

**Heritage Isles
Community Development District**

ANNUAL FINANCIAL REPORT

September 30, 2025

Heritage Isles Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2025

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REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
Heritage Isles Community Development District
Hillsborough County, Florida

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities, business-type activities, and each major fund of Heritage Isles Community Development District (the "District"), as of and for the year ended September 30, 2025, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the District as of September 30, 2025, and the respective changes in financial position and the budgetary comparison for the General and Special Revenue Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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.

To the Board of Supervisors
Heritage Isles Community Development District

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 for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our 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 our opinions. 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 GAAS and *Government 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.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- 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 the District's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

Required Supplementary Information

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.

To the Board of Supervisors
Heritage Isles Community Development District

Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the financial report. The other information comprises the information for compliance with Florida Statutes 218.39(3)(c) but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 28, 2026 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 and grant agreements and other matters.

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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



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

April 28, 2026

**Heritage Isles Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2025**

Management's discussion and analysis of Heritage Isles 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 are comprised of 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 business-type activities and the change in net position. Governmental activities are primarily supported by special assessments. Business-type activities are supported by charges to the users of those activities, such as golf course and restaurant service charges.

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 separate from the assets, liabilities, and net position of business-type 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 or business-type activities. Governmental activities financed by the District include general government, physical environment, and culture/recreation. Business-type activities financed by user charges include golf course and restaurant services.

Fund financial statements present financial information for governmental funds and the enterprise fund. 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. The enterprise fund financial statements provide information on all assets and liabilities of the funds, changes in the economic resources (revenues and expenses), and total economic resources.

**Heritage Isles Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2025**

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 and Special Revenue Fund. For the enterprise fund, a **statement of fund net position**, a **statement of revenues, expenses, and changes in fund net position**; and a **statement of cash flows** are presented. *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, split between Governmental Activities and Business-type Activities. 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 capital assets are reported in the **statement of net position**. All liabilities, including principal outstanding on capital leases, 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 long-term debt, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, a reconciliation is 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, long term debt, and capital assets are some of the items included in the *notes to the financial statements*.

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2025:

- ◆ The District's total assets exceeded total liabilities and deferred inflows of resources by \$19,191,296 (net position). Net investment in capital assets for Governmental Activities was \$16,021,606. Net investment in capital assets for Business-type Activities was \$2,872,600. Unrestricted net position for Governmental Activities was \$3,005,476 and for Business-type Activities was \$(3,832,254). Restricted net position for Governmental Activities was \$1,123,868.

**Heritage Isles Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Highlights (Continued)

- ◆ Governmental Activities revenues totaled \$2,142,566 while Governmental Activities expenses totaled \$3,260,715. Business-type Activities revenues totaled \$2,658,970 while Business-type Activities expenses totaled \$3,067,453.

Financial Analysis of the District

The following schedule provides a summary of the assets, liabilities, deferred inflows of resources, and net position of the District. It is not intended to be a complete presentation of government-wide financial activity.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current assets	\$ 4,236,995	\$ 4,875,412	\$ (1,803,440)	\$ (1,441,245)	\$ 2,433,555	\$ 3,434,167
Restricted assets	-	-	473	454	473	454
Other non-current assets	-	-	139,894	200,152	139,894	200,152
Capital assets, net	16,021,606	16,618,069	3,433,110	2,943,916	19,454,716	19,561,985
Total Assets	20,258,601	21,493,481	1,770,037	1,703,277	22,028,638	23,196,758
Current liabilities	107,651	224,382	2,115,083	2,004,302	2,222,734	2,228,684
Non-current liabilities	-	-	425,722	-	425,722	-
Total Liabilities	107,651	224,382	2,540,805	2,004,302	2,648,456	2,228,684
Deferred Inflows of Resources						
Leases	-	-	188,886	250,146	188,886	250,146
Net Position						
Net investment in capital assets	16,021,606	16,618,069	2,872,600	2,937,850	18,894,206	19,555,919
Restricted	1,123,868	1,536,658	-	-	1,123,868	1,536,658
Unrestricted	3,005,476	3,114,372	(3,832,254)	(3,489,021)	(826,778)	(374,649)
Total Net Position	\$ 20,150,950	\$ 21,269,099	\$ (959,654)	\$ (551,171)	\$ 19,191,296	\$ 20,717,928

The decrease in capital assets for governmental activities is mainly due to depreciation in excess of additions in the current year.

The increase in capital assets for business-type activities was due to additions in excess of depreciation and amortization in the current year.

The increase in current liabilities for the business-type activities was primarily related to the increase in accrued interest payable.

The decrease in current liabilities for the governmental activities is due to the decrease in accounts payable in the current year.

**Heritage Isles Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2025**

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 at the government-wide level for comparison purposes. It is not intended to be a complete presentation of District-wide financial activity.

Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
<u>Program Revenues</u>						
Charges for services	\$ 2,066,338	\$ 2,080,681	\$ 2,436,148	\$ 2,167,241	\$ 4,502,486	\$ 4,247,922
Capital grants and contributions	10,520	7,714	-	-	10,520	7,714
<u>General Revenues</u>						
Investment earnings	65,558	118,144	5,099	16,449	70,657	134,593
Miscellaneous	150	43,505	217,723	149,114	217,873	192,619
Total Revenues	2,142,566	2,250,044	2,658,970	2,332,804	4,801,536	4,582,848
<u>Expenses</u>						
General government	148,438	151,012	-	-	148,438	151,012
Physical environment	1,478,788	1,385,288	-	-	1,478,788	1,385,288
Culture/recreation	1,633,489	1,285,959	-	-	1,633,489	1,285,959
Golf course	-	-	2,926,988	2,363,103	2,926,988	2,363,103
Restaurant	-	-	140,465	98,465	140,465	98,465
Total Expenses	3,260,715	2,822,259	3,067,453	2,461,568	6,328,168	5,283,827
Change in Net Position	(1,118,149)	(572,215)	(408,483)	(128,764)	(1,526,632)	(700,979)
Net Position - Beginning of Year	21,269,099	21,841,314	(551,171)	(422,407)	20,717,928	21,418,907
Net Position - End of Year	\$ 20,150,950	\$ 21,269,099	\$ (959,654)	\$ (551,171)	\$ 19,191,296	\$ 20,717,928

The increase in charges for services for business-type activities is primarily related to the increase in memberships in the current year.

The increase in physical environment expenses for governmental activities is mainly related to increased repair and maintenance expenses in the current year.

The increase in culture/recreation expenses for governmental activities is mainly related to increased payroll and repairs and maintenance expenses in the current year.

The increase in golf course expenses for business-type activities is primarily related to the increase in repairs and maintenance and payroll expenses in the current year.

**Heritage Isles Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets activity as of September 30, 2025.

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Construction in progress	\$ 76,100	\$ -	\$ 76,100
Land and improvements	2,769,142	2,268,000	5,037,142
Buildings and improvements	3,343,461	820,110	4,163,571
Infrastructure	24,311,944	3,573,785	27,885,729
Equipment	490,085	1,112,398	1,602,483
Right-to-use asset, net	-	425,523	425,523
Right-to-use subscription asset, net	-	134,987	134,987
Accumulated depreciation	<u>(14,969,126)</u>	<u>(4,901,693)</u>	<u>(19,870,819)</u>
 Total Capital Assets (Net)	 <u>\$ 16,021,606</u>	 <u>\$ 3,433,110</u>	 <u>\$ 19,454,716</u>

Governmental activities changes in the current year include depreciation of \$775,683, disposal of equipment, net of \$16,214, additions to equipment of \$60,294, additions to buildings and improvements of \$59,040, and additions to construction in progress of \$76,100.

Business-type activities changes in the current year include depreciation of \$123,053, amortization of \$159,347, additions to equipment of \$69,803, right-to-use asset of \$544,273, and right-to-use subscription asset of \$169,518, and disposal of equipment, net of \$12,000.

General Fund Budgetary Highlights

The final budget exceeded actual expenditures for the year primarily due to lower security camera contract costs and legal expenditures than were anticipated.

The September 30, 2025 budget was amended to increase repairs and maintenance expenditures that were more than originally anticipated.

**Heritage Isles Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Economic Factors and Next Year's Budget

Heritage Isles Community Development District does not expect any economic factors to have a significant effect on the financial position or results of operations of the District in fiscal year 2026.

Request for Information

The financial report is designed to provide a general overview of Heritage Isles 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 Isles Community Development District, Inframark, LLC, 11555 Heron Bay Boulevard, Suite 201, Coral Springs, Florida 33076.

Heritage Isles Community Development District
STATEMENT OF NET POSITION
September 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and equivalents	\$ 1,492,005	\$ 505,493	\$ 1,997,498
Accounts receivable	-	59,473	59,473
Lease receivable	-	60,258	60,258
Due from other governments	13,621	-	13,621
Prepaid expenses	117,601	44,918	162,519
Inventories	-	91,491	91,491
Deposits	18,925	13,820	32,745
Internal balances	2,594,843	(2,594,843)	-
Cash and equivalents - restricted for customer deposits	-	15,950	15,950
Total Current Assets	4,236,995	(1,803,440)	2,433,555
Non-current Assets			
Lease receivable	-	139,894	139,894
Restricted assets			
Investments	-	473	473
Capital assets, not being depreciated			
Construction in progress	76,100	-	76,100
Land and improvements	2,769,142	2,268,000	5,037,142
Capital assets, being depreciated			
Buildings and improvements	3,343,461	820,110	4,163,571
Infrastructure	24,311,944	3,573,785	27,885,729
Equipment	490,085	1,112,398	1,602,483
Right-to-use asset, net	-	425,523	425,523
Right-to-use subscription asset, net	-	134,987	134,987
Less: accumulated depreciation	(14,969,126)	(4,901,693)	(19,870,819)
Total Non-current Assets	16,021,606	3,573,477	19,595,083
Total Assets	20,258,601	1,770,037	22,028,638
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	107,651	154,908	262,559
Customer deposits, payable from restricted assets	-	15,950	15,950
Other current liabilities	-	21,233	21,233
Accrued interest	-	636,705	636,705
Matured bonds payable	-	635,000	635,000
Matured interest payable	-	503,374	503,374
Lease payable	-	112,356	112,356
SBITA payable	-	35,557	35,557
Total Current Liabilities	107,651	2,115,083	2,222,734
Non-current Liabilities			
Lease payable	-	323,381	323,381
SBITA payable	-	102,341	102,341
Total Non-current Liabilities	-	425,722	425,722
Total Liabilities	107,651	2,540,805	2,648,456
DEFERRED INFLOWS OF RESOURCES			
Leases	-	188,886	188,886
NET POSITION			
Net investment in capital assets	16,021,606	2,872,600	18,894,206
Restricted for special revenue	1,123,868	-	1,123,868
Unrestricted	3,005,476	(3,832,254)	(826,778)
Total Net Position	\$ 20,150,950	\$ (959,654)	\$ 19,191,296

See accompanying notes to financial statements.

Heritage Isles Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities						
General government	\$ (148,438)	\$ 244,790	\$ -	\$ 96,352	\$ -	\$ 96,352
Physical environment	(1,478,788)	852,848	10,520	(615,420)	-	(615,420)
Culture/recreation	(1,633,489)	968,700	-	(664,789)	-	(664,789)
Total Governmental Activities	<u>(3,260,715)</u>	<u>2,066,338</u>	<u>10,520</u>	<u>(1,183,857)</u>	<u>-</u>	<u>(1,183,857)</u>
Business-type activities						
Golf course	(2,926,988)	2,342,632	-	-	(584,356)	(584,356)
Restaurant	(140,465)	93,516	-	-	(46,949)	(46,949)
Total Business-type Activities	<u>(3,067,453)</u>	<u>2,436,148</u>	<u>-</u>	<u>-</u>	<u>(631,305)</u>	<u>(631,305)</u>
Total Primary Government	<u>\$ (6,328,168)</u>	<u>\$ 4,502,486</u>	<u>\$ 10,520</u>	<u>(1,183,857)</u>	<u>(631,305)</u>	<u>(1,815,162)</u>
General Revenues						
Investment earnings				65,558	5,099	70,657
Miscellaneous				150	217,723	217,873
Total General Revenues				<u>65,708</u>	<u>222,822</u>	<u>288,530</u>
Change in Net Position				(1,118,149)	(408,483)	(1,526,632)
Net Position - October 1, 2024				21,269,099	(551,171)	20,717,928
Net Position - September 30, 2025				<u>\$ 20,150,950</u>	<u>\$ (959,654)</u>	<u>\$ 19,191,296</u>

See accompanying notes to financial statements.

Heritage Isles Community Development District
BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2025

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and equivalents	\$ 1,448,861	\$ 43,144	\$ 1,492,005
Due from other funds	1,556,201	1,450,223	3,006,424
Due from other governments	6,093	7,528	13,621
Prepaid expenses	11,615	105,986	117,601
Deposits	18,925	-	18,925
Total Assets	<u>\$ 3,041,695</u>	<u>\$ 1,606,881</u>	<u>\$ 4,648,576</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable/accrued expenses	\$ 32,894	\$ 74,757	\$ 107,651
Due to other funds	3,325	408,256	411,581
Total Liabilities	<u>36,219</u>	<u>483,013</u>	<u>519,232</u>
Fund Balances			
Nonspendable:			
Prepays	11,615	105,986	117,601
Deposits	18,925	-	18,925
Interfund balances	-	1,446,898	1,446,898
Assigned:			
Capital projects reserves	964,484	-	964,484
Operating reserves	223,994	-	223,994
Unassigned	1,786,458	(429,016)	1,357,442
Total Fund Balances	<u>3,005,476</u>	<u>1,123,868</u>	<u>4,129,344</u>
Total Liabilities and Fund Balances	<u>\$ 3,041,695</u>	<u>\$ 1,606,881</u>	<u>\$ 4,648,576</u>

See accompanying notes to financial statements.

Heritage Isles Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2025

Total Governmental Fund Balance	\$ 4,129,344
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, not being depreciated, land and improvements, \$2,769,142, and construction in progress, \$76,100, used in governmental activities are not current financial resources, and therefore, are not reported at the fund statement level.	2,845,242
Capital assets, being depreciated, infrastructure, \$24,311,944, buildings and improvements, \$3,343,461, and equipment, \$490,085, net of accumulated depreciation, \$(14,969,126), used in governmental activities are not current financial resources, and therefore, are not reported at the fund level.	<u>13,176,364</u>
Net Position of Governmental Activities	<u><u>\$ 20,150,950</u></u>

See accompanying notes to financial statements.

Heritage Isles Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended September 30, 2025

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
Revenues			
Special assessments	\$ 1,097,638	\$ 938,266	\$ 2,035,904
Charges for services	-	30,434	30,434
Miscellaneous revenues	-	150	150
Investment earnings	65,558	-	65,558
Total Revenues	<u>1,163,196</u>	<u>968,850</u>	<u>2,132,046</u>
Expenditures			
Current			
General government	148,438	-	148,438
Physical environment	1,047,554	-	1,047,554
Culture/recreation	-	1,272,826	1,272,826
Capital outlay	76,100	119,334	195,434
Total Expenditures	<u>1,272,092</u>	<u>1,392,160</u>	<u>2,664,252</u>
Excess of revenues over/(under) expenditures	(108,896)	(423,310)	(532,206)
Other Financing Sources/(Uses)			
Capital contributions	-	10,520	10,520
Net change in fund balances	(108,896)	(412,790)	(521,686)
Fund Balances - October 1, 2024	<u>3,114,372</u>	<u>1,536,658</u>	<u>4,651,030</u>
Fund Balances - September 30, 2025	<u>\$ 3,005,476</u>	<u>\$ 1,123,868</u>	<u>\$ 4,129,344</u>

See accompanying notes to financial statements.

**Heritage Isles 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, 2025**

Net Changes in Fund Balances - Total Governmental Funds \$ (521,686)

Amounts reported for governmental activities in the Statement of Activities are different because:

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 that depreciation, \$(775,683), and disposal of capital assets, net, \$(16,214), exceeded capital outlay, \$195,434, in the current period.

(596,463)

Change in Net Position of Governmental Activities

\$ (1,118,149)

See accompanying notes to financial statements.

Heritage Isles Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended September 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$ 1,093,977	\$1,093,977	\$ 1,097,638	\$ 3,661
Investment earnings	2,000	2,000	65,558	63,558
Total Revenues	<u>1,095,977</u>	<u>1,095,977</u>	<u>1,163,196</u>	<u>67,219</u>
Expenditures				
Current				
General government	234,379	234,379	148,438	85,941
Physical environment	750,406	1,060,406	1,047,554	12,852
Capital outlay	111,192	111,192	76,100	35,092
Total Expenditures	<u>1,095,977</u>	<u>1,405,977</u>	<u>1,272,092</u>	<u>133,885</u>
Net change in fund balances	-	(310,000)	(108,896)	201,104
Fund Balances - October 1, 2024	<u>2,961,680</u>	<u>3,193,788</u>	<u>3,114,372</u>	<u>(79,416)</u>
Fund Balances - September 30, 2025	<u><u>\$ 2,961,680</u></u>	<u><u>\$2,883,788</u></u>	<u><u>\$ 3,005,476</u></u>	<u><u>\$ 121,688</u></u>

See accompanying notes to financial statements.

Heritage Isles Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – SPECIAL REVENUE FUND
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	\$ 935,136	\$ 935,136	\$ 938,266	\$ 3,130
Charges for services	22,000	22,000	30,434	8,434
Miscellaneous revenues	150	150	150	-
Total Revenues	<u>957,286</u>	<u>957,286</u>	<u>968,850</u>	<u>11,564</u>
Expenditures				
Current				
Culture/recreation	895,079	1,465,079	1,272,826	192,253
Capital outlay	-	-	119,334	(119,334)
Total Expenditures	<u>895,079</u>	<u>1,465,079</u>	<u>1,392,160</u>	<u>72,919</u>
Excess of revenues over expenditures	<u>62,207</u>	<u>(507,793)</u>	<u>(423,310)</u>	<u>84,483</u>
Other Financing Sources/(Uses)				
Capital contributions	<u>-</u>	<u>-</u>	<u>10,520</u>	<u>10,520</u>
Net change in fund balances	62,207	(507,793)	(412,790)	95,003
Fund Balances - October 1, 2024	<u>1,628,033</u>	<u>1,597,695</u>	<u>1,536,658</u>	<u>(61,037)</u>
Fund Balances - September 30, 2025	<u>\$ 1,690,240</u>	<u>\$ 1,089,902</u>	<u>\$ 1,123,868</u>	<u>\$ 33,966</u>

See accompanying notes to financial statements.

Heritage Isles Community Development District
STATEMENT OF FUND NET POSITION – ENTERPRISE FUND
September 30, 2025

ASSETS	
Current Assets	
Cash and equivalents	\$ 505,493
Accounts receivable	59,473
Lease receivable	60,258
Prepaid expenses	44,918
Inventories	91,491
Deposits	13,820
Cash restricted for customer deposits	15,950
Total Current Assets	<u>791,403</u>
Non-current Assets	
Lease receivable	139,894
Restricted assets	
Investments	473
Capital assets	
Land and improvements	2,268,000
Infrastructure	3,573,785
Buildings and improvements	820,110
Equipment	1,112,398
Right-to-use assets, net	425,523
Right-to-use subscription assets, net	134,987
Less: Accumulated depreciation	(4,901,693)
Total Non-current Assets	<u>3,573,477</u>
Total Assets	<u>4,364,880</u>
LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	154,908
Customer deposits payable from restricted assets	15,950
Other current liabilities	21,233
Due to other funds	2,594,843
Accrued interest payable	636,705
Matured bonds payable	635,000
Matured interest payable	503,374
Lease payable	112,356
SBITA payable	35,557
Total Current Liabilities	<u>4,709,926</u>
Non-current Liabilities	
Lease payable	323,381
SBITA payable	102,341
Total Non-current Liabilities	<u>425,722</u>
Total Liabilities	<u>5,135,648</u>
DEFERRED INFLOWS OF RESOURCES	
Leases	<u>188,886</u>
NET POSITION	
Net investment in capital assets	2,872,600
Unrestricted	<u>(3,832,254)</u>
Total Net Position	<u>\$ (959,654)</u>

See accompanying notes to financial statements.

Heritage Isles Community Development District
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION – ENTERPRISE FUND
For the Year Ended September 30, 2025

Operating Revenues:	
Charges for services	\$ 2,436,148
Miscellaneous revenues	217,723
Total Operating Revenues	2,653,871
 Operating Expenses:	
Personal services	1,212,591
Contractual and professional services	31,151
Supplies and expenses	642,269
Repairs and maintenance	567,634
Utilities	160,074
Rent and lease expense	43,896
Amortization	159,347
Depreciation	123,053
Total Operating Expenses	2,940,015
Operating Income/(Loss)	(286,144)
 Non-operating Revenues/(Expenses):	
Interest expense	(115,438)
Interest earnings	5,099
Loss on disposal of capital assets	(12,000)
Total Non-operating Revenue/(Expenses)	(122,339)
Change in Net Position	(408,483)
Net Position - October 1, 2024	(551,171)
Net Position - September 30, 2025	\$ (959,654)

See accompanying notes to financial statements.

Heritage Isles Community Development District
STATEMENT OF CASH FLOWS – ENTERPRISE FUND
For the Year Ended September 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 2,626,298
Payments to suppliers for goods and services	(1,089,693)
Payments to employees for services	(1,186,335)
Net Cash Provided by Operating Activities	350,270
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(69,803)
Principal payments	(146,926)
Interest payments	(34,613)
Net Cash Used by Capital and Related Financing Activities	(251,342)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(19)
Interest income	5,099
Net Cash Provided by Investing Activities	5,080
Net increase in cash and cash equivalents	104,008
Cash and equivalents - October 1, 2024	417,435
Cash and equivalents - September 30, 2025	\$ 521,443
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating income/(loss)	\$ (286,144)
Adjustments to reconcile operating income/(loss) to net cash used by operating activities:	
Depreciation/amortization expense	282,400
Increase in accounts receivable	(24,582)
Decrease in lease receivables	56,195
Increase in prepaid expenses	(41,600)
Decrease in deposits	8,190
Decrease in inventories	6,095
Increase in due to other funds	522,163
Decrease in accounts payable and accrued expenses	(113,261)
Decrease in deferred inflows, leases	(61,260)
Increase in other current liabilities	2,074
Net Cash Provided by Operating Activities	\$ 350,270
Supplemental disclosure of cash flow information:	
Initiation of right-to-use asset	\$ 544,273
Initiation of right-to-use subscription asset	\$ 169,518

See accompanying notes to financial statements.

Heritage Isles Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Heritage Isles Community Development District (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 October 4, 1997, by the Hillsborough County Board of Commissioners under the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, and was adopted as Hillsborough County Ordinance 97-12, under the name of Heritage Isles Community Development District. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for the community development within the District.

The District is governed by a five-member Board of Supervisors (the “Board”), who are elected on an at large basis by owners of the property within the District. Among the primary powers, which the Act provides, the Board may exercise the power to manage basic service for community development, the power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure, subject to the approval of applicable State administrative agencies.

As required by GAAP, these financial statements present the Heritage Isles 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 which includes, but is 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 Isles Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

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 separate columns for the governmental and business-type activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by special assessments and interest, are reported separately from business-type activities. Program revenues include charges for services and special assessments. 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 financial 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 Isles Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

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 in accordance with 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.

Committed Fund Balance – This classification consists of contractual obligations which require formal approval from the Board of Supervisors. This type of fund balance can only be removed by the Board of Supervisors through the same approval process.

Assigned Fund Balance – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed.

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 Isles Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

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. 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. 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.

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 decreases (expenditures) 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 were 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.

Enterprise Funds

In the fund financial statements, the enterprise fund is presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, enterprise funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Enterprise fund operating statements present increases (revenues) and decreases (expenses) in total net position.

Heritage Isles Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Enterprise Funds (Continued)

Enterprise fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as other financing sources.

Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

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.

Special Revenue Fund – The Special Revenue Fund accounts for all financial resources generated by the fitness facility.

b. Enterprise Major Fund

Enterprise Fund – The Enterprise Fund accounts for the operations of the Golf Course, Pro Shop and Restaurant, which are funded by proceeds from operations of these facilities, including green fees, cart fees and restaurant lease.

c. Non-Current Governmental Assets/Liabilities

GASB Statement 34 requires that non-current governmental assets, such as capital assets, and non-current governmental liabilities, such as long-term debt, be reported in the governmental activities column in the government-wide Statement of Net Position.

Heritage Isles Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

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.

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit 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 Isles Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

b. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported as “internal balances”.

c. Inventories

Inventories are recorded at cost using the first-in-first-out basis and recognized as expenses as they are consumed.

d. Restricted Net Position

Certain net position of the District are 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.

e. Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, infrastructure, and equipment, are reported in the applicable governmental or business-type 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 one year. 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 and improvements	10-30 years
Equipment	5-30 years
Infrastructure	10-40 years

Heritage Isles Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

f. Leases

The District determines if an arrangement is a lease at inception. Lessee arrangements for governmental funds are included as right-to-use lease assets and lease liabilities in the Statement of Net Position, however, these leases are not reflected in the fund financial statements since they are not payable from available resources. Lessee arrangements for proprietary funds are included as right-to-use lease assets and lease liabilities in the Statement of Net Position.

Payment for short-term leases with a lease term of twelve months or less are recognized as expenses as incurred. The District has a \$5,000 threshold, for total annual payments, for leases subject to GASB 87. Short-term leases and leases under the threshold are not included as lease liabilities or right-to-use lease assets on the Statement of Net Position. The right-to-use assets are amortized on a straight-line basis over the terms of the related leases.

Lessor arrangements are reported in the Enterprise Fund as a lease receivable and a deferred inflow of resources at the commencement of the lease. The lease receivable is measured as the present value of lease payments expected to be received during the lease term. The deferred inflow of resources represents lease inflows that are unearned at commencement and are recognized as lease revenue over the lease term; therefore, it is initially recorded in an amount equal to the lease receivable and reduced as lease revenue is recognized. These amounts are reported in the Statement of Net Position and the business-type activity financial statements.

g. Subscription-Based Information Technology Arrangements (SBITA)

The District determines if an agreement is a subscription-based technology arrangement (SBITA) at inception. Arrangements are included as right-to-use subscription assets and subscription liabilities in the Statement of Net Position, however, are not reflected in the fund financial statements since they are not payable from current available resources. Payments for short-term arrangements with a term of 12 months or less are recognized as expenses as incurred. Right-to-use subscription assets are recognized at the subscription commencement date and represent the District's right to use the underlying IT asset for the subscription term. The District has a \$5,000 threshold, for total annual payments, for arrangement to be subject to GASB 96. The right-to-use subscription assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method.

Heritage Isles Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**4. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity
(Continued)**

h. Use of Estimates

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

i. Budgets

Budgets are prepared and adopted after a public hearing for the governmental funds, pursuant to the requirements of the 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 special revenue funds. As a result, deficits in the budget columns of the accompanying financial statements may occur.

Heritage Isles Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

“Total fund balances” of the District’s governmental funds, \$4,129,344, differs from “net position” of governmental activities, \$20,150,950, reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated below.

Capital related items

When capital assets, that are to be used in governmental activities, are purchased or constructed, the cost of those assets is reported as expenditures at the governmental fund level. However, the Statement of Net Position included those capital assets among the assets of the District as a whole.

Land and improvements	\$ 2,769,142
Construction in progress	76,100
Infrastructure	24,311,944
Buildings and improvements	3,343,461
Equipment	490,085
Accumulated depreciation	<u>(14,969,126)</u>
Total	<u>\$ 16,021,606</u>

2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities

The “net changes in fund balances” for government funds, \$(521,686), differs from the “change in net position” for governmental activities, \$(1,118,149), reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated as follows.

Capital related items

When capital assets for governmental activities are purchased or constructed, they are reported as expenditures at the governmental fund level. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation.

Depreciation	\$ (775,683)
Disposal of capital assets, net	(16,214)
Capital outlay	<u>195,434</u>
Total	<u>\$ (596,463)</u>

**Heritage Isles Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025**

NOTE C – 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, 2025, the District's bank balance was \$2,163,193 and the carrying value was \$2,012,796. 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.

Investments

As of September 30, 2025, the District had the following investments and maturities:

Investment	Maturities	Fair Value
US Bank Managed Money Market	N/A	\$ 473

The District categorizes its fair value measurements within the fair value hierarchy recently 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 reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining 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 input.

Based on the criteria in the preceding paragraph, the investment listed above is a Level 1 asset.

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes.

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.

**Heritage Isles Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025**

NOTE C – CASH AND INVESTMENTS (CONTINUED)

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. The District's investment in US Bank Managed Money Market is not rated.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The investment in US Bank Managed Money Market represents 100% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2025 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.

NOTE D – SPECIAL ASSESSMENT REVENUES

Special assessment revenues recognized for the 2024-2025 fiscal year were levied in October 2024. All taxes 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.

All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to, June 1; therefore, there were no material taxes receivable at fiscal year end.

NOTE E – INTERFUND BALANCES

Interfund balances at September 30, 2025 consisted of the following:

	Interfund Receivables	Interfund Payables
General Fund	\$ 1,556,201	\$ 3,325
Special Revenue Fund	1,450,223	408,256
Enterprise Fund	-	2,594,843
Total	\$ 3,006,424	\$ 3,006,424

Amounts due to the General Fund represent temporary operating advances due from the Special Revenue Fund and Enterprise Fund.

Amounts due to the Special Revenue Fund are a result of funding operating deficits of the Golf Course/Restaurant Enterprise Fund.

Heritage Isles Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE F – CAPITAL ASSETS

Capital asset activity for Governmental Activities for the year ended September 30, 2025 was as follows:

	Balance October 1, 2024	Additions	Deletions	Balance September 30, 2025
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land and improvements	\$ 2,769,142	\$ -	\$ -	\$ 2,769,142
Construction in progress	-	76,100	-	76,100
Total Capital Assets, Not Being Depreciated	<u>2,769,142</u>	<u>76,100</u>	<u>-</u>	<u>2,845,242</u>
Capital assets, being depreciated:				
Infrastructure	24,311,944	-	-	24,311,944
Equipment	450,059	60,294	(20,268)	490,085
Buildings and improvements	3,284,421	59,040	-	3,343,461
Total Capital Assets, Being Depreciated	<u>28,046,424</u>	<u>119,334</u>	<u>(20,268)</u>	<u>28,145,490</u>
Less accumulated depreciation for:				
Infrastructure	(13,118,030)	(618,519)	-	(13,736,549)
Equipment	(177,804)	(47,786)	4,054	(221,536)
Buildings and improvements	(901,663)	(109,378)	-	(1,011,041)
Total Accumulated Depreciation	<u>(14,197,497)</u>	<u>(775,683)</u>	<u>4,054</u>	<u>(14,969,126)</u>
Total Capital Assets Depreciated, Net	<u>13,848,927</u>	<u>(656,349)</u>	<u>(16,214)</u>	<u>13,176,364</u>
Governmental Activities Capital Assets	<u>\$ 16,618,069</u>	<u>\$ (580,249)</u>	<u>\$ (16,214)</u>	<u>\$ 16,021,606</u>

Depreciation was charged to physical environment, \$431,234, and culture/recreation, \$344,449.

Heritage Isles Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE F – CAPITAL ASSETS (CONTINUED)

The following is a summary of changes in the Business-type Activities capital assets for the year ended September 30, 2025:

	Balance October 1, 2024	Additions	Deletions	Balance September 30, 2025
<u>Business-type Activities:</u>				
Capital assets, not being depreciated:				
Land and improvements	\$ 2,268,000	\$ -	\$ -	\$ 2,268,000
Capital assets, being depreciated:				
Buildings and improvements	820,110	-	-	820,110
Infrastructure	3,573,785	-	-	3,573,785
Equipment	1,057,595	69,803	(15,000)	1,112,398
Total Capital Assets, Being Depreciated	<u>5,451,490</u>	<u>69,803</u>	<u>(15,000)</u>	<u>5,506,293</u>
Less accumulated depreciation for:				
Buildings and improvements	(665,152)	(26,969)	-	(692,121)
Infrastructure	(3,573,785)	-	-	(3,573,785)
Equipment	(542,703)	(96,084)	3,000	(635,787)
Total Accumulated Depreciation	<u>(4,781,640)</u>	<u>(123,053)</u>	<u>3,000</u>	<u>(4,901,693)</u>
Total Capital Assets Depreciated, Net	<u>669,850</u>	<u>(53,250)</u>	<u>(12,000)</u>	<u>604,600</u>
Business-type Activities Capital Assets	<u>\$ 2,937,850</u>	<u>\$ (53,250)</u>	<u>\$ (12,000)</u>	<u>\$ 2,872,600</u>

Depreciation was charged to the following functions:

Golf Course	\$ <u>123,053</u>
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**Heritage Isles Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025**

NOTE G – LONG-TERM DEBT

Business-type Activities

Recreational Revenue Bonds Series 1999

The Recreational Revenue Bonds are secured by a pledge of revenues under the Indenture, which are defined as all income and monies received by the District from the rates, fees, rentals, charges and other income collected by the District for the use of the products, services and facilities of the golf course to be provided by the District.

The District has not reimbursed the reserve funds in the current year which were used to make a scheduled payment in a prior year. As a result of not making all of the scheduled debt service payments since April 2009, the following amounts are recognized in the accompanying financial statements as of September 30, 2025:

Matured bonds payable	\$	635,000
Matured interest payable	\$	503,374
Accrued interest payable	\$	636,705

Matured interest payable represents interest that was due and unpaid as of September 30, 2025. Accrued interest payable represents additional interest accrued on the defaulted bonds through September 30, 2025. Because the bonds are matured and amounts are due and payable, the District has not presented a schedule of future debt service requirements.

The District continues to communicate with the bondholders to attempt to cure the bond default. In January 2012, approximately 4% of the bondholders accepted a tender offer. As a result, \$140,000 of the total outstanding principal was retired and a redemption gain of \$119,000 was recognized. In December 2012, approximately 82% of the bondholders accepted a tender offer. As a result, \$2,975,000 of the total outstanding principal was retired and a redemption gain of \$2,231,250 was recognized. In December 2013, an additional \$10,000 of outstanding principal was retired and a redemption gain of \$7,500 was recognized.

Summary of Significant Bond Resolution Terms and Covenants

Depository Funds

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

Bond Reserve Fund – For deposit of an amount equal to the maximum annual debt service on the bonds. The monies in the reserve account are not available for any purpose other than the payment of the principal installments of and interest on the bonds.

The following is a schedule of required reserve deposits as of September 30, 2025.

	Reserve Requirement	Reserve Balance
Series 1999 Recreational Revenue Bond	<u>\$ 82,840</u>	<u>\$ 473</u>

Heritage Isles Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE H – LEASES

Business-type Activities

Lease Payable

The District, as lessee, entered into multiple agreements to lease certain equipment. The agreements qualify as leases under GASB 87 and, therefore, have been recorded at the present value of future minimum lease payments as of the date of their inception. In addition, in accordance with the implementation of GASB 87, the District has recorded right-to-use assets for leased equipment.

In fiscal year 2021, the District entered into an agreement to lease certain golf course maintenance equipment and requires 48 monthly payments of \$753.51. The lease liability is measured at a discount rate of 6%, which is the District’s incremental borrowing rate. As a result of the lease, the District reported a right-to-use asset, which was fully amortized and retired during the year ended September 30, 2025.

In fiscal year 2021, the District entered into an agreement to lease golf carts and requires 48 monthly payments of \$6,049.50. The lease liability was measured at a discount rate of 6%, which is the District’s incremental borrowing rate. As a result of the lease, the District reported a right-to-use asset, which was fully amortized and retired during the year ended September 30, 2025.

In fiscal year 2025, the District entered into an agreement to lease club cars and requires 55 monthly payments of \$11,286.98. The lease liability was measured at a discount rate of 6%, which is the District’s incremental borrowing rate. As a result of the lease, the District reported a right-to-use asset with a net book value of \$425,523 as of September 30, 2025.

The future minimum payments under these lease agreements and the present value of the minimum payments as of September 30, 2025, were as follows:

Year Ending September 30,	Principal	Interest	Total
2026	\$ 112,356	\$ 23,088	\$ 135,444
2027	119,286	16,158	135,444
2028	126,643	8,801	135,444
2029	77,452	1,557	79,009
Total	<u>\$ 435,737</u>	<u>\$ 49,604</u>	<u>\$ 485,341</u>

Heritage Isles Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE H – LEASES (CONTINUED)

Business-type Activities (Continued)

The District has recorded right-to-use leased assets for leased equipment. Right-to-use asset activity for the year ended September 30, 2025, was as follows:

	Balance October 1, 2024	Additions	Deletions	Balance September 30, 2025
Right-to-use assets				
Leased equipment	\$ 291,123	\$ 544,273	\$ (291,123)	\$ 544,273
Less accumulated amortization for:				
Leased equipment	(285,057)	(124,816)	291,123	(118,750)
Right-to-use assets, net	<u>\$ 6,066</u>	<u>\$ 419,457</u>	<u>\$ -</u>	<u>\$ 425,523</u>

Lease Receivable

The District, as lessor, entered into an agreement to lease the restaurant to an external party to manage and operate the restaurant facility. This agreement qualifies as a lease under GASB 87 and, therefore, has been recorded at the present value of lease payments expected to be received during the lease term using a discount rate of 7%. In addition, in accordance with GASB 87, the District has recorded a lease receivable and deferred inflow of resources for the restaurant lease.

The lease agreement was executed in November 2017, to lease the restaurant to an external party and requires 36 monthly payments ranging from \$4,700 to \$5,300. The first term expired in November 2020 but was renewed for an additional 36 months with payments ranging from \$5,530 to \$6,030, which expired in the current year, resulting in another term renewing for an additional 60 months with payments of \$6,030. The District recognized \$56,195 of lease revenue and \$16,164 of interest revenue under this lease during the year ended September 30, 2025.

The following is a schedule of future lease payments to be received related to the District's lease receivable as of September 30, 2025:

Year Ending September 30,	Principal	Interest	Total
2026	\$ 60,258	\$ 12,102	\$ 72,360
2027	64,614	7,746	72,360
2028	69,285	3,075	72,360
2029	5,995	35	6,030
Total	<u>\$ 200,152</u>	<u>\$ 22,958</u>	<u>\$ 223,110</u>

Heritage Isles Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE I – SUBSCRIPTION-BASED TECHNOLOGY ARRANGEMENTS

In fiscal year 2025, the District entered into a software arrangement for 54 months. Monthly payments under this agreement are \$3,572. The arrangement qualifies as a subscription-based information technology arrangement (SBITA) under GASB 96 and, therefore, has been recorded at the present value of future minimum payments as of the date of inception. In addition, in accordance with the implementation of GASB 96, the District has recorded a right-to-use subscription asset and a subscription liability for the software. The SBITA was measured at a discount rate of 6% .

The future minimum payments under this arrangement and the present value of the minimum payments as of September 30, 2025, are as follows:

Year Ending September 30,	Principal	Interest	Total
2026	\$ 35,557	\$ 7,307	\$ 42,864
2027	37,751	5,113	42,864
2028	40,079	2,785	42,864
2029	24,511	493	25,004
Total	<u>\$ 137,898</u>	<u>\$ 15,698</u>	<u>\$ 153,596</u>

Right-to-use subscription asset activity for the year ended September 30, 2025, was as follows:

	Balance October 1, 2024	Additions	Deletions	Balance September 30, 2025
Right-to-use subscription assets				
GPS Software	\$ -	\$ 169,518	\$ -	\$ 169,518
Less accumulated amortization:				
GPS Software	-	(34,531)	-	(34,531)
Right-to-use Subscription Assets, Net	<u>\$ -</u>	<u>\$ 134,987</u>	<u>\$ -</u>	<u>\$ 134,987</u>

NOTE J – RISK MANAGEMENT

The government 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. There were no claims or settled claims from these risks that have exceeded commercial insurance coverage over the past three years.



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

To the Board of Supervisors
Heritage Isles Community Development District
Hillsborough 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 (*Government Auditing Standards*), the financial statements, as listed in the table of contents, of Heritage Isles Community Development District, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated April 28, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered Heritage Isles 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 Isles Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Heritage Isles 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 or significant deficiencies may exist that were not identified.

To the Board of Supervisors
Heritage Isles Community Development District

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Heritage Isles 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 28, 2026



Berger, Toombs, Elam, Gaines & Frank

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MANAGEMENT LETTER

To the Board of Supervisors
Heritage Isles Community Development District
Hillsborough County, Florida

Report on the Financial Statements

We have audited the financial statements of Heritage Isles Community Development District as of and for the year ended September 30, 2025, and have issued our report thereon dated April 28, 2026.

Auditor's Responsibility

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

Other Reports and Schedule

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 28, 2026, 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 made to address findings and recommendations made in the preceding financial audit report. The following findings or recommendations were made in the preceding financial audit report:

2014-01

Finding: The Restaurant and Golf Course operated at a deficit for the fiscal years ended September 30, 2014 through 2019, and 2024. The Restaurant and Golf Course operated at a small profit for the fiscal years ended September 30, 2020 through 2023.

To the Board of Supervisors
Heritage Isles Community Development District

Management Response: The District is attempting to stabilize the restaurant operation and improve revenues of the golf course.

Current Status: The Restaurant and Golf Course operated at a deficit for the year ended September 30, 2025.

2024-01

Finding: During our audit of the District's financial records for the fiscal year ended September 30, 2024, several journal entries were noted for which management was unable to provide supporting documentation or a clear explanation of their purpose. Upon further review, management determined that these journal entries should not have been recorded and were reversed.

Recommendation: We recommend that the District review and strengthen procedures related to the preparation, documentation, and review of adjusting journal entries.

Management Response: Management will review procedures related to adjusting journal entries and enhance documentation and review practices where appropriate.

Current Status: The District appears to have strengthened their procedures related to the preparation, documentation, and review of adjusting journal entries.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires us to apply appropriate procedures and communicate the results of our determination as to whether or not Heritage Isles Community Development District met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that Heritage Isles 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 Isles Community Development District. It is management's responsibility to monitor Heritage Isles Community Development District's financial condition; and 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.

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.

To the Board of Supervisors
Heritage Isles Community Development District

Specific Information

The information below was provided by management and has not been audited by us; therefore, we do not express an opinion or provide any assurance on the information.

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

- 1) The total number of District employees compensated in the last pay period of the District's fiscal year as: 60
- 2) The total number of independent contractors, to whom nonemployee compensation was paid in the last month of the District's fiscal year as: 26
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as: \$1,515,284
- 4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$906,067
- 5) Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1, 2024, together with the total expenditures for such project as: Pickleball Court \$74,045
- 6) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes: The Board amended the budget. See below:

	Original Budget	Actual	Variance with Original Budget Positive (Negative)
Revenues			
Special assessments	\$1,093,977	\$1,097,638	\$ 3,661
Investment earnings	2,000	65,558	63,558
Total Revenues	<u>1,095,977</u>	<u>1,163,196</u>	<u>67,219</u>
Expenditures			
Current			
General government	234,379	148,438	85,941
Physical environment	750,406	1,047,554	(297,148)
Capital outlay	111,192	76,100	35,092
Total Expenditures	<u>1,095,977</u>	<u>1,272,092</u>	<u>(176,115)</u>
Net changes in fund balance	-	(108,896)	(108,896)
Fund Balances - October 1, 2024	<u>2,961,680</u>	<u>3,114,372</u>	<u>152,692</u>
Fund Balances - September 30, 2025	<u>\$2,961,680</u>	<u>\$3,005,476</u>	<u>\$ 43,796</u>

To the Board of Supervisors
Heritage Isles Community Development District

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)9, Rules of the Auditor General, Heritage Isles Community Development District reported:

- 1) The rate or rates of non-ad valorem special assessments imposed by the District:
\$511.82 – \$1,738.64 for the General Fund and \$955 for the Special Revenue Fund
- 2) The amount of special assessments collected by or on behalf of the District: \$2,035,904
- 3) The total amount of outstanding bonds issued by the District and the terms of such bonds are as follows: See Note G for details

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 fraud, waste, or abuse, that has occurred or is likely to have occurred, that has an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not 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*

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

April 28, 2026



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

To the Board of Supervisors
Heritage Isles Community Development District
Hillsborough County, Florida

We have examined Heritage Isles Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2025. Management is responsible for Heritage Isles Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Heritage Isles 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 Isles 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 Isles Community Development District's compliance with the specified requirements.

In our opinion, Heritage Isles Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2025.

*Berger Toombs Elam
Gaines + Frank*

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

April 28, 2026