financial

In an agreement with another similar special district, the District is permitting the Isle of Palms Special District to use 300,000 cubic yards of the spoil site for deposit of dredge material. Isle of Palms will pay tipping fees totaling \$1,187,500. In the fiscal year ended June 30, 2020 the District received 50% or \$593,750 as a down payment. In the fiscal year ended June 30, 2021 the District received \$197,916 and will receive the balance in two more equal payments over the next 2 years. The total fees agreed upon has been reflected as unearned revenue in the accompanying proprietary fund financial statements.

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, liabilities exceed assets by \$788,232 at the close of the fiscal year. This year of financial activity of the District reflects expenses in excess of revenues, resulting in a decrease in net position.

	<u>FYE 2021</u>	<u>FYE 2020</u>
Current assets	\$ 1,580,064	\$ 1,330,565
Non-current assets	895,427	1,318,983
Capital assets	468,328	411,593
Total Assets	<u>2,943,819</u>	<u>3,061,141</u>
Current liabilities	60,137	110,694
Non-current liabilities	3,262,777	3,738,679
Total Liabilities	<u>3,322,914</u>	<u>3,849,373</u>
Net position	(379,095)	(788,232)
Total Net Position	<u>\$ (379,095)</u>	<u>\$ (788,232)</u>
District Revenues		
Operating revenues	\$ 601,059	\$ 212,055
Non-operating revenues	-	2,497
Total Revenues	<u>601,059</u>	<u>214,552</u>

**Harbour Waterway Special District
Management's Discussion and Analysis
For the Year Ended June 30, 2021
(Unaudited)**

Expenses		
Depreciation/Amortization expense	13,054	2,242
Dredging & Spoil Site expenses	44,064	1,161,651
Other operating expenses	134,802	112,716
Total Expenses	<u>191,920</u>	<u>1,276,609</u>
 Change in Net Position	 409,139	 (1,062,057)
Net Position - Beginning of Year	<u>(788,232)</u>	<u>273,825</u>
Net Position - End of Year	<u>\$ (379,095)</u>	<u>\$ (788,232)</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.

Assessment revenues received in the General Fund were approximately \$10,500 more than the budgeted amount due primarily to returned and uncashed refund checks of assessments to lot owners.

Administrative expenditures were approximately \$8,763 higher than budgeted amounts due to higher personnel costs for time spent on the acquisition of a marina within the District's jurisdiction which will consummate in the next fiscal year. Personnel costs for the District's one part-time manager totaled \$66,068.

Actual dredging expenses were approximately \$30,000 higher than anticipated. Spoil site maintenance costs were approximately \$33,000 lower than originally budgeted. Bulkhead repairs originally budgeted for \$450,000 were not undertaken in the current fiscal year.

Economic Factors

The District's Board of Supervisors are anticipating that the District's financial condition will continue to improve due to the increase in its planned business-type activities in the future. With its land acquisitions the District will be able to provide dredge disposal services to other similar special districts and waterways in Jacksonville at favorable rates for at least the next 25 years.

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 Manager, Stanley H. Pipes, Jr. at 11554 Starboard Drive, Jacksonville, FL 32225.

Harbour Waterway Special District
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ -	\$ 1,089,524	\$ 1,089,524
Accounts receivable-tipping fees	-	479,166	479,166
Prepaid insurance	1,807	9,568	11,375
	<u>1,807</u>	<u>1,578,258</u>	<u>1,580,065</u>
Total current assets			
	<u>1,807</u>	<u>1,578,258</u>	<u>1,580,065</u>
Capital Assets			
Office equipment, net of accumulated depreciation of \$1,862	1,862	-	1,862
Vehicles & Equipment, net of accumulated depreciation of \$13,805	-	71,449	71,449
Land-Reed Island-Parcel No. 160258	95,017	-	95,017
Land-Reed Island-Parcel No. 160259	300,000	-	300,000
	<u>396,879</u>	<u>71,449</u>	<u>468,328</u>
Net Capital Assets			
	<u>396,879</u>	<u>71,449</u>	<u>468,328</u>
Other Noncurrent Assets			
Tax Certificates	235	-	235
Accounts receivable-tipping fees	-	197,917	197,917
Due from Government Fund	-	697,275	697,275
	<u>235</u>	<u>895,192</u>	<u>895,427</u>
Total assets			
	<u>\$ 398,921</u>	<u>\$ 2,544,899</u>	<u>\$ 2,943,820</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 7,951	\$ 1,200	\$ 9,151
Accrued interest payable	2,517	-	2,517
Accrued wages & taxes payable	4,512	2,104	6,616
Revenue notes payable - current portion	41,855	-	41,855
	<u>56,835</u>	<u>3,304</u>	<u>60,139</u>
Total current liabilities			
	<u>56,835</u>	<u>3,304</u>	<u>60,139</u>
Non-current liabilities			
Revenue notes payable - non-current	293,787	-	293,787
Unearned revenue, tipping fees	-	2,271,714	2,271,714
Due to Reed Island Enterprise Fund	697,275	-	697,275
Total liabilities	<u>1,047,897</u>	<u>2,275,018</u>	<u>3,322,915</u>
Net Position			
Net Investment in Capital Assets	396,879	71,449	468,328
Unrestricted	<u>(1,045,855)</u>	<u>198,432</u>	<u>(847,423)</u>
	<u>(648,976)</u>	<u>269,881</u>	<u>(379,095)</u>
Net Position			
	<u>(648,976)</u>	<u>269,881</u>	<u>(379,095)</u>
Total Liabilities and Net Position			
	<u>\$ 398,921</u>	<u>\$ 2,544,899</u>	<u>\$ 2,943,820</u>

Harbour Waterway Special District
Statement of Activities
For the Year Ended June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Operating revenues			
Assessment income-current year	\$ 202,900	\$ -	\$ 202,900
Less: Prior year assessment rebate	(91,500)	-	(91,500)
Reed Island Tipping Fees Earned	-	489,658	489,658
Total operating revenues	<u>111,400</u>	<u>489,658</u>	<u>601,058</u>
Operating expenditures			
Personnel Costs	37,630	28,438	66,068
Dredging & Spoil Site Maintenance	34,683	9,381	44,064
Legal service	14,588	6,725	21,313
Audit fee	7,937	-	7,937
Legal advertising	302	-	302
Office supplies	699	6	705
Interest expense	16,606	-	16,606
Insurance	7,101	9,637	16,738
Depreciation expense	745	12,309	13,054
Other administrative	3,215	1,918	5,133
Total operating expenditures	<u>123,506</u>	<u>68,414</u>	<u>191,920</u>
Change in net position	(12,106)	421,244	409,138
Net position, beginning of year	<u>(636,870)</u>	<u>(151,363)</u>	<u>(788,233)</u>
Net position, end of year	<u>\$ (648,976)</u>	<u>\$ 269,881</u>	<u>\$ (379,095)</u>

Harbour Waterway Special District
Governmental Fund Balance Sheet/Statement of Net Position
June 30, 2021

	General Fund	Adjustments	Statement of Net Position
Assets			
Current assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Assessments receivable	-	-	-
Prepaid insurance	1,807	-	1,807
Total current assets	1,807	-	1,807
Capital Assets			
Office equipment, net of accumulated depreciation of \$1,862	1,862	-	1,862
Land-Reed Island-Parcel No. 160258	95,017	-	95,017
Land-Reed Island-Parcel No. 160259	300,000	-	300,000
Net capital assets	396,879	-	396,879
Other Noncurrent Assets			
Tax Certificates	235	-	235
Total assets	\$ 398,921	\$ -	\$ 398,921
Liabilities			
Current liabilities			
Accounts payable	\$ 7,951	\$ -	\$ 7,951
Accrued interest payable	2,547	-	2,547
Accrued wages & taxes payable	4,512	-	4,512
Revenue notes payable - current portion	41,855	-	41,855
Total current liabilities	56,865	-	56,865
Non-current liabilities			
Revenue notes payable - non-current	293,787	-	293,787
Due to Reed Island Enterprise Fund	697,275	-	697,275
Total liabilities	1,047,927	-	1,047,927
Fund Balance			
Unassigned	(648,976)	648,976	-
Total Liabilities and Fund Balance	\$ 398,951		
Net Position			
Net Investment in Capital Assets		396,879	
Unrestricted		(1,045,855)	(648,976)
Total Liabilities and Net Position		\$ -	\$ 398,951

Harbour Waterway Special District
Statement of Governmental Fund Revenues, Expenditures and
Changes in Fund Balance/Statement of Activities
For the Year Ended June 30, 2021

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Operating revenues			
Assessment income-current year	\$ 202,900	\$ -	\$ 202,900
Less: Prior year assement rebate	(91,500)	-	(91,500)
Total operating revenues	<u>111,400</u>	<u>-</u>	<u>111,400</u>
Operating expenditures			
Personnel Costs	37,630	-	37,630
Dredging	34,683	-	34,683
Legal service	14,588	-	14,588
Audit fee	7,937	-	7,937
Legal advertising	302	-	302
Office supplies	699	-	699
Interest expense	16,606	-	16,606
Insurance	7,101	-	7,101
Depreciation expense	745	-	745
Other administrative	3,215	-	3,215
Total operating expenditures	<u>123,506</u>	<u>-</u>	<u>123,506</u>
Excess of Revenues Over Expenses	(12,106)	-	(12,106)
Fund Balance/Net position, beginning of year	<u>(636,870)</u>	<u>-</u>	<u>(636,870)</u>
Fund Balance/Net position, end of year	<u>\$ (648,976)</u>	<u>\$ -</u>	<u>\$ (648,976)</u>

**Harbour Waterway Special District
Proprietary Fund - Reed Island Enterprise Fund
Statement of Net Position
June 30, 2021**

	<u>Business-Type Activities</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 1,089,524	\$ -	\$ 1,089,524
Accounts receivable-tipping fees	479,166	-	479,166
Prepaid insurance	9,568	-	9,568
Total current assets	1,578,258	-	1,578,258
Capital Assets			
Vehicles & Equipment, net of accumulated depreciation of \$13,805	71,449	-	71,449
Net Capital Assets	71,449	-	71,449
Noncurrent Assets			
Accounts receivable-tipping fees	\$ 197,917	-	197,917
Due from Government Fund	697,275	-	697,275
Total assets	<u>\$ 2,544,899</u>	<u>\$ -</u>	<u>\$ 2,544,899</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 1,200	\$ -	\$ 1,200
Accrued wages & taxes payable	2,104	-	2,104
Total current liabilities	3,304	-	3,304
Non-current liabilities			
Unearned revenue, tipping fees	2,271,714	-	2,271,714
Total liabilities	2,271,714	-	2,271,714
Fund Balance			
Unassigned	269,881	(269,881)	-
Total Liabilities and Fund Balance	<u>\$ 2,544,899</u>		
Net Position			
Net Investment in Capital Assets		71,449	
Unrestricted		198,432	269,881
Total Liabilities and Net Position		<u>\$ -</u>	<u>\$ 2,544,899</u>

Harbour Waterway Special District
Statement of Proprietary Fund Revenues, Expenditures and
Changes in Fund Balance/Statement of Activities
For the Year Ended June 30, 2021

	Reed Island Enterprise Fund	Adjustments	Statement of Activities
Operating revenues			
Reed Island Tipping Fees Earned	\$ 489,658	\$ -	\$ 489,658
Total operating revenues	<u>489,658</u>	<u>-</u>	<u>489,658</u>
Operating expenditures			
Personnel Costs	28,438	-	28,438
Spoil site maintenance	9,381	-	9,381
Legal service	6,725	-	6,725
Legal advertising	-	-	-
Office supplies	6	-	6
Insurance	9,637	-	9,637
Depreciation expense	12,309	-	12,309
Other administrative	1,918	-	1,918
Total operating expenditures	<u>68,414</u>	<u>-</u>	<u>68,414</u>
Excess of Revenues Over Expenses	421,244	-	421,244
Fund Balance/Net position, beginning of year	<u>(151,363)</u>	<u>-</u>	<u>(151,363)</u>
Fund Balance/Net position, end of year	<u>\$ 269,881</u>	<u>\$ -</u>	<u>\$ 269,881</u>

**Harbour Waterway Special District
Proprietary Fund - Reed Island Enterprise Fund
Statement of Cash Flows
For the Year Ended June 30, 2021**

Cash Flows from Business-Type Activities

Receipts from customers	\$ 479,167
Net advances to Government Fund	(55,610)
Payments to suppliers	(138,909)
Payments to employees	<u>(26,370)</u>

Net Cash Flows from Business-Type Activities 258,278

Net Increase in Cash and Cash Equivalents 258,278

Cash and Cash Equivalents, beginning of year 831,246

Cash and Cash Equivalents, end of year \$ 1,089,524

Reconciliation of Operating Income to Net Cash from Operating Activities

Excess revenues over expenses \$ 421,244

Adjustments to reconcile operating income to net cash flows from Business-Type Activities:

Depreciation Expense 12,309

(Increase) Decrease in Assets:

Due from Government Fund (55,610)

Accounts Receivable-Tipping Fees 479,167

Prepaid Insurance 7,776

Capital Assets (70,289)

Increase (Decrease) in Liabilities:

Accounts payable (47,662)

Accrued wages & taxes payable 1,001

Unearned Revenue-Tipping Fees (489,658)

Net Cash Flows from Business-Type Activities \$ 258,278

Harbour Waterway Special District

Notes to Financial Statements

For the year ended June 30, 2021

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 2020-2021 fiscal year.

Basic Financial Statements

The District is engaged in a single governmental program and administers two funds, the General Fund and the Reed Island Enterprise 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 liability is incurred.

Business-type activities and the proprietary fund financial statements are presented on the accrual basis of accounting. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when 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 is net position that does not meet the definition of the classification previously described. As of June 30, 2021, the District had no restricted net position.

Harbour Waterway Special District

Notes to Financial Statements

For the year ended June 30, 2021

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.

Fund Types and Major Funds

Governmental Funds

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

Proprietary Funds

Enterprise Fund - Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services. The activities reported in this fund are reported as business-type activities in the government-wide financial statements. The Reed Island Enterprise Fund is 182 acres with a 44 acre spoil site that is part of a plan to provide a permanent dredge disposal site for the District, other special districts, homeowner associations, and private residences in Jacksonville.

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 Duval County Tax Collector.

Note 2 - Concentration of Credit Risk

At June 30, 2021, a total of \$1,089,524 in cash is on deposit at one local financial institution which exceeds the federally insured maximum limits. The District has not experienced, nor does it anticipate, any losses with respect to such accounts.

Harbour Waterway Special District
Notes to Financial Statements
For the year ended June 30, 2021

Note 2 - Concentration of Credit Risk (Continued)

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.

Note 3 - Capital Asset - Land

In February 2018 the District purchased a 138 acre parcel of land from Jacksonville Port Authority known as Reed Island. In May 2019 the District completed its purchase of a 44 acre parcel of land on Reed Island from the City of Jacksonville. These parcels were acquired at a cost of \$395,017 and are stated in the accompanying balance sheet at historical cost. This property is used as a dredge spoil site by the District. The District allows others who are similarly situated, such as homeowners associations and special districts, to use the property as a dredge spoil site on commercially reasonable terms as the District may establish.

Note 4 - Revenue Note Payable

Revenue Note payable at June 30, 2021 is as follows:

Series 2018

\$450,000 Harbour Waterway Special District, Duval County, Florida Taxable Special Assessment Revenue Note, Series 2018 was issued to pay the cost of the purchase of land to be used as a site for dredging spoils and to retire the outstanding balances of the Series 2012 and 2013 Revenue Notes. It is payable in annual installments on May 1 commencing May 1, 2019; interest rate is 4.5%.

Payments remaining are to be made as follows:

	Interest	Principal	Total
May 1, 2022	\$ 15,104	\$ 41,855	\$ 56,959
May 1, 2023	13,220	43,738	56,958
May 1, 2024	11,252	45,707	56,959
May 1, 2025	9,195	47,764	56,959
May 1, 2026	7,046	49,913	56,959
Thereafter	7,253	106,665	113,918
Total	\$ 63,070	\$ 335,642	\$ 398,712

The note is secured by the non-ad valorem assessments of the District.

Note 5 - Subsequent Events

Management has evaluated subsequent events through September 27, 2021, which is the date the financial statements were available to be issued. In the opinion of management, no events occurred subsequent to June 30, 2021 through September 27, 2021 that require adjustment to the accompanying financial

Required Supplementary Information

Harbour Waterway Special District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Revenues				
Assessments, Net of Rebates	\$ 100,880	\$ 100,880	\$ 111,400	\$ 10,520
Spoil Site Tipping Fees	479,167	479,167	\$ 489,658	10,491
Interest Income	3,750	3,750	-	(3,750)
Total Revenues	583,797	583,797	601,058	17,261
Expenditures				
Administrative				
Personnel Costs	52,700	52,700	66,068	13,368
Legal services	20,500	20,500	21,313	813
Annual audit	6,500	6,500	7,937	1,437
Legal advertising	800	800	302	(498)
Office supplies and postage	1,000	1,000	705	(295)
Insurance	34,897	34,897	16,738	(18,159)
Debt Service-Interest expense	16,906	16,906	16,606	(300)
Depreciation	-	-	13,054	13,054
Other administrative expenditures	5,790	5,790	5,133	(657)
Total Administrative Expenditures	139,093	139,093	147,856	8,763
Dredging Operations & Spoil Site Maintenance				
Dredging contractor & surveyor	4,500	4,500	34,683	30,183
Spoil site maintenance	42,500	42,500	9,381	(33,119)
Bulkhead Repair	450,000	450,000	-	(450,000)
Park & Recreation Development	8,250	8,250	-	(8,250)
Total Dredging Operations & Spoil Site Maintenance	505,250	505,250	44,064	(461,186)
Total Expenditures	644,343	644,343	191,920	(452,423)
Excess Revenues (Expenditures)	\$ (60,546)	\$ (60,546)	\$ 409,138	\$ 469,684
Fund Balance - beginning of year	(788,233)	(788,233)	(788,233)	-
Fund Balance - end of year	\$ (848,779)	\$ (848,779)	\$ (379,095)	\$ 469,684

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 presented above 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, 2021, 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 September 27, 2021.

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

September 27, 2021

Additional Elements Required by Auditor General

Robert M. Thaggard, Certified Public Accountant

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

September 27, 2021

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, 2021 and have issued my report thereon dated September 27, 2021. 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 September 27, 2021, 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 218.427, Florida Statutes, regarding the investment of public funds. In connection with my audit, I determined that the Harbour Waterway Special District complied with Section 218.427, 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, 2021, 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, 2021, 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, 2021. 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

HARBOUR WATERWAY SPECIAL DISTRICT

Motion to Disburse Funds:

Tuesday, October 12, 2021

Date	Num	Description	Memo	Amount
CURRENT ASSETS				
8/31/2021		TRUIST CHECKING ACCOUNT	BEGINNING BALANCE	\$ 1,071,916.45
		TAX DEPOSITS	September 1 - 30, 2021	-
TOTAL GENERAL FUND BALANCE				\$ 1,071,916.45
CLEARED DISBURSEMENTS				
9/14/2021	1672	Stanley Pipes	District Manager 24.0 hrs. - (August Billing - Reed)	(1,941.40)
9/14/2021	1671	Stanley Pipes	District Manager 34.50 hrs. - (August Billing - Gov't)	(2,680.07)
9/8/2021	Debit	USA IRS - Tax Payment	Payroll & Withholding Taxes - July	(1,824.12)
8/10/2021	1670	Bobcat - Quick Attach Attachments	Xtenda-Reach Teleboom	(2,882.18)
10/12/2021	1673	Florida Municipal Insurance Trust	General Liability, Auto, Property & Workers Comp Insurance	(10,244.00)
9/29/2021	1676	Robert Thaggard, CPA	HWSD Annual Audit	(6,750.00)
9/27/2021	1675	Stanley Pipes - District Expenses	Stamps and Diesel Fuel	(139.13)
DISBURSEMENTS - SubTotal				(26,460.90)
9/30/2021		TRUIST CHECKING ACCOUNT	TOTAL GENERAL FUND ENDING BALANCE	\$ 1,045,455.55
OUTSTANDING DISBURSEMENTS / DEPOSITS				
8/31/2021		2019 Tax Rebate Project	Outstanding Rebate Checks	(3,000.00)
8/31/2021	Debit	Stanley Pipes	District Manager 55.70 hrs. - (September Billing)	(5,570.00)
9/14/2021	Epay	Lewis Longman & Walker	Legal Services up to: (August Billing)	(1,925.00)
9/14/2021	1678	Caroline Birtalan	Administrative Services (August 10)	(150.00)
SubTotal				(10,645.00)
REQUESTED DISBURSEMENTS				
10/12/2021	1680	Caroline Birtalan	Administrative Services (September 14)	(150.00)
10/12/2021	Debit	Stanley Pipes	District Manager up to 65.00 hrs. - (October Billing)	(6,500.00)
10/12/2021	Epay	Lewis Longman & Walker	Legal Services up to: (September Billing)	(2,300.00)
10/4/2021	Debit	USA IRS - Tax Payment	Payroll & Withholding Taxes - August	(1,676.00)
10/12/2021	1679	ARC Surveying	Pre-Drone survey of the Spoil Site	(3,500.00)
10/7/2021	1674	Florida Association of Special Districts	Annual Membership Dues	(750.00)
10/9/2021	1677	Florida Department of Economic Oppt.	Annual Filing	(175.00)
10/12/2021		Stanley Pipes - District Expenses	Diesel Fuel and Web Services	(244.48)
11/30/2021		Kelly White & Associates Insurance	Insurance for Marina	(3,000.00)
10/31/2021			Pilings and Day Marker signs #1 & #2 - up to:	(3,000.00)
SubTotal				(21,295.48)
TOTAL AVAILABLE FUNDS AFTER REQUESTED DISBURSEMENTS				\$ 1,013,515.07
PLANNED PROJECT EXPENSES				
Ongoing		Parcel Owners	Marsh parcels adjacent to HWSD canals	(55,000.00)
Ongoing		Equipment Rentals / Labor/ Supplies	COJ Park Development: up to	(25,000.00)
Ongoing		Marina Development Project	Repair floating docks, upgrade security and replace gate, replace electrical service, purchase boat slip license:	(75,000.00)
12/31/2021		2020 Tax Rebate Project	Rebate Checks	(109,000.00)
TOTAL PLANNED PROJECTS:				\$ (264,000.00)
FORECAST NET REVENUE FROM 2021 ASSESSMENT				\$ 209,300.00
2020 Assessment Collected				\$ -
BUDGETED OPERATING EXPENSES - October 1, 2021 thru June 30, 2022				(65,742.40)
2018 REVENUE NOTE - DEBT SERVICE				
5/1/2022		Interest Payment	Series 2018 Revenue Note	(15,103.88)
5/1/2022		Principal Payment	Series 2018 Revenue Note	(41,855.02)
OPERATING EXPENSES & DEBT SERVICE EXPENSE:				\$ (122,701.30)
TOTAL HWSD PROJECTED DISPOSABLE FUNDS				
		ISLE OF PALMS	License Payment #2 - Due December 31, 2021	197,916.67
		REED ISLAND MANAGEMENT	License Amendment #2 - Due by March 31, 2022	1,500,000.00
		REED ISLAND MANAGEMENT	License Payment #3 - Due May 1, 2022	281,250.00
TOTAL PROJECTED AVAILABLE FUNDS as of June 30, 2022				\$ 2,815,280.44