

HERONS GLEN RECREATION DISTRICT
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED SEPTEMBER 30, 2025 AND 2024



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INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Herons Glen Recreation District
North Fort Myers, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Herons Glen Recreation District (the District), as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of September 30, 2025 and 2024, and the changes in financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditors' 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 audits. 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.

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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. 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 we 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 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, contracts, and grant agreements and other matters. The purpose of that report is solely 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.



CliftonLarsonAllen LLP

Fort Myers, Florida
January 15, 2026

**HERONS GLEN RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025 AND 2024**

Herons Glen Recreation District's (the District) Management Discussion and Analysis (MD&A) is designed to offer readers of the District's financial statements a narrative overview and analysis of the financial activities of the District for the years ended September 30, 2025 and 2024, with selected comparative information for the years ending September 30, 2025, 2024 and 2023. All references to years in this discussion relate to the fiscal year ending September 30.

The information presented in this MD&A should be considered in conjunction with the accompanying financial statements, notes to the financial statements, and required supplemental information in this report. This information taken collectively is designed to provide readers with an understanding of the District's finances. All information is believed to be current and accurate.

DISTRICT'S ACTIVITIES AND HIGHLIGHTS

The District is an independent special district established in 1998, pursuant to Lee County Ordinance Number 98-08 and provisions of Chapter 418, Florida Statutes. The District owns and operates an 18-hole golf course and related practice facilities, a clubhouse, restaurant, pro shop, fitness center, and other recreation facilities located in North Fort Myers, Florida. The District is governed by an elected five-member Board of Supervisors which establishes the operation, capital, and deferred maintenance budgets each year for the estimated expenses for this period. The budget is adopted annually in September for the following fiscal year. The District assesses each homeowner for their portion of the required expenses based on a calculated homeowner base. For the years ending September 30, 2025, 2024 and 2023, the base assessment divisor was 1300. The annual budgeted fees are as follows:

	2025	2024	2023
Operating Assessment	\$ 3,165,333	\$ 2,887,262	\$ 2,618,899
Capital Reserve	144,300	715,000	293,893
Deferred Maintenance	392,600	381,928	381,928

BASIC FINANCIAL STATEMENTS

The basic financial statements are designed to provide readers with an overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and deferred outflows, liabilities, and deferred inflows with the difference between them reported as net position. Over time, increases or decreases in net position should serve as a useful indicator of whether the District's position is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in other fiscal periods (e.g., unearned revenue).

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**HERONS GLEN RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025 AND 2024**

FINANCIAL HIGHLIGHTS AND SUMMARY

As noted previously, the change in net position over time should serve as a useful indicator of the District's financial position. For the year ended September 30, 2025, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows by \$36,142,307 as compared to \$36,191,981 at the close of the year ended September 30, 2024. For the year ended September 30, 2024, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows by \$36,191,981 as compared to \$35,241,296 at the close of the year ended September 30, 2023. The negative change in net position is primarily due to an increase of 9% in operating expenses and only 5% increase in operating revenue which caused an increase in the operating expense ratio of 4%.

For the year ended September 30, 2025 net position consists of \$3,301,309 net investment in capital assets; \$25,590,686 restricted for debt service, \$6,795,991 restricted for capital improvements and maintenance, and \$454,321 of unrestricted net position. For fiscal year September 30, 2024 net position consists of \$2,642,459 net investment in capital assets; \$26,548,543 restricted for debt service, \$6,784,552 restricted for capital improvements and maintenance, and \$216,427 of unrestricted net position.

The District's total debt decreased by \$768,752 for the year ended September 30, 2025 and decreased by \$1,152,644 during the year ended September 30, 2024.

Herons Glen Recreation District's Net Position

The schedule presented below shows the District's comparative condensed summary of the District's net position for the years ended September 30:

	2025	2024	2023
Current Assets	\$ 2,728,234	\$ 2,152,393	\$ 1,833,685
Noncurrent Assets	32,932,262	35,061,569	37,251,611
Capital Assets, Net	29,453,217	28,587,197	27,022,910
Total Assets	65,113,713	65,801,159	66,108,206
Deferred Outflows on Refunding Bond	612,553	670,432	728,311
Current Liabilities	4,008,719	3,840,296	4,025,578
Noncurrent Liabilities	25,575,240	26,439,314	27,569,643
Total Liabilities	29,583,959	30,279,610	31,595,221
Net Position:			
Net Investment in Capital Assets	3,301,309	2,642,459	2,512,707
Restricted for Debt Service	25,590,686	26,548,543	27,380,922
Restricted for Capital Improvements and Maint.	6,795,991	6,784,552	5,360,187
Unrestricted	454,321	216,427	(12,520)
Total Net Position	<u>\$ 36,142,307</u>	<u>\$ 36,191,981</u>	<u>\$ 35,241,296</u>

**HERONS GLEN RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025 AND 2024**

Assets

Year Ended September 30, 2025

Current assets increased by \$575,841 or 27% from 2024 to 2025 primarily due to an 18% increase in cash and cash equivalents derived from a combination of a 10% increase in operating assessments, a 9% increase in members and other user fees, an 8% increase in pro shop and restaurant operations and a 23% decrease in rentals along with a 42% increase in accounts receivable, a 15% increase in inventories, and a 154% increase in prepaid expenses and other assets.

In total, restricted assets decreased \$2,120,599 or 6%. Restricted Cash Equivalents with Fiscal Agent decreased \$1,167,038 as a result of utilizing the remainder of the 2020 Series Bonds Funds for capital bond projects during the year. Restricted special assessments receivable decreased by \$965,000 from 2024 as expected as the 2020 Series Bonds are paid down each year.

Net capital, right to use, and SBITA assets increased \$866,020 or 3% essentially from the completion and application of several bond renovation projects during the year. The District currently has \$551,052 invested under work in process (WIP) in a variety of bond projects that are expected to be completed over the next few years. The District expended all the bond proceeds by April 30th, but several components of the Bond Project will be completed using capital funds over the next few years. The District completed the following bond projects, including the renovation of the restaurant, addition of the CLIS irrigation valves upgrade, addition of pickleball courts, and the pool deck expansion and awning.

Total assets decreased \$687,446 or 1%.

Year Ended September 30, 2024

Current assets increased by \$318,708 or 17% from 2023 to 2024 primarily due to a 13% increase in cash and cash equivalents derived from a combination of a 10% increase in operating assessments, 28% increase in accounts receivable, a 21% increase in inventories, and a 112% increase in prepaid expenses.

In total, restricted assets decreased \$2,181,333 or 6%. Restricted Cash Equivalents with Fiscal Agent decreased \$2,665,699 as a result of utilizing 2020 Series Bonds Funds for capital bond projects during the year. Restricted Cash and Cash Equivalents increased \$1,424,366 as a result of the District collecting \$1,027,100 throughout the year for capital reserve assessments and new owner capital fees, \$379,600 for deferred maintenance assessments and \$533,222 in interest earned from investments. Restricted special assessments receivable decreased by \$940,000 from 2023 as expected as the 2020 Series Bonds are paid down each year.

Net capital, right to use, and SBITA assets increased \$1,564,287 or 6% essentially from the completion and application of several bond renovation projects during the year. The District currently has \$1,337,197 invested under work in process (WIP) in a variety of bond projects that are expected to be completed over the next few years. The District will be expending all the bond proceeds by April 30th, but several components of the Bond Project will be completed using capital funds over the next few years.

**HERONS GLEN RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025 AND 2024**

The District completed the following bond projects, the complete replacement of the clubhouse roof, replacement of storefront impact windows & doors in the administration area of the clubhouse, renovation of the restaurant fine dining room, lounge and private dining room (PDR), complete replacement of the bocce courts going from four to six courts, addition of new pool deck lighting to extend the hours the pool and pool deck is open, addition of two pickleball courts increased from four to six and replacement of the lighting system for the stage including the board and fire suppression system upgrade in the clubhouse.

Total assets decreased \$307,045 or .5%.

Deferred Outflows of Resources

Deferred outflows of resources include the unamortized deferred outflows, unamortized discount and unamortized prepaid bond insurance from previous bonds that were defeased. The amount is recorded as a deferred outflow of resources to be recognized as a component of interest expense systematically over the term of the debt.

Liabilities

Year Ended September 30, 2025

Current liabilities increased overall by \$168,423 or 4%. Accounts payable outstanding at year-end decreased \$320,959 or 70% due to completion of several capital and bond projects. Accrued interest decreased by \$10,052 or 3% as the 2020 Series Bonds interest decreases based on the amortization over time. Unearned revenue increased by \$296,069 or 18%, primarily due to a 5% increase in annual golf membership fees for 2026 along with new golf members in 2025. Accrued expenses increased by \$108,043 or 31% largely due to a new repair and maintenance contract of \$61,245.

Noncurrent liabilities decreased \$864,074 or 3% primarily due to the annual repayment of the bonds as well as a decrease of \$96,631 in obligation under purchase agreements and a decrease of \$160,046 in lease liability. The special assessment bonds payable decreases annually as principal payments are made.

Total liabilities decreased \$695,651 or 2%.

Year Ended September 30, 2024

Current liabilities decreased overall by \$185,282 or 5%. Accounts payable outstanding at year-end decreased \$77,894 or 15% due to completion of several capital and bond projects. Accrued interest decreased by \$9,792 or 3% as the 2020 Series Bonds interest decreases based on the amortization over time. Unearned revenue increased by \$66,809 or 4%, primarily due to a 3% increase in annual golf membership fees for 2025 along with the addition of six golf members in 2024. Accrued expenses decreased by \$140,198 or 29% largely due to the \$219,338 retainage released for Stultz Construction, the construction management firm managing several of the bond projects that were completed in 2024.

Noncurrent liabilities decreased \$1,130,330 or 4% primarily due to the annual repayment of the bonds as well as a decrease of \$61,195 or 58% in obligation under purchase agreements. The special assessment bonds payable decreases annually as principal payments are made.

Total liabilities decreased \$1,315,611 or 4%.

**HERONS GLEN RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025 AND 2024**

Net Position

Year Ended September 30, 2025

The District's total assets plus deferred outflow of resources exceeded total liabilities by \$36,142,307 at September 30, 2025. Net investment in capital assets increased by \$658,850 or 25% primarily due to the decrease in bonds as the bonds are paid down. Unrestricted net position increased by \$237,894 or 110%, while restricted for debt service and capital improvements and maintenance decreased by \$946,418 or 3%. The major component of net position is restricted for debt service for the 2020 Special Assessment Bonds.

Year Ended September 30, 2024

The District's total assets plus deferred outflow of resources exceeded total liabilities by \$36,191,981 at September 30, 2024. Net investment in capital assets increased by \$129,752 or 5% primarily due to the decrease in bonds and notes payable as the bonds are paid down. Unrestricted net position increased by \$228,947 or 1,829%, while restricted for debt service and capital improvements and maintenance increased by \$591,986 or 2%. The major component of net position is restricted for debt service for the 2020 Special Assessment Bonds.

**HERONS GLEN RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025 AND 2024**

Hérons Glen Recreation District's Changes in Net Position

The District's 2025 net position decreased \$49,674 from 2024. The District's 2024 net position increased \$950,685 from 2023. The following is a summary of revenues, expenses, and changes in net position at September 30:

	2025	2024	2023
Revenues:			
Operating Revenues, Net:			
Operating Assessments	\$ 3,161,600	\$ 2,885,999	\$ 2,620,394
Members Fees	1,964,032	1,860,963	1,779,544
Other User Fees	791,673	765,708	652,443
Pro Shop Operations	34,062	33,575	33,604
Restaurant Operations	1,507,783	1,407,900	1,257,421
Rental and Other	350,001	453,334	512,751
Total Operating Revenues	7,809,151	7,407,479	6,856,157
Nonoperating Revenues:			
Investment Earnings	417,249	533,222	530,094
Special Assessments Interest	886,260	910,799	930,979
Capital Reserve Assessments and New Owner Capital Fees	420,100	1,027,100	493,200
Deferred Maintenance Assessments	395,200	379,600	379,600
Miscellaneous Other Nonoperating Income, Net	57,231	65,744	64,755
Total Nonoperating Revenues	2,176,040	2,916,465	2,398,628
Total Revenues	9,985,191	10,323,944	9,254,785
Expenses:			
Operating Expenses:			
Salaries and Wages	3,514,648	3,344,272	3,100,238
Cost of Sales	658,340	655,945	605,236
Operating Supplies	1,214,515	1,075,235	1,198,671
Depreciation	1,105,700	1,047,436	1,013,635
Amortization	59,837	61,953	65,485
General and Administration	529,460	440,080	388,397
Utilities	377,689	390,844	393,122
Repair and Maintenance	871,700	665,664	637,829
Professional Fees	128,731	143,789	185,965
Insurance	474,420	376,444	314,221
Other Contractual Services	253,760	238,971	215,966
Rental and Leases	69,830	60,122	70,533
Office Expense and Other Miscellaneous Expenses	28,361	18,646	42,070
Total Operating Expenses	9,286,991	8,519,401	8,231,368
Nonoperating Expenses:			
Interest Expense and Fiscal Costs	754,248	762,937	780,233
Net Gain (Loss) on Disposal of Capital Assets	(6,374)	90,921	48,988
Total Nonoperating Expenses	747,874	853,858	829,221
Total Expenses	10,034,865	9,373,259	9,060,589
Increase (Decrease) in Net Position	(49,674)	950,685	194,196
Beginning Net Position	36,191,981	35,241,296	35,047,100
Ending Net Position	<u>\$ 36,142,307</u>	<u>\$ 36,191,981</u>	<u>\$ 35,241,296</u>

**HERONS GLEN RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025 AND 2024**

Fiscal year ending September 30, 2025

Total revenues decreased from 2024 results by \$338,753. The 3% decrease is attributed primarily to a 5% increase in operating revenues, consisting of a 10% increase in operating assessments, 7% increase in restaurant operations, 9% increase in member and other user fees, and a 23% decrease in rentals along with a decrease of 59% in capital reserve assessments and new owner capital fees and a 22% decrease in investment earnings.

The change in net position decreased overall by \$1,000,359 or 105%. This decrease was largely due to a \$607,000 decrease in capital reserve and new owner capital fees, a \$115,973 decrease in investment earnings, and a \$103,069 decrease in rentals coupled with an overall 9% increase in operating expenses. The District's operating plan continues to reflect the economic conditions as well as the need to invest in the maintenance of the community. Each investment in capital assets is reviewed in terms of need and priority before an expenditure is approved. Management continues to review opportunities for non-assessment revenues for the District.

Total expenses increased from 2024 results by \$661,606. The 7% net increase includes an increase of \$170,376 in salaries and wages, \$139,280 in operating supplies, \$89,380 in general administration, \$58,264 in depreciation, \$206,036 in repairs and maintenance and \$97,976 in property and casualty insurance premiums.

Fiscal year ending September 30, 2024

Total revenues increased from 2023 results by \$1,069,159. The 12% net increase is attributed primarily to an 8% increase in operating revenues, consisting of a 10% increase in operating assessments, 12% increase in restaurant operations, 5% increase in member fees, 17% increase in other user fees, and an increase of 108% in capital reserve assessments. The total number of golf memberships increased from 591 at the end of FY23 to 597, an increase in memberships of 1%.

The change in net position increased overall by \$756,489 or 390%. This increase was largely due to the \$265,000 increase in operating assessments along with a \$194,684 increase in golf membership and other user fees and a \$150,479 increase in restaurant earnings after the completion of the renovation. There was also a \$533,900 increase in capital reserve and new owner capital fees. The District's operating plan continues to reflect the economic conditions as well as the need to invest in the maintenance of the community. Each investment in capital assets is reviewed in terms of need and priority before an expenditure is approved. Management continues to review opportunities for non-assessment revenues for the District.

Total expenses increased from 2023 results by \$312,670. The 3% net increase includes a \$50,709 increase in cost of sales, an increase of \$244,035 in salaries and wages, \$51,683 in general administration, \$33,801 in depreciation and \$62,233 in property and casualty insurance premiums resulting from an increase of 20% from 2023.

CAPITAL ASSETS

The District's investment in capital assets as of September 30, 2025 and 2024 amounts to \$29,453,217 and \$28,587,197 respectively (net of depreciation). Capital assets, such as an 18-hole golf course and related practice facilities, a clubhouse, restaurant, pro shop, and other recreational facilities, utilized by the District for the provision and maintenance of recreational facilities to residents.

**HERONS GLEN RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025 AND 2024**

HERONS GLEN RECREATION DISTRICT'S CAPITAL ASSETS

	2025	2024	2023
Land and Site Improvements	\$ 13,475,411	\$ 13,475,411	\$ 13,475,411
Work in Progress	551,052	1,337,197	2,053,021
Original Purchase	1,516,885	1,516,885	1,516,885
Equipment	4,058,371	3,727,078	3,434,906
Right to Use Assets - Equipment	441,100	192,806	225,301
SBITA	31,739	14,613	14,613
Common Lot Irrigation System	3,205,967	2,382,454	2,382,454
Property and Improvements	19,489,655	18,155,592	15,473,356
Total Property and Equipment	42,770,180	40,802,036	38,575,947
Less: Accumulated Depreciation and Amortization	(13,316,963)	(12,214,839)	(11,553,037)
Total, Net Depreciation and Amortization	<u>\$ 29,453,217</u>	<u>\$ 28,587,197</u>	<u>\$ 27,022,910</u>

Additional information on the District's capital assets can be found in Note 4 of the notes to the financial statements.

In 2025, the District completed work on several projects totaling \$2,284,382 during the fiscal year, in addition to purchasing equipment.

Work in process (WIP) – a number of capital projects were continued from 2024 and new ones started during 2025. The total amount spent on the following projects during 2025 was \$1,498,237, most of which was funded from the 2020 Series Bonds:

Clubhouse Improvements	\$ 859,087
Restaurant Project	54,251
Bocce Courts	12,577
CLIS Irrigation Project	122,816
Miscellaneous Small Projects	44,612
Storage Building	117,805
Ballroom Update & Equipment	180,719
Driving Range Restroom	12,000
Golf Course Renovation	94,370
Total	<u>\$ 1,498,237</u>

SPECIAL ASSESSMENT BONDS

The District levies special assessments to be collected by the Lee County Tax Collector for the payment of the current principal and interest portion of the Series 2020 Bonds. These payments are then remitted by the Tax Collector to the District's trustee who, in turn, pays the bondholder. These payments are made in May and November of each year. As of September 30, 2025 and 2024, the District had special assessment bonds plus unamortized premium outstanding totaling \$26.2 and \$27.3 million, respectively. More detailed information on the bonds payable is presented in Note 6 to the financial statements.

**HERONS GLEN RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025 AND 2024**

ECONOMIC FACTORS AND FUTURE IMPACTS

Overview

As a Special District, the District relies on a mix of funding sources, including facility maintenance assessment, user fees, and government bonds to fund annual expenses. Economic conditions can impact these revenue streams, influencing the ability to maintain and incorporate future amenities. Changes in interest rates, inflation, and fluctuations in the local real estate market may affect the District's financial stability, potentially leading to adjustments in budgeting and capital planning. The ability to attract and retain good talent is always a major focus for the management team. The District offers competitive compensation packages and utilizes H-2B Visa employees during the fall and winter seasons to supplement the year-round food and beverage staff. Maintaining a diverse and skilled workforce helps ensure the District can continue to provide high-quality services, even during periods of economic uncertainty.

Despite experiencing a relatively quiet hurricane season in 2025, hurricane threats always remain a possibility in Southwest Florida; therefore, the District has an Emergency Preparedness Plan in the event the District encounters a situation that poses an immediate risk to life, health, property, or the environment. The Plan outlines clear steps to assist District management and staff to manage various emergencies, including hurricanes. Regular training and updates to the Plan help ensure readiness and minimize potential disruptions to operations and services.

Technology and Operational Improvements

The District leverages Accounts Payable automation software to process, pay, and store invoices electronically. Resident files, including all information collected throughout the year, are securely stored within our software system and linked to each member's account. Additionally, the District utilizes an integrated events module that enables residents to make online reservations, streamlining event billing workflows for the back office while providing residents with the convenience and efficiency of modern technology. Furthermore, the District implemented software that automatically funds alcohol vendors once shipments have been received and verified. This enhancement mitigates the risk of unpaid invoices, which can lead to supply chain disruptions, and strengthens vendor relationships by ensuring timely payments. By reducing administrative delays and improving payment accuracy, the District not only safeguards operational continuity but also fosters trust and reliability with key suppliers—critical factors in maintaining consistent service quality for residents.

The District is also gradually implementing AI tools to help staff work more efficiently by automating routine tasks, improving productivity, and identifying additional opportunities to streamline operations. To further strengthen our cybersecurity posture and reduce risk exposure, the District upgraded its security infrastructure with advanced solutions provided by our IT partner. These enhancements include improved threat detection and prevention measures, as well as robust safeguards against cyberattacks and system infiltrations. Recognizing that human error remains one of the leading causes of security breaches, the District also enhanced its cybersecurity awareness training program to educate all technology users on best practices. This proactive approach not only mitigates the risk of data compromise but also reinforces a culture of vigilance and accountability across the organization.

**HERONS GLEN RECREATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025 AND 2024**

Housing Market & Interest Rates

The housing market in Southwest Florida continued to slow, resulting in increased inventory levels. Median sale prices across the region also declined, a trend that appears to be continuing into 2026. However, interest rates have begun to decrease, which may lead to lower mortgage rates and potentially stimulate property sales. Within Herons Glen, a total of 77 homes were sold, down 9% from 85 homes the previous year. The District imposes a \$4,500 new owner capital fee on each home sale, which is allocated to District reserve funds. During the year, the District collected \$274,500 from 61 homes, representing a \$35,000 (11%) decrease compared to 2024. *Note: Residents buying and selling within Herons Glen are exempt from paying the fee if they move within the community.

The decline in home sales and corresponding capital fee collections resulted in lower contributions to reserve funds, which may require careful monitoring of future capital planning and reserve adequacy. While decreasing interest rates could improve property sales in the coming year, the District will continue to evaluate market conditions to ensure long-term financial stability.

Property & Casualty Insurance

The District changed the insurance policy renewal period from October–September to May–April to avoid going through the renewal process during Florida's hurricane season. This adjustment allows the insurance agent to bid out the policy during a more stable time of year, creating an opportunity for lower rates and potentially reducing overall insurance costs.

Investments

Interest rates on investments remained relatively high during 2025, although slightly lower than in 2024. Interest earned over the year increased by \$3,128, or 0.5%, compared to 2024. The District continues to invest funds in FL PRIME SBA as well as in the Florida Cooperative Liquid Assets Securities System (FLCLASS) to take advantage of favorable interest rates. The FLCLASS investment is earning a similar rate to FL PRIME SBA. Reserve funds are maintained across multiple financial institutions to ensure diversification, and all District funds are held in financial instruments that offer high liquidity to support operational flexibility.

Delinquent Accounts

The District's delinquent accounts balance increased slightly to \$8,788 at year-end, with three properties behind one quarter, three properties behind two quarters and one property behind five quarters on their maintenance assessments. The District currently places the annual maintenance assessment on the tax roll for any owner who is at least two quarters delinquent at the time the tax roll is prepared. Management and outside counsel believe the District has an adequate allocation for bad debt.

In Closing

In conjunction with the Board of Supervisors, Management will continue to carefully monitor the District's financial and operating performance to meet the needs of its residents.

CONTACTING THE DISTRICT'S CONTROLLER

The financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or require additional financial information, please contact the District Controller at 2250 Herons Glen Blvd., North Fort Myers, Florida 33917.

**HERONS GLEN RECREATION DISTRICT
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2025 AND 2024**

	2025	2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,167,777	\$ 1,840,612
Accounts Receivable	166,215	116,927
Inventories	83,380	72,651
Prepaid Expenses and Other Assets	310,862	122,203
Total Current Assets	<u>2,728,234</u>	<u>2,152,393</u>
NONCURRENT ASSETS		
Restricted Assets:		
Cash and Cash Equivalents	6,795,991	6,784,552
Cash Equivalents with Fiscal Agent	1,022,186	2,189,224
Special Assessments Receivable	24,900,000	25,865,000
Total Restricted Assets	<u>32,718,177</u>	<u>34,838,776</u>
Capital Assets not Being Depreciated	14,026,463	14,812,608
Depreciable Capital Assets, Net	15,426,754	13,774,589
Unamortized Prepaid Bond Insurance Costs, Net	214,085	222,793
Total Noncurrent Assets	<u>62,385,479</u>	<u>63,648,766</u>
Total Assets	65,113,713	65,801,159
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows on Refunding Bond	<u>612,553</u>	<u>670,432</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	135,224	456,183
Accrued Expenses	451,941	343,898
Unearned Revenue	1,962,738	1,666,669
Accrued Interest	331,500	341,552
Obligations Under Purchase Agreement, Current Portion	48,647	23,210
Lease Liability, Current Portion	80,213	43,370
Subscription-Based Information Technology Arrangements, Current Portion	8,456	414
Special Assessment Bonds Payable, Current Portion	990,000	965,000
Total Current Liabilities	<u>4,008,719</u>	<u>3,840,296</u>
NONCURRENT LIABILITIES		
Obligations Under Purchase Agreement, Net of Current Portion	118,012	21,381
Lease Liability, Net of Current Portion	227,299	67,253
Subscription-Based Information Technology Arrangements, Net of Current Portion	7,851	-
Special Assessment Bonds Payable, Including Unamortized Premium	25,222,078	26,350,680
Total Noncurrent Liabilities	<u>25,575,240</u>	<u>26,439,314</u>
Total Liabilities	29,583,959	30,279,610
NET POSITION		
Net Investment in Capital Assets	3,301,309	2,642,459
Restricted for Debt Service	25,590,686	26,548,543
Restricted for Capital Improvements and Maintenance	6,795,991	6,784,552
Unrestricted	454,321	216,427
Total Net Position	<u>\$ 36,142,307</u>	<u>\$ 36,191,981</u>

See accompanying Notes to Financial Statements

HERONS GLEN RECREATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
OPERATING REVENUES		
Operating Assessments	\$ 3,161,600	\$ 2,885,999
Members Fees	1,964,032	1,860,963
Other User Fees	791,673	765,708
Pro Shop Operations	34,062	33,575
Restaurant Operations	1,507,783	1,407,900
Rental and Other	350,001	453,334
Total Operating Revenues	<u>7,809,151</u>	<u>7,407,479</u>
OPERATING EXPENSES		
Salaries and Wages	3,514,648	3,344,272
Cost of Sales	658,340	655,945
Operating Supplies	1,214,515	1,075,235
Depreciation	1,105,700	1,047,436
Amortization	59,837	61,953
General and Administration	529,460	440,080
Utilities	377,689	390,844
Repair and Maintenance	871,700	665,664
Professional Fees	128,731	143,789
Insurance	474,420	376,444
Other Contractual Services	253,760	238,971
Rental and Leases	69,830	60,122
Office Expense and Other Miscellaneous Expenses	28,361	18,646
Total Operating Expenses	<u>9,286,991</u>	<u>8,519,401</u>
OPERATING LOSS	(1,477,840)	(1,111,922)
NONOPERATING REVENUES		
Investment Earnings	417,249	533,222
Interest Expense and Fiscal Costs	(754,248)	(762,937)
Special Assessments Interest	886,260	910,799
Capital Reserve Assessments and New Owner Capital Fees	420,100	1,027,100
Deferred Maintenance Assessments	395,200	379,600
Net Gain (Loss) on Disposal of Capital Assets	6,374	(90,921)
Miscellaneous Other Nonoperating Income, Net	57,231	65,744
Total Nonoperating Revenues	<u>1,428,166</u>	<u>2,062,607</u>
CHANGE IN NET POSITION	(49,674)	950,685
Total Net Position - Beginning of Year	<u>36,191,981</u>	<u>35,241,296</u>
TOTAL NET POSITION - END OF YEAR	<u><u>\$ 36,142,307</u></u>	<u><u>\$ 36,191,981</u></u>

See accompanying Notes to Financial Statements

**HERONS GLEN RECREATION DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Operating Assessments	\$ 3,114,970	\$ 2,859,573
Cash Received from Members	2,254,870	1,929,891
Cash Received from Other Users	791,673	765,708
Cash Received from Pro Shop and Restaurant Operations	1,541,845	1,441,475
Cash Received from Rents and Contracted Services	351,516	453,334
Miscellaneous and Other Cash Receipts	57,231	65,744
Cash Payments to Suppliers	(5,029,728)	(4,165,647)
Cash Payments to Employees for Payroll	(3,504,030)	(3,305,670)
Net Cash Provided (Used) by Operating Activities	<u>(421,653)</u>	<u>44,408</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Collection of Deferred Maintenance Assessments	394,060	379,491
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	(1,585,903)	(2,945,012)
Proceeds from the Sale of Capital Assets	7,421	-
Collection of Special Assessment Principal and Interest	1,851,260	1,850,799
Collection of Capital Reserve Assessments	147,798	716,382
Collection of Capital Reserve Assessment – Capital Reserve	-	(1,892)
Collection of New Owner Capital Fees	274,500	309,500
Interest Paid on Special Assessment Bonds	(819,726)	(841,587)
Principal Paid on Special Assessment Bonds	(965,000)	(940,000)
Interest Paid on Obligations Under Purchase Agreements	(8,434)	(3,310)
Principal Paid on Obligation Under Purchase Agreements	(54,282)	(61,194)
Interest Paid on Obligations Under Lease Liability	(7,580)	(8,370)
Principal Paid on Obligation Under Lease Liability	(51,405)	(55,643)
Interest Paid on Subscription-Based Information Technology Arrangements	(575)	(135)
Principal Paid on Subscription-Based Information Technology Arrangements	(6,164)	(2,360)
Net Cash Used by Capital and Related Financing Activities	<u>(1,218,090)</u>	<u>(1,982,822)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Earnings	<u>417,249</u>	<u>533,222</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(828,434)	(1,025,701)
Cash and Cash Equivalents - Beginning of Year	<u>10,814,388</u>	<u>11,840,089</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 9,985,954</u></u>	<u><u>\$ 10,814,388</u></u>

See accompanying Notes to Financial Statements

**HERONS GLEN RECREATION DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash Included in Current Assets:		
Cash and Cash Equivalents	\$ 2,167,777	\$ 1,840,612
Cash Included in Noncurrent Assets:		
Restricted Cash:		
Cash and Cash Equivalents	6,795,991	6,784,552
Cash Equivalents with Fiscal Agent	1,022,186	2,189,224
Total Cash and Cash Equivalents	<u>\$ 9,985,954</u>	<u>\$ 10,814,388</u>
SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITY		
Purchase of Capital Assets Through Lease Arrangements	<u>\$ 248,294</u>	<u>\$ 53,815</u>
Purchase of Capital Assets Through Subscription Arrangements	<u>\$ 22,057</u>	<u>\$ -</u>
Purchase of Capital Assets Through Financing Agreement	<u>\$ 176,350</u>	<u>\$ -</u>
Purchase of Capital Assets Through Accounts Payable and Accrued Expenses	<u>\$ 660</u>	<u>\$ 307,992</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating Loss	\$ (1,477,840)	\$ (1,111,922)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:		
Depreciation	1,105,700	1,047,436
Amortization	59,837	61,953
Bad Debt Expense	1,515	-
Miscellaneous Other Nonoperating Income, Net	57,231	65,744
Changes in Assets and Liabilities:		
Accounts Receivable	(50,803)	(25,636)
Inventories	(10,729)	(12,789)
Prepaid Expense	(188,659)	(64,651)
Accounts Payable and Accrued Expenses	(212,916)	16,135
Unearned Revenue	295,011	68,138
Total Adjustments	<u>1,056,187</u>	<u>1,156,330</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (421,653)</u>	<u>\$ 44,408</u>

See accompanying Notes to Financial Statements

**HERONS GLEN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Mission Statement: Herons Glen Recreation District (the District) is a Florida Special District, a community that provides quality recreation activities, and programs for all residents. We strive to provide excellent financial value and well-maintained facilities to satisfy residents' varied interests and promote healthy lifestyles.

Vision Statement: Continue to be one of the premier active adult communities in Southwest Florida providing an excellent value for our current and future residents.

The Lee County Board of County Commissioners, pursuant to Lee County Ordinance Number 98-08 and provisions of Chapter 418, Florida Statutes, established the District on April 28, 1998. The District owns and operates an 18-hole golf course and related practice facilities, a clubhouse, restaurant, pro shop, and other recreation facilities located in Lee County, Florida. The District acquired the recreation facilities on June 1, 1999. A five-member Board of Supervisors governs the District. The accounting policies of Herons Glen Recreation District conform with accounting principles generally accepted in the United States of America as applicable to governments.

The financial statements were prepared in accordance with Governmental Accounting Standards Board (GASB) Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District is considered to be financially accountable and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

Summary of Significant Accounting Policies

The following is a summary of the more significant accounting policies used in the preparation of these financial statements.

Basis of Accounting

Basis of accounting determines when transactions are reported in the financial statements. The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Measurement Focus

The District is accounted for on the flow of economic resources measurement focus. This means that all assets, all deferred outflows of resources, all liabilities, and all deferred inflows of resources (whether current or noncurrent) associated with its activity are included on the statements of net position. The District's operating statement presents increases (revenues) and decreases (expenses) in net total position.

**HERONS GLEN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Summary of Significant Accounting Policies (Continued)

Measurement Focus (Continued)

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with an enterprise fund's ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available, restricted resources will be used first for eligible incurred expenses, and then use unrestricted resources, as needed.

Budgetary Process

On September 5, 2024, the Board of Supervisors adopted the annual operating budget for fiscal year 2025 for the District. The budget covers the periods October 1, 2024 through September 30, 2025 and includes the estimated operating expenses for the period and the means of financing them. The budget is prepared on a basis, which is consistent with modified accrual basis, not necessarily in accordance with generally accepted accounting principles. The budget amounts presented in the supplementary information are as originally adopted, unless subsequently amended, by the District's Board of Supervisors.

These amounts are reconciled from the modified accrual budget basis to a basis in accordance with generally accepted accounting principles. Budgetary control is established by the District through the appropriated budget.

Cash and Investments

For purposes of the statements of cash flows, the District considers all highly liquid investments (including restricted cash assets) with a maturity of three months or less when purchased to be cash equivalents. In addition, the District's investment in the Local Government Surplus Funds Trust Fund (labeled as Florida PRIME) and Florida Cooperative Liquid Assets Securities System (labeled as FLCLASS) Investment Pools are considered a cash equivalent and are reported as such on the statements of net position. The investment in the Florida PRIME fund is recorded at a stable net asset value (NAV) per share, which approximates the fair value of the investment. The investment in the FLCLASS fund is recorded at fair value.

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

**HERONS GLEN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Summary of Significant Accounting Policies (Continued)

Cash and Investments (Continued)

Investments held by the District at September 30, 2025 and 2024 in First American Government Obligations Fund is considered a cash equivalent and is reported as such on the statements of net position. Investments in money market funds and short-term investments in the First American Government Obligation Fund are recorded at the amortized cost.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist of amounts restricted for debt service, capital improvements, deferred maintenance, emergencies, and other projects as required by bonds or the District's charter.

Accounts Receivable

Accounts receivable is carried at the original charge amount less an estimate made for doubtful receivables. An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days.

Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience, adjusted for the current economic climate. Accounts receivable are written off when deemed uncollectible.

Inventories

Inventories consist of fuel and restaurant food and beverage and are valued at the lower of cost (using the last cost paid or average weighted cost method) or net realizable value.

Capital Assets

Property, plant, and equipment are recorded at costs or estimated historical cost. Donated assets are recorded at acquisition value at the date of donation. The threshold for capitalization is \$5,000. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. The ranges of the useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Right-to-Use Lease Equipment	See *
Subscription-Based Information Technology Arrangements	See *
Original Purchase	6 to 30
Equipment	3 to 30
Common Lot Irrigation System	5 to 25
Property and Improvements	5 to 30

* Right-to-Use Lease Equipment and Subscription-Based Information Technology Arrangements are amortized over the shorter of the lease or agreement term, or the useful life of the underlying asset.

**HERONS GLEN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

The costs of normal maintenance and repairs, which do not add to the value of the asset or materially extend assets lives are not capitalized. The District capitalized major expenditures for additions and improvements. Expenditures for maintenance and repairs are charged to expense as incurred.

Deferred Outflows of Resources Related to Refunding Bonds

The difference between the reacquisition price (new debt) and the net carrying value of the old debt on refunded debt transactions is recorded as a deferred outflow of resources and recognized as a component of expense using the effective interest method over the shorter of the remaining life of the old debt or the new debt.

Bond Premium, Discount and Prepaid Bond Insurance Costs

Bond premium, discount and prepaid bond insurance costs are amortized over the life of the bonds using the effective interest method. Special assessment bonds payable are shown net of unamortized premium or discount whereas prepaid bond insurance costs are recorded as other assets.

Unearned Revenue

Unearned revenue represents payments received by the District prior to September 30, 2025 and 2024, for amounts to be recognized as revenues during future periods. The unearned revenue consists primarily of prepaid assessments and golf club dues and fees.

Net Position

Net position is categorized as net investment in capital assets, restricted and unrestricted. Net investment in capital assets represents the difference between the cost of capital assets, less accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Restriction of net position indicates amounts that are restricted for a specific purpose based on the District's charter or bonds. Restricted for debt service indicates that portion which has been set aside for future debt service payments. Restricted for capital improvements and maintenance indicates that portion of net position which has been set aside for future capital improvements. Unrestricted net position indicates that portion which is available for budgeting in future periods. When both restricted and unrestricted resources are available for use, it is the District's policy to spend restricted net position as restrictions are satisfied.

Revenue and Expenses

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing and delivering goods and/or services. It also includes all revenue and expenses not related to financing or investing activities.

**HERONS GLEN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Summary of Significant Accounting Policies (Continued)

Revenue and Expenses (Continued)

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses represent revenue and expense items that are not incurred from the normal user activity of the District. This classification primarily includes revenue received from investments, interest received on special assessments, capital reserve assessments, new owner capital fees, deferred maintenance assessments and interest expense and fiscal costs.

Leases and Subscription-Based Information Technology Arrangements (SBITA)

Lease

The District determines if an arrangement is a lease at inception. Leases are included as and intangible right to use leased assets (lease assets) and lease liabilities and are reported with other capital assets and lease liability in the statements of net position.

Lease assets represent the District's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the District will exercise that option.

The District has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right to use lease assets on the statements of net position.

If the individual lease contracts do not provide information about the discount rate implicit in the lease, the District has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

The District accounts for contracts containing both lease and non-lease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and non-lease components, and it is impractical to estimate the price of such components, the District treats the components as a single lease unit.

**HERONS GLEN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Summary of Significant Accounting Policies (Continued)

Leases and Subscription-Based Information Technology Arrangements (SBITA) (Continued)

Subscription-Based Information Technology Arrangements (SBITA)

The District has entered into subscription-based information technology arrangements with various software providers. In May 2020, GASB introduced a new standard, Statement No 96 Subscription-based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use an underlying information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will *not* exercise that option).

Under this Statement, the District determines if an arrangement is a SBITA at inception. SBITAs are included as an intangible right to use subscription asset and SBITA liabilities and are reported with other capital assets and lease and SBITA liability in the statements of net position. The subscription liability was initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the District, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

**HERONS GLEN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Summary of Significant Accounting Policies (Continued)

Leases and Subscription-Based Information Technology Arrangements (SBITA) (Continued)

Subscription-Based Information Technology Arrangements (SBITA) (Continued)

This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and personal time off (PTO). The liability for compensated absences is reported as incurred in financial statements under accrued liabilities. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The District's policy permits employees to accumulate earned but unused vacation benefits up until their annual anniversary date at which time they are lost. The unused vacation benefits are eligible for payment at the employee's current pay rate upon separation from employment.

Personal Time Off

The District's policy permits employees to accumulate earned but unused personal time off until their annual anniversary date at which time they are lost. All sick leave lapses when employees leave the employ of the District and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Risk Management

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; and natural disasters. Insurance coverage for such losses is purchased from third-party carriers. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. There was no such type of occurrence during fiscal 2025 and 2024. There have been no significant reductions in insurance coverage from the prior year and the amount of settlements, if any, have not exceeded insurance coverage in any of the past three fiscal years.

**HERONS GLEN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. 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 date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Standards

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 101, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The District adopted GASB 101 during 2025 and it had no material impact on the financial statements.

In December 2023, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 102, *Certain Risk Disclosures*. This statement defines and requires governments to disclose the risks related to concentrations of inflows or outflows of resources. The District adopted GASB 101 during 2025 and it had no material impact on the financial statements.

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

As of September 30, the District's cash and investments were as follows:

	2025	2024
Deposits with Financial Institutions	\$ 1,826,801	\$ 2,614,882
Investments Considered as Cash Equivalents	8,158,953	8,199,306
Cash on Hand	200	200
Total	<u>\$ 9,985,954</u>	<u>\$ 10,814,388</u>
 Cash and Cash Equivalents	 \$ 2,167,777	 \$ 1,840,612
Restricted Cash and Cash Equivalents	6,795,991	6,784,552
Restricted Cash Equivalents with Fiscal Agent	1,022,186	2,189,224
Total	<u>\$ 9,985,954</u>	<u>\$ 10,814,388</u>

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. In accordance with its policy, all District depositories are banks designated by the Florida State Treasurer as qualified public depositories.

**HERONS GLEN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Deposits (Continued)

Chapter 280 of the Florida Statutes, "Florida Security for Public Deposits Act," provides procedures for public depositories to ensure public monies in banks and savings and loans are collateralized with the Treasurer as agent for the public entities. Chapter 280 defines deposits as demand accounts, time deposit accounts, and nonnegotiable certificates of deposit. Financial institutions qualifying as public depositories shall deposit with the Florida State Treasurer eligible collateral pursuant to the specific requirements provided in Chapter 280. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof, and therefore the District is not exposed to custodial credit risk.

The amounts covered under Chapter 280 for the year ended September 30, 2025 was \$1,711,438. The amounts covered under Chapter 280 for the year ended September 30, 2024 was \$2,424,782.

Investments

The District's investment policy is to follow Florida Statue 218.415(17), the District is authorized to make investments in: Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Florida Statute 280.02; Direct obligations of the U.S. Treasury. The District's bond resolutions provide limitations on authorized investment securities.

The Florida State Board of Administration Local Government Surplus Funds Trust Fund (Florida PRIME) is not a registrant with the Securities and Exchange Commission (SEC); however, it meets all of the necessary criteria to elect to measure all of the investments at amortized cost. In accordance with these requirements, the method used to determine the participants' shares sold and redeemed is the amortized cost method. Amortized cost includes accrued income and is a method of calculating an investment's value by adjusting its acquisition cost for the amortization of discount or premium over the period from purchase to maturity. Florida PRIME is governed by Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of Florida PRIME. Additionally, the Office of the Auditor General of the State of Florida performs the operational audit of the activities and investment of Florida PRIME.

**HERONS GLEN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investments (Continued)

The Florida Cooperative Liquid Assets Securities System (FLCLASS) is an independent local government investment pool. FLCLASS invests in a variety of securities, including U.S. government securities, corporate bonds, and money market funds. FLCLASS measures its investments at fair value. The District's investment in FLCLASS is classified as a cash equivalent in the statement of net position, as it is highly liquid and readily convertible to cash. The District has the ability to redeem its investment in FLCLASS on a daily basis, subject to certain restrictions and limitations.

The First American Obligation Fund invests exclusively in short-term U.S. Government securities including repurchase agreements secured by the U.S. government. The investment strategy is to provide maximum current income and daily liquidity. There are no redemption restrictions.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investment policy limits investment maturities to 18 months as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations of its debt type investments using the segmented time distribution model is as follows:

As of September 30, 2025:

Investment Type	Fair Value / Amortized Cost	Investment Maturities	
		Less Than One Year	More Than One Year
First American Government Obligation			
Fund CI D	\$ 1,022,186	\$ 1,022,186	\$ -
Florida PRIME	3,635,658	3,635,658	-
FLCLASS	3,501,109	3,501,109	-
Total	<u>\$ 8,158,953</u>	<u>\$ 8,158,953</u>	<u>\$ -</u>

As of September 30, 2024:

Investment Type	Amortized Cost	Investment Maturities	
		Less Than One Year	More Than One Year
First American Government Obligation			
Fund CI D	\$ 2,189,224	\$ 2,189,224	\$ -
Florida PRIME	2,876,288	2,876,288	-
FLCLASS	3,133,794	3,133,794	-
Total	<u>\$ 8,199,306</u>	<u>\$ 8,199,306</u>	<u>\$ -</u>

**HERONS GLEN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Credit Risk

Generally, credit risk is the risk that an insurer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law limits investments in commercial paper to the top two ratings used by nationally recognized statistical rating organizations (NRSROs). The District's policy would not further limit its investment choices.

As of September 30, 2025 and 2024 investments were rated as follows:

<u>Investment Type</u>	<u>Moody's Investor's Services</u>	<u>Standard & Poor's</u>
First American Government Obligation		
Fund CI D	Aaa-mf	AAAm
Florida PRIME	N/A	AAAm
FLCLASS	N/A	AAAm

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's investment policy does not limit investments in any one issuer.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District's investment policy does not address custodial credit risk.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, Florida PRIME currently meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Therefore, the District's participant account balance should also be considered the fair value of its investment and exempt from the GASB Statement No. 72, *Fair Value Measurement and Application*.

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures.

**HERONS GLEN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued)

If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.”

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made. As of September 30, 2025 and 2024, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100% of their account value.

NOTE 3 RESTRICTED ASSETS

Assets were restricted for the following purposes at September 30:

	2025	2024
Debt Service - Special Assessments Receivable	\$ 24,900,000	\$ 25,865,000
Restricted for Interest and Principal	1,022,186	974,647
Capital Improvements	3,742,477	3,683,257
Long-Term Capital Fund	2,322,413	2,604,609
Golf Course Special Improvement	89,357	74,438
Deferred Maintenance	-	979,586
Uninsured Losses Reserve Fund	641,744	657,239
Total Restricted Assets	<u>32,718,177</u>	<u>34,838,776</u>
Less: Accrued Interest	(331,500)	(341,552)
Less: Unspent Debt Proceeds	-	(1,164,129)
Total Restricted Net Position	<u><u>\$ 32,386,677</u></u>	<u><u>\$ 33,333,095</u></u>

**HERONS GLEN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

NOTE 4 CAPITAL ASSETS, NET

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

	Balance September 30, 2024	Additions	Deletions and Transfers	Balance September 30, 2025
Capital Assets, Not Being Depreciated:				
Land and Site Improvements	\$ 13,475,411	\$ -	\$ -	\$ 13,475,411
Work in Progress	1,337,197	1,498,237	(2,284,382)	551,052
Total Capital Assets, Not Being Depreciated	14,812,608	1,498,237	(2,284,382)	14,026,463
Capital Assets, Being Depreciated and Amortized:				
Original Purchase	1,516,885	-	-	1,516,885
Equipment	3,727,078	239,651	91,642	4,058,371
Common Lot Irrigation System	2,382,454	-	823,513	3,205,967
Property and Improvements	18,155,592	24,300	1,309,763	19,489,655
Right-to-Use Leased Equipment	192,806	248,294	-	441,100
Subscription-Based Information Technology Arrangements	14,613	22,057	(4,931)	31,739
Total Capital Assets Being Depreciated and Amortized	25,989,428	534,302	2,219,987	28,743,717
Less: Accumulated Depreciation for:				
Original Purchase	1,312,917	44,066	-	1,356,983
Equipment	2,593,532	186,243	(41,792)	2,737,983
Common Lot Irrigation System	1,843,627	100,715	-	1,944,342
Property and Improvements	6,371,636	774,676	(16,690)	7,129,622
Less: Accumulated Amortization for:				
Right-to-Use Leased Equipment	84,741	50,567	-	135,308
Subscription-Based Information Technology Arrangements	8,386	9,270	(4,931)	12,725
Total Accumulated Depreciation and Amortized	12,214,839	1,165,537	(63,413)	13,316,963
Total Capital Assets, Being Depreciated and Amortized, Net	13,774,589	(631,235)	2,283,400	15,426,754
Total Capital Assets, Net	<u>\$ 28,587,197</u>	<u>\$ 867,002</u>	<u>\$ (982)</u>	<u>\$ 29,453,217</u>

**HERONS GLEN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

NOTE 4 CAPITAL ASSETS, NET (CONTINUED)

	Balance September 30, 2023	Additions	Deletions and Transfers	Balance September 30, 2024
Capital Assets, Not Being Depreciated:				
Land and Site Improvements	\$ 13,475,411	\$ -	\$ -	\$ 13,475,411
Work in Progress	2,053,021	2,579,239	(3,295,063)	1,337,197
Total Capital Assets, Not Being Depreciated	15,528,432	2,579,239	(3,295,063)	14,812,608
Capital Assets, Being Depreciated and Amortized:				
Original Purchase	1,516,885	-	-	1,516,885
Equipment	3,434,906	114,806	177,366	3,727,078
Common Lot Irrigation System	2,382,454	-	-	2,382,454
Property and Improvements	15,473,356	18,882	2,663,354	18,155,592
Right-to-Use Leased Equipment	225,301	53,815	(86,310)	192,806
Subscription-Based Information Technology Arrangements	14,613	-	-	14,613
Total Capital Assets Being Depreciated and Amortized	23,047,515	187,503	2,754,410	25,989,428
Less: Accumulated Depreciation for:				
Original Purchase	1,268,851	44,066	-	1,312,917
Equipment	2,561,286	191,865	(159,619)	2,593,532
Common Lot Irrigation System	1,746,176	97,451	-	1,843,627
Property and Improvements	5,859,240	714,054	(201,658)	6,371,636
Less: Accumulated Amortization for:				
Right-to-Use Leased Equipment	114,601	56,450	(86,310)	84,741
Subscription-Based Information Technology Arrangements	2,883	5,503	-	8,386
Total Accumulated Depreciation and Amortization	11,553,037	1,109,389	(447,587)	12,214,839
Total Capital Assets, Being Depreciated and Amortized, Net	11,494,478	(921,886)	3,201,997	13,774,589
Total Capital Assets, Net	<u>\$ 27,022,910</u>	<u>\$ 1,657,353</u>	<u>\$ (93,066)</u>	<u>\$ 28,587,197</u>

Work in progress totaling \$551,052 as of September 30, 2025 primarily includes spending for the District's storage building, golf course restrooms, ballroom update, clubhouse, CLIS irrigation system and golf course renovation. Work in progress totaling \$1,337,197 as of September 30, 2024 primarily includes spending for the District's restaurant, clubhouse roof renovations, CLIS irrigation system and sports facilities.

**HERONS GLEN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

NOTE 5 LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the fiscal year ended September 30:

	Balance September 30, 2024	Additions	Deletions	Balance September 30, 2025	Due Within One Year
Special Assessment Bonds	\$ 27,315,680	\$ -	\$ (1,103,602)	\$ 26,212,078	\$ 990,000
Obligations Under Purchase Agreements	44,591	176,350	(54,282)	166,659	48,647
Lease Liability	110,623	248,294	(51,405)	307,512	80,213
Subscription-Based Information Technology Arrangements	414	22,057	(6,164)	16,307	8,456
Long-Term Liabilities Total	<u>\$ 27,471,308</u>	<u>\$ 446,701</u>	<u>\$ (1,215,453)</u>	<u>\$ 26,702,556</u>	<u>\$ 1,127,316</u>

	Balance September 30, 2023	Additions	Deletions	Balance September 30, 2024	Due Within One Year
Special Assessment Bonds	\$ 28,402,941	\$ -	\$ (1,087,261)	\$ 27,315,680	\$ 965,000
Obligations Under Purchase Agreements	105,786	-	(61,195)	44,591	23,210
Lease Liability	112,451	53,815	(55,643)	110,623	43,370
Subscription-Based Information Technology Arrangements	2,774	-	(2,360)	414	414
Long-Term Liabilities Total	<u>\$ 28,623,952</u>	<u>\$ 53,815</u>	<u>\$ (1,206,459)</u>	<u>\$ 27,471,308</u>	<u>\$ 1,031,994</u>

NOTE 6 SPECIAL ASSESSMENT BONDS

Bonds payable consisted of the following at September 30:

Description	2025	2024
\$29,495,000 Series 2020 bonds, maturing serially through 2050, interest at 2.50% to 3.00%, collateralized by the pledged revenues of special assessments levied against benefited property owners, payable November 1 and May 1, respectively.	<u>\$ 24,900,000</u>	<u>\$ 25,865,000</u>

At September 30, 2025, the scheduled future debt service requirements on the District's outstanding Bonds are as follows:

Year Ending September 30,	Bonds		
	Principal	Interest	Total
2026	\$ 990,000	\$ 795,600	\$ 1,785,600
2027	1,015,000	770,850	1,785,850
2028	1,040,000	745,475	1,785,475
2029	1,070,000	719,475	1,789,475
2030	1,095,000	692,725	1,787,725
2031-2035	5,960,000	3,002,150	8,962,150
2036-2040	4,235,000	2,197,125	6,432,125
2041-2045	4,280,000	1,570,200	5,850,200
2046-2050	5,215,000	642,800	5,857,800
Total	<u>24,900,000</u>	<u>\$ 11,136,400</u>	<u>\$ 36,036,400</u>
Add: Unamortized Premium	1,312,078		
Total	<u>\$ 26,212,078</u>		

**HERONS GLEN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

NOTE 6 SPECIAL ASSESSMENT BONDS (CONTINUED)

Significant Bond Provisions

The District is to levy special assessments, pursuant to Section 197.3632 of the Florida Statutes, to the assessment rolls approved by resolutions of the District. The collections of such assessments are to be accounted for and applied to the debt service of the bond series for which they were levied. The District covenants permit it to levy special assessments in annual amounts adequate to provide for payment of principal and interest on the bonds. However, payment of principal and interest on the bonds is dependent on the money available in the Debt Service Accounts and the District's ability to collect special assessments levied.

The Bonds are subject to mandatory redemption at par on a schedule of annual redemptions. The District may redeem the Bonds at par prior to scheduled maturity from the proceeds of any assessments prepaid in full or monies received as a result of condemnation or destruction of the project. The Indenture provides for a Bond Revenue Fund, which shall be held by the Trustee, separate and apart from all other funds for the purpose of depositing special assessment collections.

NOTE 7 SPECIAL ASSESSMENTS

In August 2020, the District levied debt service special assessments in the amount of \$29,495,000, relating to the Series 2020 Bonds. The Series 2020 Bond special assessments outstanding as of September 30, 2025 and 2024 totaled \$24,900,000 and \$25,865,000, respectively.

The annual installment of special assessment for debt service are levied on October 1 of each year, after formal adoption of the District's budget, and are due and payable upon receipt of the notice of levy. The Lee County, Florida Tax Collector's office bills and collects debt service special assessments on behalf of the District.

NOTE 8 OBLIGATIONS UNDER PURCHASE AGREEMENTS

The District has entered into purchase agreements for financing the acquisition of various equipment. The purchase agreements qualify as asset purchases and have been recorded at the present values of the future minimum payments as of the date of their inception. The minimum annual payments for these purchase agreements are as follows:

<u>Year Ending September 30,</u>	<u>Obligations Under Purchase Agreement</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 48,647	\$ 9,194	\$ 57,841
2027	39,318	6,574	45,892
2028	36,633	4,226	40,859
2029	39,059	1,800	40,859
2030	3,002	52	3,054
Total	<u>\$ 166,659</u>	<u>\$ 21,846</u>	<u>\$ 188,505</u>

**HERONS GLEN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

NOTE 9 LEASE LIABILITY

The District leases equipment for various terms under long-term, noncancelable lease agreements. The leases include interest ranging from 2.7% to 9.0% and expire at various dates through 2031.

Total future minimum lease payments under lease agreements are as follows:

<u>Year Ending September 30,</u>	Lease Liability		
	Principal	Interest	Total
2026	\$ 80,213	\$ 16,080	\$ 96,293
2027	82,899	10,972	93,871
2028	73,163	6,023	79,186
2029	61,952	1,985	63,937
2030	7,177	289	7,466
2031	2,108	35	2,143
Total	<u>\$ 307,512</u>	<u>\$ 35,384</u>	<u>\$ 342,896</u>

NOTE 10 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District leases information technology for various terms under long-term, noncancelable arrangements. The arrangements include interest ranging from 5.3% to 9.0% and expire at various dates in between 2026 and 2028.

Total future minimum lease payments under lease agreements are as follows:

<u>Year Ending September 30,</u>	Subscription-Based Information Technology Arrangements		
	Principal	Interest	Total
2026	\$ 8,456	\$ 592	\$ 9,048
2027	5,159	289	5,448
2028	2,692	32	2,724
Total	<u>\$ 16,307</u>	<u>\$ 913</u>	<u>\$ 17,220</u>

NOTE 11 EMPLOYEE BENEFIT PLAN

Effective October 1, 2004, the District implemented a 401(k) retirement plan, the Herons Glen Recreation District Retirement Savings Plan, a defined contribution pension plan, for the benefit of its employees. The plan is for all employees who meet certain eligibility provisions and is administered through the Professional Employment Organization. District contributions to the plan are discretionary. The employer contributions to the Plan for the fiscal year ended September 30, 2025 and 2024 were \$38,737 and \$38,270, respectively. Employee contributions were \$93,972 and \$88,219 for the fiscal year ended September 30, 2025 and 2024, respectively. The District has reserved the right to establish and amend all plan provisions. The contribution requirements of plan members and the District are established and may be amended by the District.

**HERONS GLEN RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

NOTE 12 CONSTRUCTION COMMITMENTS

The District's outstanding construction commitments as of September 30, 2025, are as follows:

Project	Total Contract/Budget	Spent to Date	Remaining
Storage Building	\$ 700,000	\$ 356,561	\$ 108,000
CLIS (2-Wire)	2,815,000	16,800	2,798,200
Clubhouse Improvements	1,800,000	2,523,205	52,000
Golf Course	6,000,000	6,770,980	80,000
Driving Range Restroom	350,000	41,072	220,000
Ballroom	210,000	354,700	56,000
Sports Complex	758,000	1,016,211	40,000
Multi-Use Path	480,000	242,963	237,037
Total	<u>\$ 13,113,000</u>	<u>\$ 11,322,492</u>	<u>\$ 3,591,237</u>

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS

In accordance with Section 112.0801, Florida Statutes, if the District provides insurance plans to employees of the District and their eligible dependents, the District is also required to provide retirees the opportunity to participate in the group employee health plan. For purposes of Section 112.0801, "retiree" means any officer or employee who retires under a state retirement system or a state optional annuity or retirement program or is placed on disability retirement and who begins receiving retirement benefits immediately after retirement from employment. The District does not offer a retirement plan under a state retirement system or a state optional annuity or retirement program. Therefore, the District is not required to allow retired employees to continue to participate in the District's insurance plans upon retirement. Consequently, there is no OPEB liability for the District at September 30, 2025 and 2024.

**HERONS GLEN RECREATION DISTRICT
SCHEDULE OF REVENUES AND EXPENSES
NON-GAAP BUDGETARY BASIS AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2025**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Operating Revenues:				
Operating Assessments	\$ 3,165,333	\$ 3,165,333	\$ 3,161,600	\$ (3,733)
Members Fees	1,930,924	1,930,924	1,964,032	33,108
Other Capital Users Fees	663,634	663,634	791,673	128,039
Other	1,840,676	1,840,676	1,891,846	51,170
Net Operating Revenues	7,600,567	7,600,567	7,809,151	208,584
Nonoperating Revenues:				
Investment Earnings	30,801	30,801	417,249	386,448
Capital Reserve Assessment and New Owner Capital Fees	144,300	144,300	145,600	1,300
Deferred Maintenance Assessment	392,600	392,600	395,200	2,600
Miscellaneous Other Nonoperating Income	61,079	61,079	57,231	(3,848)
Total Nonoperating Revenues	628,780	628,780	1,015,280	386,500
Total Revenues	8,229,347	8,229,347	8,824,431	595,084
EXPENSES				
Operating Expenses:				
Salaries and Wages	3,629,547	3,629,547	3,514,648	114,899
Operating Supplies	1,023,977	1,023,977	1,214,515	(190,538)
Cost of Sales	650,347	650,347	658,340	(7,993)
General and Administrative	512,982	512,982	529,460	(16,478)
Utilities	417,440	417,440	377,689	39,751
Repair and Maintenance	2,279,293	2,279,293	871,700	1,407,593
Professional Fees	164,939	164,939	128,731	36,208
Insurance	445,248	445,248	474,420	(29,172)
Other Contractual Services	262,703	262,703	253,760	8,943
Rentals and Leases	181,518	181,518	69,830	111,688
Office Expense and Other Miscellaneous	44,783	44,783	28,361	16,422
Total Operating Expenses	9,612,777	9,612,777	8,121,454	1,491,323
Capital Outlay	6,419,300	6,419,300	2,032,539	4,386,761
Total Expenses	16,032,077	16,032,077	10,153,993	5,878,084
CHANGE IN NET POSITION	<u>\$ (7,802,730)</u>	<u>\$ (7,802,730)</u>	<u>\$ (1,329,562)</u>	<u>\$ 6,473,168</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP				
Change in Net Position - Budgetary Basis	\$ (1,329,562)			
Add: Capital Expenditures	2,032,539			
Special Assessment Interest	886,260			
New Owner Capital Assessments	274,500			
Less: Depreciation and Amortization	(1,165,537)			
Interest Expense and Bond Related Amortization	(754,248)			
Gain on Disposal of Capital Assets	6,374			
CHANGE IN NET POSITION – GAAP	<u>\$ (49,674)</u>			



**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**

Board of Supervisors
Herons Glen Recreation District
North Fort Myers, 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 the Herons Glen Recreation District (the District), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 15, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

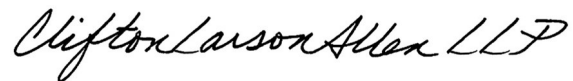
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Fort Myers, Florida
January 15, 2026



MANAGEMENT LETTER

Board of Supervisors
Herons Glen Recreation District
North Fort Myers, Florida

Report on the Financial Statements

We have audited the financial statements of the Herons Glen Recreation District (the District) as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated January 15, 2026.

Auditors' 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 Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional 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 January 15, 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 taken to address findings and recommendations made in the preceding financial audit report. There were no recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The District discloses this information in the notes to the financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and communicate the results of our determination as to whether or not the District has 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 the 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 the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by 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.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. The District does not have any special district component units.

Specific Information

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

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 79.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 9.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$105,105.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$28,190.
- e. 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 of the fiscal year being reported, together with the total expenditures for such project as \$16,800 (provide list).
- f. 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, as: See page 36 of the financial statements.

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

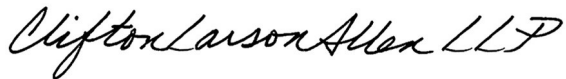
- a. The rate or rates of non-ad valorem special assessments imposed by the District as \$1,425.
- b. The total amount of special assessments collected by or on behalf of the district as \$1,850,051.
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds as See Note 6 page 32-33 of the financial statements.

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 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.



CliftonLarsonAllen LLP

Fort Myers, Florida
January 15, 2026



Herons Glen Recreation District
Construction Projects $\geq$ \$65,000 Approved by the District
During Fiscal Year Ended September 30, 2025

	Date	Amount
Project# 21 CLIS w Wire Project		
Resolution 2025-12	4/28/2025	\$ 14,600
Resolution 2025-24	9/5/2025	2,389,860
Motion Regular Board Meeting Approved 09/22/2025	9/8/2025	410,540
Total Approved by the District Board as of September 30, 2025		2,815,000
Total Expenditures for FY25		\$ 16,800



INDEPENDENT ACCOUNTANTS' REPORT

Board of Supervisors
Herons Glen Recreation District
North Fort Myers, Florida

We have examined the Herons Glen Recreation District's (the District) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2025. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2025.

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

CliftonLarsonAllen LLP

Fort Myers, Florida
January 15, 2026



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