

April 26, 2021

**Board of Supervisors**  
**Heritage Harbour South**  
**Community Development District**

**AGENDA**

Dear Board Members,

The Heritage Harbour South Community Development District regular meeting of the Board of Supervisors will be held on **Tuesday, May 4, 2021 at 4:00 p.m.** at the Stoneybrook Golf Club located at 8000 Stone Harbour Loop, Bradenton, Florida 34212. The following is the agenda for this meeting:

- 1. CALL TO ORDER/ROLL CALL**
- 2. PUBLIC COMMENTS**
- 3. BUSINESS ADMINISTRATION**
  - A.** Consideration of Minutes of Board of Supervisors' Regular Meeting held on April 6, 2021 .....Tab 1
  - B.** Consideration of Operation & Maintenance Expenditures for March 2021 .....Tab 2
  - C.** HOA Updates
    1. Heritage Harbour Master HOA
    2. Stoneybrook HOA
    3. Lighthouse Cove HOA
- 4. STAFF REPORTS**
  - A.** Aquatic Service Reports
  - B.** District Counsel
    1. Update on Correspondence Regarding Assumption of Lennar Properties
    2. Update on Agreement between CDD and Heritage Harbour HOA for Central Park & Beacon Lake
    3. Update on Aquaterra
  - C.** District Engineer
    1. District Engineer Updates
    2. Road Repair Updates
    3. Striping Repair Updates
  - D.** District Manager
    1. Financial Update .....Tab 3
    2. Security Update & Traffic Monitoring Report .....Tab 4
    3. Timeline Review .....Tab 5
    4. Action Item List Review .....Tab 6
- 5. NEW BUSINESS**
  - A.** Acceptance of 2020 Audit Report.....Tab 7
  - B.** Consideration of Resolution 2021-04, Re-Designating an Assistant Secretary .....Tab 8
- 6. SUPERVISOR REQUESTS & COMMENTS**
- 7. ADJOURNMENT**

We look forward to seeing you at the meeting. In the meantime, if you have any questions, please do not hesitate to contact us at (813) 533-2950.

Sincerely,

*Greg Cox*

Greg Cox

District Manager

MINUTES OF MEETING

Each person who decides to appeal any decision made by the Board with respect to any matter considered at the meeting is advised that the person may need to ensure that a verbatim record of the proceedings is made, including the testimony and evidence upon which such appeal is to be based.

HERITAGE HARBOUR SOUTH COMMUNITY DEVELOPMENT DISTRICT

The Heritage Harbour South Community Development District regular meeting of the Board of Supervisors was held on Tuesday, April 6, 2021 at 4:01 p.m. at the Stoneybrook Golf Club located at 8000 Stone Harbour Loop, Bradenton, Florida 34212.

Present and constituting a quorum were:

- Mike Neville Board Supervisor, Chairman
Louis Brodersen Board Supervisor, Vice-Chairman
Tad Parker Board Supervisor, Asst. Secretary
Thomas Bakalar Board Supervisor, Asst. Secretary

Also present were:

- Greg Cox District Manager; Rizzetta & Company
Christina Newsome District Manager; Rizzetta & Company
David Jackson District Counsel; Persson, Cohen & Mooney, P.A.
Rick Schappacher District Engineer; Schappacher Engineering (via conference)
Eugene Zeiner Representative; MHOA & Stoneybrook HOA
Dave Proulx Representative; Lighthouse Cove HOA

Audience Present

FIRST ORDER OF BUSINESS

Call to Order

The meeting was called to order at 4:01 p.m. and a rollcall was conducted to verify that a quorum of Supervisors was present. Mr. Cox introduced Ms. Christina Newsome prior to the meeting to the Board members as a Rizzetta District Manager who would be transitioning to replace him as District Manager over the next few months.

On a Motion from Mr. Parker, seconded by Mr. Brodersen, the Board approved, with a 3-1 vote, with Mr. Neville voting no, that the wearing of COVID-19 protection masks at the meeting was optional but that social distancing was required, for the Heritage Harbour South Community Development District.

SECOND ORDER OF BUSINESS

Audience Comments

There were audience members present but no comments were presented to the Board.

50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60  
61  
62  
63  
64  
65  
66  
67  
68  
  
69  
70  
71  
72  
73  
74  
75  
76  
77  
78  
79  
80  
81  
82  
83

**THIRD ORDER OF BUSINESS**

**Board Recognition of former Supervisor**

The Board recognized former Supervisor Larry Eichert at the meeting for his service to the community and presented him with a ceremonial plaque.

**FOURTH ORDER OF BUSINESS**

**Consideration of Resumes for Open Board Seat**

The Board considered resumes from those interested in being appointed to vacant seat #2 with a term of office of 2020 to 2024. After hearing from Mr. Philip Frankel and Mr. Michael Burke, who were present, the Board voted to select Mr. Frankel. A third applicant, Robert Valente, was not present at the meeting. Mr. Frankel was administered the Oath of Office by Mr. Cox and was seated on the Board. Mr. Jackson provided Mr. Frankel with information regarding Sunshine Laws compliance, Florida Ethics Laws, and other administrative topics. Mr. Frankel confirmed that he would accept the authorized compensation offered to Board Supervisors.

On a Motion from Mr. Brodersen, seconded by Mr. Parker, the Board unanimously approved to appoint Philip Frankel to seat #2 with a term of office of 2020-2024, for the Heritage Harbour South Community Development District.

**FIFTH ORDER OF BUSINESS**

**Consideration of Resolution 2021- 03, Designation of Officers**

Mr. Cox informed the Board that due to the new Supervisor appointment; the Board would need to re-designate the officers of the Board. Mr. Bakalar appointed Mr. Neville as Chairman and Mr. Bakalar nominated Mr. Brodersen as Vice-Chairman and there were no other nominations for those Board Officer positions.

On a Motion by Mr. Parker, seconded by Mr. Brodersen, the Board unanimously approved to adopt Resolution 2021-03, Designation of Officers, with Mike Neville named as Chairman and Louis Brodersen as Vice-Chairman. Tad Parker, Thomas Bakalar, Philip Frankel, Greg Cox, and Christina Newsome were named as assistant secretaries, for the Heritage Harbour South Community Development District.

84 **SIXTH ORDER OF BUSINESS** **Consideration of Minutes of the Board**  
85 **of Supervisors Regular Meeting held**  
86 **on March 2, 2021**  
87

On a Motion from Mr. Brodersen, seconded by Mr. Neville, the Board unanimously approved the minutes of the March 2, 2021 Board of Supervisors' Meeting, for the Heritage Harbour South Community Development District.

88  
89 **SEVENTH ORDER OF BUSINESS** **Consideration of Operation and**  
90 **Maintenance Expenditures for**  
91 **February 2021**  
92

On a Motion from Mr. Parker, seconded by Mr. Brodersen, the Board unanimously approved to ratify the payment of the invoices in the February 2021 Operations and Maintenance Expenditures Report in the amount of \$27,890.75, for the Heritage Harbour South Community Development District.

93  
94 **EIGHTH ORDER OF BUSINESS** **Heritage Harbour Master HOA**  
95

96 The Board received a Heritage Harbour Master HOA update from Mr. Eugene  
97 Zeiner. He informed the Board of staffing issues and ball field irrigation concerns. He  
98 summarized the erosion repair proposals for pond # 48. He explained the portion of the  
99 repairs that were to be repaired by Mr. Joe Marino's company, M&M, Inc. The Board  
100 members discussed paying for a portion of the remainder of the bank repairs. Mr.  
101 Schappacher recommended removing the bond payment requirement.  
102

103 On a Motion from Mr. Bakalar, seconded by Mr. Brodersen, the Board unanimously  
104 approved to contribute \$24,400.00 to the Heritage Harbour Master HOA for the purpose  
105 of assisting with the funding of the pond # 48 bank repairs, for the Heritage Harbour  
106 South Community Development District.

107  
108 **NINTH ORDER OF BUSINESS** **Stoneybrook HOA**  
109

110 Mr. Eugene Zeiner informed the Board that he had no additional update for the  
111 Stoneybrook HOA.  
112

113 **TENTH ORDER OF BUSINESS** **Lighthouse Cove HOA**  
114

115 The Board received a Lighthouse Cove HOA update from Mr. Dave Proulx. Mr.  
116 Proulx stated that a member from the Lighthouse HOA plans to be present at meetings  
117 from this point forward and discussed issues in the Lighthouse Cove community to  
118 include golf carts being driven on the roads and questioned who owns the sidewalks  
119 and streets. Mr. Cox informed the Board that he was not aware of any approvals to  
120 designate areas in the District as a golf cart community and that those driven on the  
121 roads would need to be "street legal" under Florida statutes. Mr. Cox also indicated the  
122 roads and sidewalks were owned by the CDD.

123 **ELEVENTH ORDER OF BUSINESS** **Staff Reports**  
124

125 **A. Aquatic Service**

126  
127 Not present.

128  
129 **B. District Engineer**

130  
131 The Board received a District Engineer update from Mr. Schappacher. He  
132 discussed the bids he had received for the roadway resurfacing work according to the  
133 maintenance plan.

134  
135 On a Motion by Mr. Parker, seconded by Mr. Brodersen, the Board of Supervisors  
136 unanimously approved to authorize the Chairman to execute the proposal from Superior  
137 for repairs of roadway repairs, with a not-to-exceed amount of \$190,000, for the  
138 Heritage Harbour South Community Development District.

139  
140 Mr. Schappacher presented the Board with bids to perform roadway striping  
141 repairs.

142  
143 On a Motion by Mr. Bakalar, seconded by Mr. Brodersen, unanimously approved the  
144 proposal from JJ Pavement for \$450.00 for striping repairs, for the Heritage Harbour  
145 South Community Development District.

146  
147 The Board received an update from Mr. Schappacher, the repairs to the  
148 sidewalks and curbs had been completed and that repair costs, at \$6,413.00, stayed  
149 under the not-to-exceed amount of \$7,000.

150  
151 Mr. Schappacher informed the Board that he was working with vendors to  
152 complete signage repair work and that he was waiting for the sign-off of the SWFWMD  
153 re-certification.

154  
155 **C. District Engineer**

156  
157 1. Update on Aquaterra

158  
159 The Board received a District Counsel update from Mr. Jackson. He  
160 provided an update of the status of the Aquaterra letter prepared by Mr.  
161 Cohen and noted that no responses had been received.

162  
163 The Board reviewed a memorandum from District Counsel that informed them of a  
164 CPI based increase in the fees charged by District Counsel in service to the District. No  
165 actions were taken by the Board.

166  
167  
168  
169 **D. District Manager**

170  
171 The Board received a District Manager update from Mr. Greg Cox. He reminded the  
172 Board that the next regular CDD meeting was scheduled for Tuesday, May 4, 2021 at 4  
173 p.m. Mr. Cox also informed the Board that as of this time, the District had used 1000  
174 document remediations of the 3000 allotted in the website ADA compliance agreement.

175 Mr. Cox provided a District financials update, reviewed the off-duty deputy reports,  
176 reviewed the timeline for District upcoming activities and the action item list. Mr.  
177 Bakalar requested that the off-duty deputies be scheduled to include part of their patrols  
178 in the Stoneybrook and Lighthouse Cove communities along with the central park areas.  
179

180 **TWELFTH ORDER OF BUSINESS**

**Discussion of CDD / MHOA Workshop**

181  
182 Mr. Cox provided a summary of the actions that came out of the recent CDD Board  
183 and Master HOA Board workshop to include the request for a letter from District  
184 Counsel regarding Aquaterra, the pond 48 bank repairs cost sharing and the agreement  
185 for the Master HOA to maintain responsibility for Central Park areas.  
186

187 On a Motion from Mr. Bakalar, seconded by Mr. Neville, the Board approved, with a 3 to  
188 1 vote with Mr. Parker voting no, to extend the meeting beyond the 2-hour limit to up to  
189 one hour, for the Heritage Harbour South Community Development District.

190  
191 **THIRTEENTH ORDER OF BUSINESS**

**Consideration of Irrigation and Lake  
Bank Repair Proposal**

192  
193  
194 The Board discussed the proposal to repair pond banks adjacent to the golf course  
195 greens #3 and #9 at which golf course irrigation lines had become exposed and damaged.  
196 After Board discussion and input from Mr. Branch with the Golf Club, the Board agreed to  
197 share costs in the proposal.  
198

199 On a Motion from Mr. Bakalar, seconded by Mr. Frankel, with all in favor, the Board  
200 approved to provide funds to the Master HOA for the repair of the CDD owned pond bank  
201 next to hole #3 in the amount of \$1,903.00 and the CDD owned pond bank next to hole #9  
202 in the amount of \$1,403.00, for the Heritage Harbour South Community Development  
203 District.

204  
205 **FOURTEENTH ORDER OF BUSINESS**

**Supervisor Requests**

206  
207 The Board received Supervisor comments from Mr. Bakalar who reflected that the  
208 work the Board was doing was hard and that it takes time.  
209  
210

211 **FIFTEENTH ORDER OF BUSINESS**

**Adjournment**

212

213 On a Motion from Mr. Brodersen, seconded by Mr. Frankel, the Board approved to  
214 adjourn the meeting at 6:44 p.m., for the Heritage Harbour South Community  
215 Development District.

216

217

218

219

220

221

\_\_\_\_\_  
Secretary / Assistant Secretary

\_\_\_\_\_  
Chairman / Vice Chairman

DRAFT

# HERITAGE HARBOUR SOUTH COMMUNITY DEVELOPMENT DISTRICT

---

DISTRICT OFFICE · 9428 CAMDEN FIELD PARKWAY · RIVERVIEW, FLORIDA 33578

## Operation and Maintenance Expenditures March 2021 For Board Approval

Attached please find the check register listing the Operation and Maintenance expenditures paid from March 1, 2021 through March 31, 2021. This does not include expenditures previously approved by the Board.

The total items being presented:     **\$18,788.65**

Approval of Expenditures:

---

\_\_\_\_ Chairperson

\_\_\_\_ Vice Chairperson

\_\_\_\_ Assistant Secretary

# Heritage Harbour South Community Development District

## Paid Operation & Maintenance Expenditures

March 1, 2021 Through March 31, 2021

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
A N J Excavation LLC	001438	15	Remove & Replace Asphalt 02/21	\$ 450.00
Brown's Trophies, Inc.	001441	2454	Plaques (3) 03/21	\$ 168.40
Egis Insurance Advisors, LLC	001434	12855	Policy 100118619 10/01/20- 10/01/21	\$ 140.00
Heritage Harbour Golf Club	001435	030221-HH Golf	Meeting Space Rental 03/02/21	\$ 150.00
Louis Brodersen	001433	LB030221	Board of Supervisor Meeting 03/02/21	\$ 200.00
Manatee County Sheriff's Office	001429	39575	Deputy & Equip/Admin 10/20	\$ 1,080.00
Manatee County Sheriff's Office	001429	39576	Deputy & Equip/Admin 12/20	\$ 1,327.50
Manatee County Sheriff's Office	001429	39577	Deputy & Equip/Admin 01/21	\$ 720.00
Michael Joseph Neville	001436	MN030221	Board of Supervisor Meeting 03/02/21	\$ 200.00
Persson, Cohen & Mooney, P.A	001443	340	Professional Services 02/21	\$ 2,882.00
Rizzetta & Company, Inc.	001430	INV0000056951	District Management Fees 03/21	\$ 4,843.25
Rizzetta Technology Services	001431	INV0000006880	Email & Website Hosting Services 03/21	\$ 175.00
Schappacher Engineering LLC	001439	1833	Engineering Services 02/21	\$ 5,002.50

# Heritage Harbour South Community Development District

## Paid Operation & Maintenance Expenditures

March 1, 2021 Through March 31, 2021

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Solitude Lake Management	001440	PI-A00534444	Fisheries Maintenance 01/21-02/21	\$ 525.00
Solitude Lake Management	001442	PI-A00561455	Fisheries Maintenance 03/21-04/21	\$ 525.00
Tad Parker	001437	TP030221	Board of Supervisor Meeting 03/02/21	\$ 200.00
Thomas G Bakalar	001432	TB030221	Board of Supervisor Meeting 03/02/21	<u>\$ 200.00</u>
<b>Report Total</b>				<b><u>\$ 18,788.65</u></b>



# Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

Board of Supervisors  
Heritage Harbour South Community Development District  
Manatee County, Florida

We are pleased to provide the following information related to our audit of the Heritage Harbour South Community Development District for the year ended September 30, 2020 to assist you in your oversight responsibility of the financial reporting process of the District.

Our responsibility under the auditing standards has been described to you in our engagement letter dated July 31, 2020.

Management is responsible for the appropriateness of the accounting policies used by the District. During the year, no significant new accounting policies were adopted nor were there any changes in the existing accounting policies.

We did not discuss with Management, any significant or unusual transactions nor did we discuss any alternative treatments available under generally accepted accounting policies during the current audit period.

Any audit adjustments provided by Management or communicated to Management have been reported to and agreed upon by Management. If you would like a detailed listing of all audit adjustments for the current period, please contact us.

We did not encounter any immaterial uncorrected misstatements during the course of our audit.

There are no disagreements with Management over the application of significant accounting principles, the basis for judgments made by Management on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

We are not aware of any consultations Management had with other accountants about accounting or auditing matters.

Fort Pierce / Stuart

Member AICPA

Member AICPA Division for CPA Firms  
Private Companies practice Section

Member FICPA



Board of Supervisors  
Heritage Harbour South Community Development District  
Page 2

There were no significant issues that were discussed during the course of the audit.

We did not encounter any difficulties in dealing with Management during the audit process.

Management has made certain written representations to us as part of the audit process. Please contact us if you would like a copy of those representations.

This letter is intended solely for the information and use of the Board of Supervisors and Management and is not intended to be and should not be used by anyone other than the intended parties. Please contact J. W. Gaines should you have any questions concerning this letter. We greatly appreciate the opportunity to be of service to the Heritage Harbour South Community Development District.

*Berger Toombs Elam  
Gaines + Frank*

Berger, Toombs, Elam, Gaines & Frank PL  
Certified Public Accountants PL  
Fort Pierce, Florida

April 16, 2021

**Heritage Harbour South  
Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2020**

**Heritage Harbour South Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2020**

**TABLE OF CONTENTS**

	<u>Page Number</u>
REPORT OF INDEPENDENT AUDITORS	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-8
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds	11
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	15
Notes to Financial Statements	16-27
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	28-29
MANAGEMENT LETTER	30-31
INDEPENDENT ACCOUNTANT'S REPORT/COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES	32



# Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

## REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors  
Heritage Harbour South Community Development District  
Manatee County, Florida

### Report on the Financial Statements

We have audited the accompanying basic financial statements of Heritage Harbour South Community Development District as of and for the year ended September 30, 2020, and the related notes to financial statements as listed in the table of contents, and the notes to financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Fort Pierce / Stuart  
- 1 -

To the Board of Supervisors  
Heritage Harbour South Community Development District

## Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, and each major fund of Heritage Harbour South Community Development District as of September 30, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Governmental Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express and opinion or provide any assurance.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 16, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Heritage Harbour South Community Development District's internal control over financial reporting and compliance.



Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

April 16, 2021

**Heritage Harbour South Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2020**

Management's discussion and analysis of Heritage Harbour South Community Development District's (the "District") financial performance provides an objective and easily readable 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's basic financial statements comprise three components; 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to financial statements*. The *Government-wide financial statements* present an overall picture of the District's financial position and results of operations. The *Fund financial statements* present financial information for the District's major funds. The *Notes to financial statements* provide additional information concerning the District's finances.

The *Government-wide financial statements* are the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental activities are primarily supported by special assessments.

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position is reported in three categories; 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Assets, liabilities, and net position are reported for all Governmental activities.

The **statement of activities** presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities. Governmental activities financed by the District include general government, physical environment, culture/recreation and debt service.

*Fund financial statements* present financial information for governmental funds. These statements provide financial information for the major funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources.

**Heritage Harbour South Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2020**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

*Fund financial statements* include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual** is provided for the District's General Fund. *Fund financial statements* provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses or to comply with legal requirements.

The *government-wide financial statements* and the *fund financial statements* provide different pictures of the District. The *government-wide financial statements* provide an overall picture of the District's financial standing. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets of the District, including buildings and improvements, and infrastructure are reported in the **statement of net position**. All liabilities, including principal outstanding on bonds are included. The **statement of activities** includes depreciation on all long lived assets of the District, but transactions between the different functions of the District have been eliminated in order to avoid "doubling up" the revenues and expenses. The *fund financial statements* provide a picture of the major funds of the District. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as general obligation bonds, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, reconciliations are provided from the *fund financial statements* to the *government-wide financial statements*.

*Notes to financial statements* provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District, investments of the District, capital assets and long-term debt are some of the items included in the *notes to financial statements*.

**Financial Highlights**

The following are the highlights of financial activity for the year ended September 30, 2020.

- ◆ The District's total assets and deferred outflows of resources exceeded total liabilities by \$14,388,430 (net position). Net investment in capital assets for the District was \$13,271,966. Restricted net position was \$146,303 and unrestricted net position was \$970,161.
- ◆ Governmental activities revenues totaled \$1,124,090 while governmental activities expenses totaled \$1,228,218.

**Heritage Harbour South Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2020**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District**

The following schedule provides a summary of the assets, liabilities and net position of the District and is presented by category for comparison purposes.

**Net Position**

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
Current assets	\$ 977,320	\$ 911,706
Restricted assets	554,140	540,661
Capital assets	19,265,172	19,894,442
Total Assets	20,796,632	21,346,809
 Deferred outflows of resources	 60,255	 64,533
 Current liabilities	 457,449	 579,884
Non-current liabilities	6,011,008	6,338,900
Total Liabilities	6,468,457	6,918,784
 Net Position		
Net investment in capital assets	13,271,966	13,588,181
Restricted	146,303	127,226
Unrestricted	970,161	777,151
Total Net Position	\$ 14,388,430	\$ 14,492,558

The increase in current assets and unrestricted net position is related to the increase in cash, which was the result of revenues exceeding expenditures at the fund level.

The reduction in capital assets and net investment in capital assets is related to depreciation.

The reduction in non-current liabilities is primarily the result of the principal payment on bonds payable in the current year.

**Heritage Harbour South Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2020**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District (Continued)**

The following schedule provides a summary of the changes in net position of the District and is presented by category for comparison purposes.

**Change In Net Position**

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
Program Revenues		
Special assessments	\$ 1,102,998	\$ 1,108,726
General Revenues		
Investment earnings	21,092	32,318
Total Revenues	<u>1,124,090</u>	<u>1,141,044</u>
Expenses		
General government	178,889	162,080
Physical environment	533,863	621,287
Transportation	201,727	327,181
Interest and other charges	313,739	325,013
Total Expenses	<u>1,228,218</u>	<u>1,435,561</u>
Change in Net Position	(104,128)	(294,517)
Net Position - Beginning of Year	<u>14,492,558</u>	<u>14,787,075</u>
Net Position - End of Year	<u><u>\$ 14,388,430</u></u>	<u><u>\$ 14,492,558</u></u>

The decrease in transportation is related to the paving project in the prior year.

The decrease in physical environment is related to the decrease in aquatic maintenance in the current year.

**Heritage Harbour South Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2020**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Capital Assets Activity**

The following schedule provides a summary of the District's capital assets as of September 30, 2020 and 2019:

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
Land	\$ 15,752,186	\$ 15,752,186
Buildings	1,926,276	1,926,276
Infrastructure	7,003,317	7,003,317
Improvements other than buildings	7,084,347	7,084,347
Less: accumulated depreciation	<u>(12,500,954)</u>	<u>(11,871,684)</u>
Governmental Activities Capital Assets	<u>\$ 19,265,172</u>	<u>\$ 19,894,442</u>

During the year depreciation was \$629,270.

**General Fund Budgetary Highlights**

The budgeted expenditures exceeded actual expenditures in the current year because roadway maintenance expenditures were less than anticipated.

There were no budget amendments in the current year.

**Debt Management**

Governmental Activities debt includes the following:

In July 2013, the District issued \$5,915,000 Series 2013 Capital Improvement Revenue Refunding Bonds. These bonds were issued to refund the Series 2002A Capital Improvement Revenue Bonds. As of September 30, 2020, the balances outstanding for the Series 2013A-1 and 2013A-2 Bonds were \$4,470,000 and 530,000, respectively.

In July 2015, the District issued \$1,685,000 Series 2015 Capital Improvement Revenue Refunding Bonds. These bonds were issued to refund the Series 2003 Capital Improvement Revenue Bonds. As of September 30, 2020, the balance outstanding was \$1,365,000.

**Heritage Harbour South Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2020**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Economic Factors and Next Year's Budget**

Heritage Harbour South Community Development District does not expect any economic factors to have any significant effect on the financial position or results of operations of the District in fiscal year 2021.

**Request for Information**

The financial report is designed to provide a general overview of Heritage Harbour South Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Heritage Harbour South Community Development District's Finance Department at 3434 Colwell Avenue, Suite 200, Tampa, Florida 33614.

**Heritage Harbour South Community Development District**  
**STATEMENT OF NET POSITION**  
**September 30, 2020**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 649,433
Investments, at fair value	319,591
Prepaid expenses	8,296
Total Current Assets	977,320
Non-Current Assets	
Restricted Assets	
Investments	554,140
Capital Assets, Not Being Depreciated	
Land	15,752,186
Capital Assets, Being Depreciated	
Buildings and improvements	1,926,276
Infrastructure	7,003,317
Improvements other than buildings	7,084,347
Less: accumulated depreciation	(12,500,954)
Total Non-Current Assets	19,819,312
Total Assets	20,796,632
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amount on refunding	60,255
 <b>LIABILITIES</b>	
Current Liabilities	
Accounts payable and accrued expenses	7,159
Bonds payable	325,000
Accrued interest	125,290
Total Current Liabilities	457,449
Non-Current Liabilities	
Bonds payable	6,011,008
Total Liabilities	6,468,457
 <b>NET POSITION</b>	
Net investment in capital assets	13,271,966
Restricted for debt service	146,303
Unrestricted	970,161
Total Net Position	\$ 14,388,430

See accompanying notes to financial statements.

**Heritage Harbour South Community Development District**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2020**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues Charges for Services</b>	<b>Net (Expenses) Revenues and Changes in Net Position Governmental Activities</b>
Governmental Activities			
General government	\$ (178,889)	\$ 292,617	\$ 113,728
Physical environment	(533,863)	155,161	(378,702)
Transportation	(201,727)	18,751	(182,976)
Interest and other charges	(313,739)	636,469	322,730
Total Governmental Activities	\$ (1,228,218)	\$ 1,102,998	(125,220)
			<b>General Revenues</b>
			Investment income
			21,092
			Changes in Net Position
			(104,128)
			Net Position - Beginning of Year
			14,492,558
			Net Position - End of Year
			\$ 14,388,430

See accompanying notes to financial statements.

**Heritage Harbour South Community Development District**  
**BALANCE SHEET -**  
**GOVERNMENTAL FUNDS**  
**September 30, 2020**

	General	Debt Service	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 649,433	\$ -	\$ 649,433
Investments, at fair value	319,591	-	319,591
Prepaid expenses	8,296	-	8,296
Restricted assets			
Investments, at fair value	-	554,140	554,140
Total Assets	\$ 977,320	\$ 554,140	\$ 1,531,460
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 7,159	\$ -	\$ 7,159
<b>FUND BALANCES</b>			
Nonspendable - prepaid expenses	8,296	-	8,296
Restricted:			
Debt service	-	554,140	554,140
Assigned capital reserve	525,502	-	525,502
Unassigned	436,363	-	436,363
Total Fund Balances	970,161	554,140	1,524,301
Total Liabilities and Fund Balances	\$ 977,320	\$ 554,140	\$ 1,531,460

See accompanying notes to financial statements.

**Heritage Harbour South Community Development District  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
September 30, 2020**

Total Governmental Fund Balances	\$ 1,524,301
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, land, \$15,752,186, buildings \$1,926,276, infrastructure, \$7,003,317 improvements other than buildings, \$7,084,347, net of accumulated \$(12,500,954), used in governmental activities are not current financial and therefore, are not reported in the funds.	19,265,172
Deferred amount on refunding is not a current financial resource and therefore, is not reflected at the fund level. However it is reflected as a deferred outflow of resources at the government-wide level.	60,255
Long-term liabilities, bonds payable, \$(6,365,000), net of bond discount, net, \$28,992, are not due and payable in the current period, and therefore, are not reported in the funds.	(6,336,008)
Accrued interest expense for long-term debt is not a financial use, and therefore, is not reported in the funds.	<u>(125,290)</u>
Net Position of Governmental Activities	<u><u>\$ 14,388,430</u></u>

See accompanying notes to financial statements.

**Heritage Harbour South Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2020**

	General	Debt Service	Totals Governmental Funds
Revenues			
Special assessments	\$ 466,529	\$ 636,469	\$ 1,102,998
Investment income	11,690	9,402	21,092
Total Revenues	<u>478,219</u>	<u>645,871</u>	<u>1,124,090</u>
Expenditures			
Current			
General government	178,889	-	178,889
Physical environment	94,857	-	94,857
Transportation	11,463	-	11,463
Debt service			
Principal	-	320,000	320,000
Interest	-	312,392	312,392
Total Expenditures	<u>285,209</u>	<u>632,392</u>	<u>917,601</u>
Net Change in Fund Balance	193,010	13,479	206,489
Fund Balances - Beginning of Year	<u>777,151</u>	<u>540,661</u>	<u>1,317,812</u>
Fund Balances - End of Year	<u><u>\$ 970,161</u></u>	<u><u>\$ 554,140</u></u>	<u><u>\$ 1,524,301</u></u>

See accompanying notes to financial statements.

**Heritage Harbour South Community Development District  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2020**

Net Change in Fund Balances -Total Governmental Funds	\$	206,489
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount of depreciation in the current period.</p>		(629,270)
<p>Derred amount on refunding is expensed at the fund level as other debt service costs in the year of refunding, however, at the government-wide level, it is treated as a deferred outflow of resources and amortized over the life of the debt. This is the current year amortization.</p>		(4,278)
<p>Repayments of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		320,000
<p>Bond discounts on long term debt are reported as an other financing use at the fund level, however, they are netted against long term debt and amortized over the life of the bond at the government-wide level as interest. This is the current year interest.</p>		(2,108)
<p>In the Statement of Activities, interest is accrued on outstanding bonds; whereas at the governmental funds level, interest expenditures are reported when due. This is the change in accrued interest in the current period.</p>		<u>5,039</u>
Change in Net Position of Governmental Activities	\$	<u><u>(104,128)</u></u>

See accompanying notes to financial statements.

**Heritage Harbour South Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended September 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$ 458,978	\$ 458,978	\$ 466,529	\$ 7,551
Investment income	-	-	11,690	11,690
Total Revenues	<u>458,978</u>	<u>458,978</u>	<u>478,219</u>	<u>19,241</u>
Expenditures				
Current				
General government	178,574	178,574	178,889	(315)
Physical environment	140,304	140,304	94,857	45,447
Transportation	140,100	140,100	11,463	128,637
Total Expenditures	<u>458,978</u>	<u>458,978</u>	<u>285,209</u>	<u>173,769</u>
Net Change in Fund Balances	-	-	193,010	193,010
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>777,151</u>	<u>777,151</u>
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 970,161</u>	<u>\$ 970,161</u>

See accompanying notes to financial statements.

**Heritage Harbour South Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

**1. Reporting Entity**

The District was established on August 31, 2001, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), by Manatee County Ordinance #01-45 as a Community Development District. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing district roads, landscaping, and other basic infrastructure projects within or outside the boundaries of the Heritage Harbour South Community Development District. The District is governed by a five member Board of Supervisors who are elected on an at large basis by landowners within the District. The District operates within the criteria established by Chapter 190, Florida Statutes.

As required by GAAP, these financial statements present the Heritage Harbour South Community Development District (the primary government) as a stand-alone government. The reporting entity for the District includes all functions of government in which the District's Board exercises oversight responsibility including, but not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based upon the application of the above-mentioned criteria as set forth by the Governmental Accounting Standards Board, the District has identified no component units.

**2. Measurement Focus and Basis of Accounting**

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

**Heritage Harbour South Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**a. Government-wide Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include all the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities are supported by special assessments and interest. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

**b. Fund Financial Statements**

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

**Heritage Harbour South Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds**

The District classifies fund balance according to Governmental Accounting Standards Board Statement 54 – Fund Balance Reporting and Governmental Fund Type Definitions. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The District has various policies governing the fund balance classifications.

**Nonspendable Fund Balance** – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

**Restricted Fund Balance** – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**Assigned Fund Balance** – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed. The assigned fund balances can also be assigned by the District's management company.

**Unassigned Fund Balance** – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Fund Balance Spending Hierarchy** – For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

**Heritage Harbour South Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources are expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

Debt service expenditures are recorded only when payment is due.

**3. Basis of Presentation**

**a. Governmental Major Funds**

General Fund – The General Fund is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Heritage Harbour South Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. Basis of Presentation (Continued)**

**a. Governmental Major Funds (Continued)**

Debt Service Fund – Accounts for debt service requirements to retire the special assessment bonds which were used to finance the construction of District infrastructure improvements. The bonds are secured by a first lien on and pledge of the Special Assessment Revenues and pledged Funds.

**b. Non-current Governmental Assets/Liabilities**

GASB Statement 34 requires that non-current governmental assets, such as land and improvements, and non-current governmental liabilities, such as general obligation bonds and due to developer be reported in the governmental activities column in the government-wide Statement of Net Position.

**4. Assets, Deferred Outflows of Resources, Liabilities, and Net Position**

**a. Cash and Investments**

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

The District is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Cash equivalents include time deposits and all highly liquid debt instruments with original maturities of three months or less and held in a qualified public depository as defined by Section 280.02, Florida Statutes.

**Heritage Harbour South Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Deferred Outflows of Resources, Liabilities, and Net Position (Continued)**

**b. Restricted Net Position**

Certain net position of the District is classified as restricted on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors. In a fund with both restricted and unrestricted net position, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

**c. Capital Assets**

Capital assets, which include buildings, infrastructure, and construction in progress, are reported in the governmental activities column.

The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. The valuation basis for all assets is historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	20 years
Infrastructure	15-30 years
Improvements other than buildings	20-25 years

**d. Deferred Outflows of Resources**

Deferred amounts on refunding are presented on the government-wide financial statements. The deferred resources are amortized over the life of the bonds using the straight-line method.

**e. Unamortized Bond Discount**

Bond discounts are presented on the government-wide financial statements. The costs are amortized over the life of the bonds using the straight-line method of accounting. For financial reporting, bond discount is netted against the applicable long-term debt.

**Heritage Harbour South Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Deferred Outflows of Resources, Liabilities, and Net Position (Continued)**

**f. Budgets**

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Formal budgets are adopted for the general and debt service funds. As a result, deficits in the budget columns of the accompanying financial statements may occur.

**NOTE B – CASH AND INVESTMENTS**

All deposits are held in qualified public depositories and are included on the accompanying balance sheet as cash and investments.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk; however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2020, the District's bank balance was \$654,246 and the carrying value was \$649,433. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

As of September 30, 2020, the District had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Wells Fargo Government Money Market Fund	37 Days*	\$ 248,080
US Bank Mmkt 5 - CT	N/A	82,313
Ally BK CD	11/2020	157,460
Goldman Sachs BK CD	11/2021	162,132
Discover BK CD	05/2021	223,746
Total Investments		<u>\$ 873,731</u>

\*Maturity is a weighted average maturity.

**Heritage Harbour South Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE B - CASH AND INVESTMENTS (CONTINUED)**

Custodial Credit Risk – Deposits (Continued)

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The District uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most realizable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtained quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable and uses significant unobservable inputs that uses the best information available under the circumstances which includes the District's own data in measuring unobservable inputs.

Based on the criteria in the preceding paragraph, the investments in Wells Fargo Government Money Market and US Bank Money Market are Level 1 assets. Investments in Ally BK, Goldman Sachs BK, and Discover BK are Level 2 investments.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's investments are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. As of September 30, 2020, the District's investment Wells Fargo Government Money Market Funds were rated AAAM by Standard and Poor's. The other investments were not rated.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The District's investment in the Wells Fargo Money Market Funds represent 28%, US Bank Money Market Funds represent 9%, and the CDs represent 63% of the district's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2020 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary.

**Heritage Harbour South Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE C – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balance October 1, 2019	Additions	Disposals	Balance September 30, 2020
<b><u>Governmental activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 15,752,186	\$ -	\$ -	\$ 15,752,186
Capital assets, being depreciated:				
Building	1,926,276	-	-	1,926,276
Infrastructure	7,003,317	-	-	7,003,317
Improvements other than buildings	7,084,347	-	-	7,084,347
Total capital assets, being depreciated	<u>16,013,940</u>	<u>-</u>	<u>-</u>	<u>16,013,940</u>
Less accumulated depreciation for:				
Building	(1,527,469)	(96,314)	-	(1,623,783)
Infrastructure	(5,429,830)	(318,186)	-	(5,748,016)
Improvements other than buildings	(4,914,385)	(214,770)	-	(5,129,155)
Total accumulated depreciation	<u>(11,871,684)</u>	<u>(629,270)</u>	<u>-</u>	<u>(12,500,954)</u>
Total capital assets depreciated, net	<u>4,142,256</u>	<u>(629,270)</u>	<u>-</u>	<u>3,512,986</u>
Governmental activities capital assets	<u>\$ 19,894,442</u>	<u>\$ (629,270)</u>	<u>\$ -</u>	<u>\$ 19,265,172</u>

Current year depreciation of \$629,270 was charged to physical environment, \$439,006, and transportation, \$190,264.

**NOTE D – LONG-TERM DEBT**

**Governmental Activities**

The following is a summary of activity for long-term debt of the Governmental Activities for the year ended September 30, 2020:

Long-term debt at October 1, 2019	\$ 6,685,000
Principal payments	<u>(320,000)</u>
Long-term debt at September 30, 2020	6,365,000
Less: bond discount, net	<u>(28,992)</u>
Bonds Payable, Net at September 30, 2020	<u>\$ 6,336,008</u>

**Heritage Harbour South Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE D – LONG-TERM DEBT (CONTINUED)**

Long-term debt for Governmental Activities is comprised of the following:

**Capital Improvement Revenue Refunding Bonds**

\$5,915,000 Series 2013A-1 Capital Improvement Revenue Refunding Bonds are due in annual principal installments beginning May 2014 maturing May 2034. Interest at various rates between 1.15% and 5.15% is due May and November beginning November 2013. Current portion is \$230,000. \$ 4,470,000

\$665,000 Series 2013A-2 Capital Improvement Revenue Refunding Bonds are due in annual principal installments beginning May 2014 maturing May 2034. Interest at a rate of 6.00% is due May and November beginning November 2013. Current portion is \$25,000. 530,000

\$1,685,000 Series 2015 Capital Improvement Revenue Refunding Bonds are due in annual principal installments beginning May 2016 maturing May 2035. Interest at an interest rate of 3.80% is due May and November beginning November 2015. Current portion is \$70,000. 1,365,000

Bond payable 6,365,000

Less: bond discount, net (28,992)

Bonds Payable, Net at September 30, 2020 \$ 6,336,008

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2020 are as follows:

Year Ending September 30,	Principal	Interest	Total
2021	\$ 325,000	\$ 300,264	\$ 625,264
2022	335,000	287,442	622,442
2023	355,000	273,345	628,345
2024	370,000	257,093	627,093
2025	385,000	240,147	625,147
2026-2030	2,245,000	912,107	3,157,107
2031-2035	2,350,000	307,245	2,657,245
Totals	<u>\$ 6,365,000</u>	<u>\$ 2,577,643</u>	<u>\$ 8,942,643</u>

**Heritage Harbour South Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE D – LONG-TERM DEBT (CONTINUED)**

Summary of Significant Bond Resolution Terms and Covenants

**Capital Improvement Revenue Refunding Bonds**

Significant Bond Provisions

The Series 2013A-1 and Series 2013A-2 Bonds are subject to redemption at the option of the District prior to their maturity, in whole or in part, at any time after May 1, 2023 at a redemption price equal to the principal amount of the Series 2013A-1 Bonds and Series 2013A-2 Bonds to be redeemed, together with accrued interest to the date of redemption. The Series 2013A-1 and Series 2013A-2 Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Trust Indenture.

The Series 2015 Bonds are subject to redemption at the option of the District prior to their maturity, in whole or in part, at a redemption price set forth in the Trust Indenture. The Series 2015 are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Trust Indenture.

The Trust Indenture established certain amounts be maintained in a reserve account. In addition, the Trust Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements.

Depository Funds

The bond resolution establishes certain funds and determines the order in which revenues are to be deposited into these funds. A description of the significant funds, including their purposes, is as follows:

Reserve Funds – The Series 2013A-1 and Series 2013A-2 Reserve Accounts were funded from the proceeds of the Series 2013A-1 and Series 2013A-2 Bonds in amounts equal to 50 percent of the outstanding maximum annual debt services of the Series 2013A-1 and Series 2013A-2 Bonds. The Series 2015 Reserve Accounts were funded from the proceeds of the Series 2015 Bonds in amounts equal to 25 percent of the outstanding maximum annual debt service of the Series 2015 Bonds. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

**Heritage Harbour South Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2020**

**NOTE D – LONG-TERM DEBT (CONTINUED)**

Significant Bond Resolution Terms and Covenants (Continued)

**Capital Improvement Revenue Refunding Bonds (Continued)**

The following is a schedule of required reserve balances as of September 30, 2020:

	Reserve Balance	Reserve Requirement
Capital Improvement Revenue Refunding Bonds, Series 2013A-1	\$ 226,258	\$ 223,126
Capital Improvement Revenue Refunding Bonds, Series 2013A-2	\$ 29,028	\$ 29,000
Capital Improvement Revenue Refunding Bonds, Series 2015	\$ 30,421	\$ 30,421

**NOTE E – SPECIAL ASSESSMENT REVENUES**

Assessments are non-ad valorem assessments on benefited property within the District. Operating and Maintenance Assessments are based upon the adopted budget and levied annually at a public hearing by the District. Debt Service Assessments are levied when bonds are issued and collected annually. The District may collect assessments directly or utilize the uniform method of collections (Chapter 197.3632, Florida Statutes). Direct collected assessments are due as determined by annual assessment resolution adopted by the Board of Supervisors. Assessments collected under the uniform method are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Per Section 197.162, Florida Statutes discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount.

Assessment levied for the 2019-2020 fiscal year were levied in October 2019.

**NOTE F – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.



# Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

## 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

To the Board of Supervisors  
Heritage Harbour South Community Development District  
Manatee County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Heritage Harbour South Community Development District, as of and for the year ended September 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated April 16, 2021.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Heritage Harbour South Community Development District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Heritage Harbour South Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Heritage Harbour South Community Development 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Board of Supervisors  
Heritage Harbour South Community Development District

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Heritage Harbour South Community Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

April 16, 2021



# Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

## MANAGEMENT LETTER

To the Board of Supervisors  
Heritage Harbour South Community Development District  
Manatee County, Florida

### Report on the Financial Statements

We have audited the financial statements of the Heritage Harbour South Community Development District as of and for the year ended September 30, 2020, and have issued our report thereon dated April 16, 2021.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Florida Auditor General.

### Other Reporting Requirements

We have issued our 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* and our Independent Auditor's Report on an examination conducted in accordance with *AICPA Professionals Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 16, 2021, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

Fort Pierce / Stuart

Member AICPA

Member AICPA Division for CPA Firms  
Private Companies practice Section

Member FICPA

To the Board of Supervisors  
Heritage Harbour South Community Development District

### **Financial Condition and Management**

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for Heritage Harbour South Community Development District. It is management's responsibility to monitor the Heritage Harbour South Community Development District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same as of September 30, 2020.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### **Additional Matters**

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

### **Purpose of this Letter**

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



Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

April 16, 2021



**Berger, Toombs, Elam,  
Gaines & Frank**

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

**INDEPENDENT ACCOUNTANT'S REPORT/COMPLIANCE WITH  
SECTION 218.415, FLORIDA STATUTES**

To the Board of Supervisors  
Heritage Harbour South Community Development District  
Manatee County, Florida

We have examined Heritage Harbour South Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2020. Management is responsible for Heritage Harbour South Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Heritage Harbour South Community Development District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Heritage Harbour South Community Development District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Heritage Harbour South Community Development District's compliance with the specified requirements.

In our opinion, Heritage Harbour South Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2020.

*Berger Toombs Elam  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

April 16, 2021

Fort Pierce / Stuart

**RESOLUTION 2021-04**

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF HERITAGE HARBOUR SOUTH COMMUNITY DEVELOPMENT DISTRICT REDESIGNATING AN ASSISTANT SECRETARY OF THE DISTRICT, AND PROVIDING FOR AN EFFECTIVE DATE**

**WHEREAS**, Heritage Harbour South Community Development District (hereinafter the "District") is a local unit of special-purpose government created and existing pursuant to Chapter 190, Florida Statutes, being situated entirely within Manatee County, Florida; and

**WHEREAS**, the Board now desires to re-designate the Assistant Secretary.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF HERITAGE HARBOUR SOUTH COMMUNITY DEVELOPMENT DISTRICT:**

Section 1. Greg Cox & Christina Newsome are appointed as Assistant Secretaries.

Section 2. This Resolution shall become effective immediately upon its adoption.

**PASSED AND ADOPTED THIS 4<sup>th</sup> DAY OF MAY 2021.**

**ATTEST:**

**HERITAGE HARBOUR SOUTH  
COMMUNITY DEVELOPMENT  
DISTRICT**

\_\_\_\_\_  
**SECRETARY**

\_\_\_\_\_  
**CHAIRMAN**