HARBOUR WATERWAY
SPECIAL DISTRICT
Agenda

Tuesday
October 11, 2022
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 13, 2022*

III. District Business
- a. Reed Island Spoil Site
  - *i.* Sovereign Submerged Land Easement
  - *ii.* Reed Island Nature Park – Transfer Park Property (77.7 acres) to HWSD
- b. Spoil Site Disposal Activity
  - *i.* Isle of Palms – Dredging Project
- c. Marina – Next Steps:
  - *i.* Repair floating docks & trim trees – Complete
  - *ii.* Replace floating dock next to boat ramp
  - *iii.* Replace electrical service panel, move fencing, & upgrade security / gate
  - *iv.* Install fixed docks and replace bulkhead
  - *v.* Extend boat ramp
- d. Southern Bulkhead Replacement – live wall or bulkhead 1,500 linear feet
- e. Powerline Dredging Project – up to 35,000 cubic yards
- f. Waterway Rules & Regulations
  - *i.* Approval of Dock request

IV. Financial
- **a.** FY2021-22 Audit and Financial Statements
- b. Approval to disburse funds

V. District Schedule
- a. Next Scheduled Board Meeting
  - *i. November 8, 2022*

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 11, 2022

I. Introduction

The Harbour Waterway Special District (HSWD) meeting of the Board of supervisors was held on October 11, 2022. The meeting was called to order at 6:02 pm. In attendance were Rick Fornos, Mark Todd, Bob Birtalan, Michael Brande 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 13, 2022 – A Motion was made to approve the meeting minutes; Motion Carried.

III. District Business

Sovereign Submerged Land Easement- The sovereign submerged land easement survey has been completed by ARC Surveying.

Reed Island Nature Park- The transfer of 77.6 acres to HWSD is currently in progress. A purchase agreement has been exchanged and approved.

HNPA Marina- All floating docks have been temporarily repaired and surrounding trees have been trimmed. Remaining repairs to be done include replacing the floating dock next to the boat ramp, replacing the electrical panel, relocating the fence, upgrading security and the gate, installing fixed docks, and extending the boat ramp.

Southern Bulkhead- From the powerlines to the first house, the existing bulkhead needs to be repaired to prevent material from flowing from Mill Cove into the canal system. Several alternatives are being reviewed.

Powerline Dredging Project- An estimated 35,000 cubic yards needs to be dredged from the powerlines to Canal Markers 19 / 20.

Waterway rules and regulation- A dock plan was reviewed for the home adjacent to the marina, and was deferred to a later date.

IV. Financial

FY 2021-22 Audit- The audit has been completed with issues identified, details were reviewed by the board.

Approval to disburse funds- A motion was made to approve disbursements for Administrative Services, District Manager billing, Legal Services, payroll and withholding tax, Landscape Service, Credit Card payment, JEA Marina billing, ARC Surveying, Decks & Dock Materials, Property Tax and FL department of Economic Opportunity annual fee totaling $21,000.67; Motion Carried.

Total available funds in the HWSD general fund after disbursements is $2,852,526.92. Total Projected Available funds after FY Operating and Project expenses as of June 30, 2023, is $933,600.29.

V. District Business

Next scheduled Board Meeting- The next meeting is scheduled for November 8, 2022.

Adjournment

The meeting was adjourned at 7:11 PM. The next monthly Board of Supervisors meeting is Scheduled for November 8, 2022.

Respectfully Submitted,

Caroline B. Birtalan
Recording Secretary

Robert P. Birtalan
Secretary / Treasurer

Harbour Waterway Special District
Balance Sheet by Class_06-30-2022
As of June 30, 2022

	GOVERNMENT	REED ISLAND SPOIL SITE	TOTAL
ASSETS			
Current Assets			
Checking/Savings			
101.000 · Cash in Bank			
101.010 · BB&T Checking	0.00	264,687.73	264,687.73
101.011 · TRUIST Checking 3011	0.00	2,700,000.00	2,700,000.00
Total 101.000 · Cash in Bank	0.00	2,964,687.73	2,964,687.73
Total Checking/Savings	0.00	2,964,687.73	2,964,687.73
Accounts Receivable			
118.000 · TIpping Fee Receivable			
118.002 · IOPSD Tipping Fees	0.00	197,916.33	197,916.33
Total 118.000 · TIpping Fee Receivable	0.00	197,916.33	197,916.33
Total Accounts Receivable	0.00	197,916.33	197,916.33
Other Current Assets			
155.000 · Prepaid Items			
155.001 · Prepaid General Liability Insur	1,833.51	0.00	1,833.51
155.002 · Prepaid Pollution Insurance	0.00	691.85	691.85
155.003 · Prepaid Auto Insurance	0.00	334.54	334.54
155.004 · Prepaid - Workers Compensation	181.97	0.00	181.97
155.005 · Prepaid Equipment Insurance	0.00	140.69	140.69
Total 155.000 · Prepaid Items	2,015.48	1,167.08	3,182.56
Total Other Current Assets	2,015.48	1,167.08	3,182.56
Total Current Assets	2,015.48	3,163,771.14	3,165,786.62
Fixed Assets			
161.900 · Land			
161.901 · Reed Island - Parcel # 160259	300,000.00	0.00	300,000.00
161.902 · Reed Island - Parcel # 160258	95,017.50	0.00	95,017.50
161.904 · Marsh - Parcel 160266-0900	8,349.50	0.00	8,349.50
Total 161.900 · Land	403,367.00	0.00	403,367.00
166.900 · Equipment			
166.920 · Construction Equipment	0.00	73,170.79	73,170.79
166.950 · Office Equipment	3,723.49	0.00	3,723.49
Total 166.900 · Equipment	3,723.49	73,170.79	76,894.28
167.900 · Accumulated Depreciation - Equi	-2,606.52	-23,817.84	-26,424.36
168.900 · Vehicles	0.00	14,965.75	14,965.75
169.900 · Accumulated Depreciation - Vehi	0.00	-7,482.90	-7,482.90
Total Fixed Assets	404,483.97	56,835.80	461,319.77
Other Assets			
156.900 · Assets - Non-Current			
156.909 · Tax Certificates	11,323.80	0.00	11,323.80
Total 156.900 · Assets - Non-Current	11,323.80	0.00	11,323.80
156.990 · Other non-Current Assets	0.00	728,647.06	728,647.06
Total Other Assets	11,323.80	728,647.06	739,970.86
TOTAL ASSETS	**417,823.25**	**3,949,254.00**	**4,367,077.25**
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
202.000 · Accounts Payable	8,355.00	175.00	8,530.00
Total Accounts Payable	8,355.00	175.00	8,530.00
Credit Cards			
Truist Credit Card - Stanley P.	106.30	1,318.76	1,425.06
Total Credit Cards	106.30	1,318.76	1,425.06

Harbour Waterway Special District
Balance Sheet by Class_06-30-2022
As of June 30, 2022

	GOVERNMENT	REED ISLAND SPOIL SITE	TOTAL
Other Current Liabilities			
203.000 · Notes & Loans Payable - Current			
203.003 · Revenue Note_Series 2018_Cur	43,738.49	0.00	43,738.49
Total 203.000 · Notes & Loans Payable - Current	43,738.49	0.00	43,738.49
2110 · Direct Deposit Liabilities	0.00	0.01	0.01
215.000 · Accrued Interest Payable			
215.003 · Accrued Int Payable_Series 2018	2,203.44	0.00	2,203.44
Total 215.000 · Accrued Interest Payable	2,203.44	0.00	2,203.44
229.000 · Personnel Current Liabilities			
229.13 · Salaries and Wages Payable	4,350.00	3,200.00	7,550.00
229.21 · FICA Taxes			
229.211 · Social Security Company	491.65	356.20	847.85
229.212 · Social Security Employee	221.95	157.80	379.75
229.213 · Medicare Company	93.23	105.06	198.29
229.214 · Medicare Employee	45.02	43.80	88.82
Total 229.21 · FICA Taxes	851.85	662.86	1,514.71
229.25 · Unemployment Insurance Liabilit			
229.251 · Federal Unemployment Liability	-47.82	47.82	0.00
229.252 · Florida Unemployment Liability	-215.18	215.18	0.00
Total 229.25 · Unemployment Insurance Liabilit	-263.00	263.00	0.00
229.49 · Federal Withholding Employee	274.00	550.00	824.00
Total 229.000 · Personnel Current Liabilities	5,212.85	4,675.86	9,888.71
Total Other Current Liabilities	51,154.78	4,675.87	55,830.65
Total Current Liabilities	59,616.08	6,169.63	65,785.71
Long Term Liabilities			
203.900 · Notes & Loans Payable - Long Te			
203.903 · Revenue Note - 2018 Series	250,048.29	0.00	250,048.29
Total 203.900 · Notes & Loans Payable - Long Te	250,048.29	0.00	250,048.29
203.920 · Unearned Revenue Tipping Fees			
203.921 · RIM Unearned Tipping Fees	0.00	1,662,668.11	1,662,668.11
203.922 · IOPSD Unearned Tipping Fees	0.00	814,684.37	814,684.37
Total 203.920 · Unearned Revenue Tipping Fees	0.00	2,477,352.48	2,477,352.48
203.990 · Other Non-Current Liability	728,647.06	0.00	728,647.06
Total Long Term Liabilities	978,695.35	2,477,352.48	3,456,047.83
Total Liabilities	1,038,311.43	2,483,522.11	3,521,833.54
Equity			
320000 · Retained Earnings	-648,975.49	269,881.25	-379,094.24
Net Income	28,487.31	1,195,850.64	1,224,337.95
Total Equity	-620,488.18	1,465,731.89	845,243.71
TOTAL LIABILITIES & EQUITY	**417,823.25**	**3,949,254.00**	**4,367,077.25**

Harbour Waterway Special District
Profit & Loss by Class_FY2021-22
July 2021 through June 2022

	GOVERNMENT	REED ISLAND SPOIL SITE	TOTAL
Income			
325.200 · Special Assessments - Serv Char			
325.218 · Non-Ad Valorem Tax 2018			
325.318 · Non-Ad Valorem Tax Rebate 2018	1,000.00	0.00	1,000.00
Total 325.218 · Non-Ad Valorem Tax 2018	1,000.00	0.00	1,000.00
325.219 · Non-Ad Valorem Tax 2019			
325.319 · Non-Ad Valorem Tax Rebate-2019	2,000.00	0.00	2,000.00
Total 325.219 · Non-Ad Valorem Tax 2019	2,000.00	0.00	2,000.00
325.220 · Non-Ad Valorem Tax - 2020			
325.320 · Non-Ad Valorem Tax Rebate-2020	-91,750.00	0.00	-91,750.00
Total 325.220 · Non-Ad Valorem Tax - 2020	-91,750.00	0.00	-91,750.00
325.221 · Non-Ad Valorem Tax - 2021	214,510.94	0.00	214,510.94
Total 325.200 · Special Assessments - Serv Char	125,760.94	0.00	125,760.94
362.000 · Rents and Royalites			
362.010 · Reed Island Management Fees	0.00	1,146,980.44	1,146,980.44
362.011 · Isle of Palms Fees	0.00	147,380.63	147,380.63
Total 362.000 · Rents and Royalites	0.00	1,294,361.07	1,294,361.07
389.400 · Proprietary - Other Donations	1,651.80	0.00	1,651.80
Total Income	127,412.74	1,294,361.07	1,421,773.81
Gross Profit	127,412.74	1,294,361.07	1,421,773.81
Expense			
537.10 · Personnel Services			
537.13 · Salaries & Wages	37,850.00	25,920.00	63,770.00
537.21 · FICA Taxes			
537.211 · Social Security Company	2,346.70	1,607.04	3,953.74
537.213 · Medicare Company	548.82	375.84	924.66
Total 537.21 · FICA Taxes	2,895.52	1,982.88	4,878.40
537.25 · Unemployment Insurance			
537.251 · Federal Unemployment Insurance	30.30	11.70	42.00
537.252 · Florida Unemployment Insurance	-52.64	52.64	0.00
Total 537.25 · Unemployment Insurance	-22.34	64.34	42.00
Total 537.10 · Personnel Services	40,723.18	27,967.22	68,690.40
537.30 · Conservation and Resource Mgt			
537.301 · Dredging Operations	3,445.00	0.00	3,445.00
537.302 · Marine Surveyor	0.00	17,200.00	17,200.00
537.304 · Spoil Site Maintenance Fees	106.30	18,447.23	18,553.53
537.305 · Navigational Aids & Markers	690.50	706.09	1,396.59
Total 537.30 · Conservation and Resource Mgt	4,241.80	36,353.32	40,595.12
537.31 · Professional Services			
537.311 · Legal	17,783.77	4,400.00	22,183.77
537.312 · Administrative Services	2,100.00	0.00	2,100.00
Total 537.31 · Professional Services	19,883.77	4,400.00	24,283.77
537.32 · Accounting & Audit Services	6,974.00	0.00	6,974.00
537.41 · Communication Services	254.88	0.00	254.88
537.42 · Postage & Freight Services	254.56	0.00	254.56
537.44 · Rentals and Leases	300.00	0.00	300.00
537.45 · Insurance			
537.451 · General Liability Insurance	7,144.77	0.00	7,144.77
537.452 · Pollution Insurance	0.00	8,301.84	8,301.84
537.453 · Auto Liability	0.00	1,315.74	1,315.74
537.454 · Workers Compensation	708.27	0.00	708.27
537.455 · Property & Equipment Insurance	0.00	965.59	965.59
Total 537.45 · Insurance	7,853.04	10,583.17	18,436.21
537.47 · Printing & Binding	131.00	0.00	131.00
537.48 · Promotional & Legal Advertising	649.90	59.38	709.28
537.49 · Other Current Charges			
537.491 · Bank Fees & Charges	246.37	0.00	246.37
537.496 · Other Taxes	0.00	1,652.10	1,652.10
537.49 · Other Current Charges - Other	22.00	0.00	22.00
Total 537.49 · Other Current Charges	268.37	1,652.10	1,920.47
537.51 · Office Supplies	931.21	0.00	931.21
537.54 · Publications and Memberships	925.00	0.00	925.00
537.59 · Depreciation			
537.593 · Depreciation - Equipment	744.72	14,502.08	15,246.80
537.594 · Depreciation - Vehicles	0.00	2,993.16	2,993.16
Total 537.59 · Depreciation	744.72	17,495.24	18,239.96

Harbour Waterway Special District
Profit & Loss by Class_FY2021-22
July 2021 through June 2022

	GOVERNMENT	REED ISLAND SPOIL SITE	TOTAL
537.72 · Debt Serv - Interest			
537.723 · Interest Expense - Series 2018	14,790.00	0.00	14,790.00
Total 537.72 · Debt Serv - Interest	14,790.00	0.00	14,790.00
Total Expense	98,925.43	98,510.43	197,435.86
Net Income	**28,487.31**	**1,195,850.64**	**1,224,337.95**

Harbour Waterway Special District
Duval County, Florida
Financial Statements
For the Year Ended June 30, 2022

Harbour Waterway Special District
Duval County, Florida
For the Year Ended June 30, 2022

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Independent Auditor's Report

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

Opinion
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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 activites and each major fund of the District, as of June 30, 2022, 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.

Basis for Opinion
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. My responsibilities under those standards are further described in the Auditor's Responsiblities for the Audit of the Financial Statements section of my report. I am required to be independent of the District and to meet my other ethical responsiblities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements
My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

904 Sanddollar Ct., St. Augustine, Florida 32084-1390
904-860-1040 robert@rmtcpa.com

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ABC Organization's ability to continue as a going concern for a reasonable period of time.

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 21, 2022 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 21, 2022.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Robert M. Thaggard, CPA
St. Augustine, Florida

HARBOUR WATERWAY SPECIAL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022
(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 requirements.

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.

HARBOUR WATERWAY SPECIAL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022
(Unaudited)

Financial Highlights

The following are various financial highlights for fiscal year ended June 30, 2022:

In order to maintain the spoil site and surrounding properties, the District purchased an attachment for its T-66 Bobcat Track Loader for $2,882. The District plans to purchase additional equipment to maintain the spoil site.

The District's overall net position increased by approximately $1,224,338. This was primarily due to tipping fees collected from dredging projects related to the Reed Island spoil site.

Total ending net position was approximately a positive $845,244.

The District had total expenses for the year of about $197,436 compared to revenues of approximately $1,421,774.

The District's acquisition of the Reed Island acreage for use as a spoil site will provide approximately 1.5 million cubic yards of fill space which is estimated to provide dredge material disposal requirements for the next 50 years. The District has reserved 450,000 cubic yeads 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 allowed the operator to purchase 300,000 cubic yards of the spoil site for deposit of dredge material, plus an estimated additional 210,000 cubic yards in exchange for spoil site development. The operator paid tipping fees totaling $1,687,500 over a 3 year period. In the fiscal year ended June 30, 2019 the District received 50% or $843,750 as a down payment. In 2022, the operator purchased an additional 200,000 cubic yards of capacity for $1,500,000, plus an estimated additional 152,000 cubic yards was granted to the operator in exchange for spoil site development. These fees have been reflected as unearned revenue in the accompanying proprietary fund financial statements.

In an agreement with another similar special district, the District is permitting Isle of Palms Special District to use 300,000 cubic yards of spoil site capacity for deposit of dredge material. Isle of Palms will pay tipping fees totaling $1,187,500. In previous fiscal years, the District received $593,750 as a down payment and has received two equal payments of $197,917 each. The final payment totaling $197,916 will be received in the next fiscal year. The total fees agreed upon has been reflected as unearned revenue in the accompanying proprietary fund financial statements until such time as the fees are earned.

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 by $845,244 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.

	FYE 2022	FYE 2021	FYE 2020
Current assets	$ 3,165,787	$ 1,580,065	$ 1,330,565
Non-current assets	739,971	895,427	1,318,983
Capital assets	461,319	468,328	411,593
Total Assets	4,367,077	2,943,820	3,061,141
Current liabilities	65,786	60,138	110,694
Non-current liabilities	3,456,048	3,262,775	3,738,679
Total Liabilities	3,521,834	3,322,913	3,849,373
Net position	845,243	(379,093)	(788,232)
Total Net Position	$ 845,243	$ (379,093)	$ (788,232)
District Revenues			
Operating revenues	$ 1,421,774	$ 601,059	$ 212,055
Non-operating revenues	-	-	2,497
Total Revenues	1,421,774	601,059	214,552
Expenses			
Depreciation/Amortization expense	18,239	13,054	2,242
Dredging & Spoil Site expenses	40,595	44,064	1,161,651
Other operating expenses	138,602	134,802	112,716
Total Expenses	197,436	191,920	1,276,609
Change in Net Position	$ 1,224,338	$ 409,139	$ (1,062,057)
Net Position - Beginning of Year	(379,095)	(788,232)	273,825
Net Position - End of Year	$ 845,243	$ (379,095)	$ (788,232)

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 $22,056 more than the budgeted amount due primarily to returned and uncashed tax rebate checks of assessments to lot owners.

General Fund expenditures were $967,545 lower than budgeted amounts due primarily the following: Mill Cove seawall repairs originally budgeted for $750,000 were not undertaken in

this fiscal year; spoil site development projects were $30,499 under budget; acquiring and renovating a small marina within the District budgeted for $165,000 was delayed; and equipment purchases to maintain the spoil site were delayed. All of these projects are anticipated to begin in fiscal year 2022-23.

Administrative expenditures were approximately $8,690 higher than budgeted amounts due to higher personnel costs for time spent on the acquisition of the marina within the District's jurisdiction which will consummate next fiscal year. Personnel costs for the District's one part-time manager totaled $68,690.

Economic Factors

The District's Board of Supervisors are anticipating that the District's financial condition will improve considerably 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, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	$ -	$ 2,964,688	$ 2,964,688
Accounts receivable-tipping fees	-	197,916	197,916
Prepaid insurance	2,016	1,167	3,183
Total current assets	2,016	3,163,771	3,165,787
Capital Assets			
Office equipment, net of accumulated depreciation of $2,607	1,116	-	1,116
Vehicles & Equipment, net of accumulated depreciation of $31,301	-	56,836	56,836
Land-Marsh-Parcel No. 160266	8,350	-	8,350
Land-Reed Island-Parcel No. 160258	95,017	-	95,017
Land-Reed Island-Parcel No. 160259	300,000	-	300,000
Net Capital Assets	404,483	56,836	461,319
Other Noncurrent Assets			
Tax Certificates	11,324	-	11,324
Accounts receivable-tipping fees	-	-	-
Due from Government Fund	-	728,647	728,647
Total assets	$ 417,823	$ 3,949,254	$ 4,367,077
Liabilities			
Current liabilities			
Accounts payable	$ 8,462	$ 1,493	$ 9,955
Accrued interest payable	2,203	-	2,203
Accrued wages & taxes payable	5,213	4,676	9,889
Revenue notes payable - current portion	43,738	-	43,738
Total current liabilities	59,616	6,169	65,785
Non-current liabilities			
Revenue notes payable - non-current	250,048	-	250,048
Unearned revenue, tipping fees	-	2,477,353	2,477,353
Due to Reed Island Enterprise Fund	728,647	-	728,647
Total liabilities	1,038,311	2,483,522	3,521,833
Net Position			
Net Investment in Capital Assets	404,483	56,836	461,319
Unrestricted	(1,024,971)	1,408,896	383,925
Net Position	(620,488)	1,465,732	845,244
Total Liabilities and Net Position	$ 417,823	$ 3,949,254	$ 4,367,077

Harbour Waterway Special District
Statement of Activities
For the Year Ended June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Operating revenues			
Assessment income-current year	$ 214,511	$ -	$ 214,511
Less: Prior year assessment rebate	(88,750)	-	(88,750)
Other donations	1,652	-	1,652
Reed Island Tipping Fees Earned	-	1,294,361	1,294,361
Total operating revenues	127,413	1,294,361	1,421,774
Operating expenditures			
Personnel Costs	40,723	27,967	68,690
Dredging & Spoil Site Maintenance	4,242	36,353	40,595
Legal fees	17,784	4,400	22,184
Accounting & Auditing	6,974	-	6,974
Legal advertising	650	60	710
Office supplies	931	-	931
Interest expense	14,790	-	14,790
Insurance	7,853	10,583	18,436
Depreciation expense	745	17,495	18,240
Other administrative	4,234	1,652	5,886
Total operating expenditures	98,926	98,510	197,436
Change in net position	28,487	1,195,851	1,224,338
Net position, beginning of year	(648,975)	269,881	(379,094)
Net position, end of year	$ (620,488)	$ 1,465,732	$ 845,244

See accompanying notes to the financial statements

Harbour Waterway Special District
Governmental Fund Balance Sheet/Statement of Net Position
June 30, 2022

	General Fund	Adjustments	Statement of Net Position
Assets			
Current assets			
Cash and cash equivalents	$ -	$ -	$ -
Assessments receivable	-	-	-
Prepaid insurance	2,016	-	2,016
Total current assets	2,016	-	2,016
Capital Assets			
Office equipment, net of accumulated depreciation of $2,607	1,116	-	1,116
Land-Marsh-Parcel No. 160266	8,350	-	8,350
Land-Reed Island-Parcel No. 160258	95,017	-	95,017
Land-Reed Island-Parcel No. 160259	300,000	-	300,000
Net capital assets	404,483	-	404,483
Other Noncurrent Assets			
Tax Certificates	11,324	-	11,324
Total assets	$ 417,823	$ -	$ 417,823
Liabilities			
Current liabilities			
Accounts payable	$ 8,462	$ -	$ 8,462
Accrued interest payable	2,203	-	2,203
Accrued wages & taxes payable	5,213	-	5,213
Revenue notes payable - current portion	43,738	-	43,738
Total current liabilities	59,616	-	59,616
Non-current liabilities			
Revenue notes payable - non-current	250,048	-	250,048
Due to Reed Island Enterprise Fund	728,647	-	728,647
Total liabilities	1,038,311	-	1,038,311
Fund Balance			
Unassigned	(620,488)	620,488	-
Total Liabilities and Fund Balance	$ 417,823		
Net Position			
Net Investment in Capital Assets		404,483	
Unrestricted		(1,024,971)	(620,488)
Total Liabilities and Net Position		$ -	$ 417,823

See accompanying notes to the financial statements

Harbour Waterway Special District
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance/Statement of Activities
For the Year Ended June 30, 2022

	General Fund	Adjustments	Statement of Activities
Operating revenues			
Assessment income-current year	$ 214,511	$ -	$ 214,511
Less: Prior year assement rebate	(88,750)	-	(88,750)
Other donations	1,652	-	1,652
Total operating revenues	127,413	-	127,413
Operating expenditures			
Personnel Costs	40,723	-	40,723
Dredging & Canal Maintenance	4,242	-	4,242
Legal service	17,784	-	17,784
Accounting & auditing	6,974	-	6,974
Legal advertising	650	-	650
Office supplies	931	-	931
Interest expense	14,790	-	14,790
Insurance	7,853	-	7,853
Depreciation expense	745	-	745
Other administrative	4,234	-	4,234
Total operating expenditures	98,926	-	98,926
Excess of Revenues Over Expenses	28,487	-	28,487
Fund Balance/Net position, beginning of year	(648,975)	-	(648,975)
Fund Balance/Net position, end of year	$ (620,488)	$ -	$ (620,488)

See accompanying notes to the financial statements

Harbour Waterway Special District
Proprietary Fund - Reed Island Enterprise Fund
Statement of Net Position
June 30, 2022

	Business-Type Activities	Adjustments	Statement of Net Position
Assets			
Current assets			
Cash and cash equivalents	$ 2,964,688	$ -	$ 2,964,688
Accounts receivable-tipping fees	197,916	-	197,916
Prepaid insurance	1,167	-	1,167
Total current assets	3,163,771	-	3,163,771
Capital Assets			
Vehicles & Equipment, net of accumulated depreciation of $31,301	56,836	-	56,836
Net Capital Assets	56,836	-	56,836
Noncurrent Assets			
Accounts receivable-tipping fees	$ -	-	-
Due from Government Fund	728,647	-	728,647
Total assets	$ 3,949,254	$ -	$ 3,949,254
Liabilities			
Current liabilities			
Accounts payable	$ 1,493	$ -	$ 1,493
Accrued wages & taxes payable	4,676	-	4,676
Total current liabilities	6,169	-	6,169
Non-current liabilities			
Unearned revenue, tipping fees	2,477,353	-	2,477,353
Total liabilities	2,477,353	-	2,477,353
Fund Balance			
Unassigned	1,465,732	(1,465,732)	-
Total Liabilities and Fund Balance	$ 3,949,254		
Net Position			
Net Investment in Capital Assets		56,836	
Unrestricted		1,408,896	1,465,732
Total Liabilities and Net Position		$ -	$ 3,949,254

Harbour Waterway Special District
Statement of Proprietary Fund Revenues, Expenditures and Changes in Fund Balance/Statement of Activities
For the Year Ended June 30, 2022

	Reed Island Enterprise Fund	Adjustments	Statement of Activities
Operating revenues			
Reed Island Tipping Fees Earned	$ 1,294,361	$ -	$ 1,294,361
Total operating revenues	1,294,361	-	1,294,361
Operating expenditures			
Personnel Costs	27,967	-	27,967
Spoil site maintenance	36,353	-	36,353
Legal service	4,400	-	4,400
Legal advertising	60	-	60
Office supplies	0	-	-
Insurance	10,583	-	10,583
Depreciation expense	17,495	-	17,495
Other administrative	1,652	-	1,652
Total operating expenditures	98,510	-	98,510
Excess of Revenues Over Expenses	1,195,851	-	1,195,851
Fund Balance/Net position, beginning of year	269,881	-	269,881
Fund Balance/Net position, end of year	$ 1,465,732	$ -	$ 1,465,732

Harbour Waterway Special District
Proprietary Fund - Reed Island Enterprise Fund
Statement of Cash Flows
For the Year Ended June 30, 2022

Cash Flows from Business-Type Activities	
Receipts from customers	$ 1,979,166
Net advances to Government Fund	(31,372)
Payments to suppliers	(47,235)
Payments to employees	(25,395)
Net Cash Flows from Business-Type Activities	1,875,164
Net Increase in Cash and Cash Equivalents	1,875,164
Cash and Cash Equivalents, beginning of year	1,089,524
Cash and Cash Equivalents, end of year	$ 2,964,688

Reconciliation of Operating Income to Net Cash from Operating Activities	
Excess revenues over expenses	$ 1,195,851
Adjustments to reconcile operating income to net cash flows from Business-Type Activities:	
Depreciation Expense	17,495
(Increase) Decrease in Assets:	
Due from Government Fund	(31,372)
Accounts Receivable-Tipping Fees	479,166
Prepaid Insurance	8,403
Capital Assets	(2,882)
Increase (Decrease) in Liabilities:	
Accounts payable	293
Accrued wages & taxes payable	2,572
Unearned Revenue-Tipping Fees	205,638
Net Cash Flows from Business-Type Activities	$ 1,875,164

Harbour Waterway Special District
Notes to Financial Statements
For the year ended June 30, 2022

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 2021-2022 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, 2022, 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.

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, 2022, a total of $2,964,688 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.

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 Districted 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, 2022 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, 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
May 1, 2027	4,800	52,159	56,959
May 1, 2028	2,453	54,505	56,958
Total	$ 47,966	$ 293,786	$ 341,752

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

Note 5 - Subsequent Events

Management has evaluated subsequent events through September 21, 2022, which is the date the financial statements were available to be issued. In the opinion of management, no events occurred subsequent to June 30, 2022 through September 21, 2022 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, 2022

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance Over (Under)
Revenues				
Assessments, Net of Rebates	$ 120,955	$ 120,955	$ 125,761	$ 4,806
Spoil Site Tipping Fees	479,167	479,167	$ 1,294,361	815,194
Other Income	-	-	1,652	1,652
Total Revenues	600,122	600,122	1,421,774	821,652
Expenditures				
Administrative				
Personnel Costs	60,000	60,000	68,690	8,690
Legal services	21,000	21,000	22,184	1,184
Accounting and audit services	7,500	7,500	6,974	(526)
Legal advertising	600	600	710	110
Office supplies and postage	600	600	931	331
Insurance	9,000	9,000	18,436	9,436
Debt Service-Interest expense	15,104	15,104	14,790	(314)
Depreciation	-	-	18,240	18,240
Other administrative expenditures	6,240	6,240	5,886	(354)
Total Administrative Expenditures	120,044	120,044	156,841	36,797
Dredging Operations & Spoil Site Maintenance				
Dredging contractor & surveyor	5,500	5,500	4,242	(1,258)
Spoil site maintenance	59,000	59,000	36,353	(22,647)
Bulkhead Repair	750,000	750,000	-	(750,000)
Park & Recreation Development	12,000	12,000	-	(12,000)
Total Dredging Operations & Spoil Site Maintenance	826,500	826,500	40,595	(785,905)
Total Expenditures	946,544	946,544	197,436	(749,108)
Excess Revenues (Expenditures)	$ (346,422)	$ (346,422)	$ 1,224,338	$ 1,570,760
Fund Balance - beginning of year	(379,094)	(379,094)	(379,094)	-
Fund Balance - end of year	$ (725,516)	$ (725,516)	$ 845,244	$ 1,570,760

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, 2022, 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 21, 2022.

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 21, 2022

904 Sanddollar Ct., St. Augustine, Florida 32084-1390
904-860-1040 – www.rmtcpa.com

Additional Elements Required by Auditor General

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

September 21, 2022

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, 2022 and have issued my report thereon dated September 21, 2022. 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 21, 2022, 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, 2022, 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 Statues, 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, 2022, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statues, is in agreement with the annual financial audit report for the fiscal year ended June 30, 2022. 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.

Information of a Dependent Special District as Provided in Section 218.39(3)(a), Florida Statutes,

(1) the total number of district employees compensated in the last pay period of the fiscal year;
HWSD had 1 part-time employee during the last pay period of FY2021-22.
(2) the total number of independent contractors compensated in the last month of the fiscal year;
There were (4) four independent contractors.
(3) all compensation paid or accrued to employees;
Total compensation paid to employees for the FY2021-22 was $63,770.00.
(4) all compensation paid or accrued to independent contractors;
Total compensation paid / accrued to independent contractors for the FY2021-22 was $47,983.77.
(5) each construction project with cost of at least $65,000 approved by the district and scheduled to begin after October 1 of the reporting year and total expenditures of such project;
There were no construction projects in FY2021-22 over $65,000.

(6) a budget variance report based on the budget adopted under Section 189.016(4), Florida Statutes, and the amended budget under Section 189.016(6), Florida Statutes.

Attached is the budget variance report. My audit was conducted for the purposes of forming an opinion on the financial statements as a whole. The information on the next page is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

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

St. Augustine, Florida

HARBOUR WATERWAY SPECIAL DISTRICT

FISCAL YEAR 2021-22 BUDGET - CASH FLOW BASIS

BUDGET VARIANCE ANALYSIS - GOVERNMENTAL & ENTERPRISE FUNDS 30-Jun-22

DESCRIPTION	ACTUAL FY 2021/22	BUDGET FY 2021/22	VARIANCE Positive / (Negative) DOLLAR	VARIANCE Positive / (Negative) PERCENT
FUND BALANCES AT BEGINNING OF YEAR - (Carry Forward Surplus)	**$ 1,092,524**	**$ 996,693**	***$ 95,831***	*9.6%*
OPERATING REVENUES				
Net Assessments	$ 214,511	$ 212,705	*$ 1,806*	*0.8%*
- Tax Rebate - 50% refund on non-Ad Valorem Assessment	$ (91,750)	$ (109,000)	*$ 17,250*	*-15.8%*
Spoil Site Disposal Fees	$ 1,979,167	$ 479,167	*$ 1,500,000*	*313.0%*
Misc Income - Refund of Legal Fees; refund of taxes	$ 1,841	$ -	*$ 1,841*	*100.0%*
Total Revenue	**$ 2,103,768**	**$ 582,872**	***$ 1,520,896***	*260.9%*
Total Revenue plus Beginning Surplus Funds	***$ 3,196,293***	***$ 1,579,565***	***$ 1,616,728***	***102.4%***
EXPENDITURES				
Professional Services				
Personnel Services includes temp labor	$ 49,077	$ 42,000	*$ 7,077*	*16.8%*
Federal Taxes; FICA; Unemployment Insurance	$ 16,530	$ 18,000	*$ (1,470)*	*-8.2%*
Legal Services	$ 22,554	$ 21,000	*$ 1,554*	*7.4%*
Administrative Services	$ 1,650	$ 3,000	*$ (1,350)*	*-45.0%*
Accounting & Audit Services	$ 6,750	$ 7,500	*$ (750)*	*-10.0%*
Administrative				
Office Supplies & Postage	$ 1,237	$ 600	*$ 637*	*106.1%*
Communication Services - Web Hosting	$ 255	$ 240	*$ 15*	*6.2%*
Legal & Promotional Advertising	$ 650	$ 600	*$ 50*	*8.3%*
Other Administrative Expenses	$ 997	$ 2,075	*$ (1,078)*	*-51.9%*
Other Expenses				
Insurance - General Liability & Pollution	$ 10,244	$ 9,000	*$ 1,244*	*13.8%*
Publications and Memberships	$ 750	$ 925	*$ (175)*	*-18.9%*
Interest Expense on Revenue Notes	$ 15,104	$ 15,104	*$ (0)*	*0.0%*
Revenue Note Principal Payments	$ 41,855	$ 41,855	*$ 0*	*0.0%*
Total Professional, Administrative & Other Expenditures	***$ 167,652***	***$ 161,899***	***$ 5,753***	***3.6%***
Canal Maintenance & Dredging Operations				
Repair Bulkhead - COJ/JEA & Mill Cove Channel	$ -	$ 750,000	*$ (750,000)*	*-100.0%*
Marine Surveyor	$ -	$ 5,500	*$ (5,500)*	*-100.0%*
Spoil Site Development Expenses	$ 28,501	$ 59,000	*$ (30,499)*	*-51.7%*
Navigational Aids & Markers	$ 4,842	$ -	*$ 4,842*	*100.0%*
COJ Park & Recreation Development	$ 7,539	$ 12,000	*$ (4,461)*	*-37.2%*
Total Canal Maintenance & Dredging Operations	***$ 40,882***	***$ 826,500***	***$ (785,618)***	***-95.1%***
Capital Expenditures				
Purchase equipment as required	$ 2,882	$ 25,000	*$ (22,118)*	*-88.5%*
Purchase and Renovate Marina within the District	$ -	$ 165,000	*$ (165,000)*	*-100.0%*
Purchase parcels adjacent to HWSD	$ 19,438	$ 20,000	*$ (562)*	*-2.8%*
TOTAL EXPENDITURES	***$ 230,854***	***$ 1,198,399***	***$ (967,545)***	***-80.7%***
FUND BALANCES AT END OF YEAR - Excess Revenue / (Expenditures)	***$ 2,965,438***	***$ 381,166***	***$ 2,584,272***	***678.0%***

HARBOUR WATERWAY SPECIAL DISTRICT

Motion to Disburse Funds:

Tuesday, October 11, 2022

Date	Num	Description	Memo	Amount
CURRENT ASSETS				
8/31/2022		**TRUIST CHECKING ACCOUNT**	**BEGINNING BALANCE**	**$ 2,926,798.28**
		TAX DEPOSITS	September 1 - 30	-
			TOTAL GENERAL FUND BALANCE	**$ 2,926,798.28**
CLEARED DISBURSEMENTS				
9/6/2022	Trans	Truist Credit Card	Payment - Billing Cycle Date 09-09-2022	(351.76)
9/16/2022	1824	Caroline Birtalan	Administrative Services (July 12)	(150.00)
9/13/2022	Debit	Stanley Pipes	District Manager 80.75 hrs. - (August Billing)	(6,177.27)
9/8/2022	Debit	USA IRS - Tax Payment	Payroll & Withholding Taxes - August	(1,508.86)
8/9/2022	1828	Kelly White & Associates	Pollution Insurance - 3 year policy	(20,564.25)
9/6/2022	1830	Top Dog Marine	Remove two pilings	(500.00)
8/9/2022	Epay	Lewis Longman & Walker	Legal Services up to: (July Billing)	(1,944.50)
9/13/2022	Epay	Lewis Longman & Walker	Legal Services up to: (August Billing)	(1,003.00)
9/26/2022	1835	Robert Thaggard, CPA	FY 2021-22 Annual Audit	(6,750.00)
9/27/2022	1834	James Doherty	Landscape Service - Marina, Marsh, & Entrance (August)	(270.00)
Ongoing		2020 Tax Rebate Project	Rebate Checks	-
			DISBURSEMENTS - SubTotal	**(39,219.64)**
9/30/2022		**TRUIST CHECKING ACCOUNT**	**TOTAL GENERAL FUND ENDING BALANCE**	**$ 2,887,578.64**
OUTSTANDING DISBURSEMENTS / DEPOSITS				
	Ongoing	2020 Tax Rebate Project	Outstanding Rebate Checks	-
10/11/2022	Debit	Stanley Pipes	District Manager 75.50 hrs. - (September Billing)	(7,550.00)
9/13/2022		Florida Association of Special Districts	Annual Membership Dues	(750.00)
10/5/2022	Debit	JEA - Marina	Monthly Bill - (9/27/2022)	(83.99)
10/5/2022	Trans	Truist Credit Card	Payment - Billing Cycle Date 10-10-2022	(5,667.06)
			SubTotal	**(14,051.05)**
TOTAL GENERAL FUND BALANCE - after Outstanding Items				**$ 2,873,527.59**
REQUESTED DISBURSEMENTS				
10/11/2022	1836	Caroline Birtalan	Administrative Services (September 13)	(150.00)
10/11/2022	Debit	Stanley Pipes	District Manager up to 75.00 hrs. - (October Billing)	(7,500.00)
10/11/2022	Epay	Lewis Longman & Walker	Legal Services up to: (September Billing)	(600.00)
10/11/2022	Debit	USA IRS - Tax Payment	Payroll & Withholding Taxes - September	(2,515.46)
10/11/2022	1837	James Doherty	Landscape Service - Marina, Marsh, & Entrance (September)	(270.00)
10/11/2022	Trans	Truist Credit Card	Payment - Billing Cycle Date 10-10-2022	(202.47)
10/11/2022	Debit	JEA - Marina	Monthly Bill - (10/27/2022)	(75.00)
10/11/2022		ARC Surveying	Reed Island Nature Park survey & legal description up to:	(7,500.00)
10/11/2022		Decks & Dock	(6) Floats for 8 x 16 floating dock & Hardware	(2,000.00)
10/11/2022		Duval Property Appraiser	Property Tax - Marsh property 160266-0900	(12.74)
10/11/2022	1838	FL. Department of Economic Opportunity	Annual Fee	(175.00)
			SubTotal	**(21,000.67)**
TOTAL AVAILABLE FUNDS AFTER REQUESTED DISBURSEMENTS				**$ 2,852,526.92**
PLANNED PROJECT EXPENSES				
Ongoing		Parcel Owners	Purchase marsh & other parcels adjacent or near to the District	(400,000.00)
Ongoing		Equipment Rentals / Labor/ Supplies	COJ Park Development: up to	(25,000.00)
12/31/2022		2022 Tax Rebate Project	Rebate Checks	(109,000.00)
7/27/2022	1	Marina Development Project	(1) Repair floating docks, upgrade security and replace gate, replace electrical service; (2) Install fixed docks and replace bulkhead; (3) Extend Boat Ramp	(240,000.00)
1/15/2023	2	South Bulkhead Replacement - 1300 ft	Replace bulkhead out to power lines - live wall or bulkhead	(910,000.00)
3/15/2023	3	Powerline Dredging Project	Remove up to 35,000 cubic yards from powerlines to the first house	(415,000.00)
11/15/2022	4	Reed Island Park	HWSD acquires 77.7 acre park from COJ & manage park	(850,000.00)
3/15/2023	5	Reed Island Park	Sell (4) four river front lots	800,000.00
			TOTAL PLANNED PROJECTS:	**$ (2,149,000.00)**
FORECAST NET REVENUE FROM 2022 ASSESSMENT				**$ 215,000.00**
2022 Assessment Collected			$ -	
BUDGETED OPERATING EXPENSES - October 1, 2022 thru June 30, 2023				**(125,885.63)**
2018 REVENUE NOTE - DEBT SERVICE				
5/1/2023		Interest Payment	Series 2018 Revenue Note	**(13,220.00)**
5/1/2023		Principal Payment	Series 2018 Revenue Note	**(43,738.00)**
			OPERATING EXPENSES & DEBT SERVICE EXPENSE:	**$ (182,843.63)**
TOTAL HWSD PROJECTED DISPOSABLE FUNDS				
		ISLE OF PALMS	License Payment #3 - Due December 31, 2022	197,917.00
			TOTAL PROJECTED AVAILABLE FUNDS after FY Operating & Project Expenses	**$ 933,600.29**

HARBOUR WATERWAY SPECIAL DISTRICT

CREDIT CARD TRANSACTIONS - STANLEY PIPES

Tuesday, October 11, 2022

Date	Description	Memo	Government	Reed Island	Total Amount	Outstanding Balance
POSTED TRANSACTIONS						
8/9/2022	**STATEMENT CYCLE DATE**	**CREDIT CARD STMT BALANCE**			**$ (6,506.95)**	
8/12/2022	Amazon.com	Grease Gun & impact driver		(542.81)	(542.81)	(7,049.76)
8/15/2022	Truist Checking Account	**Credit Card Payment**	**6,443.96**	**605.80**	**7,049.76**	-
8/16/2022	Fastenal Company	25mm Nuts for Mower		(62.22)	(62.22)	(62.22)
8/16/2022	Autozone	Grease (4) tubes	-	(23.18)	(23.18)	(85.40)
8/18/2022	Bobcat	Mower Belts (4)		(170.71)	(170.71)	(256.11)
8/19/2022	Sam's Club	HP Ink Cartridge - Black	(95.65)	-	(95.65)	(351.76)
9/5/2022	Truist Checking Account	**Credit Card Payment**	**95.65**	**256.11**	**351.76**	-
9/9/2022	**STATEMENT CYCLE DATE**	**CREDIT CARD STMT BALANCE**			**$ -**	
9/10/2022	Office Depot	HP952XL Ink Cartridge - yellow	(48.69)		(48.69)	(48.69)
9/22/2022	Decks & Dock	Material for Floating Dock at the Marina	(4,661.20)		(4,661.20)	(4,709.89)
9/23/2022	Nichols Equipment	Stihl Pole Saw		(633.33)	(633.33)	(5,343.22)
9/23/2022	Nichols Equipment	Pole Saw Chain		(29.86)	(29.86)	(5,373.08)
9/26/2022	Gate	Diesel Fuel		(175.00)	(175.00)	(5,548.08)
9/26/2022	Gate	Diesel Fuel		(65.99)	(65.99)	(5,614.07)
9/29/2022	Amazon	Rebuild kit for Backflow valve at the Marina	(52.99)		(52.99)	(5,667.06)
10/6/2022	Truist Checking Account	**Credit Card Payment**	**4,762.88**	**904.18**	**5,667.06**	-
10/6/2022	IONOS.COM	Website Hosting (10/3 thru 1/2/2023)	(59.97)		(59.97)	(59.97)
10/9/2022	Sam's Club	HP952XL Ink Cartridge - color	(110.70)		(110.70)	(170.67)
10/9/2022	Office Depot	File folders	(31.80)		(31.80)	(202.47)
10/9/2022	**STATEMENT CYCLE DATE**	**CREDIT CARD STMT BALANCE**			**$ (202.47)**	
10/11/2022		**OUTSTANDING BALANCE**				**$ (202.47)**