

**HARMONY COMMUNITY
DEVELOPMENT DISTRICT**

JULY 29, 2010

AGENDA PACKAGE

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Harmony Community Development District

Severn Trent Services, Management Services Division

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July 22, 2010

Board of Supervisors
Harmony Community Development District

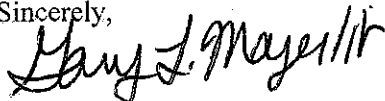
Dear Board Members:

The regular meeting of the Board of Supervisors of the Harmony Community Development District will be held on **Thursday, July 29, 2010 at 9:00 A.M.** at 7251 Five Oaks Drive, Harmony, Florida. Following is the advance agenda for this meeting:

1. **Roll Call**
2. **Approval of the Minutes of the June 24, 2010 Budget Workshop and Regular Meetings**
3. **Subcontractor Reports**
 - A. Landscaping – Luke Brothers
 - B. Aquatic Plant Maintenance – Bio Tech
 - C. Dockmaster/Field Manager - Buck Lake Boat Use Report
4. **District Manager's Report**
 - A. June 2010 Financial Statements
 - B. Invoice Approval #123 and Check Run Summary
 - C. Comments and Questions on the Proposed Budget for Fiscal Year 2011 and Discussion on Government Accounting Standards Board (GASB-54)
 - D. Public Comments/Communication Log
5. **Staff Reports**
 - A. Attorney
 - B. Engineer
 - C. Developer
 - i. Lakeshore Park Swing Set Proposals
 - ii. Proposed Dog Park Trail between the Dog Park and Schoolhouse Road
 - iii. Proposed Tree Planting within CDD Parks
 - iv. Discussion of Requested Street Tree Replacements
6. **Supervisor Requests**
7. **Audience Comments**
8. **Adjournment**

I look forward to seeing you at the meeting. In the meantime, if you have any questions, please contact me.

Sincerely,



Gary Moyer/ir
District Manager

Minutes

MINUTES OF WORKSHOP HARMONY COMMUNITY DEVELOPMENT DISTRICT

The budget workshop of the Board of Supervisors of the Harmony Community Development District was held Thursday, June 24, 2010, at 6:00 p.m. at 7251 Five Oaks Drive, Harmony, Florida.

Present from the Board were:

Robert D. Evans	Chairman
Nancy Snyder	Vice Chairman
Steve Berube	Supervisor
Kerul Kassel	Supervisor
Mark LeMenager	Supervisor

Also present were:

Gary L. Moyer	Manager: Moyer Management Group
Ken vanAssenderp (<i>by phone</i>)	Attorney: Young vanAssenderp, P.A.
Steve Boyd	Engineer: Woolpert
Thomas Belieff	Dockmaster
Brenda Burgess (<i>by phone</i>)	Moyer Management Group
Greg Golgowski	Harmony Development Company
Fazeela Khan	Severn Trent Services
Jason Shafer	Luke Brothers
Shad Tome	Harmony Development Company
Residents and members of the public	

FIRST ORDER OF BUSINESS

Roll Call

Mr. Evans called the workshop to order at 6:30 p.m.

Mr. Evans called the roll.

SECOND ORDER OF BUSINESS

Comments and Questions on the Proposed Budget for Fiscal Year 2011

Ms. Snyder stated under expenditures for the Board of Supervisors, the narrative indicates the fee is \$200 per meeting not to exceed \$4,800 per year. I think that should be \$2,400 per year.

Ms. Kassel stated that figure is pursuant to Statute, not what you are receiving.

Mr. Moyer stated the budget amount anticipates 12 meetings. Chapter 190, Florida Statutes, provides that if you have more than 12 meetings, then you would still receive \$200 per meeting, up to a total of \$4,800. We do not anticipate that happening.

Mr. LeMenager stated I would like to commend Mr. Moyer and Ms. Khan on this budget and in presenting us with a document that, on a first draft, actually looks pretty

good and is in line with what we are thinking. It has been a process of three years, but this is the first time we have received a first draft that, from my perspective, is the kind of document that we are looking for. It is very well done.

Mr. Berube stated I agree with you. On electricity, the narrative indicates an anticipated 15% increase for electricity. Do you know something we do not?

Mr. Moyer stated no, we do not. It is pretty difficult to anticipate what the power companies are going to charge. In our case, it is a little more certain because of the contract that we have. If anything, that is very conservative. We would not anticipate that it will increase by 15%.

Ms. Kassel asked do we have anymore areas coming online that we will need to allow for more electricity costs?

Mr. Moyer stated no.

Mr. Berube stated street lighting is on a separate budget line item, and it is anticipated by contract at 3%. The next line is electricity in general at a 15% increase. It is nice to have some cushion in the budget.

Mr. Moyer stated it is conservative.

Ms. Kassel stated I think we have discussed this before, but I want to ask my question again anyway regarding the management consulting services fee. Osceola County has cut hundreds of jobs or they are instituting pay freezes. There is an increase in this budget item. Is that because of the contract we have with the management company that says there has to be a raise?

Mr. Moyer stated no, the contract says if the Board grants an increase, then it will be evidenced by the budget. There is nothing in the contract that requires an increase.

Ms. Kassel asked what is the percentage increase?

Mr. Moyer stated it is 3%.

Ms. Kassel stated I want to bring that up as a consideration.

Mr. Berube stated some of us received a spreadsheet from Mr. Ray Walls earlier this week with his commentary regarding the budget. I responded to him with my thoughts.

Ms. Kassel stated I responded to him, as well.

Mr. Berube stated I would like to allow him time to speak regarding his comments at the end of our discussion. He did a remarkably detailed job reviewing it, and I brought a copy with me.

Mr. Moyer stated staff has not seen that email or the spreadsheet.

Mr. Berube stated I have an extra copy you may have.

Mr. Evans stated I know there are some areas of capital improvements that we want to consider. We have discussed the pools, which has \$20,000 included in the budget item for some major repairs. There may be other things we will have to do.

Mr. Berube stated I provided a handout to everyone of the ongoing gate locking situation.

Ms. Kassel asked is that a capital expenditure?

Mr. LeMenager stated yes, and we have funds available.

Ms. Kassel asked unless there is an ongoing monthly fee associated with it, do we consider it as a capital expense?

Mr. Berube stated we have discussed funding it out of the general fund or the capital projects fund. The total is \$50,000 that could potentially come out of the \$68,000 capital projects fund.

Ms. Kassel stated I do not think we are ready to budget for that or to make a decision on that yet.

Mr. Evans stated we have discussed this and other projects and whether or not they are capital items. This would probably fall under the category of being capital just because of the nature of it, but we can also fund it from the general fund.

Mr. Berube stated it is an improvement to an existing facility.

Mr. Evans stated that is correct; it is an enhancement to an existing facility. You can argue either way.

Mr. Berube stated that is why I like to include it in the general fund, because we do not know what else will happen later. Basically, they will remove a lock and replace it with a new one.

Ms. Kassel asked is the access with a key or a card?

Mr. Berube stated it is with a key.

Ms. Snyder asked is that the same thing that we have now?

Mr. Berube stated no, these are smart keys.

Mr. Evans stated I would like to begin our discussion with the general fund budget.

Ms. Kassel stated I think the list Mr. Boyd provided to us is pertinent to this discussion.

Mr. Evans stated I agree. Under field expenditures, you will see the one landscaping budget item as a comparison to fiscal year 2009. Going forward, we will be adjusting these line items to concur with the revised contract categories. We were able to save a substantial amount, at least for now, in landscaping.

Mr. LeMenager stated we could argue that some line items could be \$2,000 higher or lower. The only single line item that jumps out to me is repair and maintenance of the alleys in the amount of \$3,000, which is not very much. We have a field contingency of \$20,000, which is probably sufficient.

Ms. Kassel stated some of our reserves can be targeted for certain areas. Now that we are going to be paying more attention to reserves, we should be able to use some for alley repairs.

Mr. Berube asked how is it that we have spent zero for roads and alleys this year?

Mr. LeMenager stated you are right; that is not a correct number.

Mr. Evans stated the vast majority of the budget we are reviewing is predicated on historical expenditures, aside from landscaping and street lights. Those are broken down into existing contract amounts. Water consumption is based on historical usage, and there is really nothing new going on in that category. We addressed the electrical consumption line items. We have the landscaping contract amount through the end of this fiscal year. We really need to look at the other categories. Are there other landscaping elements that we need to plan for? Ms. Kassel raised a good point at the last meeting about the reserves, are they high or low, and that is another conversation we can have as we try to understand what is expected and how much money we need to have. Basically, we are extending, with some changes, what we spent last year into a proposed budget going forward. It is an extremely comprehensive line-item budget. For those items we may want to consider for landscaping elements and other improvements, that is what we need to discuss. Do we need \$3,000 for the alleys or \$10,000 or \$20,000? Is \$20,000 adequate for the pool? There have been conversations relative to the irrigation system, if there needs to be some enhancements or other things we need to address to better handle our water consumption for irrigation, which will also be an enhancement to the irrigation system. There are a few of these major expenditures that we should discuss.

Ms. Kassel stated irrigation is not listed.

Mr. Evans stated that is the purpose of this workshop, so we can address some of those key items. We significantly reduced the landscaping amount from our previous budget as a result of our bidding efforts. We need to make the determination if there is a reasonable expectation that this cost will hold for the next fiscal year.

Ms. Kassel stated there are a lot of trees that are having a problem and may need to be replaced. There are a lot of plant beds that are in poor shape and will need refurbishment. We may need to add more for these items. I do not know if we want to have it as separate line items or just have a landscaping contingency.

Mr. LeMenager stated the landscaping budget already contains a significant amount of contingency.

Mr. Berube stated we will handle the tree issue in tonight's meeting. There is work being done behind the scenes for those dead trees, and I think a significant portion of the responsibility for those dead trees will fall on Luke Brothers.

Mr. Evans stated no landscaping company is responsible for natural causes or events that take place, and there will be some trees and other plant material that dies. How much do we think we need to allocate for that? Just because we include the money in the budget does not mean it is an allocation to spend. It is a projection of where we believe we may have to allocate funds, based on past experience and what we envision will happen in the next fiscal year. Ms. Kassel has spent an enormous amount of time looking at plant bed enhancements

Ms. Kassel stated we are not even one-quarter finished with that.

Mr. Evans stated these are some of the things we look at and considered ways we could save money, so that we can make these improvements without having to raise any assessments. This budget contemplates no increase in assessments so we will work within the budget that we already have. I think we are all in agreement that we are starting with that budget number and working down.

Ms. Snyder stated we also want to keep the quality that we have now.

Mr. Evans stated I like to break things down into what we have to do, what we want to do, and what we would like to do. We have addressed the things we have to do: street lighting and electricity. Then we can address the things we want to do, including some programs where we feel we need to replace trees or other enhancements and maintenance activities. Those are the areas where we need to consider the reasonable expectation for

the budget. At the end of the process, we end up with a total. If the total seems too high, then we start reducing the budget and eliminating and adjusting the budget numbers to accomplish our goal. I want to focus on those specific line items. With landscaping, we have \$10,000 in miscellaneous services and we can call it anything we choose. Do we believe that is reasonable? Perhaps some of the things Ms. Kassel has suggested will fall under a different line item.

Ms. Kassel stated the problem is how we are going to allocate these things. If we are thinking about continuing with refurbishing the plant beds that have fallen into disrepair, I think we have another \$6,000 or \$7,000 in the program that we received in the proposal from Luke Brothers. We were hoping that within the next six months we would be able to complete the rest of the program. That alone is another \$7,000. We do not have \$7,000 included in the R&M-Ground line item; we have only \$3,000. In order to consider that proposal, we note that we have only \$3,000 so we think we should spend only \$3,000. My point is, I would like to take some out of Miscellaneous Services or just take a larger amount in that line item to account for the cost. If trees need to be replaced, we also need to think about including that amount under Tree Services or Tree Trimming. We do not have a line item for tree replacement, and it should be reflected in the budget. I have no idea what the cost for that will be.

Mr. Moyer stated to address Ms. Kassel's question, keep in mind that as we review the budget on a monthly basis, once we adopt the budget, to the degree we recognize that certain things have to be done that we did not anticipate in the budget, we can prepare a budget amendment to this document, and we have done that on a fairly regular basis, as long as it is within the overall parameters of the budget. You always have the opportunity to do that.

Ms. Kassel stated since we are thinking about what to do this year, the budget should try to reflect that.

Mr. Berube stated if you look at the landscaping line items, we will be \$20,000 under the projection. If we need \$7,000 for the plant beds, the flexibility is in the overall landscape budget this year because we will have about \$20,000 extra. That does not mean that we should spend it, though.

Ms. Snyder asked when was that approved?

Ms. Kassel stated the Board approved doing the first phase and we will evaluate the other phases on a quarterly basis.

Ms. Snyder asked is the first phase complete?

Ms. Kassel stated we will discuss that with Mr. Shafer.

Mr. Evans stated we will also have a carry-forward surplus.

Mr. Moyer stated that is correct.

Mr. Evans stated I do not believe this budget considers the carry-forward surplus.

Mr. Moyer stated no, it does not. This is a balanced budget that anticipates funding a self-insurance reserve of \$43,000. There is an analysis of the fund balance in the budget on page 4.

Mr. Evans stated this is a balanced budget presuming that we start with no money at the beginning of the year but at the end of the year, it is a balanced budget.

Mr. LeMenager stated that is incorrect. This budget is designed to have an ending balance of \$40,779, which we will add to our reserves.

Mr. Evans stated we are funding an established reserve.

Mr. LeMenager stated that is correct, but it is not an expenditure.

Mr. Evans stated it is an allocation.

Mr. LeMenager stated I do not disagree it is an allocation.

Mr. Berube stated we will have some money left over at the end of the fiscal year. That goes to my point of the projected additional \$20,000 from landscaping. If everything else goes forward next year on a level field as where we are now, we will end this year \$20,000 under what we budgeted. For the program Ms. Kassel suggested for \$7,000 for plant bed replacements, we have money to do that. All other things being equal this year, we could fund that \$7,000 and still end the year with a surplus of \$13,000. I do not think we should change what has been successful.

Mr. LeMenager stated we will be more than \$200,000 under budget.

Mr. Berube stated I was referring only to the landscaping budget item. The adopted budget is \$542,000 and the projected budget is \$522,000. We can discuss this in great detail where we are going to put that extra money. We are looking at about \$10,000 for plant bed upgrades, and there is \$20,000 left over this year. If we have the same cushion next year, we can still fund the upgrades. I agree the plant beds need to be upgraded but

at our current pace, we may be able to get one phase done each year. The pace seems awfully slow.

Ms. Kassel stated that is partly because we only approved the first phase and partly due to economic conditions globally. We will get there.

Mr. Evans stated we are looking at what we budgeted last year and how much we actually spent. Looking at this year's performance, we will not spend all the money we budgeted, so we are under budget. We can use those funds in carry-forward surplus that we can utilize this year. The budget we are considering does not reflect those funds, whatever they may end up being.

Ms. Kassel stated it is reflected in fund balance.

Mr. Evans stated but it is not reflected in the projected expenses.

Mr. Moyer stated that is correct.

Mr. Evans stated if we started with a zero balance and we were going to satisfy the \$40,000 for reserves we have a balanced budget with no increase. We are now looking at how to tweak this.

Mr. LeMenager stated I do not think it needs tweaking.

Mr. Evans stated I think it is an accurate budget.

Mr. Berube stated I agree, based on our experience and history.

Mr. Evans stated once we implement this budget on October 1, 2010, and once we have received and paid all the bills for fiscal year 2009, we will have a surplus number. Now we can look at replacing trees, enhancing plant beds, and other programs that are in addition to what has been allocated in this budget that you can provide with the savings from last fiscal year's budget. This budget addresses all of our projected needs to the best of our abilities going forward. Something can happen between now and September 30 where we may have to spend that extra money.

Ms. Kassel stated for example, we had the unexpected expense of the pool heating coil.

Mr. Evans stated we could have a hurricane. There is any number of things that could happen between now and the end of the fiscal year. We do not assume we will have that amount left over, but if we do, those are funds we can use for some of these other programs.

Mr. LeMenager stated the one page I would change significantly is page 4 where we are talking about the allocation of funds available. I do not think it is appropriate to have \$305,000 in undesignated cash. I think we should allocate where we think the money needs to be spent. To me, there are three significant items. What Mr. Boyd provided to us is terrific. We have the need to fund long-term for the first-quarter operating expenses before the first payment is received from the County. We now have \$175,000 in that category. As the developer pays less and less, the residents pay more. We spend about \$125,000 per month, so it is \$375,000 for the first three months. Our long-term goal is to have \$375,000 in cash simply to get through the first quarter in future years when the developer is not making monthly payments. The number can be \$300,000 or \$350,000, but we need that as a long-term goal. We started discussing another item last meeting. Our community is seven years old and we will need to start replacing things. Mr. Boyd provided this information, which is the first time someone gave some thought to this idea without just pulling numbers out. His estimate is about \$34,000 or \$35,000 a year. It is very preliminary. The third area is what we have referred to as self insurance, if a hurricane comes along and we have to replace 500 trees. In the allocation of funds available, in terms of what is left, we really need to indicate that we expect to have \$575,000 in cash. If things work perfectly in next year's budget, we will end the year with \$611,000 in cash. I think part of our budget process should be to put that extra \$611,000 into those three areas: first-quarter operating expenses, replacement, and self insurance.

Mr. Berube stated one of the line items in the estimated funds available is Reserves of \$40,779.

Ms. Kassel stated that is what they are proposing to add to the self insurance reserve.

Mr. LeMenager stated I am saying it should not be \$40,000; it should be \$305,000.

Mr. Berube stated this says Reserves-Fiscal Year 2011 Additions. Where did that come from?

Ms. Kassel stated we budgeted a line item in that amount, to add to the current balance of \$131,558.

Mr. LeMenager stated we never consciously budgeted that.

Ms. Kassel stated maybe we should.

Mr. LeMenager stated I disagree.

Mr. Moyer stated let me caution the Board and give you some information. There are accounting rules on reserves and fund balance. To the degree that you encumber a reserve as a reserve, it has to stay there. The reason we always budget the way we do by leaving it in fund balance is because that gives the Board more flexibility. If something happens that is not anticipated that would not fall in one of those three reserves and we needed that money, it would be available for the Board to use. You can take the other side of that argument and say that you do not want to give the Board that type of flexibility and you want to put these monies away for a specific purpose. Once you make that decision, there are accounting rules on what you can do with that money.

Mr. LeMenager stated what we perhaps should be discussing is the self insurance reserve and give that a different name.

Mr. Evans stated Mr. LeMenager raises a good point that if we designate these three accounts and one is a true escrow account for the long-term maintenance obligations, when the money goes into that account, it stays there. The other two accounts include the self insurance reserve, which means the Board has access to those funds in the event of a hurricane, some other natural disaster or emergency need. Then there is the money for the operating account to pay the bills for the first three months. That amount will gradually need to start increasing.

Mr. Moyer stated regarding the self insurance reserve, I have no problem with the way the Board is interpreting that. Let me share what its purpose was originally. In order to bring down your insurance cost, the intent is that this fund would be a deductible. Then we can get liability and other forms of insurance at a lower premium because we have a higher deductible. Some of the analysis that I did several years ago, if you reserve \$50,000, you can actually cut your premium by about \$20,000 or \$25,000. It does not take very many years in order to recapture that amount through lower insurance premiums. That was the original intent. Going forward, since we have a good amount set aside in that account, we should redesignate that \$40,000 for your capital replacement reserve and start funding it according to Mr. Boyd's analysis. That goes back to my comment about the fund balance not being encumbered as a reserve, and if you have a hurricane, that money is available to the Board to respond to those types of things.

Mr. Evans stated we could breakdown different categories so that we understand why it was allocated on an internal basis. We have \$50,000 being applied to the insurance

reserve of \$131,000. Then we kept adding to this fund in the event of a hurricane or other catastrophic event because of things that are not covered by insurance. At least we have the funds to address those emergency issues. Now we need to consider a replacement program where we need to start planning for the next 30 and 40 years of capital improvement replacements. We are trying to establish a methodology to start adding to this gradually. When you review Mr. Boyd's report, you have to look at the life expectancy of these facilities. Some may be two years, others 10 or 20 years. This is a great start, so perhaps we should include a line item and earmark a certain dollar toward that in the budget. From what I see, the \$40,000 was intended to initiate the creation of this long-term reserve.

Mr. Moyer stated I think that makes sense.

Ms. Kassel stated I thought the \$131,000 was part of that.

Mr. Evans stated there is nothing included in the \$131,000 to cover these items.

Mr. LeMenager stated I think perhaps we ought to put a cap on the self insurance reserve and actually define what we have in mind. If it was designed to be the deductible on a liability policy, that is fine, as opposed to a reserve for capital replacements. We will want a reserve for capital replacements, but we have the issue of a reserve in the event we have a hurricane or something like that.

Mr. Berube stated the self insurance reserve started at \$50,000 to have a higher deductible. We have been adding monies to that reserve over the year. Maybe we should stop putting excess monies in that reserve.

Mr. LeMenager stated we have not put any monies in that fund. These are proposals. Even the \$40,779 in this proposed budget, if you look at the first budget we approved to start this process, you will not find that. We did not approve anything like that last year. It is a proposal and we understand that. This is a proposal to increase the self insurance reserve. It sounds like we are saying \$50,000 is fine for that, but that does not mean we want to use it for something else. It means we should be much clearer in our allocation. This is the logical development of our growth and understanding of this. In the past, we have spent a lot of time talking about each of the line items. I think we are pretty comfortable with the line items. Now we are talking about the financial structure, and I think it is a great discussion.

Mr. Evans stated I think we are all saying the same thing. I think we are saying we just want to know. As Mr. Moyer said, if we designate these reserves for a specific category, it stays there for that pure sole purpose. That is its own discussion item.

Mr. Berube asked what if we called them general reserves?

Mr. Evans stated the other item to discuss is the self insurance, if we have a deductible.

Mr. LeMenager stated we can identify that as long-term capital replacement.

Ms. Kassel stated I am not clear where we have items of agreement and disagreement.

Mr. Evans stated we have two categories. Under those categories are operating funds that we need to gradually start increasing at some point, or else there will be a shortfall somewhere. Right now, the developer pays on a monthly basis. When the developer sells land to someone else, that property is then transferred to be collected on the tax roll, which means those funds will not be received on a monthly basis. The developer is funding 60% of the general fund assessments on a monthly basis. When that stops over a period of time and all the assessments are collected by the tax collector, we will need to have first-quarter operating reserves of \$375,000. Right now, we are budgeting \$175,000, so there will need to be \$200,000 that we need to gradually start planning for, just because of the cash flow timing. That is one whole subject for discussion. Then we get into the rest of the \$305,000 of funds that we have been discussing. We have allocated \$50,000 for self help which really has nothing to do with trees. If a structure blows down that is covered by insurance, we have a \$50,000 deductible.

Mr. LeMenager stated I thought we just had a liability policy.

Mr. Moyer stated that is correct; it is liability insurance, not property insurance.

Mr. LeMenager asked is the deductible on our liability policy \$50,000?

Mr. Moyer stated yes.

Mr. LeMenager stated we should add that in here to pay for our deductible. What is our deductible on our property insurance?

Mr. Moyer stated I will have to find that out.

Mr. LeMenager stated we will want to add that to be sure we have enough to pay the deductible for our property insurance.

Mr. Moyer stated it will be much less than \$50,000. We would never have a deductible on property insurance of that amount, because if you did that, then you would not have an insurance policy at all, and then it would truly be a self insurance fund.

Mr. Berube asked is there some reason we cannot raise that?

Ms. Kassel stated we need to find out our deductible amount.

Mr. Moyer stated it will be between \$2,500 and \$5,000 per occurrence.

Mr. LeMenager stated something tells me if we get hit by a big hurricane and we lose \$1 million worth of trees, our insurance company is not going to pay \$995,000 for tree replacement.

Mr. Moyer stated you cannot insure trees and landscaping.

Mr. LeMenager asked so it is self insurance for non-insurable items?

Ms. Snyder stated this fund was designated so that if we had to replace something that was not covered, it would be paid out of this line item.

Mr. LeMenager stated then I think we need more than just this line. There are some things included that we may need to clarify.

Ms. Snyder stated we may need other deductibles and money to cover things that are not insured.

Mr. Berube stated we are trying to designate reserve line items.

Mr. LeMenager stated that is correct.

Ms. Kassel stated we have self insurance, capital replacement.

Mr. LeMenager stated we have an operating reserve, a liability insurance reserve of \$50,000, a property insurance reserve of \$5,000 for now until we get the final number, a non-insurable risk reserve that should probably be a substantial amount of money.

Ms. Snyder stated the insurance deductibles are per occurrence.

Mr. LeMenager stated I understand. I would be in favor of increasing that more. The operating reserve today is \$174,000 and our long-term goal is to get that to about \$300,000.

Mr. Berube asked for the non-insurable risk reserve, are you suggesting something like \$100,000?

Mr. LeMenager stated yes, I think it should be a substantial amount of money.

Mr. Berube stated I suggest we used \$100,000.

Mr. LeMenager asked is it normal for a body like this one to have a large amount of undesignated cash? Is that normal or should we call it something?

Mr. Moyer stated it is financially prudent to make it undesignated.

Mr. LeMenager asked then what do we call it?

Mr. Moyer stated it is called undesignated fund balance.

Mr. LeMenager stated I am not very supportive of that.

Mr. Evans stated this comes back to the original question about the amount of money we have and what is it for. It can be used for a number of different things. Is it enough or is it too much?

Mr. Berube stated it is not enough.

Ms. Kassel stated this analysis from Mr. Boyd does not include everything and this is just for the long-term replacement fund. It is \$34,000 a year, which does not include replacing landscaping, irrigation, or sidewalks in the linear parks.

Mr. Boyd stated it does not include the major replacement of sidewalks, but a major refurbishment is included.

Ms. Kassel stated the community is seven years old, and we should have well over \$200,000 set aside for this because of how long things have been in existence.

Mr. LeMenager stated we are looking at a budget that contemplates having just over \$600,000 at the end of next fiscal year. What we should do now is define what categories we want to put that \$600,000 into. I am not suggesting we do it right now. Our accountant can help us by suggesting the right numbers to include in each category. If those are the right categories, we know how much we have and then it is a question of applying that to each fund. I do not like the idea of undesignated cash, but it is partly semantics. Whatever that amount can be will be used for requests that come up that people have not yet considered. We have a clear number but we do not have people suggesting things for us to spend that money on. In fact, I do not think anyone here realizes we have that much money available.

Mr. Berube stated the budget refers to it as undesignated cash, but it is not. It is designated for something.

Mr. LeMenager stated that is the next logical step we should be taking.

Ms. Kassel asked by doing this, will it restrict us?

Mr. Moyer stated based on this discussion, I think we have some good insight into where we think the Board wants to end up in this process. For next month's meeting, I will circulate the Government Accounting Standards Board (GASB) information. They are the people we are accountable to if the auditors say that we are not handling public money appropriately. That will tell you how to handle those reserves, and once you set it into a reserve, what that means. The GASB information describes designated reserves and undesignated reserves.

Mr. LeMenager stated that would be great. We are doing a good job with our general fund budget, so now we need to think about the allocation process and the categories we should be putting monies into. When do we finalize this budget?

Mr. Moyer stated the public hearing is in August.

Mr. LeMenager stated we can still discuss this at the next meeting.

Mr. Berube stated for purposes of these reserves, it will not really affect this year's budget.

Mr. LeMenager stated you are right.

Mr. Berube stated my question during this conversation is, we have a reserve analysis that indicates \$35,000 should be reserved annually.

Mr. LeMenager stated it is an estimate.

Ms. Kassel stated it does not include a number of things.

Mr. Berube stated but there is a guideline.

Mr. LeMenager stated it is a great first step.

Mr. Berube stated this \$40,779 in the budget could be allocated to cover that.

Mr. Moyer stated that is correct.

Mr. LeMenager stated we expect to have \$600,000 at the end of the next fiscal year. How do we want to allocate that? We have discussed some things, and we directed Mr. Moyer and his staff to come up with some ideas and see how that looks.

Mr. Berube stated we asked Mr. Boyd to prepare a guideline, which he did. There is enough already delineated in the budget that we can include it in next year's budget, and then we can fill in the rest of the items.

Mr. LeMenager stated I do not think we need to make our first-quarter operating reserve be \$300,000 immediately. That is a ways in the future. On the other hand,

certainly making sure we are funding for the long-term costs of operating these facilities is the most responsible thing we can do.

Ms. Snyder stated we are also not going to have \$200,000 all of a sudden for that reserve either.

Mr. LeMenager stated we do not even know if that is the right amount. Staff will work on it and come up with some ideas. Now that we understand the general fund and are getting more into details, I want to have a better understanding of our debt service. The general fund only accounts for one-third of our expenses. I have some general questions. In terms of the assessment chart, this only relates to the Series 2001 bonds. There is nothing from the Series 2004 bonds. The \$68,000 left in the capital projects fund relates to what is left from the Series 2004 bonds. Is Series 2004 bonds currently paid entirely by the developer?

Ms. Khan stated yes.

Mr. LeMenager asked is that for lots that are on the other side that will eventually get billed?

Ms. Khan stated it is for unplatted parcels. There is no parcel identification number.

Mr. LeMenager asked are they on the east side of the community?

Mr. Boyd stated they are on the east side and some on the west side. They are the undeveloped parcels. The developer is paying those assessments.

Mr. Berube asked when does the 2004 debt service come online to us? When they are platted?

Mr. Evans stated when they change ownership.

Mr. LeMenager stated the debt service assessment shown on the chart is strictly for Series 2001.

Ms. Kassel stated we will just be adding two columns to the current chart for Series 2004.

Mr. Moyer stated the table that you indicated will be expanded already includes developer properties. This includes the Series 2004 assessments. The developer is funding both operation and maintenance assessments and the debt service assessments, as if those lots had houses on them.

Mr. Berube stated that is why the 2004 amortization schedule is included in the budget, but it is basically a pass through of developer funds.

Mr. Moyer stated it is the way they are collected. We collect them directly.

Mr. Berube asked where is parcel G?

Ms. Kassel stated it is west near the second entrance.

Mr. Boyd stated yes, across from the school.

Mr. LeMenager asked what is going in on the east side of town?

Mr. Evans stated parcels I, J, and K.

Mr. LeMenager stated those are not listed on this spreadsheet.

Ms Kassel stated they are still unplatted.

Mr. LeMenager stated that is my point; there will be more lines on this chart.

Mr. Evans stated to address Mr. Berube's comment, based on the budget that has been submitted, it is a balanced budget without any special projects. There was a comment made that at the end of September we figure out how much money we have as far as actual cash to carry forward. We can then make the allocation of those funds to some of these different projects. Do we want to proceed in that manner? Otherwise, we need to add money to the budget.

Mr. Berube stated I do not want to add money to the budget. My only request is for the swing set, which I have been promoting for over a year. That will be \$6,000.

Mr. LeMenager stated if we get to September and decide we are doing fine, there might be one or two special projects that we can consider doing. If the invoices for those are not received until the next fiscal year, does that violate the budget? We may decide in September that we want to do something that we can fund from the fiscal year 2010 budget, that is not included in the fiscal year 2011 budget, but the invoice will not be received until fiscal year 2011. Can we do that?

Mr. Moyer stated yes, you are working with the fund balance.

Mr. LeMenager asked can we accrue for it?

Mr. Moyer stated yes.

Mr. Berube stated when you look at the line items, I know we need to stay within the legalities, but the boating line item will likely be \$10,000 or \$12,000 under budget this year.

Ms. Snyder stated then we can consider the resident's request at the last meeting for more kayaks.

Mr. Evans stated we can review this more thoroughly next month. We have raised a lot of good points and suggestions. Mr. Moyer's office will provide more information for us.

THIRD ORDER OF BUSINESS

Resident Questions/Comments

A Resident stated I was on a Board of Directors for a condominium association. We prepared depreciation and replacement reports every so many years, which would tell us what it will cost for major repairs or replacements. I heard the comment about the County having different requirements as to what we can use money for. Is that something the CDD is planning to do, such as replacing the park facilities? I think it is a great idea to start putting money aside for that and designating different funds for that money. Is that something that is required by Statute or County rules?

Mr. Moyer stated unlike condominium associations, where they are required to establish reserves, government agencies are not required to do that. The discussion that we just had, even though we are not required to do it, I think this Board is of a mind that is good sense to do that. We asked the engineer to come up with a list of depreciable assets and a schedule of when they need to be repaired. In all likelihood, we will start funding that as part of this budget discussion.

Mr. Ray Walls stated I think what would make your lives easier is if you show fund balance on the revenue side and the expense side. You will have a good idea of how much money you will have allocated. On the bottom expense side, allocate that money to a surplus. Unless you have a specific reserve policy that you have approved, you can decide where you want that money to go. If something happens and there is an emergency where you need to move those monies out of reserves to an expenditure line, your life will be easier. This is the only governmental entity I have seen that does not do that.

Mr. Moyer stated fund balance is not a revenue; it is an asset. You do not budget an asset, which is part of the problem.

Mr. LeMenager stated our approach is more corporate. Our financials are about a profit and loss statement and a balance sheet, whereas the government approach is 100% a sources and uses of funds document. We have some disagreements with what they call certain things, but that is semantics. It is just a different style. The classic annual report has three components: a profit and loss statement, a balance sheet, and sources and uses

of funds. The one that the county does is the sources and uses of funds. There is an argument for what he said, but it is a matter of interpretation. A lot of this is semantics. We are doing this from the basis of two separate documents—the profit and loss statement and the balance sheet—whereas to an extent they get combined in the sources and uses of funds document.

Mr. George Schiro stated I notice that there was a big change from 2009 to 2010 for turf care and shrub care. Why is that?

Mr. LeMenager stated we have a contract with a new vendor.

Mr. Evans stated there was a change in line items. We used to have many categories and now we have consolidated a lot of the line items.

Ms. Kassel stated when we switched to the new landscaping company, we also changed the way we allocated line items in the budget. There were certain things that were lumped in one category and are now broken out in other categories. It looks like it is much bigger in some places.

Mr. LeMenager stated the individual lines do not make sense; only the bottom line makes sense.

Mr. Schiro stated it looks like a bunch of numbers were rolled into one big number.

Mr. Moyer stated that is correct.

Mr. Berube stated it simplifies the invoicing and monitoring of the contract.

Mr. LeMenager stated I am not sure I agree with that. It is a completely different structure to the contract. The problem we had before was, every time we added something new, we had a new contract with REW. In the previous budget, each line item represented a separate contract. When we switched to Luke Brothers, there is now only one contract.

Ms. Kassel stated we wanted to take a closer look at what we were spending on the various landscaping items. The way we budgeted it before was by contract. When we had one new piece of property come online, we would contract for that, but we did not have line items for the various work efforts: trees, irrigation, groundcover, turf. Now we have broken all those things down and we have lumped all the contracts together.

Mr. Schiro stated the only problem is that there used to be a breakdown and now there is not.

Mr. Berube stated it is gone.

Mr. Schiro stated on page 9, the dockmaster line item and assistant dockmaster line item look like they were reversed.

Mr. Berube stated that is correct; the \$45,213 should be where \$4,944 is, and vice versa. They are backwards.

Mr. Schiro asked who is the full-time field manager/dockmaster? Is that Mr. Belieff?

Mr. Berube stated yes.

Mr. Schiro asked who is the assistant dockmaster?

Mr. Moyer stated we do not have one at this time.

Mr. Schiro asked did we ever have one?

Mr. Moyer stated yes.

Mr. Schiro asked will we have one again?

Mr. Moyer stated yes, it is anticipated to have one.

Mr. Schiro asked does the CDD pay these salaries directly, or does it pay through Severn Trent?

Ms. Kassel stated through Severn Trent.

Mr. Schiro stated there is a separate line item for Severn Trent. Should the dockmaster/field manager be included in that other line item?

Ms. Kassel stated no, because the fee we are paying to Severn Trent is a management fee. The amount we are paying to the staff is not a management fee.

Mr. Schiro stated I agree. There are other things included in the management fee. I think this should be included in that other line item.

Mr. Moyer stated it could be, but it is the same difference. It does not change anything.

Mr. Schiro stated I would think you want everything paid to Severn Trent in one line item.

Mr. LeMenager stated I think Mr. Schiro makes a good point. The totality of what we pay Severn Trent includes other services.

Mr. Berube stated what we pay personnel is separate.

Ms. Kassel stated it is a pass through. We pay it through Severn Trent, but we are not paying Severn Trent.

Mr. LeMenager stated professional services for special assessments is where you calculate the assessments, and you bill the District for that.

Mr. Moyer stated that is correct.

Mr. LeMenager stated it is a fair comment that perhaps sometimes the various and sundry items we pay to Severn Trent are not as clear as they could be.

Mr. Moyer stated I am not sensitive at all to rolling it all up into one line item for Severn Trent. For the amount of money you are paying Severn Trent, you are getting an accounting department, a secretarial department, office space, and field management. I would challenge anyone to look at what we are doing and come anywhere close to that amount.

Mr. LeMenager stated it is not an issue of the value for the money. It would just be nice to have something that is a little clearer.

Mr. Moyer stated I have no problem if you want to reclassify it.

Mr. Berube stated we have a really good budget, and I do not want to change it.

Mr. LeMenager stated it would be nice, then, to have a footnote that shows the total amount paid to Severn Trent.

Mr. Schiro asked what is information technology services?

Mr. Moyer stated that is an allocation to offset the IT support that we receive from Severn Trent that essentially goes for the accounting software more than website management and things like that. The website is being provided personally by me at my cost, at no expense to the District. That is not money that goes to me for website management.

A Resident stated I have a question under rentals and leases. What are we renting and leasing?

Mr. Moyer stated you are using a facility in Osceola County since we do not have an office out here. It is a District office in another location. It would be unfair for the residents in that District to pay your share of the office rent.

The Resident asked everyone shares in the cost for that office?

Mr. Moyer stated that is correct.

Mr. Berube stated the reason is that we must have an office in this County where all our records and documents are kept.

The Resident stated regarding the numbers being switched for the field manager, on page 1 of the budget, it shows \$45,213 for field management. Do we need to adjust that to \$50,000 instead of \$45,213?

Mr. Moyer stated no.

Mr. Berube stated there are FICA and other things we need to account for.

The Resident stated so you need to just fix that number. It looks like you added in the assistant dockmaster.

Mr. LeMenager stated I think she is correct. Either the notes are backwards or the lines are backwards. I think we understood what it was because the notes say the full-time person is \$4,900 and the part-time person is \$45,000 per year.

Mr. Berube stated the notes are backwards.

Ms. Kassel stated if you look at the budget in the right column, but the full-time and the part-time staff members are represented, for a total of \$50,157 for both positions.

Mr. Moyer stated taxes and employee benefits are included in that budget number.

Ms. Kassel stated last year, there was a separate line for FICA, but for fiscal year 2011, it is rolled into the total shown for both positions.

The Resident asked on the line items, do you separate the contract for the assistant and one for the full-time dockmaster?

Mr. Moyer stated no, they are both being paid through Severn Trent as Severn Trent employees. The reason for that is the District did not want to hire those two employees and have all of the accounting and other work that is necessary, so they were hired as Severn Trent employees to keep it as simple as possible. Payroll and everything else is handled by Severn Trent.

The Resident stated on page 1 under Field Management, you have only accounted for the one full-time person.

Mr. Moyer stated the part-time person is included in the line above called Salaries in the amount of \$4,944.

The Resident stated you are contradicting what you just said.

Mr. LeMenager stated no, that is not correct.

Mr. Berube stated the part-time person is Payroll-Salary and the full-time person is Professional Services-Field Management. The total of those two salaries is \$50,157.

Mr. Moyer stated she brings up a good point, so let us make this clear, because it is confusing. We will have a full-time and part-time staff and we will designate it as such.

Mr. LeMenager stated that will be a much better description.

The Resident asked why are they separated in the first place when they are both under the same contract?

Mr. Moyer stated one position is mandatory and the other is optional.

Mr. Berube stated the part-time person only works when he is needed. Right now there is no one working in that capacity because there is no one. Mr. Belieff is here all the time so we need to provide for his salary, and we need to provide for assistance when he cannot be here.

Mr. Dave Leeman I notice there is \$5 million in the bank to pay off bonds. It is not necessarily a budget question. Is it appropriate to discuss now or in the regular meeting?

Ms. Kassel stated we should discuss it in the regular meeting.

FOURTH ORDER OF BUSINESS

Adjournment

The workshop adjourned at 7:50 p.m.

Gary L. Moyer, Secretary

Robert D. Evans, Chairman

MINUTES OF MEETING HARMONY COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Harmony Community Development District was held Thursday, June 24, 2010, at 6:00 p.m. at 7251 Five Oaks Drive, Harmony, Florida.

Present and constituting a quorum were:

Robert D. Evans	Chairman
Nancy Snyder	Vice Chairman
Steve Berube	Supervisor
Kerul Kassel	Supervisor
Mark LeMenager	Supervisor

Also present were:

Gary L. Moyer	Manager: Moyer Management Group
Ken vanAssenderp (<i>by phone</i>)	Attorney: Young vanAssenderp, P.A.
Steve Boyd	Engineer: Woolpert
Thomas Belieff	Dockmaster
Brenda Burgess (<i>by phone</i>)	Moyer Management Group
Greg Gologowski	Harmony Development Company
Jason Shafer	Luke Brothers
Shad Tome	Harmony Development Company
Residents and members of the public	

FIRST ORDER OF BUSINESS

Roll Call

Mr. Evans called the meeting to order at 8:00 p.m.

Mr. Evans called the roll and stated a quorum was present for the meeting.

SECOND ORDER OF BUSINESS

Approval of the Minutes of the May 27, 2010, Meeting

Mr. Evans reviewed the minutes of the May 27, 2010, regular meeting, and asked for any additions, correction, or deletions.

Mr. LeMenager stated 14 pages of our minutes are based upon one resident making comments. That is unacceptable. We need to start using the timer and make sure we do not end up with the kind of situation we have had in the past.

Ms. Kassel stated page 25, second to last paragraph, last line should read "I would like for them to be able to do so and I would like our decision to reflect listening to those concerns." Remove "be able." Page 27, above the engineer's report should read "Ms. Kassel stated they can write on the lined side, the front of the index cards." Remove "of."

Page 35, second to last paragraph, Mr. LeMenager stated “that is great, make your comments.” The next two sentences are Mr. Schiro’s comments, not Mr. LeMenager’s comments.

On MOTION by Ms. Kassel, seconded by Ms. Snyder, with all in favor, approval was given to the minutes of the May 27, 2010, regular meeting, as amended.

THIRD ORDER OF BUSINESS

Subcontractor Reports

A. Landscaping – Luke Brothers

Mr. Shafer reviewed the monthly landscaping report as contained in the agenda package and is available for public review in the District Office during normal business hours.

Mr. Shafer stated I would like to thank everyone for allowing us the time to work through our problems, and I think we have. In contrast to our statement last month about being 95% complete, I think this month we have solved the majority of our problems and we are back to improving the property on a day-to-day basis.

Mr. Evans stated I read in the report about some of the trees that are dying. I have read all the emails, and I have seen the reports.

Ms. Kassel stated I have not seen them; I do not know what is going on with the trees.

Mr. Evans stated some of the trees have died and we are trying to find out why.

Ms. Kassel asked are those the ones tied with pink ribbons?

Mr. Evans stated yes.

Ms. Kassel asked are they going to continue to decline?

Mr. Evans stated we are trying to understand why. Mr. Golgowski and Mr. Haskett have been in contact with the University of Florida, trying to understand. We have a lot of assumptions that are floating around. There were some suggestions that it may be the fertilizer or the herbicide that was used. But it is not affecting all the trees, only some of them. The same herbicide has been used around the golf course, and they have not had any problems. It is still inconclusive what the true culprit is, and we are trying to figure it out so we can address it. Some of the trees died within a week or two.

Mr. Shafer stated it was very fast, whatever was causing it. I noticed one tree on a Friday where the top was starting to turn brown and when I returned the following Monday, the majority of the tree was brown. It moved that quickly.

Mr. Evans stated it looked like lightning hit it.

Mr. Berube stated I have been working closely with Mr. Haskett and Mr. Shafer. We had another meeting with Mr. Lucadano during the month. Overall, they are doing strong work and the issue this month is the trees. About six months ago, I noticed one of their employees spraying but I was not sure if it was fertilizer or herbicide. Coincidentally, Mr. Shafer showed up at the park near my house so I asked him about it. He said they were spraying herbicide. The reason I asked was because if he was spraying liquid fertilizer, it did not look like it was enough. It alarmed me at the amount of what I perceived to be herbicide. There was no disagreement that it was herbicide being sprayed. That was about six weeks ago, along the road where my house is and going toward the school. In general, I think they herbicide treated most of the tree rings.

Mr. Shafer stated we treated the turf around the trees.

Mr. Berube stated they are trying to kill the weeds. I was concerned about the herbicide, and I expressed that to Mr. Shafer. He told me they are using a selective herbicide, and I take him at his word. My concern was that there was enough of this herbicide being applied that it was still wet. When the sprinklers came on, I was concerned that the herbicide would be washed into the turf, which may or may not be what happened. I obtained a copy of the warning label. To Mr. Shafer's comment that it is not specifically labeled not to use it on live oaks, he is correct. It is not label warned for any kind of tree. However, it does say, in part, injury to or loss of desirable trees or other plants may result from the failure to observe the following. Do not apply in a manner except as recommended. Do not drain or flush on or near desirable trees or other plants or on areas where their roots may extend or in locations where the chemical may be washed or moved into contact with their roots.

Mr. Evans asked do I interpret that as excessive flushing of their system?

Ms. Kassel stated it seems contradictory.

Mr. Berube stated it says do not apply in a manner except as recommended. "Recommended" means not on trees. The recommendations go further, but it says that if the plant material is wet with the herbicide, and the herbicide gets in contact with tree roots, it will probably kill them.

Ms. Kassel asked why did it not kill all the trees?

Mr. Berube stated I am not an expert, but I have a report from the University of Florida. The point is different application rates, which is why I was concerned about the

sprinklers or rain. It is a selective herbicide; you spray it on something you want to kill, it gets absorbed, and it kills what you want to kill.

Ms. Kassel asked is it like Round Up?

Mr. Berube stated it is similar; it is much stronger. When this herbicide gets wet and those sprinklers come on, if enough of it was applied, it will wash through and will get into the feeder roots. You will see some of the trees have just one brown branch. That means not all the feeder roots were affected. My opinion, which is concurred by the University of Florida, is that the herbicide caused the problem. As part of a test, they sprayed live oaks in pots and in 10 days, the trees were dead. We did not spray the trees, but the chemical made its way down to the roots and resulted in dead trees.

Mr. Evans stated I am not fully convinced. Based on what you said, the roots absorbed the chemicals. If you have one tree installed at a certain depth and another tree installed at a shallower depth, over a period of three or four years, those roots will make their way closer to the surface. For whatever reason, it might make certain trees more susceptible.

Mr. Berube stated I agree.

Mr. Evans stated that will lend itself to explain why all of them are not dead.

Mr. Berube stated that is correct. The report from the University of Florida said that all their trees are basically healthy and have vigorous growth, with the exception of the ones that died. Some trees are in more decline than others, and some of that has to do with how deep it was planted, depth of the mulch, and other factors. It is a matter of that chemical reaching the roots.

Mr. Evans stated when they install these trees in the early development stage, they bring in dirt, compact the dirt, and build the roadways. Sometimes, certain areas get compacted more than others and there are differing compositions of soils. It is not perfect. Some areas may have more clay than other areas. That means as those roots begin to expand, some may go down, some may go lateral, and some may come up. It will vary. Is there a situation where those trees are all in one area? The ones I saw were all in one area.

Mr. Berube stated they are throughout the property, with the exception of the side streets. They are throughout the service area for Luke Brothers, with the exception of this one road.

Mr. Evans stated that was done at a different time. I am trying to think through all the physical conditions that could lead to this situation. A certain soil type will impact the direction those roots go and the stress that is on those trees during that timeframe. To me, there are a lot of other variables that I would like to find out more about and understand.

Ms. Kassel stated I would like to know if all the trees that experienced this received that herbicide and when. This all happened at the same time in a variety of areas. I would like to see the herbicide application reports.

Mr. Berube stated we have that information.

Ms. Kassel stated I would like to know if the trees that experienced this, if every single one of them was sprayed with this herbicide within a 10-day period before they started turning brown.

Mr. Berube stated it is longer than 10 days. Once the damage starts, I understand it is a rapid degradation of the tree. It declines a little in the beginning, and then it takes a rapid turn for the worst. The timeframe of application, in looking at their work reports, is about five or six weeks to the time the damage started.

Mr. Shafer stated the key thing about this herbicide is that most of those cautions pertain to new plant material. They say not to use this product anywhere near a new tree or new plant material. It is a systemic herbicide. It is fully absorbed through the green material. I spoke with a representative of the manufacturer today, and he will meet with me here next week. His comment was that we would have to pull the trees out of the ground and literally dip them in this herbicide in order to kill a tree of that size. If you look at the report from the University of Florida and you look at the size of the trees they used, they are baby trees. You could kill them with too much water.

Mr. Berube stated you are correct; there are a lot of possibilities. The University of Florida report said, "after looking at it, given the apparent acute nature of the damage, an observation of plant necrosis, from the knowledge of a broad-leaf herbicide applied six weeks earlier, it is my opinion that the symptoms observed are the result of acute toxicity to the herbicide. Toxicity of live oaks to this product is not widely known in the industry and appears to be a more recent development." He goes further to say that they want to do more chemical testing on these trees, but they want to find someone who will let them kill some trees. They are looking for big trees, like the ones we have. The bottom line is,

there is an apparent correlation between the application of the herbicide and the areas around these trees where the roots are picking it up and doing something to the trees.

Ms. Kassel asked is every single tree that is showing signs of decline treated with this herbicide?

Mr. LeMenager stated I believe every single tree, period, was treated.

Mr. Shafer stated there are 1,010 live oaks within our maintenance area, and they were all treated with this same product.

Ms. Snyder asked are they all dead?

Mr. Shafer stated no, only about 20 trees showed symptoms and about six to eight have actually died.

Ms. Kassel stated that has been five to six weeks. The report from the University of Florida said that within 10 days, their trees were dead.

Mr. Berube stated you are talking about little trees in a pot that they tested.

Mr. Shafer stated that is correct. When they applied the chemical, it stayed right in the pot. I can see where that young tree absorbed it. Young trees absorb much more quickly because they are trying to grow. But a tree that is the size of our street trees can have roots that extend many feet, out into the turf.

Mr. Evans stated that is the issue that I had. It is not an apples-to-apples comparison. That is why we need to be more open minded. There may be something else that we are missing. If we assume we already have a guilty party, there may be a bigger problem that we have not identified.

Ms. Kassel stated also if there are more trees that die. Have any new trees started declining? I noticed one tree in decline on Cat Brier that did not have a pink ribbon.

Mr. Berube stated Mr. Haskett did one pass through with pink ribbons. There are 18 or 19 additional trees.

Ms. Kassel stated those trees have been showing signs of a problem for the last several weeks. It is only in the last few days that I have noticed new trees like that.

Mr. Berube stated that is correct.

Ms. Kassel stated that does not point to this conclusion.

Mr. Berube stated it may. It depends on several variables, and this problem extends throughout the community. Mr. Haskett sent soil samples from various areas to be tested, perhaps a dozen samples. We will not get the results back until next week. The soil in the

tree root and in the root ball shows this chemical in it. If it is in the root ball, the tree is going to absorb it, which is a good indicator that it is causing this damage. The damage is also a little unique. If you snap a branch and let it hang down, the leaves turn brown in a day or two. In the trees that have this chemical damage, the browning is a different color. It is a reddish rust.

Mr. LeMenager asked can you send some of the leaves to be tested?

Mr. Berube stated perhaps. We are at a disadvantage since Mr. Haskett has not been available since the University of Florida was here because he is working on other things this week. That will be the determining factor, the soil samples and what is in the trees.

Mr. Shafer stated tissue and extensive sample testing can be quite expensive. That would far exceed what it will take to replace the six or seven trees that are actually dead. The University of Florida report also said that it appeared to be a one-time event and he sees new growth in the trees that look damaged. It appears that the tree is pushing out the dead parts with new growth slightly. That is why Mr. Haskett stopped flagging the trees. At first it looked like it affected most of the trees, but then it just stopped and waned.

Ms. Snyder asked how long ago were the trees flagged?

Mr. Shafer stated about five or six weeks.

Mr. Evans stated we sometimes get quite a bit of rain, which will cause some flushing.

Mr. Berube stated the biggest group of trees that are affected are the ones along Five Oaks at the west entrance. The irrigation in that area runs more often than anywhere else.

Mr. Golgowski stated I do not have any reports to indicate that.

Mr. Berube stated in all my driving through the community, I notice those sprayers are on more often with more concentrated spraying on those trees. That supports the wash-through theory.

Mr. Shafer stated the report said that as far as the trees that have actually died, they also had some other issues. For example, some of them were planted too deep.

Mr. LeMenager stated to be fair, the trees originally installed here were low grade. They were a B grade instead of A grade.

Mr. Shafer stated I am not sure about that. As far as this affecting trees in one concentrated area can also be due to the fact that those trees came from the same nursery. It may have more to do with the fact that they were all planted at the same time.

Mr. Berube stated Luke Brothers has stopped using that brand of herbicide and has started using another as a replacement. That is the immediate step toward resolution, stopping the use of the previous herbicide. The next step will probably be soil samples and other things. Then we will need a plan of action and we will need to make some decisions as to whose fault it is.

Ms. Kassel stated we should wait another month to see what happens with possible other trees and the trees that have shown some signs of decline.

Mr. Berube stated it would appear that in the last week, I have not noticed any new trees, and I have been looking very carefully. The good news is that I have not noticed any new browning. It will take until the next meeting to get all this information together, and I will keep watching.

Mr. LeMenager stated my wife wanted to know if this is also affecting the crape myrtles. She has noticed that the bark is falling off the crape myrtles and it is bright red.

Mr. Berube stated I do not think so.

Ms. Kassel stated I think that is just how they grow.

Mr. LeMenager asked is that normal?

Mr. Moyer stated yes.

Ms. Kassel asked what is the status on the landscape refurbishment that we were doing? Is it complete?

Mr. Shafer stated yes, it is complete and we would like to begin the next phase. There was a problem with one particular plant. We could not find that particular plant, so we substituted another one until we can. We searched for a month but could not find it. It appears that it was chosen because butterflies like it, but it is a rare variety in this area.

Ms. Kassel stated the lantana that was planted near the dog park, some were planted with the root ball above the soil level. You will want to make sure they are planted deeper.

Mr. LeMenager asked what is the status of trimming trees below 10 feet? Is that on schedule? It does not look like it has been done on all the main streets.

Mr. Shafer stated that is a work in progress and it will be complete by the next Board meeting.

Mr. Berube stated in case anything is said or noticed, the Luke Brothers staff came onto my property yesterday to mow some of my grass.

Mr. LeMenager asked are you in charge of power washing?

Mr. Shafer stated no.

B. Aquatic Plant Maintenance – Bio-Tech Consulting

Mr. Golgowski reviewed the monthly aquatic maintenance report as contained in the agenda package and is available for public review in the District Office during normal business hours.

Mr. Berube stated we may have an issue with the current invoice from them having to do with the plantings. I will bring this up under approval of the invoices.

C. Dockmaster/Field Manager – Buck Lake Boat Use Report

Mr. Belieff reviewed the monthly boat report as contained in the agenda package and is available for public review in the District Office during normal business hours.

Mr. Belieff stated I want to thank Mr. Berube for loaning me some tools for the trash can project.

Mr. Berube stated we did purchase some tools for this project, as well, and we revised our program again of refurbishing them. That project should be complete soon.

FOURTH ORDER OF BUSINESS

District Manager's Report

A. Financial Statements

Mr. Moyer reviewed the financial statements, included in the agenda package and available for public review in the District Office during normal business hours.

Mr. Moyer stated I distributed an updated schedule of the collection of our non-ad valorem assessments. We are currently 99.8% collected.

Mr. Berube asked will we receive the remaining 0.2%?

Mr. Moyer stated it depends on a lot of things.

Mr. LeMenager stated one thing that came up in my conversations with Ms. Khan on the budget was that there was \$11,433 in delinquent assessments from several years ago that was never collected. I understand at one time in Drake neighborhood, there were some assessments that were direct billed, and some builders never paid it. Is that what this delinquent amount is?

Ms. Khan stated yes, the original amount was \$49,000, so we have collected most of it.

Mr. LeMenager asked can I presume the rest is Royal Development and we will never see that money?

Ms. Khan stated we will put it on next year's assessment roll.

Mr. LeMenager asked can we ever get the money back from those people?

Mr. Berube stated I understand what it means to put it on the roll. What effect will that have?

Mr. Moyer stated if the same person still owns the property and did not pay that assessment that we levied directly, not on the roll, we will add that amount to the non-ad valorem assessment that we levy for fiscal year 2011, the entire amount.

Ms. Kassel asked is it just for 2006?

Mr. LeMenager stated yes, it has been delinquent since 2006.

Mr. Moyer stated to the extent that the house has been transferred to a third party, in my opinion, it would be unfair to put an assessment on someone's property who was not here when the delinquency took effect.

Mr. Berube asked would that be our fault because we did not put it on the roll earlier?

Mr. Moyer stated no, it is a timing issue and when there is a lot of sales activity, that will happen, or for any number of reasons. To the degree we can collect some of that, we will. To the degree we cannot, then we will write it off as a bad debt.

Mr. LeMenager stated I would contact the closing company. In the lien search, they missed something. What recourse would we have against them?

Mr. Moyer stated I would not recommend to the Board that we do that.

Ms. Snyder stated I do not think we can go to the new owners.

Mr. Berube asked if we put this on the roll, does it then become subject to tax certificate sales?

Mr. Moyer stated yes.

Mr. LeMenager asked does it apply to a house that has already been built and someone has purchased it?

Ms. Kassel asked are any of those situations included in this \$11,000?

Mr. Moyer stated we think so. Ms Khan has a schedule. She will review the schedule and look at who currently owns the property. If they match up to the person who owned the property and did not pay in 2006, we will proceed to collect it on the roll.

Mr. Berube stated it looks like this is probably six properties.

Ms. Khan stated that is correct.

Mr. Moyer stated we should have a report on this matter at the next meeting.

Mr. Berube asked is it the same with the current year assessments where we are waiting to receive about \$4,800?

Mr. Moyer stated in that case, we do not have a lot of leverage because we have given that over to the tax collector, so we will need to follow that process. In this economy, I am very pleased with collecting 99.8% of the assessments.

Mr. Berube asked do we have another situation out there like what happened in 2006?

Mr. Moyer stated no.

B. Invoice Approval #122 and Check Run Summary

Mr. Moyer reviewed the invoices and check summary, which are included in the agenda package and available for public review in the District Office during normal business hours, and requested approval.

Mr. Berube stated several months ago we contracted with Bio-Tech to plant 3,117 plants in the various ponds. That invoice is in this month's approval package. When they first planted them, I went to take a look. They are scattered over seven different ponds. From a distance, they were very difficult to count and walking around the ponds is not very easy. My opinion was that we did not get what we agreed to pay for and they were not planted as they said they would be, in two- to five-foot centers. I gave the map to Mr. Belieff and asked him as he had time to ride through there on the golf cart to count the plants. He came up with the same assumption I did, that the plants do not appear to be there. Mr. Belieff discussed this with Mr. Golgowski, who has a bit more experience in these matters. Mr. Golgowski took a count, and he came up with the same opinion, that we do not see this number of plants in the ground. Time has elapsed; some have grown and some have died. It can be a difficult count. Mr. Golgowski and I went out the other day to count plants. On the first pond they planted, they did a really nice job and put them in three rows. It appears on that pond they did very close to the count. On a number of the other ponds, they are short on the count by as much as 60% to 75%. To be fair, a lot of time has elapsed, but part of that is because Bio-Tech has not responded to inquiries quickly. We asked for a representative to be here tonight, and they are busy. They responded to Mr. Golgowski's email with a response that said exactly what they say here on this invoice and they said that is what they did. That is not right because there were changes made. My concern is that I cannot prove the number of plants that were planted. A number of other people have also counted the plants. I am willing to tolerate 5% to 10%, but the tolerance level is way off that. Mr. Schiro lives off pond 24, and Mr.

Golgowski and I counted about 126 plants on that pond. Mr. Schiro counted them right at the time that they planted them, and he counted about 100. There should be 427 plants on that pond.

Mr. LeMenager stated that is significantly short. I would not be in favor of approving this invoice.

Mr. Berube stated Mr. Golgowski asked Bio-Tech to have a representative come out here but also to solve the mystery of them invoicing 3,117 plants. They have not done that. I have a problem approving this invoice because there is a serious question. We have not had any problems with Bio-Tech in the past, but their contract has been fairly steady and we have not had a project like this before. It is my understanding that they subcontract at least part of this work out, so no one knows what really happened. My suggestion is that we pull the invoice. Mr. Golgowski told them that until we can verify the work that was done, their invoice may get held. They have not responded in objection.

On MOTION by Mr. LeMenager, seconded by Ms. Kassel, with all in favor, approval was given to the invoices as presented, with the exception of the Bio-Tech invoice for additional plantings in the amount of \$3,274.95.
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C. Public Comments/Complaints

Mr. Moyer reviewed the complaint log as contained in the agenda package and is available for public review in the District Office during normal business hours.

D. Consideration of Use Application for the Ashley Park Pavilion

Mr. Moyer stated in the normal course of business, I receive requests to use District facilities, like the Ashley Park pavilion, and I routinely would issue those if they are consistent with our policy. I received this one a week ago and chose to hold it for the Board's discussion, requesting to use Ashley Park from 2:00 to 5:00 p.m. on July 3, 2010, which is over the holiday weekend. I would like the Board's direction if you want to let people reserve park facilities during holidays.

Ms. Kassel asked is this for something that is open to all the residents or only to a select number?

Mr. Moyer stated the request is for a family party of about 25 or more people.

Mr. LeMenager stated it is also on a Saturday. I object to having it simply on a Saturday. It is fine on a weekday, but not the weekend.

Ms. Kassel stated I would agree to it if it were something that the community residents were putting something on and it was open to everyone, but it is not. I do not feel that it is warranted on a holiday weekend.

Mr. Berube stated it is a public pool and I gather they are asking for exclusive use. I am not in favor of that.

Mr. Belieff stated they wanted to use the kitchen area and they need a key to get in there.

Mr. LeMenager asked do they mind sharing the facilities with everyone? Is the request just to get into the kitchen?

Ms. Kassel stated if they are requesting exclusive use of the pool for that time, we do not feel that is appropriate to approve. If they just want access to the kitchen and they are allowing other people in the community to use the pool during those hours, that is a different story.

Mr. Berube stated if they are not asking for exclusive use and if it is open to everyone, I do not think we have any objections and they can use the facility. If they are going to exclude the rest of the residents, then they cannot.

Mr. Evans stated but they will have exclusive use of the kitchen facility.

Mr. Berube stated that is fine. Is all we have in the kitchen a refrigerator?

Mr. Belieff stated yes.

E. Consideration of Use Application for the Swim Club

Mr. Moyer stated the physical education coach has requested the use of the Swim Club pool for 10 kids on Tuesdays beginning June 22, which was this week, for five weeks, concluding July 27, from 9:00 to 11:00 a.m.

Ms. Kassel asked are they looking for the pool to be closed to everyone else?

Mr. Moyer stated no.

Mr. Berube stated we had that issue with the younger students where they needed exclusive use.

Mr. Moyer stated I will advise them it is not for exclusive use.

Ms. Snyder stated it is not for the swim team; it is for the running team where they will run from the school to the pool and then run back.

Mr. Berube stated it is for summer physical education.

Mr. Moyer stated that is correct. Hearing no objection, I will also issue this permit pursuant to your discussion and conditions.

FIFTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. vanAssenderp stated I have been working with Mr. Moyer's support staff on some items dealing with financial statements and we are reaching a good understanding.

B. Engineer

Mr. Boyd stated the Board directed us to proceed with the sidewalk analysis, which we are preparing. We plan to present that to you in July.

C. Developer

Mr. Golgowski stated I distributed some material related to the park irrigation system. We just received recent notice of a grant opportunity with the South Florida Water Management District (SFWMD) to fund projects that are directed toward water conservation. We have received grants from them previously, such as for the irrigation controller. They will fund 50% of improvements that we make beginning in their next fiscal year, which is the same as our fiscal year, October 1, 2010. The irrigation improvement that we can probably benefit the most from is installing flow meters and corresponding valves in the irrigation lines into different zones throughout the community. This will allow us to accurately know how much water we are putting out. Right now, the MAXICOM system simply says a certain amount of water went out and we know that the satellite controllers received that information, but we do not know if it actually did. The flow meters will tell us actually how much water went out each time the system runs. It will also tell us if a line is broken or if a head has popped off. When it senses something like that, it will shut that down. We would not be as dependent on a monthly physical check of the irrigation heads. If underground lines are broken, we would not know that until there is a sink hole or other evidence. This offers us some money-saving opportunities with the irrigation water.

Ms. Kassel stated this is really a capital expense because we are putting in new facilities. We do not currently have flow meters.

Mr. Berube stated this is an upgrade to the system that probably should have been put in when the system was installed. Some of the wiring for this may already be in place, which is reflected in the \$5,000 to \$7,500 price range per zone to do the work. If the wiring exists, it is a matter of plugging in the new sensors. If the wiring is not there, then it will be more expensive. That is why there is a range. It is similar to the key locks; you could argue this is capital or you could argue this is an improvement to the system.

Mr. LeMenager asked is this the kind of expenditure that will potentially pay for itself in terms of reduced water usage?

Mr. Golgowski stated potentially, yes. I cannot give you specifics because I do not know how many heads will be broken.

Mr. LeMenager asked it will shut off the system if it notes something is wrong?

Mr. Golgowski stated yes, it will shut it off for you.

Mr. LeMenager asked we can get this for a 50% discount because SFWMD will pay for half of it?

Ms. Kassel stated even though we will initially pay \$60,000, we will receive \$30,000 back.

Mr. LeMenager stated we can make this contingent upon receiving the grant. Is this a request to include it in the budget?

Mr. Golgowski stated yes, and to authorize filing the application for the grant.

Mr. LeMenager stated I think we should do it.

A Resident asked will the system manufacturer be able to tell you how much water you could be saving?

Mr. Golgowski stated it is possible.

Ms. Kassel stated I would like to allow members of the audience to comment using our speaking request forms.

Mr. LeMenager asked can we consider this next month?

Ms. Kassel stated no, the application has to be submitted by July 22, 2010.

Mr. Golgowski stated if we are awarded the grant, then you will have to decide if you are going to proceed with it or not.

Mr. LeMenager stated we are going to make an application for this grant. If we are awarded the grant, then we can decide whether or not we want to do it. If they deny the application, then I think our answer is clear.

Mr. Evans stated it is my understanding that we are going to make the application. If they accept it, then we agree to proceed with the project. They are not going to want to award a grant of \$30,000 to us and then have us vacillate as to whether or not we are going to do the project.

Mr. Golgowski stated they are looking for a commitment.

Ms. Kassel stated if we are looking to decide on this tonight, this is \$30,000 and I would like to hear from the audience.

Mr. LeMenager stated this goes back to my comment several meetings ago about us being given information at a Board meeting and suddenly expecting us to make a decision. There is an email system that can be utilized.

Ms. Kassel stated there is an exception here because the deadline is prior to our next meeting.

Mr. LeMenager stated I understand that, but we still could have been given a little time in advance to review the information.

Mr. Golgowski stated I just received this on Monday.

Mr. LeMenager stated in that case, that is fine.

A Resident asked how do you know which 10 zones to choose?

Mr. Berube stated there are 19 zones, and we are going to choose the 10 biggest ones because of the sheer volume. So we are doing about half the number of zones, but on volume, those 10 zones probably use 75% to 80% of the water. We will not know the success of this until it is installed and we have used it for a period of time. It seems like a reasonable improvement. Because we have this nice MAXICOM system, it lets us know when we go over our water usage. I think it is a valuable project.

Ms. Kassel stated as Mr. Golgowski said, we will not know the return on investment but he believes there will be a 100% return on investment, perhaps more or perhaps less, depending on what we find out through using the system, depending on how many breaks we have. Going forward, if we have a lot of breaks that we repair quickly versus a lot that are not repaired quickly and we are spending a lot of money on the water consumption, it is hard to know. His estimate is that it is likely to recoup 100% over its lifetime.

Mr. Evans stated we are trying to monitor the amount of flow that goes through the system and we also will have an early-warning system that lets us know there is a problem. If there is a break and we do not get to it quickly, there can be a major washout and there can be significant damage that happens as a result of not seeing it right away. It is a safety system, in addition to savings. SFWMD promotes water conservation and regulated water use.

Mr. Berube stated we have a system that is fairly sophisticated primarily because it was designed to save water but also provide green grass. We are not using it to its

capability because of the lack of these sensors. This is an enhancement to a system that is already being maintained and used by us every month, and we pay monitoring fees and maintenance fees. This enhances it and hopefully saves additional water.

Mr. Evans asked do they indicate when they will make the announcement?

Mr. Golgowski stated I believe it will be in August or September.

Mr. LeMenager asked so your request is to put it in next year's budget as a \$30,000 item?

Mr. Golgowski stated it is actually for \$60,000.

On MOTION by Ms. Snyder, seconded by Mr. LeMenager, with all in favor, approval was given to authorize Mr. Golgowski to submit an application to SFWMD for a grant for an irrigation enhancement program and to include \$60,000 in the fiscal year 2011 budget, with half being reimbursed by SFWMD if the grant is approved.

Mr. Berube stated as this moves forward, it will be nice to get a more accurate number as to what it will cost.

Mr. Golgowski stated SFWMD will also ask for how much water consumption this enhancement will save.

Mr. LeMenager asked what is the schedule for power washing the sidewalks and getting the pool tiles repaired?

Mr. Berube stated Mr. Haskett is handling that and we do not have an answer yet. I think it is planned for the next fiscal year because we included \$20,000 in the budget for the tile repair.

Mr. LeMenager asked are we going to power wash the sidewalks?

Ms. Kassel asked is that done by the HOA or the CDD?

Mr. Berube stated the CDD.

Ms. Snyder asked is that for the condominiums?

Ms. Kassel stated it could be for the parks, like Longshore Park or Lakeshore Park.

Mr. Berube stated the line item in the budget is for the fence along U.S. 192, not the sidewalks. Pressure cleaning hardscape means the white fence.

SIXTH ORDER OF BUSINESS

Supervisor Requests

Mr. LeMenager stated there was a lot of traffic on one of our internet sites with respect to an issue we discussed last month, which is fishing in the ponds. I promised that

if people were interested in the topic that I would raise it under Supervisor requests. I will mention the fact that it is clearly an issue of some interest. From my perspective, we left it last month in what I thought was an unacceptable manner. We said that we have signs, but the signs are completely unenforceable. In fact, the most recent person who called the sheriff received the response that there is nothing the sheriff can do because there is no Statute referenced on the sign. The real question is, what are our options? If we do not want to have people doing anything, such as fishing, in the ponds, then we need to put up the right signage that allows enforceability. Right now the sign says No Fishing and all the teenagers laugh at it because they know it does not mean anything. We either need to allow them to fish in the ponds—it appears to be a 50-50 split as to whether or not it should be allowed—or we need to have an enforceable basis to do it. I do not know what that enforceable basis is. I do not think the status quo works.

Ms. Kassel asked can we limit access to parts of CDD property, such as the ponds, through no trespassing Statutes?

Mr. vanAssenderp stated you cannot or may not limit access, but you can regulate access. You began that process on January 29, 2004, with an amendment to your rules on community recreational facilities. You cannot deny access to a public facility. You can regulate its use, including fees and charges.

Ms. Kassel asked how can we legally do that with the ponds?

Mr. vanAssenderp stated if it is an asset owned by the District, you adopt a rule.

Ms. Kassel asked is the rule enforceable by law?

Mr. vanAssenderp stated yes.

Ms. Kassel asked is it mentioned in the Statute somewhere that we can cite on a sign?

Mr. vanAssenderp stated your Charter says that you may adopt rules. The Federal and State laws say that public facilities are such that public access may not be denied, but by rule, you can regulate access.

Mr. LeMenager stated right now, we have a sign that says No Fishing. The Sheriff says there is no reference to any Florida Statute on this sign.

Ms. Kassel stated the Sheriff cannot enforce that sign and people can fish all they want.

Mr. vanAssenderp stated we can work out an agreement with the Sheriff's department because the land in your CDD is subject to the jurisdiction of the Sheriff right now.

Mr. Berube stated the sign should say No Trespassing instead of No Fishing.

Mr. vanAssenderp stated yes, you will need to modify the sign and you will need to adopt a rule so that the Sheriff has something to enforce. He already has jurisdiction over your property.

Mr. Berube stated we need to be careful and there has been a lot of commentary that we have all heard and read. I have also discussed this with the development company. We have a rule that says you must be a certain age to go out on the docks, and we have a gate in front of the docks.

Mr. vanAssenderp stated I do not see that in my copy of the District's rules.

Ms. Kassel stated there is also a rule that says if you are under 16, you cannot bring a dog to the dog park.

Mr. Berube asked do we have a rule that you have to be 16 to be on the dock?

Ms. Snyder stated I thought you had to be 16 to drive a boat.

Mr. Golgowski stated I believe that was a policy decision, not an adopted rule.

Mr. vanAssenderp stated that is not enforceable, and policies, if they become insipient, must be adopted by rule.

Mr. Golgowski stated I believe what is posted at Buck Lake Park, which might be a policy and not a rule, is that you must be 16 or older to be unaccompanied at that park.

Mr. vanAssenderp stated I am reading Chapter 1, amendment 4 of the District's rules dealing with animals, habitat and wildlife. They are lengthy and I am happy to review if I am posed a specific question.

Mr. Berube stated my concern was that there have been kids thrown out of the ponds and have been referred to go to Buck Lake Dock. They were told by their parents that they cannot go to Buck Lake Dock because of the rule about the age at that dock. The problem becomes if we are going to allow fishing only on the dock and we turn the kids away from the dock and the ponds, where do they fish?

Mr. LeMenager stated with respect to the ponds in Lakeshore Park, I do not see why they cannot fish there.

A Resident stated on Brackenfern they stand in the water and fish. It is very dangerous. Some of them are knee deep in the water.

A Resident stated right now, if we want to go swimming in the pool, we can unless it is dark. If I go out there now to go swimming and the sheriff shows up, what happens?

Ms. Snyder stated he will tell you to get out.

The Resident asked what if I gracefully decline?

Ms. Kassel stated you may be trespassing, so they will prosecute you for trespassing.

The Resident stated I love it. Do we have that Statute posted on the signs at the pool?

Ms. Kassel stated I do not believe we do.

Mr. Berube stated no, we do not cite the Statutes.

Ms. Kassel asked do we need to have the no trespassing Statute cited on the pool sign or on the No Fishing signs in order to have them enforced?

Mr. Moyer states yes.

Mr. vanAssenderp stated yes, but it needs to be by rule. Since I am having a little difficulty hearing on the phone, I would request that Mr. Moyer email me the precise question and I will provide an answer to him to distribute to the Board.

Mr. LeMenager stated it sounds like the rule that needs to be cited.

Ms. Kassel stated the Sheriff has to agree to enforce it.

Mr. Moyer stated the rule establishes the requirement. The violation of the rule ends up being a trespass. The notice of the trespass has specific language that you have to post. There is certain information that is required, and one of those is the trespass section of the Florida Statutes. I will email the question to Mr. vanAssenderp, and I believe what he will respond is that the violation of the rule triggers the trespass.

Mr. vanAssenderp stated that is correct.

The Resident asked so you are saying that the Sheriff is incorrect?

Ms. Kassel stated no, the Statute is not cited on the signs currently.

The Resident stated I thought you just said there is no Statute.

Ms. Kassel stated there is a Statute regarding no trespassing.

The Resident stated the attorney keeps referencing the rules.

Mr. Moyer stated that is something that this Board has to adopt.

Ms. Kassel stated we have already adopted some rules.

Mr. vanAssenderp stated I will review the rules the Board has adopted, and if the rule suffices, then it needs to be implemented correctly. If the rule does not suffice, then I will make a recommendation to this Board on how to amend the rule so that the Statutes can apply.

Mr. Berube asked back to the original question, do we want to allow people to fish in the ponds?

Mr. LeMenager stated that is the open issue. I do not have a problem with people fishing in selected ponds.

Ms. Kassel stated I do.

Mr. Evans stated the Board has to decide if we are going to allow it or not, and if we are not, how do we enforce it. That is the issue before us. From a construction standpoint, when these ponds are built, they are built to a certain slope, which is a 4:1 slope that tapers down to a 2:1 slope until it gets to two feet below the water level, which is a steep slope once you get to the water level. If someone steps off and they are not in a littoral area, they are going to fall in the pond. It is a safety issue that we need to consider. It is not a shallow lake, like Buck Lake, that starts off very gradually and you can wade out for a ways. If you slip and you fall, you will go down, and these ponds are very deep.

Mr. LeMenager stated I appreciate that, but you can still put on the appropriate wording for a warning. You cannot legislate smarts versus stupidity. If people want to go in the water, they need to understand they may encounter an alligator, which is not our problem if that is what they choose to do. I am not into the parental society.

Ms. Kassel stated I would not want that on my conscience as a CDD Board member that I approved fishing and someone got hurt or killed.

Mr. Berube stated even if we do not approve fishing, someone can still get hurt or killed.

Ms. Kassel stated that is why you are looking at enforcement aspect. As an idea of allowing people to fish in the ponds or not, I feel it is a safety issue. There are multiple reasons why fishing should not be allowed in the ponds. Maybe we can make it so that people under 16 can fish off the dock so that they have a place to go unaccompanied and they do not have to feel like they have no place to fish.

Mr. Berube stated we are forgetting an important concept. This is the people's land. It is their funds, not ours. I understand the Supervisors make these rules, but we generally have free access to everything here and we are limiting them from the ponds. They could play in the street and get run over by a truck.

Ms. Snyder asked do kids have to walk across someone's property to get to the pond?

Mr. Berube stated technically, no. There is access at every pond somewhere.

Mr. LeMenager stated the comment my wife made to me was echoed by a resident last month. If we have a kid who is 12 or 14 who is fishing in the pond, that is less mischief he is getting into. This community is designed for children. We need to make sure there are plenty of things for kids ages 12 to 15 to do. If it is fishing, that is great, but if they cannot fish in the ponds, then we need to come up with some other easy alternatives.

Ms. Kassel stated they can fish in the lake. We can change the rules that apply to age on the dock.

Ms. Snyder stated it is great to have them outside.

Mr. LeMenager stated I agree. I know we will not resolve anything at this meeting, but I wanted to raise the issue.

Ms. Kassel asked does Mr. vanAssenderp have a legal opinion about whether or not we allow fishing in the ponds?

Mr. vanAssenderp stated if the ponds are owned by the District or were constructed with tax-exempt bonds or both, then public access may not be denied; however, regulation by rule is legal as long as it does not equal total denial of access. That is where you get into safety and trespass, among other things. If you proceed in the manner Mr. Moyer was explaining earlier from the law to the rule, the rule is the way to implement your duty to provide rules to regulate access but not to deny access.

Mr. Berube stated there was a proposal presented to me to remove the gate that fronts the dock access. It is somewhat of an impediment to access. It was there for a reason: to keep people away from the boats at night. We have addressed boat security in a different manner, which is the new fence that is on that dock. From various perspectives, it might be nice to have easier access to that dock, especially for development personnel when they are showing off the community. They would be able to drive the golf cart right up to the dock instead of stopping and going through a fence. From the perspective of people who want to purchase a home here, why have a big fence with a big sign in front of this beautiful lake access. It is something that just came up and something for you to think about. Can we get rid of this fence? I do not see a need for it for security. I think if the gate and the fence were removed, that whole area would be opened up, cleaned up and it would make a nice looking lake access. My second item is related to information I distributed to the Board regarding gate access security system. Most of the vendors I

contacted have walked away because we have a project that is too complicated. ADT said they cannot do it. Niscayah, who did the system at Solivita, has also walked away. It comes down to Stanley Systems. I provided the Board with the proposal they sent to me, and I included the email commentary. These are intelligent keys, so we will still have keys. Largely, you will replace lock cylinders on any gate that has a lock cylinder. The chain link fences are addressed in the information. You will see one that shows a chain. To avoid having to replace all the chain link gates, there is a lock that will be inserted into the chain link and it has a chain that people will drop over to secure the gate. It looks a bit cumbersome, but everyone is telling me this is the way to go in order to solve securing all the gates. The total expense to get it installed and get 500 keys is about \$41,000.

Mr. LeMenager stated I presume you then have the ability to turn off the keys.

Mr. Berube stated there would be a key processing unit. The Board members will have a master key to access everything. Some people who have a dog but have not registered their dog will not be able to get into the dog park, but they will have access to the swim club. You can selectively access any lock. If there is a problem with someone drinking beer and there are glass bottles in the pool over the weekend, we can see who accessed that area on the processing unit. Then that person's key can be deactivated. The biggest expense is the key, which is \$30 each and we need to order 500 to start. That alone is \$15,000. The whole system, the way I proposed it for access control of all the bathrooms, the pool gates, and everything is about \$26,000 to start plus the keys. This is the best system that I have seen so far. We have discussed these issues for months, and this makes the most sense.

Mr. LeMenager stated the huge advantage is that it can be easily retrofitted into what we have now.

Mr. Berube stated that is correct. The big item is the chain link fences, where we need to add the latch. Anywhere we have a door or a lock cylinder, they have a replacement lock cylinder.

Ms. Kassel asked why do you want to regulate access to the dog parks and the playgrounds but not to the docks, the canoes and kayaks?

Mr. Berube stated we need to decide if we are going to keep that gate. Every access point will cost about \$1,200 to retrofit. If we keep it, then the lock cylinder will be removed and a new one inserted, and there will be this smart key to open the marina gate.

Ms. Kassel stated help me understand why you would want to remove regulation to the dock area but institute regulation at the playgrounds and dog parks.

Mr. Berube stated it was my understanding that we wanted to encourage people to register their pets. This is the enticement to register your pet: you get access to the dog park. It is the same with the playgrounds. The primary reason to have a fence around a playground is to keep kids inside. I do not know how many people come here from other places to use our playgrounds. I know people come to Central Bark because I see them in the mornings to run their dogs. That is not right.

Ms. Kassel stated they will do the same at the lakeshore. I understand one is for general access and one is for the boats. What I do not understand is why you would want to regulate access to the playgrounds and the dog parks but you allow open access to the lakefront.

Mr. Berube stated because of the aesthetics of the lakefront.

Mr. Evans stated he is not proposing total access to the lakefront.

Ms. Kassel stated not to the boats, but to everything else: the docks, the canoes, the kayaks.

Mr. Berube stated I am not saying that is positive or negative.

Mr. LeMenager stated I do not think he is actually advocating it. We have an idea that allows us some flexibility, and it is an interesting idea. We could possibly have a workshop with a map to show all the secured locations and we can discuss the pros and cons. Or we can agree on some items, such as the swimming pools, and then we can discuss the other areas, like the dog parks.

Mr. Berube stated I just wanted to be sure that we covered every access point. I thought we wanted to do the dog parks because of the registration requirement. The chain link fences were the challenge. Anytime you want to secure a chain link fence and a gate, it is a problem. This proposal solves the problem of securing those gates. If we do not want to secure the playgrounds, that is fine. The only reason I included it in the proposal is to perhaps keep non-residents out.

Ms. Kassel stated you want to regulate access to the playgrounds so that people from anywhere else cannot use them. You want to regulate access to the dog parks so that people have to register their pets. But you do not want to regulate access to the lakeshore area where members of the public can go. You do not want to regulate access to the ponds for fishing, which means that we are not regulating the residents or anyone from that. There is a disconnect because you want to regulate some things but not others.

Mr. Berube stated that is not correct. The gate removal or fence removal is purely for aesthetics. I did not even think about regulating people from going there. I was actually going to encourage people to go there because it is a big feature. The way you present it, perhaps we do need to regulate it. I am just providing the proposal.

Mr. Evans stated I think it has merit.

Mr. Moyer stated one comment from Mr. Schiro that he submitted on the speaker form is, does the security system include access login so you know who is going in and out.

Mr. Berube stated yes.

Mr. Evans stated we did receive a request, as we started working through our budget, to add some kayaks. Is that something we want to add to our wish list?

Ms. Kassel stated we will be under budget on the boat line item by about \$10,000.

Mr. Berube stated we have two kayaks now and Ms. Rachel Garwood suggested adding four. I think kayaks are about \$500 each, so four would cost \$2,000. She said they are not being used much now and she thinks there will be more use in the wintertime.

Mr. Golgowski stated the kayaks we currently have cost about \$1,000 each.

Mr. Berube stated that is probably correct because we have nice kayaks.

Ms. Kassel stated we can think about two extra kayaks. I think the idea was, with only two kayaks, you cannot go out with more than one couple.

Mr. Berube stated we have two now, and we can add two more. That should be fine.

SEVENTH ORDER OF BUSINESS

Audience Comments

Ms. Kassel stated there is a three-minute time limit for audience comments.

A Resident stated I want to confirm that kids do stand in the water to fish and it is a problem because there is an alligator in that pond. I was repairing a sprinkler head in my yard last week, and the alligator came across the lake and has his nose on the edge of the

bank watching me. I do not care where the kids fish, but for the community, it is a liability and it is an accident waiting to happen, a big accident.

Mr. LeMenager stated I tend to agree. What came out of the users group is a fair amount of support for fishing in ponds that are not adjacent to people's houses. I think what you are saying is that you do not want the alligators to become comfortable with fishing because your house backs up to a pond. I am in complete agreement with that. On the other hand, we do have some nice ponds in Lakeshore Park, and I have no problem with people fishing there. I completely understand what you are saying.

Ms. Kassel stated the problem is that the alligators do not stay in one pond; they move from pond to pond. You can have an alligator move from one pond where people are allowed to fish that is not next to people's houses to another pond that is next to people's houses. That alligator does not know the difference between the ponds.

Mr. Evans stated the problem is when the kids catch a fish and the fish are splashing around, it becomes a meal ticket for the alligator. Then the alligators start watching for people who are fishing in the ponds, and they will chase the fish right up to the shore. So you are training them. That is why Fish and Wildlife Commission says not to feed alligators, but that is, in essence, what you are doing.

The Resident stated this one gator will dash across the lake when we are mowing the lawn. I would think the noise would bother him, but it does not.

Mr. LeMenager stated if you have a problem alligator, you should call to report it.

Ms. Kassel stated it is possible when you are mowing that you may stir up snakes and other things that go straight to the pond, and the alligator knows that so he comes over to see what might be going into the pond.

Mr. Golgowski stated I think we should focus on freeing up access to Buck Lake where we have more of a controlled situation and a dockmaster in the area. If people are fishing on the dock over a railing, that would be safer.

The Resident stated there is good access to Cat Lake where people will stand in the water to fish. I do not understand why it should be in areas where there are a lot of people.

Mr. Berube stated I am sure a lot of people want to do it in the pond that is right behind their house.

A Resident stated I think it looks trashy with a bunch of people fishing in a pond. We do not need four wheelers or sea-dos and there are no laws against using them, but we chose that for this environment. If we had any accidents in any of these ponds, we would now be sitting here saying we should have done something about this months ago. It does not make sense to try to stop them and apply the same standards you have for the swim club to those ponds to keep people out. That is the only thing that makes any kind of sense.

Mr. LeMenager stated I understand that, but I do not think there is a lawsuit issue. I do not believe we can be sued for something like that.

Ms. Kassel asked as a government body, can we be sued for someone having an accident or drowning in a pond?

Mr. vanAssenderp stated it is possible. It depends on the facts, and anyone can sue anyone. That is where your rules come into play.

Ms. Kassel asked if we have the rules, we are more protected?

Mr. vanAssenderp stated yes, you are more protected depending on the quality of the rule.

A Resident stated it is the same thing with a private property owner putting up a No Trespassing sign and someone else goes onto that property and gets shot. You mitigate the risk.

A Resident stated some of the things we do here are so lenient and so foolish because we just want to do what we want to do. We are concerned about everyone little issue. If someone is 16 and they cannot find a place to fish, I have no sympathy for them. They can live without fishing.

Mr. LeMenager stated I think the issue is, we do not want them to go vandalize your car.

The Resident stated the point is, we need to decide if we are going to allow it or not. As I listen to the Board discuss this, the safety issue seems like such a clear reason not to allow it.

Mr. Golgowski stated I would suggest that on a trial basis, at least for the summer, that the Board reconsider the age restriction, since it is a policy decision and not a rule amendment. Can we lower the age of unaccompanied access to 14, to allow youths who

are residents with keys to get in? We can have Mr. Belieff give some sort of orientation, similar to what he does for new boaters.

Mr. Berube stated there is a kid's fishing tournament, so we have an activity that invites kids to fish.

Ms. Kassel stated that is supervised by Mr. Belieff.

Mr. Berube stated the intent of the rule is to have an adult with them who is their parent.

Mr. LeMenager stated I do not think so.

Ms. Kassel asked why 14? Why not 11?

Mr. Snyder stated I was going to suggest 10 or 11.

Mr. Berube asked why not 6? Where do you draw the line?

Ms. Kassel stated where they have a certain cognitive and emotional maturity.

Mr. Berube asked when we advertise the activity, do we put a limit on the age? It is just for kids to come out and fish.

Mr. Evans stated the parents can give them the key.

Mr. Belieff stated many parents just drop off their kids.

Mr. Evans stated it is still the responsibility of the parents. We do not have a policy that establishes an age.

Mr. LeMenager stated if it is not a rule, then it does not exist.

Mr. Berube stated then we do not need to modify anything.

Mr. Evans stated that is correct.

A Resident stated we also need to be cognizant of the widespread neglect of the rules for fishing in Buck Lake, especially among young people who do not use the proper hooks and some who disregard the other rules related to kinds and quantities of fish.

Mr. Golgowski stated by allowing younger kids to come out and learn the rules, we will be starting them off right.

Ms. Kassel asked when Mr. Belieff sees an abuse of fishing, do you comment?

Mr. Belieff stated most of the time, I send them on their way.

Ms. Kassel stated there is some enforcement when Mr. Belieff is able to be at the lake and see such things.

Mr. Dave Leeman stated I think you are wasting your money trying to secure the dog parks. There are two entrances for the small dog park and there are two longer entrances

at that same park, so that is four locks on one dog park. There is not a problem with the dog parks and I think you should leave them the way they are. Do you receive complaints about the dog parks? It sounds like you are creating a problem to spend money on something that does not exist. That is my opinion.

Mr. George Schiro stated I have a problem with the accuracy of the meeting minutes for the April 29, 2010 meeting. I believe those minutes are inaccurate. I believe your approval is not accurate. I would like them to be reconsidered and revised to be more accurate. Does Mr. Moyer have a comment on that?

Mr. Evans stated your comments are to be directed to the Board.

Mr. LeMenager asked have you put your concerns in writing?

Mr. Schiro stated not yet.

Mr. Schiro stated the meeting minutes for April 29, 2010, are not accurate.

Ms. Snyder asked do you have something to change them to?

Mr. Schiro states yes.

Mr. Evans stated the minutes are not verbatim. There is no requirement to make them verbatim. This Board is the body that makes that decision. If you want to send us something, we will take a look at it. That does not mean they will be changed. They have already been reviewed and approved. Perhaps you do not like them.

Mr. Schiro stated what is being left out is a lie by omission.

Mr. Evans stated that is your opinion.

Mr. LeMenager stated put it in writing.

Mr. Schiro stated I have put it in writing and it is posted on my account.

Mr. LeMenager stated it needs to be in writing addressed to this body.

A Resident stated I have been listening and it is very disturbing to me. It is very obvious that you all are not happy when Mr. Schiro gets up to speak. We all have our opinions about things. We have had two members here who have spoken several times and their three minutes have come and gone. I have been on many Boards, and we either do verbatim minutes or summary minutes with just actions and motions. You do not leave anything out that has been spoken at meetings. It was pointed out to me that comments and arguments between Mr. Tome and Mr. Schiro have been left out of the meeting minutes. You need to prepare the minutes exactly what happened on the tape. You do not leave things out. You leave everything in or you leave only some things in.

Mr. Evans asked is that your legal opinion?

The Resident stated I am not giving you a legal opinion. I am giving you my experiences with Robert's Rules of Order and the other Boards that I have been on, based on the legal opinion of our attorneys on those Boards.

Mr. Evans stated I will allow Mr. Moyer to answer that question because there is a set of guidelines that are used when transcribing minutes.

The Resident asked is Mr. Moyer an attorney?

Mr. Evans stated no.

The Resident stated we have our attorney on the phone. Let him answer the question.

Mr. Evans stated I am going to direct this question to Mr. Moyer because he is the one who prepares the minutes. He is the management company and there is a set of guidelines that define how these minutes are prepared.

Mr. Moyer stated verbatim minutes are prepared by a court reporter. If that is what the Board wants to do, then we will hire a court reporter. We try to be as detailed as we can in these minutes because I am a big believer in creating as thorough a public record as I possibly can. Verbatim is when someone says half a sentence, you stop at half a sentence. We take certain liberties in trying to present minutes that are understandable to someone 10 years from now who wants to know why this Board did certain things. That is what we do. We have never said they were verbatim.

Mr. Schiro stated yes, I called your office and I was told they were verbatim.

Mr. Moyer stated I have never said they were verbatim. It does not matter who you talked to. In this public meeting, we have never said they were verbatim.

Mr. Schiro stated I was told that if it does not say it is a summary, then it is verbatim.

Mr. Moyer stated I want to know the person's law degree who told you that.

Mr. Schiro stated I do not know the degrees of the employees who work for your company.

Mr. Moyer stated I can tell you they do not have a law degree. If we get to the point where we are going to start looking for "I said a word and it is not in the minutes," then I will recommend to this Board that we go to a very short form summary: the Board discussed and there was a motion. Instead of being 38 pages, our minutes will be 4 pages.

The Resident stated I think that is better except for it appears to be selective and exclusionary.

Mr. Moyer stated it is not.

The Resident stated when Mr. Schiro makes a comment and someone else responds and that is not in the minutes, yet comments and responses from everyone else are included, then it appears to be an exclusion by intent. If you are going to put a comment made by every owner in the minutes, then it should be every owner.

Ms. Kassel stated in the minutes we approved this month, there were 14 pages of minutes with Mr. Schiro's comments. There is not an intentional exclusion of Mr. Schiro.

Mr. Moyer stated it is my desire to work for this Board long after these members are off the Board. What is my intent that I would do something to directly alter minutes unless (1) we could not hear what was going on, (2) it was confusing, or (3) in some cases, it did not add anything into the discussion. In those cases, we will edit them out. I have no intent to make someone on this Board look good or bad, and I have no intent to make a resident look good or bad. We try to present the most thorough set of minutes that we possibly can for the public because I think it is important. Rather than having 4 pages of minutes, where you do not have a clue what the Board discussed, you can actually understand the decision-making process. Mr. Schiro stands up in front of these meetings and says he demands transparency. These minutes are the most transparent set of minutes you will ever find in any government in the State of Florida, unless it is in a court and unless there is a court reporter. Go look at the Osceola County minutes and you tell me if you really understand the discussions and why they made their decisions. I would rather err on a very minor point that Mr. Schiro feels was intentional, and it was not, than to have the public 10 years from now have no idea why we conducted business the way we did.

The Resident stated I appreciate your comments. I have witnessed this Board's comments about Mr. Schiro before you come into this meeting. That is not professional. I agree that we should have time limits for people who are speaking. If you are going to instill that, then you have to apply it equally to everyone. Mr. Evans has a timer. I heard him say at the last Board meeting I was at that he has his timer and it is all ready to go so when Mr. Schiro gets here, he will make sure he sticks to the three minutes, but you did not say that about any other home owners.

Mr. Evans asked did anyone hear me say that?

Mr. LeMenager stated no.

The Resident stated it was in the other room and I heard you say it. The point is, if you are going to have a rule, then you apply it consistently to everyone in the room.

Ms. Kassel stated in theory, that is a great idea. In reality, people sometimes blurt something out and a Board member responds to it. Mr. Marks made a comment at one point and the Board spent a few minutes discussing it. He was not commenting during that time; we were talking. I suggest you go back to the minutes over the last several months and at least 90% to 95% of everything that was said, almost verbatim, is in the minutes. As Mr. Moyer said, you will not find minutes that are more complete. You have your opinion about the professionalism of this Board. I have been on many Boards myself, and I think we are quite professional. We appreciate your opinion.

Mr. Berube stated what the other Board members do not know is that I have had multiple conversations with Mr. Schiro about the specific incident that he is talking about. I researched for what meeting minutes should be, and I sent it to him. This was on the internet and it says do not try to record notes verbatim; it is not necessary. Minutes are meant to give an outline of what happened at the meeting, not a record of who said what. Focus on action items, not discussion. The purpose of minutes is to define decisions made and to record actions that were taken, by whom and when. Once again, the beginning says to focus on action items, not discussion. The purpose of minutes is to define decisions that were made, record actions that were taken, by whom and when. Our minutes are very good and they meet the rules.

A Resident stated as a community, I think we can do a better job of respecting that. I do speak up during a meeting and when you tell me to be quiet, then I am. I understand that you are here to do a job and we can equally respect your time. We all know that we are supposed to wait to make our comments until the end of the meeting, and sometimes I do not because I forget. I think we can work on that, as well.

Mr. Schiro stated the problem is, there seem to be different rules applied to different people at different times. Yes, Mr. Berube mentioned that the minutes are not verbatim or should not be verbatim, but I am going by the policy that has been established for 10 years. These minutes are, for the most part, verbatim. If you go back to the second meeting of this CDD, Mr. Moyer commented that he just recorded Mr. Lentz's statement verbatim and it is now in the record. That is a precedent that has been long established. It is not something new. All I am trying to say is that the one time I have been able to

demonstrate that Mr. Evans applies different rules to different people at different times, that fact has been removed from the record. That is what I want put back into the record. I am not saying that a lawsuit is unlikely in this scenario, but it is possible. What you are doing is egregious and wrong. You go ahead and smile, Mr. Evans. That is not something they are going to put in the record, just like you did not include Mr. Tome screaming, yelling and slamming the table. That was not in the record, either.

Mr. Moyer asked how do you put slamming and yelling and screaming in the minutes, in all caps? Do you underline it? Do you put it in red? No, of course you do not.

Mr. Schiro stated entire conversations were left out.

A Resident stated I want to address the possibility of tennis courts in the future.

Mr. LeMenager stated you are permitted to use the tennis courts at the high school except during school hours.

The Resident stated that is great. I understand this Board makes tree replacements, and I would like to offer the option of allowing residents to buy them. I just moved here and there are a lot of trees that are dead. I want to replace them but I wonder if there is a cost to it.

Mr. LeMenager stated you do not have to.

Mr. Evans stated the CDD does not replace individual trees in your yard, but we do if they are between the sidewalk and the curb.

Ms. Kassel stated please contact the management company about the trees to be sure that the landscaper is aware that the trees need to be replaced.

Mr. Schiro asked is the entire Board aware that the audio recordings of the true record of these meetings are being destroyed by Severn Trent and we no longer have all the audio recordings of these meetings?

Mr. Evans asked are you aware that they are not required to keep them after two years?

Mr. Schiro stated that means that Severn Trent has destroyed eight years of records of the audio recordings. Why?

Mr. Berube stated no one cares.

Mr. Moyer stated the State of Florida has a document retention policy and we follow the guidelines of the State of Florida.

Mr. Schiro asked why do you not save them?

Mr. Moyer stated because the State of Florida has determined that the public interest is best served by removing these things according to their schedule. If you do not like that policy, then you should work through the State Legislature to change it.

EIGHTH ORDER OF BUSINESS

Adjournment

The meeting adjourned at 9:15 p.m.

Gary L. Moyer, Secretary

Robert D. Evans, Chairman

Third Order of Business

3B

MAINTENANCE REPORT

CUSTOMER Harmony CDD Ponds DATE 6-28-10

BTC ACCOUNT NO. 582-01

BIOLOGIST / TECHNICIAN Larry

TREATMENT SERVICES

POND SITE INSPECTED	EMERG. VEG.	SUBMERG. VEG.	FLOATING VEG.	ALGAE	AQUASTAR	AQUATHOL K	COPPER SULFATE	CUTRINE	POND DYE	REWARD	SONAR	WEEDAR	OTHER
12,13,14,15,11,17	x											/	
16,18,10,19,1,5	x												
8,7,6,32,33,27,26	x												
25,24,30,28,21,	x												
2,4,20,23,22,29	x												

TARGETED VEGETATION Treated pond buffer areas for broadleaved weeds including: primrose willow

hemp vine, dog fennel, ragweed, Sesbania, tropical soda apple and hairy indigo.

ADDITIONAL NOTES / CONCERNS _____

MAINTENANCE REPORT

CUSTOMER Harmony CDD Ponds DATE 7-12-10

BTC ACCOUNT NO. 582-01

BIOLOGIST / TECHNICIAN Larry, Roma

TREATMENT SERVICES

POND SITE INSPECTED	EMERG. VEG.	SUBMERG. VEG.	FLOATING VEG.	ALGAE	AQUASTAR	AQUATHOL k	COPPER SULFATE	CUTRINE	POND DYE	REWARD	SONAR	WEEDAR	Hydrothol OTHER
24		x		x				/		/			/
27		x		x									
21		x		x									
4		x		x									
1		x		x									
7		x		x									
11		x		x									
12		x		x									

TARGETED VEGETATION 24, 27: Treated for patches of spikerush and algae. 21, 4, 1, 7, 11, 12:

Treated for algae and scattered spikerush, bladderwort.

ADDITIONAL NOTES / CONCERNS _____

3C

Buck Lake Boat Use
June 7-July 11

Name	Date	Time	M-W-TH	F-S-S	Total Passengers	20' Pontoon	16' Pontoon	18' Boat	Bass Boat	Sail Boat	Canoes	Kayaks	Solar
Berzanski, Brian	7/8/2010	6-10am	x		3			x					
Berzanski, Frank	7/10/2010	6-12pm		x	3	x							
Brooks, Robert	7/4/2010	8-11am		x	1			x					
Brooks, Robert	7/2/2010	6-10am		x	1		x						
Evans, Billy	6/27/2010	945-2pm		x	6	x							
Evans, William	6/26/2010	1030-2pm		x	6		x						
Frankenberg, Mark	6/20/2010	6-11am		x	2			x					
Garwood, Rachel	7/2/2010	8-11am		x	5						x	x	
Garwood, Rachel	6/24/2010	8-11am	x		1							x	
Garwood, Rachel	7/9/2010	830-11am		x	4						x	x	
Hardy, Tim	6/24/2010	630-11am	x		3			x					
Llano, Philip	6/19/2010	4-7pm		x	2		x						
Makiske, Diana	6/20/2010	6-12pm		x	1							x	
Matusik, Dan	7/4/2010	6-10am		x	2							x	
Moore, Stephen	7/8/2010	6-1pm	x		2		x						
Murray, Joe	7/10/2010	6-1pm		x	3			x					
Odden, Randy	6/24/2010	8-11am	x		2						x		
Quebman, Kay	6/24/2010	8-11am	x		2						x		
Quebman, Kay	6/14/2010	8-10am	x		2		x						
Quebman, Kay	7/9/2010	830-11am		x	1							x	
Santacruz, Allen	6/27/2010	930-3pm		x	3			x					
Scaipa, Bernard	7/10/2010	630-12		x	4		x						
Sosa, Albert	7/4/2010	9-12pm		x	2		x						
Tavares, Steve	7/4/2010	1-3pm		x	8	x							
Walls, Ray	6/27/2010	630-12pm		x	2			x					
Walls, Ray	6/26/2010	830-12pm		x	4	x							

Comments:

Buck Lake is closed on Tues & Wed

75	4	7	7	-	-	4	6
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28 Total Trips

Last Month	53	Passengers
	18	Trips

Fourth Order of Business

4A

**Harmony
Community Development District**

Financial Statements

June 30, 2010

**HARMONY CDD
BALANCE SHEET
JUNE 30, 2010**

	GENERAL	2001 DEBT SERVICE	2004 DEBT SERVICE	2004 CAPITAL PROJECTS	TOTALS
ASSETS	\$	\$	\$	\$	\$
CASH	200,438	-	-	-	200,438
CASH ON HAND	500	-	-	-	500
ASSESSMENTS RECEIVABLE, NET	92,415	44,476	-	-	136,891
DUE FROM OTHER FUNDS	18,110	-	-	-	18,110
INVESTMENTS:					
CERTIFICATE OF DEPOSIT - 450 DAYS	125,000	-	-	-	125,000
MONEY MARKET ACCOUNT	376,002	-	-	-	376,002
CONSTRUCTION FUND	-	-	-	86,205	86,205
PREPAYMENT ACCOUNT	-	2,329	3,229	-	5,558
RESERVE FUND	-	1,430,739	861,350	-	2,292,089
REVENUE FUND	-	282,433	207,604	-	490,037
PREPAID ITEMS	781	-	-	-	781
TOTAL ASSETS	\$ 813,246	\$ 1,759,977	\$ 1,072,183	\$ 86,205	\$ 3,731,611
LIABILITIES & FUND BALANCES					
LIABILITIES	\$	\$	\$	\$	\$
ACCOUNTS PAYABLE	27,052	-	-	-	27,052
ACCRUED EXPENSES	82,304	-	-	-	82,304
DUE TO OTHER FUNDS	-	-	-	18,110	18,110
DEPOSITS	550	-	-	-	550
DEFERRED REVENUE	16,218	44,476	-	-	60,694
TOTAL LIABILITIES	126,124	44,476	-	18,110	188,710
FUND BALANCES					
RESERVED FOR DEBT SERVICE	-	1,715,501	1,072,183	-	2,787,684
RESERVED FOR CAPITAL PROJECTS	-	-	-	68,094	68,094
UNRESERVED/UNDESIGNATED	687,123	-	-	-	687,123
TOTAL FUND BALANCES	687,123	1,715,501	1,072,183	68,094	3,542,901
TOTAL LIABILITIES & FUND BALANCES	\$ 813,247	\$ 1,759,977	\$ 1,072,183	\$ 86,204	\$ 3,731,611

HARMONY CDD
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE PERIOD ENDING JUNE 30, 2010

	ANNUAL ADOPTED BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	YTD BUDGET VS. ACTUAL VARIANCE FAVORABLE (UNFAVORABLE)
	\$	\$	\$	\$
REVENUE				
INTEREST - INVESTMENTS	500	374	1,748	1,375
INTEREST - TAX COLLECTOR	-	-	104	104
SPECIAL ASSMNTS- TAX COLLECTOR	622,750	622,750	621,490	(1,260)
SPECIAL ASSMNTS- CDD COLLECTED	914,364	685,773	685,773	0
SPECIAL ASSMNTS- DISCOUNTS	(24,911)	(24,911)	(10,597)	14,314
TOTAL REVENUE	1,512,703	1,283,985	1,298,518	14,533
EXPENDITURES				
ADMINISTRATIVE				
P/R-BOARD OF SUPERVISORS	9,600	7,200	6,400	800
FICA TAXES	734	551	490	61
WORKERS' COMPENSATION	2,000	1,500	-	1,500
PROFSERV-ARBITRAGE REBATE	3,000	3,000	-	3,000
PROFSERV-DISSEMINATION AGENT	500	500	500	-
PROFSERV-ENGINEERING	18,000	13,500	11,387	2,113
PROFSERV-LEGAL SERVICES	24,000	18,000	14,779	3,221
PROFSERV-MGMT CONSULTING SERV	52,516	39,387	39,387	(0)
PROFSERV-SPECIAL ASSESSMENT	11,089	11,089	11,089	-
PROFSERV-TRUSTEE	11,000	11,000	9,186	1,814
AUDITING SERVICES	15,500	15,500	8,000	7,500
COMMUNICATION - TELEPHONE	175	131	52	79
POSTAGE AND FREIGHT	2,000	1,500	628	872
INSURANCE - GENERAL LIABILITY	19,500	19,500	18,274	1,226
PRINTING AND BINDING	7,000	5,250	2,761	2,489
LEGAL ADVERTISING	2,500	1,875	382	1,493
MISC-ASSESSMNT COLLECTION COST	12,456	12,456	12,997	(541)
MISC-CONTINGENCY	1,000	750	218	532
OFFICE SUPPLIES	1,000	750	531	219
ANNUAL DISTRICT FILING FEE	175	175	175	-
CAPITAL OUTLAY	750	563	-	563
TOTAL ADMINISTRATIVE	194,495	164,176	137,236	26,940
OPERATIONS AND MAINTENANCE				
FIELD				
PAYROLL-SALARIED	4,800	3,600	3,761	(161)
FICA TAXES	3,725	2,794	-	2,794
PROFSERV-FIELD MANAGEMENT	43,896	32,922	32,922	-
TOTAL FIELD	52,421	39,316	36,683	2,633
LANDSCAPE				
UTILITY - REFUSE REMOVAL	32,576	24,431	26,877	(2,446)
R&M-GROUNDS	32,994	24,746	21,986	2,760
R&M-IRRIGATION	37,500	28,125	27,013	1,112
R&M-TREE TRIMMING SERVICES	15,000	11,250	6,000	5,250

NOTE: MINOR DIFFERENCES IN STATEMENT TOTALS ARE
A DIRECT RESULT OF ROUNDING TO WHOLE DOLLARS.

REPORT DATE: 7/14/2010

HARMONY CDD
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE PERIOD ENDING JUNE 30, 2010

	ANNUAL ADOPTED BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	YTD BUDGET VS. ACTUAL VARIANCE FAVORABLE (UNFAVORABLE)
	\$	\$	\$	\$
R&M-TREES AND TRIMMING	21,115	15,836	15,473	363
R&M-TURF CARE	283,001	212,251	200,346	11,905
R&M-SHRUB CARE	110,539	82,904	74,829	8,075
MISCELLANEOUS SERVICES	10,000	7,497	600	6,897
TOTAL LANDSCAPE	542,725	407,040	373,124	33,916
UTILITY				
ELECTRICITY - GENERAL	40,000	29,997	26,273	3,724
ELECTRICITY - STREETLIGHTING	385,220	288,914	281,969	6,945
UTILITY - WATER & SEWER	90,000	67,500	62,690	4,810
TOTAL UTILITY	515,220	386,411	370,932	15,479
OPERATION & MAINTENANCE				
CONTRACTS-LAKE AND WETLAND	33,250	24,937	17,045	7,892
COMMUNICATION - TELEPHONE	2,500	1,875	2,446	(571)
R&M-COMMON AREA	10,500	7,875	2,390	5,485
R&M-EQUIPMENT	21,000	15,750	5,054	10,696
R&M-POOLS	45,213	33,910	43,867	(9,957)
R&M-ROADS & ALLEYWAYS	5,000	3,749	-	3,749
R&M-SIDEWALKS	9,000	6,750	25	6,725
R&M-PARKS & AMENITIES	10,600	7,950	1,619	6,331
R&M-HARDSCAPE CLEANING	10,000	7,500	6,180	1,320
MISC-CONTINGENCY	20,000	15,003	-	15,003
TOTAL OPERATION & MAINTENANCE	167,063	125,299	78,626	46,673
TOTAL EXPENDITURES AND RESERVES	1,471,924	1,122,242	996,601	125,641
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND RESERVES	40,779	161,743	301,917	140,174
OTHER FINANCING SOURCES				
RESERVE - SELF INSURANCE	(40,779)	(40,779)	-	40,779
TOTAL OTHER FINANCING SOURCES (USES)	(40,779)	(40,779)	-	40,779
NET CHANGE IN FUND BALANCES	(0)	120,964	301,917	180,953
FUND BALANCE, BEGINNING (OCT 1, 2009)	385,207	-	385,207	385,207
FUND BALANCE, ENDING	\$ 385,207	\$ 120,964	\$ 687,124	\$ 566,160

HARMONY CDD
2001 DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE PERIOD ENDING JUNE 30, 2010

	ANNUAL ADOPTED BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	YTD BUDGET VS. ACTUAL VARIANCE FAVORABLE (UNFAVORABLE)
	\$	\$	\$	\$
REVENUE				
INTEREST - INVESTMENTS	25,000	18,750	465	(18,285)
SPECIAL ASSMNTS- TAX COLLECTOR	1,071,740	1,071,740	1,040,281	(31,459)
SPECIAL ASSMNTS- PREPAYMENT	-	-	7,974	7,974
SPECIAL ASSMNTS- CDD COLLECTED	433,379	255,694	433,309	177,615
SPECIAL ASSMNTS- DISCOUNTS	(42,869)	(42,869)	(17,760)	25,109
TOTAL REVENUE	<u>1,487,250</u>	<u>1,303,315</u>	<u>1,464,269</u>	<u>160,954</u>
EXPENDITURES				
ADMINISTRATIVE				
MISC-ASSESSMNT COLLECTION COST	21,435	21,435	20,478	957
TOTAL ADMINISTRATIVE	<u>21,435</u>	<u>21,435</u>	<u>20,478</u>	<u>957</u>
DEBT SERVICE				
PRINCIPAL DEBT RETIREMENT	290,000	290,000	285,000	5,000
PRINCIPAL PREPAYMENTS	-	-	20,000	(20,000)
INTEREST EXPENSE	1,144,775	1,144,775	1,144,413	362
TOTAL DEBT SERVICE	<u>1,434,775</u>	<u>1,434,775</u>	<u>1,449,413</u>	<u>(14,638)</u>
TOTAL EXPENDITURES AND RESERVES	<u>1,456,210</u>	<u>1,456,210</u>	<u>1,469,891</u>	<u>(13,681)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND RESERVES	<u>31,040</u>	<u>(152,895)</u>	<u>(5,622)</u>	<u>147,273</u>
NET CHANGE IN FUND BALANCES	<u>31,040</u>	<u>(152,895)</u>	<u>(5,622)</u>	<u>147,273</u>
FUND BALANCE, BEGINNING (OCT 1, 2009)	<u>1,721,124</u>	<u>-</u>	<u>1,721,124</u>	<u>1,721,124</u>
FUND BALANCE, ENDING	<u>\$ 1,752,164</u>	<u>\$ (152,895)</u>	<u>\$ 1,715,502</u>	<u>\$ 1,868,397</u>

HARMONY CDD
2004 DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE PERIOD ENDING JUNE 30, 2010

	ANNUAL ADOPTED BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	YTD BUDGET VS. ACTUAL VARIANCE FAVORABLE (UNFAVORABLE)
	\$	\$	\$	\$
REVENUE				
INTEREST - INVESTMENTS	20,000	15,003	311	(14,692)
SPECIAL ASSMNTS- CDD COLLECTED	<u>1,201,223</u>	<u>708,722</u>	<u>846,366</u>	<u>137,644</u>
TOTAL REVENUE	<u>1,221,223</u>	<u>723,725</u>	<u>846,677</u>	<u>122,952</u>
DEBT SERVICE				
PRINCIPAL DEBT RETIREMENT	210,000	210,000	210,000	-
INTEREST EXPENSE	<u>1,014,863</u>	<u>1,014,863</u>	<u>1,014,863</u>	<u>(1)</u>
TOTAL DEBT SERVICE	<u>1,224,863</u>	<u>1,224,863</u>	<u>1,224,863</u>	<u>(1)</u>
TOTAL EXPENDITURES AND RESERVES	<u>1,224,863</u>	<u>1,224,863</u>	<u>1,224,863</u>	<u>(1)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND RESERVES	<u>(3,639)</u>	<u>(501,138)</u>	<u>(378,186)</u>	<u>122,952</u>
NET CHANGE IN FUND BALANCES	<u>(3,639)</u>	<u>(501,138)</u>	<u>(378,186)</u>	<u>122,952</u>
FUND BALANCE, BEGINNING (OCT 1, 2009)	<u>1,450,369</u>	<u>-</u>	<u>1,450,369</u>	<u>1,450,369</u>
FUND BALANCE, ENDING	<u>\$ 1,446,730</u>	<u>\$ (501,138)</u>	<u>\$ 1,072,183</u>	<u>\$ 1,573,321</u>

NOTE: MINOR DIFFERENCES IN STATEMENT TOTALS ARE
A DIRECT RESULT OF ROUNDING TO WHOLE DOLLARS.

HARMONY CDD
2004 CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE PERIOD ENDING JUNE 30, 2010

	ANNUAL ADOPTED BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	YTD BUDGET VS. ACTUAL VARIANCE FAVORABLE (UNFAVORABLE)
	\$	\$	\$	\$
REVENUE				
INTEREST - INVESTMENTS	-	-	76	76
TOTAL REVENUE	-	-	76	76
CONSTRUCTION IN PROGRESS				
CONSTRUCTION IN PROGRESS A	-	-	141,952	(141,952)
TOTAL CONSTRUCTION IN PROGRESS	-	-	141,952	(141,952)
TOTAL EXPENDITURES AND RESERVES	-	-	141,952	(141,952)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND RESERVES	-	-	(141,876)	(141,876)
NET CHANGE IN FUND BALANCES	-	-	(141,876)	(141,876)
FUND BALANCE, BEGINNING (OCT 1, 2009)	-	-	209,970	209,970
FUND BALANCE, ENDING	\$ -	\$ -	\$ 68,094	\$ 68,094

**Harmony
Community Development District**

Notes to the Financial Statements

June 30, 2010

GENERAL FUND - BALANCE SHEET

ASSETS

CASH AND INVESTMENTS	See Cash and Investment Report for details		
ASSESSMENTS RECEIVABLE, NET	Delinquent assessments from FY2006 will be added to assessment roll	\$	11,433
	Delinquent assessments from FY2009		4,785
	Birchwood O&M assessment invoice for June 2010		76,197
		Total	<u>\$ 92,415</u>
DUE FROM OTHER FUNDS	Due from Capital Project Series 2004	\$	18,110
PREPAID ITEMS	US Bank Trustee Fee- Series 2004 (10/1 -11/30 2010) -2 months	\$	781

LIABILITIES

ACCOUNTS PAYABLE			
	Severn Trent Management Services		8,471
	Robert's Pool service		1,180
	JR Davis Construction		1,301
	Young van Assenderp, P.A. - June services		6,014
	Bio-Tech Consulting Inc. - June services		4,805
	Spies Pool LLC		1,300
	Various invoices for July 2010		3,981
		Total	<u>\$ 27,052</u>
ACCRUED EXPENSES			
	Luke Brothers - Landscaping Services for June	\$	41,144
	Kissimmee Utility Authority - Water & Sewer from 6/9/07 - 7/8/2010		3,300
	City of St. Cloud - Electricity General from 6/17 - 7/15/2010		31,330
	City of St. Cloud - Electricity Streetlight from 6/17 - 7/15/2010		5,000
	Bio-Tech Consulting - Contracts Lake and Wetland for June		1,530
		Total	<u>\$ 82,304</u>
DEPOSITS	Deposits for Pool Keys	\$	550
DEFERRED REVENUE	Delinquent assessments from FY2006 and FY2009	\$	16,218

GENERAL FUND - REVENUES AND EXPENDITURES

REVENUES

INTEREST- INVESTMENTS	Interest earned on operating accounts
INTEREST- TAX COLLECTOR	Interest earned on assessments collected by Osceola Tax Collector between the period of collection and distribution to the District. Paid quarterly.
SPECIAL ASSMNTS - TAX COLLECTOR	Non-Ad Valorem assessment collected by the Tax Collector on all the platted parcels.
SPECIAL ASSMNTS - CDD COLLECTED	Non-Ad Valorem assessments collected by the District on all the un-platted parcels.
SPECIAL ASSMNTS - DISCOUNTS	Discounts on Non-Ad Valorem assessments collected by tax collector.

Harmony Community Development District

Notes to the Financial Statements

June 30, 2010

EXPENDITURES

ADMINISTRATIVE

PROFSERV-ENGINEERING	Woolpert Inc. - services as of March 2010	
PROFSERV-LEGAL SERVICES	Young van Assenderp, P.A. services as of June 2010	
PROFSERV-TRUSTEE	US Bank annual fees plus expenses for Series 2001 and Series 2004	
INSURANCE - GENERAL LIABILITY	Public Risk Agency - Paid in Full for FY 2010 - General Insurance Policy	
MISC-ASSESSMNT COLLECTION COST	Invoice from the Osceola Board of County Commissioners for reimbursement of administrative costs	\$ 779
	Administrative and collection costs from Osceola County Tax Collector	<u>12,218</u>
		Total \$ <u>12,997</u>

FIELD

PAYROLL-SALARIED	Salary and benefits for full-time field manager/dockmaster Extra hours were necessary during the holiday season
FICA TAXES	Expenditures are included in salaried payroll

LANDSCAPE

UTILITY - REFUSE REMOVAL	Luke Bros monthly fee for trash removal and litter control within District	\$ 21,977
	Beyer's Welding Inc.- March invoice for repairing 28 trash cans	<u>4,900</u>
		Total \$ <u>26,877</u>

R&M-GROUNDS	Luke Bros monthly fee to maintain ground cover and plant annuals within District
R&M-IRRIGATION	Irrigation repairs by Luke Bros Landscape
R&M-TREES TRIMMING SERVICE	Luke Bros monthly fee for pruning and maintenance for trees over 10 feet
R&M-TREES AND TRIMMING	A Cut Above Tree & Landscape - Arborist Tree Service
R&M-TURF CARE	Luke Bros monthly fee for mowing, edging and maintenance of turf within District
	Luke Bros monthly fee for weed removal on Schoolhouse Rd. and Park near Primrose Rd.
R&M-SHRUB CARE	Luke Bros monthly fee for pruning, mulching and maintaining shrubs within District
MISCELLANEOUS SERVICES	Luke Bros monthly fee for relocating Trees from US 192

UTILITY

ELECTRICITY - GENERAL	City of St. Cloud - services through June
ELECTRICITY - STREET LIGHTING	City of St. Cloud - services through June
UTILITY - WATER & SEWER	KUA - services through June

OPERATION & MAINTENANCE

CONTRACTS-LAKE AND WETLAND	Bio-Tech Consulting monthly fees of \$1,530	
COMMUNICATION - TELEPHONE	AT&T paid through June and Century Link paid through June 2010	
R&M-COMMON AREA (DISTRICT FACILITIES)	District facility's expenditures; services to repair Time Clock, Flag Pole and gate	
R&M-EQUIPMENT	Supplies and parts for boat /dock from NAPA Auto Parts.	\$ 2,482
	Advanced Marine Services	<u>2,572</u>
		Total \$ <u>5,054</u>

Harmony Community Development District

Notes to the Financial Statements

June 30, 2010

EXPENDITURES- FIELD (Continued)

R&M-POOLS	Jan Pro \$735.39 and Robert's Pool Service \$1,180 monthly service	\$17,893
	A-1 Home Inspection Service - Pest Control monthly fee - \$75	300
	Roberts Pool Service & Repair -replaced motor/seal at kiddy pool, replace grids	1,758
	Spies Pool LLC - Pool supplies	5,788
	Symbiont Service Corp - Thermal Pool Heat/ Cool Unit Repair	16,287
	Osceola County Health Department	1,050
	Various Invoices through June 2010	639
		Total \$ 43,715
R&M-ROADS & ALLEYWAYS	No invoices as of June 2010	
R&M-SIDEWALKS	Supplies for sidewalk repair	
R&M-PARKS & AMENITIES	Grainer - Water cooler and dog park supplies	
R&M-HARDSCAPE CLEANING	Chapco Fence LLC. - Fence Installation, Buck Lake Park	
	Ledesma Innovations Inc. - Invoice for pressure Washing and painting Swim Club	
MISC-CONTINGENCY	No invoices as of June 2010	

SERIES 2001 DEBT SERVICE FUND - BALANCE SHEET

ASSETS

CASH AND INVESTMENTS	See Cash and Investment Report for details	
ASSESSMENTS RECEIVABLES, NET	Delinquent assessments from FY2006	\$ 36,418
	Delinquent assessment from FY 2009	8,058
		Total \$ 44,476

LIABILITIES

DEFERRED REVENUE	Delinquent assessments from FY2009	\$ 8,058
-------------------------	------------------------------------	----------

SERIES 2001 DEBT SERVICE FUND - REVENUES AND EXPENDITURES

REVENUES

INTEREST- INVESTMENTS	Interest earned on US Treasury Bill
SPECIAL ASSMNTS - TAX COLLECTOR	Non-Ad Valorem assessment collected by the Tax Collector on all the platted parcels
SPECIAL ASSMNTS - PREPAYMENT	Received prepayment for Debt Service Principal
SPECIAL ASSMNTS - CDD COLLECTED	Non-Ad Valorem assessments collected by the District on all the un-platted parcels.
SPECIAL ASSMNTS - DISCOUNTS	Discounts on Non-Ad Valorem assessments collected by tax collector

Harmony Community Development District

Cash and Investment Report June 30, 2010

<u>ACCOUNT NAME</u>	<u>BANK NAME</u>	<u>YIELD</u>	<u>BALANCE</u>
GENERAL FUND			
Checking Account- Operating	Centerstate Bank	0.25%	\$ 200,438
Cash On Hand		0.00%	500 (1)
Money Market Account	CenterState	1.00%	275,943
Money Market Account	Florida Shores Bank	1.45%	100,059
Certificate of Deposit (15 months)	CenterState	1.75%	125,000
		Subtotal	\$ 501,002
DEBT SERVICE AND CAPITAL PROJECT FUNDS			
Series 2001 Reserve Fund	US Bank	0.16%	714,388
Series 2004 Reserve Fund	US Bank	0.16%	430,631
		Subtotal	\$ 1,145,020 (2)
Series 2001 Prepayment Fund	US Bank	0.10%	2,329
Series 2001 Reserve Fund	US Bank	0.10%	716,351
Series 2001 Revenue Fund	US Bank	0.10%	282,433
Series 2004 Prepayment Fund	US Bank	0.10%	3,229
Series 2004 Revenue Fund	US Bank	0.10%	207,604
Series 2004 Reserve Fund	US Bank	0.10%	430,719
Series 2004 Contruction Fund	US Bank	0.10%	86,205
		Subtotal	\$ 1,728,869 (3)
		Total	\$ 3,575,829

NOTE 1 - PETTY CASH.

NOTE 2 - INVESTED IN US TREASURY BILL MATURING 10/29/2010

NOTE 3 - INVESTED IN US BANK N.A. OPEN (MONTHLY) COMMERCIAL PAPER

Report Date: 7/16/2010

Harmony
COMMUNITY DEVELOPMENT DISTRICT
ASSESSMENT COLLECTIONS SCHEDULE - OSCEOLA COUNTY TAX COLLECTOR
FISCAL YEAR ENDING SEPTEMBER 30, 2010

Date Received	Net Amount Received	Discount / (Penalty) Amount	Collection Costs	Gross Amount	General Fund Gross Assessments	Series 2001 Debt Service Gross Assessments
Assessments Levied				\$ 1,666,513	\$ 622,750	\$ 1,043,763
Allocation %				100%	37%	63%
10/9/09 (1)	\$ -	\$ -	\$ 779	\$ -	\$ -	\$ -
11/18/09	3,282	186	67	3,534	1,321	2,214
11/19/09	36,051	1,533	736	38,320	14,319	24,000
12/3/09 (2)	(1,370)	-	-	(1,370)	-	(1,370)
12/07/09	622,334	26,460	12,701	661,495	247,190	414,305
12/21/09	65,462	2,691	1,336	69,489	25,967	43,522
01/11/10	19,104	603	390	20,096	7,510	12,587
02/05/10	21,603	540	441	22,584	8,439	14,145
03/15/10	4,937	51	101	5,088	1,901	3,187
04/12/10	696,844	27	14,221	711,092	265,724	445,368
05/04/10	15,116	(245)	308	15,180	5,672	9,507
06/03/10	9,861	(293)	201	9,769	3,650	6,118
06/17/10	107,495	(3,195)	2,194	106,494	39,795	66,699
TOTAL	\$ 1,600,719	\$ 28,357	\$ 33,475	\$ 1,661,771	\$ 621,490	\$ 1,040,282
% COLLECTED				99.80%	99.80%	99.80%
TOTAL OUTSTANDING				\$ 4,742	\$ 1,260	\$ 3,482

Note (1) Reimbursement of Administrative cost.
Note (2) Resident - Paid debt service portion twice in error.

4B

Community Development District

Invoice Approval Report # 123

July 15, 2010

Payee	Invoice Number	A= Approval R= Ratification	Invoice Amount
<u>AT & T</u>	993377858X06262010	R	\$ 145.51
		Vendor Total	\$ 145.51
<u>BIO-TECH CONSULTING INC</u>	10225	A	\$ 1,530.00
		Vendor Total	\$ 1,530.00
<u>CELEBRATION CDD</u>	071210	A	\$ 9.80
		Vendor Total	\$ 9.80
<u>CENTURY LINK</u>	060710-83185	R	\$ 49.17
	062510-11308	R	\$ 43.27
	070410-27636	R	\$ 46.69
		Vendor Total	\$ 139.13
<u>CITY OF ST CLOUD</u>	061010	R	\$ 33,271.77
		Vendor Total	\$ 33,271.77
<u>FEDEX</u>	060810-30642	R	\$ 25.58
	7-147-75242	R	\$ 13.20
		Vendor Total	\$ 38.78
<u>HOME DEPOT CREDIT SERVICES</u>	8011381	R	\$ 105.11
	62196	R	\$ 299.63
		Vendor Total	\$ 404.74
<u>JOHN DEERE LANDSCAPES</u>	549410691	A	\$ 3,120.00
		Vendor Total	\$ 3,120.00
<u>KISSIMMEE UTILITY AUTHORITY</u>	062410	R	\$ 11,069.10
		Vendor Total	\$ 11,069.10
<u>ORLANDO SENTINEL</u>	886054001	R	\$ 55.00
		Vendor Total	\$ 55.00

Community Development District

Invoice Approval Report # 123

July 15, 2010

Payee	Invoice Number	A= Approval R= Ratification	Invoice Amount
<u>ROBERTS POOL SERVICE & REPAIR</u>	061510	A	\$ 1,180.00
		Vendor Total	<u>\$ 1,180.00</u>
<u>SEVERN TRENT ENVIRONMENTAL SER</u>	2047675	A	\$ 8,471.46
		Vendor Total	<u>\$ 8,471.46</u>
<u>SPIES POOL LLC</u>	212778	A	\$ 251.50
	212775	A	\$ 271.90
	212988	A	\$ 384.75
	212989	A	\$ 392.50
	213351	A	\$ 674.90
		Vendor Total	<u>\$ 1,975.55</u>
<u>WALKER TECHNICAL SERVICES</u>	774	A	\$ 250.00
		Vendor Total	<u>\$ 250.00</u>
<u>WOOLPERT INC.</u>	2010003806	A	\$ 1,742.00
		Vendor Total	<u>\$ 1,742.00</u>
<u>YOUNG VAN ASSENDERP, P.A.</u>	10053	A	\$ 1,521.37
	10101	A	\$ 4,493.00
		Vendor Total	<u>\$ 6,014.37</u>
			Total \$ 69,417.21

**Harmony
Community Development District**

Check Register

June 1 - June 30, 2010

**Harmony
Community Development District**

**Check Register by Fund
For the Period from 6/1/2010 to 6/30/2010
(Sorted by Check No.)**

Fund No.	Check No.	Check Date	Payee	Invoice No.	Invoice Description	G/L Account Name	G/L Account #	Check Amount
001	51960	06/25/10	ADVANCED MARINE SERVICES	46834	SUPPLIES	R&M-Equipment	546022-53910	\$165.60
001	51960	06/25/10	ADVANCED MARINE SERVICES	46656	SUPPLIES	R&M-Equipment	546022-53910	\$497.56
001	51960	06/25/10	ADVANCED MARINE SERVICES	43855	VINYL SHAMPOO	R&M-Equipment	546022-53910	\$8.70
001	51960	06/25/10	ADVANCED MARINE SERVICES	43856	SUPPLIES	R&M-Equipment	546022-53910	\$262.27
001	51961	06/25/10	BIO-TECH CONSULTING INC	10002	AQUATIC PLANT MAINT-APRIL	Contracts-Lake and Wetland	534021-53910	\$1,530.00
001	51962	06/25/10	GARYS LOCK & SAFE INC.	50751	50 DUPLICATE KEYS/SERVICE CALL	R&M-Pools	546074-53901	\$152.50
001	51963	06/25/10	JAN-PRO OF ORLANDO	84	JANITORIAL SVCS-JUNE	R&M-Pools	546074-53910	\$735.39
001	51964	06/25/10	LUKE BROTHERS INC.	J011739	IRRIGATION WORK	R&M-Irrigation	546041-53902	\$351.22
001	51964	06/25/10	LUKE BROTHERS INC.	J011742	IRRIGATION WORK	R&M-Irrigation	546041-53902	\$137.95
001	51965	06/25/10	NAPA AUTO PARTS	530434	SUPPLIES	R&M-Equipment	546022-53910	\$21.67
001	51966	06/25/10	ROBERTS POOL SERVICE & REPAIR	051510	REMOVED & REPLACED GRIDS	R&M-Pools	546074-53910	\$896.87
001	51966	06/25/10	ROBERTS POOL SERVICE & REPAIR	051510A	POOL MAINTENANCE-MAY	R&M-Pools	546074-53910	\$1,475.00
001	51967	06/25/10	SEVERN TRENT ENVIRONMENTAL SER	2047031	MGT FEES-MAY	ProfServ-Mgmt Consulting Serv	531027-51201	\$4,376.33
001	51967	06/25/10	SEVERN TRENT ENVIRONMENTAL SER	2047031	MGT FEES-MAY	ProfServ-Field Management	531016-53901	\$3,658.00
001	51967	06/25/10	SEVERN TRENT ENVIRONMENTAL SER	2047031	MGT FEES-MAY	Payroll-Salaried	512001-53901	\$371.25
001	51967	06/25/10	SEVERN TRENT ENVIRONMENTAL SER	2047031	MGT FEES-MAY	Postage and Freight	541006-51301	\$42.52
001	51967	06/25/10	SEVERN TRENT ENVIRONMENTAL SER	2047031	MGT FEES-MAY	Printing and Binding	547001-51301	\$272.80
001	51967	06/25/10	SEVERN TRENT ENVIRONMENTAL SER	2047031	MGT FEES-MAY	Office Supplies	551002-51301	\$55.00
001	51967	06/25/10	SEVERN TRENT ENVIRONMENTAL SER	2047031	MGT FEES-MAY	Communication - Telephone	541003-51301	\$1.32
001	51967	06/25/10	SEVERN TRENT ENVIRONMENTAL SER	2047031	MGT FEES-MAY	Communication - Telephone	541003-51301	\$0.40
001	51968	06/25/10	SPIES POOL LLC	211295	POOL SUPPLIES	R&M-Pools	546074-53910	\$354.30
001	51968	06/25/10	SPIES POOL LLC	211296	POOL SUPPLIES	R&M-Pools	546074-53910	\$276.85
001	51968	06/25/10	SPIES POOL LLC	211453	POOL SUPPLIES	R&M-Pools	546074-53910	\$508.75
001	51969	06/25/10	WALKER TECHNICAL SERVICES	760	MAXI-COM MONITORING SYSTEM JUNE	R&M-Irrigation	546041-53902	\$250.00
001	51970	06/25/10	WOOLPERT INC.	2010003059	LEGAL FEES-APRIL	ProfServ-Engineering	531013-51501	\$1,181.33
001	51975	06/29/10	KISSIMMEE UTILITY AUTHORITY	062410	BILLING PERIOD 5/19-6/16	Utility - Water & Sewer	543021-53903	\$11,069.10
001	51976	06/29/10	ORLANDO SENTINEL	886054001	LEGAL AD-MTG 6/24	Legal Advertising	548002-51301	\$55.00
001	51977	06/28/10	CENTURY LINK	062510	#407-891-1308 6/25-7/24	Communication - Telephone	541003-53910	\$43.27
001	51941	06/01/10	MARK W. LEMENAGER	PAYROLL	June 01, 2010 Payroll Posting			\$184.70
001	51942	06/01/10	STEVEN P. BERUBE	PAYROLL	June 01, 2010 Payroll Posting			\$184.70
001	51943	06/01/10	ROBERT D. EVANS	PAYROLL	June 01, 2010 Payroll Posting			\$184.70
001	51944	06/01/10	NANCY M. SNYDER	PAYROLL	June 01, 2010 Payroll Posting			\$184.70
001	51971	06/28/10	MARK W. LEMENAGER	PAYROLL	June 28, 2010 Payroll Posting			\$184.70
001	51972	06/28/10	STEVEN P. BERUBE	PAYROLL	June 28, 2010 Payroll Posting			\$184.70
001	51973	06/28/10	ROBERT D. EVANS	PAYROLL	June 28, 2010 Payroll Posting			\$184.70
001	51974	06/28/10	NANCY M. SNYDER	PAYROLL	June 28, 2010 Payroll Posting			\$184.70
							Fund Total	\$252,641.73

**Harmony
Community Development District**

Check Register by Fund
For the Period from 6/1/2010 to 6/30/2010
(Sorted by Check No.)

Fund No.	Check No.	Check Date	Payee	Invoice No.	Invoice Description	G/L Account Name	G/L Account #	Check Amount
2001 DEBT SERVICE FUND - 201								
201	51959	06/24/10	US BANK NATIONAL ASSOC	062310	TRANSFER OF TAX RECEIPTS 2009/10	Due From Other Funds	131000	\$73,501.60
							Fund Total	\$73,501.60
							Total Checks Paid	\$326,143.33

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**Harmony
Community Development District**

Operating and Debt Service Budget

Fiscal Year 2011

*Draft 3
July 29, 2010*

Prepared by



Harmony

Community Development District

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GENERAL FUND BUDGET

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DEBT SERVICE BUDGET - SERIES 2001

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DEBT SERVICE BUDGET - SERIES 2004

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Amortization Schedule	Page 17
2010 - 2011 Proposed Assessments	Page 18

Community Development District

Proposed Budget - Fiscal Year 2011

ACCOUNT DESCRIPTION	ACTUAL	ADOPTED	ACTUAL	PROJECTED	TOTAL	PROPOSED
	FY 2009	BUDGET FY 2010	THRU JUNE-2010	JULY- SEP-2010	PROJECTED FY 2010	BUDGET FY 2011
REVENUES						
Interest - Investments	\$ 638	\$ 500	\$ 1,748	\$ 900	\$ 2,648	\$ 1,500
Interest - Tax Collector	358	-	104	-	104	-
Special Assmnts- Tax Collector	617,964	622,750	621,490	1,260	622,750	622,750
Special Assmnts- CDD Collected	902,971	914,363	685,773	228,590	914,363	914,363
Special Assmnts- Delinquent	1,066	-	-	-	-	-
Special Assmnts- Discounts	(7,634)	(24,910)	(10,597)	-	(10,597)	(24,910)
Other Miscellaneous Revenues	1,836	-	-	-	-	-
TOTAL REVENUES	1,517,199	1,512,703	1,298,518	230,750	1,529,268	1,513,703

EXPENDITURES

Administrative

P/R-Board of Supervisors	9,800	9,600	6,400	2,400	8,800	9,600
FICA Taxes	750	734	490	183	673	734
Workers' Compensation	-	2,000	-	-	-	2,000
ProfServ-Arbitrage Rebate	1,200	3,000	-	1,200	1,200	1,200
ProfServ-Dissemination Agent	500	500	500	-	500	500
ProfServ-Engineering	32,050	18,000	11,387	6,258	17,645	16,000
ProfServ-Legal Services	29,959	24,000	14,779	4,500	19,279	20,000
ProfServ-Mgmt Consulting Serv	50,740	52,516	39,387	13,129	52,516	54,091
ProfServ-Special Assessment	10,714	11,089	11,089	-	11,089	11,422
ProfServ-Trustee	10,748	11,000	9,186	1,814	11,000	11,000
Auditing Services	15,500	15,500	8,000	7,500	15,500	15,500
Communication - Telephone	182	175	52	21	73	175
Postage and Freight	1,223	2,000	628	308	936	1,200
Insurance-General Liability (see Note 1 on pg. 3)	18,484	19,500	18,274	1,000	19,274	19,850
Printing and Binding	6,795	7,000	2,761	840	3,601	5,500
Legal Advertising	1,581	2,500	382	138	520	1,000
Misc-Assessmnt Collection Cost	7,908	12,456	12,997	319	13,316	12,455
Misc-Contingency	296	1,000	218	39	257	1,000
Office Supplies	987	1,000	531	165	696	1,000
Annual District Filing Fee	175	175	175	-	175	175
Capital Outlay	-	750	-	500	500	750
Total Administrative	199,592	194,495	137,236	40,314	177,550	185,153

Field

Payroll - Part time assistant	-	8,525	3,761	1,548	5,309	8,781
Payroll - Field Manager	32,712	43,896	32,922	10,974	43,896	45,213
Total Field	32,712	52,421	36,683	12,522	49,205	53,994

Landscape

Utility - Refuse Removal	13,759	32,576	26,877	8,599	35,476	32,576
R&M-Grounds	13,497	32,994	21,986	9,500	31,486	32,994
R&M-Irrigation	27,179	37,500	27,013	8,755	35,768	37,500

Prepared by:

Seyern Trent Management Services

Community Development District

Proposed Budget - Fiscal Year 2011

ACCOUNT DESCRIPTION	ACTUAL FY 2009	ADOPTED BUDGET FY 2010	ACTUAL THRU JUNE-2010	PROJECTED JULY- SEP-2010	TOTAL PROJECTED FY 2010	PROPOSED BUDGET FY 2011
R&M-Lake Phase II	29,868	-	-	-	-	-
R&M-Landscape - Lakeshore Park	14,653	-	-	-	-	-
R&M-Landscape - Town Square	18,356	-	-	-	-	-
R&M-Landscape - US 192 Entr	38,082	-	-	-	-	-
R&M-Swimming Pool	7,555	-	-	-	-	-
R&M-Tree Trimming Services	-	15,000	6,000	8,648	14,648	15,000
R&M-Trees and Trimming	25,602	21,115	15,473	5,388	20,861	21,115
R&M-Turf Care	125,101	283,001	200,346	74,501	274,847	283,001
R&M-Shrub Care	48,392	110,539	74,829	28,486	103,315	110,539
R&M-Landscape Parc D-1 Park	4,081	-	-	-	-	-
R&M-Landscape Parc C-2 Park	3,673	-	-	-	-	-
R&M-Landscape Pet Park	12,813	-	-	-	-	-
R&M-Landscape Hwy 192	17,500	-	-	-	-	-
R&M-Landscape Parcel G Park	8,652	-	-	-	-	-
R&M-Landscape Pond Areas	87,563	-	-	-	-	-
R&M-Landscape Buck Lake	2,250	-	-	-	-	-
R&M-Landscape Parc B Park	3,749	-	-	-	-	-
R&M-Landscape Parc C Park	3,425	-	-	-	-	-
R&M-Phase I	46,979	-	-	-	-	-
R&M-Phase III	48,276	-	-	-	-	-
R&M-Landscape Parcel D-2 & E	8,786	-	-	-	-	-
Miscellaneous Services	7,540	10,000	600	5,000	5,600	10,000
Total Landscape	617,331	542,725	373,124	148,877	522,001	542,725
Utility						
Electricity - General	28,762	40,000	26,273	12,224	38,497	40,000
Electricity - Streetlighting	375,011	385,220	281,969	93,990	375,959	385,220
Utility - Water & Sewer	84,986	90,000	62,690	15,930	78,620	83,000
Total Utility	488,759	515,220	370,932	122,144	493,076	508,220
Operation & Maintenance						
Payroll-Salaried	2,513	-	-	-	-	-
FICA Taxes	192	-	-	-	-	-
Contracts-Lake and Wetland	33,328	33,250	17,045	6,590	23,635	21,360
Communication - Telephone	3,345	2,500	2,446	900	3,346	3,950
R&M-Common Area	13,351	10,500	2,390	996	3,386	7,000
R&M-Equipment	21,954	21,000	5,054	4,527	9,581	21,000
R&M-Pools	31,016	45,213	43,867	6,536	50,403	65,000
R&M-Roads & Alleyways	-	5,000	-	-	-	3,000
R&M-Sidewalks	-	9,000	25	1,500	1,525	10,000
R&M-Parks & Amenities	-	10,600	1,619	900	2,519	6,000
R&M-Hardscape Cleaning	9,638	10,000	6,180	3,800	9,980	10,000
Misc-Licenses & Permits	2,180	-	-	-	-	-

Community Development District

Proposed Budget - Fiscal Year 2011

ACCOUNT DESCRIPTION	ACTUAL FY 2009	ADOPTED BUDGET FY 2010	ACTUAL THRU JUNE-2010	PROJECTED JULY- SEP-2010	TOTAL PROJECTED FY 2010	PROPOSED BUDGET FY 2011
Misc-Parks	1,903	-	-	-	-	-
Misc-Contingency	17,893	20,000	-	-	-	35,522
Op Supplies-Pool and Fountain	10,593	-	-	-	-	-
Total Operation & Maintenance	147,906	167,063	78,626	25,749	104,375	182,832
Reserves						
Reserve - Self Insurance	-	40,779	-	-	-	40,779
Total Reserves	-	40,779	-	-	-	40,779
TOTAL EXPENDITURES & RESERVES	1,486,300	1,512,703	996,601	349,606	1,346,207	1,513,703
Excess (deficiency) of revenues Over (under) expenditures	30,899	-	301,917	(118,856)	183,061	(0)
Net change in fund balance	30,899	-	301,917	(118,856)	183,061	(0)
FUND BALANCE, BEGINNING	354,305	385,204	385,204	-	385,204	568,265
FUND BALANCE, ENDING	\$ 385,204	\$ 385,204	\$ 687,121	\$ (118,856)	\$ 568,265	\$ 568,265

Allocation of Fund Balance (see note 2)

Operating Reserve - First Quarter Operating Capital	\$ (200,000)
Reserve - Self Insurance Deductible	(50,000)
Reserve - Renewal and Replacement	(35,000)
Reserve - Irrigation Improvement Project	(60,000)
Total Undesignated Cash	\$ 264,044

Notes:

1.) The District's current insurance policy includes the following types of coverage:

Type of Coverage	Deductible
General & Professional Liability Coverage	\$0
Public Official Liability Coverage	\$2,500 per occurrence
Property & Inland Marine Coverage (a)	\$5,000 per occurrence

(a) This deductible would not cover damage occurring as a result of a "Named Storm" or "Wind Event".

2.) If the FY2011 assessments are kept the same as FY2010, the District will have \$264,044 in undesignated cash.

Community Development District

Exhibit "A"

Allocation of Fund Balance

Available Funds

Beginning Fund Balance - Fiscal Year 2011	\$	568,265
Net Change in Fund Balance - Fiscal Year 2011		\$0
Reserves - Fiscal Year 2011 Additions		\$40,779
Total Available Funds (Estimated) - 9/30/2011	\$	609,044

Allocation of Available Funds

(1) Operating Reserve - First Quarter Operating Capital	\$	200,000
(2) Reserve - Self Insurance		50,000
(3) Reserve - Renewal and Replacement		35,000
(4) Reserve - Irrigation Improvement Project		60,000
Total Allocation of Available Funds	\$	345,000

Total Undesignated Cash	\$	264,044
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Notes

- (1) Represents approximately 2 months of operating expenditures
- (2) Represents deductibles for Liability and Property insurance
- (3) Represents annual amount of approximate 10 year plan for renewal and replacement
- (4) Represents costs to update and improve irrigation lines. Grant of \$30,000 is expected to offset total cost.

Harmony
Community Development District

GENERAL FUND BUDGET NARRATIVE
Fiscal Year 2011

REVENUES

Interest Income (Investments)

The District earns interest income on funds in the checking account and other investments.

Special Assessment – Tax Collector

The District will levy a Non-Ad Valorem assessment on all the platted parcels within the District in support of the overall fiscal year budget.

Special Assessment – District Collected (Maintenance)

The District will collect a Non-Ad Valorem assessment on all the un-platted parcels within the District in support of the overall fiscal year budget.

Special Assessment – Discounts

Per Section 197.162, Florida Statutes, discounts are allowed for early payment of assessments. The budgeted amount for the fiscal year is calculated at 4% of the anticipated Non-Ad Valorem assessments that is collected by the Osceola County Tax Collector and is shown as a deduction to the assessment revenue.

EXPENDITURES

<i>Administrative:</i>

P/R-Board of Supervisors

Chapter 190, Florida Statutes, allows each member of the Board of Supervisors to be compensated for meeting attendance in the amount of \$200 per meeting not to exceed \$4,800 per year. The amount for the Fiscal Year is based upon four supervisors being compensated for 12 meetings.

FICA Taxes

Payroll taxes on Board of Supervisors compensation. The budgeted amount for the fiscal year is calculated at 7.65% of the total Board of Supervisor's payroll expenditures.

Harmony
Community Development District

GENERAL FUND BUDGET NARRATIVE
Fiscal Year 2011

EXPENDITURES - Administrative (continued)

Professional Services – Arbitrage Rebate

The District will contract with an independent certified public accountant to annually calculate the District's Arbitrage Rebate Liability on the Series of Benefit Special Assessment Bonds. The budgeted amount for the fiscal year is based on historical and industry standard fees charged for this service.

Professional Services – Dissemination Agent

The District is required by the Securities and Exchange Commission to comply with rule 15c2-12(b)-(5), which relates additional reporting requirements for unrelated bond issues and is performed by Digital Assurance Company. The budgeted amount for the fiscal year is based on standard fees charged for this service.

Professional Services - Engineering

The District's engineer, Woolpert Inc., will be providing general engineering services to the District, i.e., attendance and preparation for monthly Board meetings, review of invoices, preparation of requisitions., etc. The budgeted amount for the fiscal year is based on anticipated activity.

Professional Services - Legal Services

The District's general counsel, Young van Assenderp, P.A., retained by and answerable to the District Board, is responsible for attending and preparing for Board meetings and rendering advice, counsel, recommendations, and representation as determined appropriate or as directed by the Board directly or as relayed by the manager.

Professional Services- Management Consulting Services

The District receives Management, Accounting and Administrative services as part of a Management Agreement with Severn Trent Environmental Services, Inc. The budgeted amount for the fiscal year is based on the contracted fees of the Management Agreement plus 3% increases.

<i>Services Provided</i>	<i>Fee</i>
Management Services	\$50,248.00
Information Technology Services	\$1,103.00
Rentals & Leases	\$2,741.00
Special Assessments - Advisor (see page 7 for details)	\$11,422.00
Payroll - Field Management (see page 9 for details)	\$50,157.00
Total	\$115,671.00

Harmony
Community Development District

GENERAL FUND BUDGET NARRATIVE
Fiscal Year 2011

EXPENDITURES - <i>Administrative</i> (continued)

Professional Services - Special Assessment (Advisor)

The District will be billed annually for calculating and levying the annual operating and maintenance, and debt service assessments, as provided by Severn Trent Management Services.

Professional Services- Trustee

The District pays US Bank an annual fee for trustee services on the Series 2001 and the Series 2004 Special Assessment Bonds. The budgeted amount for the fiscal year is \$4,900 and \$4,350 for each series plus any out-of-pocket expenses.

Auditing Services

The District is required annually to conduct an audit of its financial records by an Independent Certified Public Accounting Firm. The fee is based on the existing engagement letter with Grau & Associates.

Communication-Telephone

Telephone and fax machine expenses. The amount for fiscal year 2011 is based on prior year expenses.

Postage & Freight

Cost of mailing agenda packages, overnight deliveries, correspondence, and payments to vendors, etc. The amount for fiscal year 2011 is based on prior year expenses.

Insurance-General Liability

The District's General Liability & Public Officials Liability Insurance policy is with Preferred Governmental Insurance Trust (PGIT), providing insurance coverage to governmental agencies. The budgeted amount is based upon prior year expense and an anticipated increase in property liability.

Printing & Binding

The District incurs charges for printing and binding agenda packages. Amount for fiscal year 2011 is based on prior year expenses.

Harmony
Community Development District

GENERAL FUND BUDGET NARRATIVE
Fiscal Year 2011

EXPENDITURES - <i>Administrative</i> (continued)

Legal Advertising

The District is required to advertise the annual meeting schedule as well as, public hearings, workshops, and RFP's. in a newspaper of general circulation within Osceola County. The amount for fiscal year 2011 is based on the anticipated advertising needs for the year.

Misc-Assessment Collection Cost

The District reimburses the Osceola Board of Commissioners for her or his necessary administrative costs. Per the Florida Statutes, administrative costs shall include, but not be limited to, those costs associated with personnel, forms, supplies, data processing, computer equipment, postage, and programming. The FY2011 budget for collection costs is based on a unit price per parcel. The District also compensates the Tax Collector for the actual cost of collection or 2% on the amount of special assessments collected and remitted, whichever is greater.

Misc-Contingency

Bank charges and any other miscellaneous expenditures incurred during the year.

Office Supplies

Supplies used in the preparation and binding of agenda packages, required mailings, and other special projects, as well as the purchase of binders, file folders and other supplies used for the District. The amount for fiscal year 2011 is based on prior year expenditures adjusted for anticipated activity.

Annual District Filing Fee

The District is required to pay an annual fee of \$175 to the Department of Community Affairs. This is the only expenditure in this category.

Capital Outlay

Represents any minor capital expenditures the District may need to make during the Fiscal Year.

Harmony
Community Development District

GENERAL FUND BUDGET NARRATIVE
Fiscal Year 2011

Field Management

Payroll- Part-time Dockmaster **\$4,944**

Salary for the part-time assistant dockmaster. The Assistant Dockmaster provides supplemental support to boating activities, anticipated at \$52/day, 2 days a week.

Payroll - Field Manager **\$45,213**

Annual salary and benefits for full-time field manager/dockmaster as provided through Severn Trent Management Services. Primary responsibilities are related to docks and boats, with supplemental activities providing on-site field management and maintenance services.

Landscape

Utility Refuse Removal **\$32,576**

Scheduled maintenance consists of trash disposal, litter control and replacement of trash liners. Unscheduled maintenance consists of replacement of damaged trash cans.

<i>Existing Contract (Luke Brothers)</i>	<i>\$30,576</i>
<i>Unscheduled maintenance</i>	<i>\$2,000</i>

R&M-Ground **\$32,994**

Scheduled maintenance consists of mowing, edging, blowing, fertilizing and applying pest and disease control chemicals to ground cover, as well as planting and replacing various annual and seasonal flowers within the District. Unscheduled maintenance consists of repairs and replacement to any damaged areas.

<i>Existing Contract (Luke Brothers)</i>	<i>\$20,394</i>
<i>Existing Contract (Luke Brothers- Flowers)</i>	<i>\$9,600</i>
<i>Unscheduled maintenance</i>	<i>\$3,000</i>

Harmony
Community Development District

GENERAL FUND BUDGET NARRATIVE
Fiscal Year 2011

EXPENDITURES – <i>Landscape</i> (continued)
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R&M-Irrigation **\$37,500**

Scheduled maintenance consists of regular inspections, adjustments to controller and irrigation heads, minor system repairs, and purchase of irrigation supplies. Unscheduled maintenance consists of major repairs and replacement of system components.

<i>Existing Contract (Luke Brothers)</i>	\$28,500
<i>System Management (monitoring of the system)</i>	\$3,000
<i>Proposed System Upgrade</i>	\$3,000
<i>Unscheduled maintenance</i>	\$3,000

R&M-Tree Services **\$15,000**

Scheduled maintenance consists of canopy trimming for trees over 10 feet, and consulting with a certified arborist.

R&M-Tree Trimming **\$21,115**

Scheduled maintenance consists of pruning, maintaining tree basins and fertilizing trees less than 10 feet in height.

<i>Existing Contract (Luke Brothers)</i>	\$19,115
<i>Unscheduled maintenance</i>	\$2,000

R&M-Turf Care **\$283,001**

Scheduled maintenance consists of mowing, edging, blowing, fertilizing, and applying pest and disease control chemicals to turf within Harmony CDD. Unscheduled maintenance consists of replacement to any damaged areas.

<i>Existing Contract (Luke Brothers)</i>	\$278,001
<i>Unscheduled maintenance</i>	\$5,000

R&M-Shrub Care **\$110,539**

Scheduled maintenance consists of pruning, mulching, fertilizing, applying pest and disease control chemicals, and providing weed control and debris removal to Shrubs within the District. Unscheduled maintenance consists of repairs and replacement to any damaged areas.

<i>Existing Contract (Luke Brothers)</i>	\$107,539
<i>Unscheduled maintenance</i>	\$3,000

Miscellaneous Services **\$10,000**

Unscheduled or one-time landscape maintenance expenses for other areas within the District that are not listed in any other budget category.

Harmony
Community Development District

GENERAL FUND BUDGET NARRATIVE
Fiscal Year 2011

Utility

Electricity - General **\$40,000**

Electricity for accounts with Orlando Utilities Commissions for the swim club, parks, and irrigation. Fees are based on historical costs for metered use plus anticipated 15% increase.

Electricity - Streetlighting **\$385,220**

Contract to lease light-poles and fixtures for all street lighting within the District, as per agreement with the Orlando Utilities Commission. Fees are based on historical costs plus anticipated 3% increase.

Utility - Water & Sewer **\$83,000**

The District currently has utility accounts with Toho Water Authority (a division of KUA). Usage consists of water, sewer and reclaimed water services.

Operation & Maintenance

Contracts-Lake and Wetland **\$21,360**

Scheduled maintenance consists of inspections and treatment of nuisance aquatic species. Unscheduled maintenance consists of aquatic plantings and repair of any damaged areas.

<i>Existing Contract (Bio-Tech Consulting)</i>	<i>\$18,360</i>
<i>Unscheduled maintenance</i>	<i>\$3,000</i>

Communication – Telephone **\$3,950**

Telephone expenses for the dockmaster's phones and the irrigation line for the computerized Maxicom irrigation system. The budgeted amount for the fiscal year is based on prior year expenses.

R&M-Common Area **\$7,000**

- Benches: Unscheduled maintenance consists of replacing damaged benches and purchasing benches for added areas. (\$3,500)
- Miscellaneous cleaning supplies, light bulbs, and other supplies used throughout the District. (\$500)
- Security camera: unscheduled maintenance includes repair or replacement of damaged cameras and any required upgrades. (\$1,500)
- Other miscellaneous common area expense not provided in other line items. It is anticipated some items originally installed in 2003 will need to be replaced in FY 2011, including trash cans, doggie pots and fountain. (\$1,500)

Harmony
Community Development District

GENERAL FUND BUDGET NARRATIVE
Fiscal Year 2011

EXPENDITURES – Operation & Maintenance (continued)

<u>R&M-Equipment</u>	\$21,000
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Supplies, maintenance and equipment needed for the boats.

<i>Boat Operation, supplies and maintenance</i>	\$8,000
<i>Repairs and system upgrade</i>	\$8,000
<i>Miscellaneous</i>	\$5,000

<u>R&M-Pools</u>	\$65,000
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This includes monthly pool service and any repairs and maintenance for the Swim Club and Ashley Park pools that may be incurred during the year by the District, including repair and replacement of pool furniture, shades, safety equipment, etc. Supplies for the pool and fountains such as chemicals and chlorine are provided by Spies Pool LLC. Various pool licenses and permits required for the pools are based on historical expenses.

<i>Contract (Jan Pro and Robert's Pool Service)</i>	\$22,560
<i>Repairs for Shade</i>	\$3,000
<i>Repairs for Furniture</i>	\$3,000
<i>Supplies</i>	\$12,540
<i>Licenses</i>	\$900
<i>Unscheduled Maintenance</i>	\$3,000
<i>Pool Re-Tile</i>	\$20,000

<u>R&M Roads and Alleyways</u>	\$3,000
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Unscheduled maintenance of alleyways.	\$3,000
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<u>R&M Sidewalks</u>	\$10,000
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Unscheduled maintenance consists of grinding uneven areas and replacement of concrete sidewalk. Pressure washing areas within the District as needed.

<u>R&M Parks and Amenities</u>	\$6,000
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Maintenance or repairs to the basketball courts and athletic fields, including sod replacement, cleaning of basketball courts, dog parks and all miscellaneous park areas.

<i>Lakeshore Park</i>	\$3,000
<i>Dog Parks</i>	\$2,000
<i>Miscellaneous Park Areas</i>	\$1,000

Harmony
Community Development District

GENERAL FUND BUDGET NARRATIVE
Fiscal Year 2011

EXPENDITURES – <i>Operation & Maintenance</i> (continued)
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R&M-Hardscape Maintenance

\$10,000

Scheduled maintenance consists of pressure washing PVC fencing, bridges, and pavilions, restrooms and other Hardscape. Unscheduled maintenance consists of repairs and replacement of damaged areas, including columns.

<i>Existing Contract (Luke Brothers)</i>	<i>\$5,270</i>
<i>Unscheduled maintenance</i>	<i>\$4,730</i>

Misc-Contingency

\$20,000

The current year contingency represents the potential excess of unscheduled maintenance expenses not included in budget categories or not anticipated in specific line items.

Community Development District

Proposed Budget - Fiscal Year 2011

ACCOUNT DESCRIPTION	ACTUAL	ADOPTED	ACTUAL	PROJECTED	TOTAL	PROPOSED
	FY 2009	BUDGET FY 2010	THRU JUNE-2010	JULY- SEP-2010	PROJECTED FY 2010	BUDGET FY 2011
REVENUES						
Interest - Investments	\$ 6,129	\$ 25,000	\$ 465	\$ 419	\$ 884	\$ 800
Special Assmnts- Tax Collector	1,040,645	1,071,740	1,040,281	31,459	1,071,740	1,038,106
Special Assmnts- Prepayment	31,009	-	7,974	-	7,974	-
Special Assmnts- CDD Collected	397,904	433,379	433,309	70	433,379	432,426
Special Assmnts- Delinquent	1,718	-	-	-	-	-
Special Assmnts- Discounts	(15,242)	(42,869)	(17,760)	-	(17,760)	(41,524)
TOTAL REVENUES	1,462,163	1,487,250	1,464,269	31,948	1,496,217	1,429,807
EXPENDITURES						
<i>Administrative</i>						
Misc-Assessmnt Collection Cost	9,629	21,435	20,478	586	21,064	20,762
Total Administrative	9,629	21,435	20,478	586	21,064	20,762
<i>Debt Service</i>						
Principal Debt Retirement	270,000	290,000	285,000	-	285,000	305,000
Principal Prepayments	30,000	-	20,000	-	20,000	-
Interest Expense	1,166,525	1,144,775	1,144,413	-	1,144,413	1,123,388
Total Debt Service	1,466,525	1,434,775	1,449,413	-	1,449,413	1,428,388
TOTAL EXPENDITURES	1,476,154	1,456,210	1,469,891	586	1,470,477	1,449,150
Excess (deficiency) of revenues Over (under) expenditures	(13,991)	31,040	(5,622)	31,362	25,740	(19,342)
Net change in fund balance	(13,991)	31,040	(5,622)	31,362	25,740	(19,342)
FUND BALANCE, BEGINNING	1,735,114	1,721,124	1,721,124	-	1,721,124	1,746,864
FUND BALANCE, ENDING	\$ 1,721,123	\$ 1,752,164	\$ 1,715,502	\$ 31,362	\$ 1,746,864	\$ 1,727,522

Harmony
Community Development District
Series 2001 Special Assessment Bonds

AMORTIZATION SCHEDULE

DATE	BALANCE	RATE	PRINCIPAL	PREPAYMENT	INTEREST	TOTAL
11/01/04	\$ 17,280,000.00	7.25%	\$ 105,000.00		\$ 626,400.00	\$ 1,573,993.75
05/01/05	\$ 17,175,000.00	7.25%	\$ 205,000.00	\$ 15,000.00	\$ 622,593.75	
11/01/05	\$ 16,955,000.00	7.25%	\$ -	\$ 50,000.00	\$ 614,618.75	\$ 1,497,425.00
05/01/06	\$ 16,905,000.00	7.25%	\$ 220,000.00		\$ 612,806.25	
11/01/06	\$ 16,685,000.00	7.25%	\$ -	\$ 20,000.00	\$ 604,831.25	\$ 1,513,937.50
05/01/07	\$ 16,665,000.00	7.25%	\$ 235,000.00	\$ 50,000.00	\$ 604,106.25	
11/01/07	\$ 16,380,000.00	7.25%	\$ -	\$ 35,000.00	\$ 593,775.00	\$ 1,476,281.25
05/01/08	\$ 16,345,000.00	7.25%	\$ 255,000.00		\$ 592,506.25	
11/01/08	\$ 16,090,000.00	7.25%	\$ -	\$ -	\$ 583,262.50	\$ 1,466,525.00
05/01/09	\$ 16,090,000.00	7.25%	\$ 270,000.00	\$ 30,000.00	\$ 583,262.50	
11/01/09	\$ 15,790,000.00	7.25%	\$ -	\$ 10,000.00	\$ 572,387.50	\$ 1,439,412.50
05/01/10	\$ 15,780,000.00	7.25%	\$ 285,000.00		\$ 572,025.00	
11/01/10	\$ 15,495,000.00	7.25%	\$ -		\$ 561,693.75	\$ 1,428,387.50
05/01/11	\$ 15,495,000.00	7.25%	\$ 305,000.00		\$ 561,693.75	
11/01/11	\$ 15,190,000.00	7.25%	\$ -		\$ 550,637.50	\$ 1,426,275.00
05/01/12	\$ 15,190,000.00	7.25%	\$ 325,000.00		\$ 550,637.50	
11/01/12	\$ 14,865,000.00	7.25%	\$ -		\$ 538,856.25	\$ 1,427,712.50
05/01/13	\$ 14,865,000.00	7.25%	\$ 350,000.00		\$ 538,856.25	
11/01/13	\$ 14,515,000.00	7.25%	\$ -		\$ 526,168.75	\$ 1,427,337.50
05/01/14	\$ 14,515,000.00	7.25%	\$ 375,000.00		\$ 526,168.75	
11/01/14	\$ 14,140,000.00	7.25%	\$ -		\$ 512,575.00	\$ 1,425,150.00
05/01/15	\$ 14,140,000.00	7.25%	\$ 400,000.00		\$ 512,575.00	
11/01/15	\$ 13,740,000.00	7.25%	\$ -		\$ 498,075.00	\$ 1,426,150.00
05/01/16	\$ 13,740,000.00	7.25%	\$ 430,000.00		\$ 498,075.00	
11/01/16	\$ 13,310,000.00	7.25%	\$ -		\$ 482,487.50	\$ 1,429,975.00
05/01/17	\$ 13,310,000.00	7.25%	\$ 465,000.00		\$ 482,487.50	
11/01/17	\$ 12,845,000.00	7.25%	\$ -		\$ 465,631.25	\$ 1,426,262.50
05/01/18	\$ 12,845,000.00	7.25%	\$ 495,000.00		\$ 465,631.25	
11/01/18	\$ 12,350,000.00	7.25%	\$ -		\$ 447,687.50	\$ 1,430,375.00
05/01/19	\$ 12,350,000.00	7.25%	\$ 535,000.00		\$ 447,687.50	
11/01/19	\$ 11,815,000.00	7.25%	\$ -		\$ 428,293.75	\$ 1,431,587.50
05/01/20	\$ 11,815,000.00	7.25%	\$ 575,000.00		\$ 428,293.75	
11/01/20	\$ 11,240,000.00	7.25%	\$ -		\$ 407,450.00	\$ 1,429,900.00
05/01/21	\$ 11,240,000.00	7.25%	\$ 615,000.00		\$ 407,450.00	
11/01/21	\$ 10,625,000.00	7.25%	\$ -		\$ 385,156.25	\$ 1,430,312.50
05/01/22	\$ 10,625,000.00	7.25%	\$ 660,000.00		\$ 385,156.25	
11/01/22	\$ 9,965,000.00	7.25%	\$ -		\$ 361,231.25	\$ 1,432,462.50
05/01/23	\$ 9,965,000.00	7.25%	\$ 710,000.00		\$ 361,231.25	
11/01/23	\$ 9,255,000.00	7.25%	\$ -		\$ 335,493.75	\$ 1,435,987.50
05/01/24	\$ 9,255,000.00	7.25%	\$ 765,000.00		\$ 335,493.75	
11/01/24	\$ 8,490,000.00	7.25%	\$ -		\$ 307,762.50	\$ 1,435,525.00
05/01/25	\$ 8,490,000.00	7.25%	\$ 820,000.00		\$ 307,762.50	
11/01/25	\$ 7,670,000.00	7.25%	\$ -		\$ 278,037.50	\$ 1,436,075.00
05/01/26	\$ 7,670,000.00	7.25%	\$ 880,000.00		\$ 278,037.50	
11/01/26	\$ 6,790,000.00	7.25%	\$ -		\$ 246,137.50	\$ 1,437,275.00
05/01/27	\$ 6,790,000.00	7.25%	\$ 945,000.00		\$ 246,137.50	
11/01/27	\$ 5,845,000.00	7.25%	\$ -		\$ 211,881.25	\$ 1,433,762.50
05/01/28	\$ 5,845,000.00	7.25%	\$ 1,010,000.00		\$ 211,881.25	
11/01/28	\$ 4,835,000.00	7.25%	\$ -		\$ 175,268.75	\$ 1,435,537.50
05/01/29	\$ 4,835,000.00	7.25%	\$ 1,085,000.00		\$ 175,268.75	
11/01/29	\$ 3,750,000.00	7.25%	\$ -		\$ 135,937.50	\$ 1,436,875.00
05/01/30	\$ 3,750,000.00	7.25%	\$ 1,165,000.00		\$ 135,937.50	
11/01/30	\$ 2,585,000.00	7.25%	\$ -		\$ 93,706.25	\$ 1,432,412.50
05/01/31	\$ 2,585,000.00	7.25%	\$ 1,245,000.00		\$ 93,706.25	
11/01/31	\$ 1,340,000.00	7.25%	\$ -		\$ 48,575.00	\$ 1,437,150.00
05/01/32	\$ 1,340,000.00	7.25%	\$ 1,340,000.00		\$ 48,575.00	
			\$ 17,070,000.00		\$ 23,180,062.50	\$ 40,460,062.50

Community Development District

Proposed Budget - Fiscal Year 2011

ACCOUNT DESCRIPTION	ACTUAL	ADOPTED	ACTUAL	PROJECTED	TOTAL	PROPOSED
	FY 2009	BUDGET FY 2010	THRU JUNE-2010	JULY- SEP-2010	PROJECTED FY 2010	BUDGET FY 2011
REVENUES						
Interest - Investments	\$ 3,934	\$ 20,000	\$ 311	\$ 293	\$ 604	\$ 800
Special Assmnts- CDD Collected	1,205,689	1,201,223	846,366	354,857	1,201,223	1,198,145
TOTAL REVENUES	1,209,623	1,221,223	846,677	355,150	1,201,827	1,198,945
EXPENDITURES						
<i>Debt Service</i>						
Principal Debt Retirement	195,000	210,000	210,000	-	210,000	225,000
Interest Expense	1,028,025	1,014,863	1,014,863	-	1,014,863	1,000,688
Total Debt Service	1,223,025	1,224,863	1,224,863	-	1,224,863	1,225,688
TOTAL EXPENDITURES	1,223,025	1,224,863	1,224,863	-	1,224,863	1,225,688
Excess (deficiency) of revenues						
Over (under) expenditures	(13,402)	(3,640)	(378,186)	355,150	(23,036)	(26,743)
Net change in fund balance	(13,402)	(3,640)	(378,186)	355,150	(23,036)	(26,743)
FUND BALANCE, BEGINNING	1,463,770	1,450,369	1,450,369	-	1,450,369	1,427,333
FUND BALANCE, ENDING	\$ 1,450,368	\$ 1,446,729	\$ 1,072,183	\$ 355,150	\$ 1,427,333	\$ 1,400,590

Harmony
Community Development District
 Series 2004 Capital Improvement Revenue Bonds

AMORTIZATION SCHEDULE

DATE	BALANCE	RATE	PRINCIPAL	INTEREST	TOTAL
5/1/2005	\$ 15,590,000.00	6.75%	\$ -	\$ 137,442.19	\$ 137,442.19
11/1/2005	\$ 15,590,000.00	6.75%	\$ -	\$ 376,799.06	\$ 902,961.56
5/1/2006	\$ 15,590,000.00	6.75%	\$ -	\$ 526,162.50	
11/1/2006	\$ 15,590,000.00	6.75%	\$ -	\$ 526,162.50	\$ 1,227,325.00
5/1/2007	\$ 15,590,000.00	6.75%	\$ 175,000.00	\$ 526,162.50	
11/1/2007	\$ 15,415,000.00	6.75%	\$ -	\$ 520,256.25	\$ 1,225,512.50
5/1/2008	\$ 15,415,000.00	6.75%	\$ 185,000.00	\$ 520,256.25	
11/1/2008	\$ 15,230,000.00	6.75%	\$ -	\$ 514,012.50	\$ 1,223,025.00
5/1/2009	\$ 15,230,000.00	6.75%	\$ 195,000.00	\$ 514,012.50	
11/1/2009	\$ 15,035,000.00	6.75%	\$ -	\$ 507,431.25	\$ 1,224,862.50
5/1/2010	\$ 15,035,000.00	6.75%	\$ 210,000.00	\$ 507,431.25	
11/1/2010	\$ 14,825,000.00	6.75%	\$ -	\$ 500,343.75	\$ 1,225,687.50
5/1/2011	\$ 14,825,000.00	6.75%	\$ 225,000.00	\$ 500,343.75	
11/1/2011	\$ 14,600,000.00	6.75%	\$ -	\$ 492,750.00	\$ 1,230,500.00
5/1/2012	\$ 14,600,000.00	6.75%	\$ 245,000.00	\$ 492,750.00	
11/1/2012	\$ 14,355,000.00	6.75%	\$ -	\$ 484,481.25	\$ 1,223,962.50
5/1/2013	\$ 14,355,000.00	6.75%	\$ 255,000.00	\$ 484,481.25	
11/1/2013	\$ 14,100,000.00	6.75%	\$ -	\$ 475,875.00	\$ 1,226,750.00
5/1/2014	\$ 14,100,000.00	6.75%	\$ 275,000.00	\$ 475,875.00	
11/1/2014	\$ 13,825,000.00	6.75%	\$ -	\$ 466,593.75	\$ 1,223,187.50
5/1/2015	\$ 13,825,000.00	6.75%	\$ 290,000.00	\$ 466,593.75	
11/1/2015	\$ 13,535,000.00	6.75%	\$ -	\$ 456,806.25	\$ 1,223,612.50
5/1/2016	\$ 13,535,000.00	6.75%	\$ 310,000.00	\$ 456,806.25	
11/1/2016	\$ 13,225,000.00	6.75%	\$ -	\$ 446,343.75	\$ 1,222,687.50
5/1/2017	\$ 13,225,000.00	6.75%	\$ 330,000.00	\$ 446,343.75	
11/1/2017	\$ 12,895,000.00	6.75%	\$ -	\$ 435,206.25	\$ 1,225,412.50
5/1/2018	\$ 12,895,000.00	6.75%	\$ 355,000.00	\$ 435,206.25	
11/1/2018	\$ 12,540,000.00	6.75%	\$ -	\$ 423,225.00	\$ 1,226,450.00
5/1/2019	\$ 12,540,000.00	6.75%	\$ 380,000.00	\$ 423,225.00	
11/1/2019	\$ 12,160,000.00	6.75%	\$ -	\$ 410,400.00	\$ 1,225,800.00
5/1/2020	\$ 12,160,000.00	6.75%	\$ 405,000.00	\$ 410,400.00	
11/1/2020	\$ 11,755,000.00	6.75%	\$ -	\$ 396,731.25	\$ 1,228,462.50
5/1/2021	\$ 11,755,000.00	6.75%	\$ 435,000.00	\$ 396,731.25	
11/1/2021	\$ 11,320,000.00	6.75%	\$ -	\$ 382,050.00	\$ 1,224,100.00
5/1/2022	\$ 11,320,000.00	6.75%	\$ 460,000.00	\$ 382,050.00	
11/1/2022	\$ 10,860,000.00	6.75%	\$ -	\$ 366,525.00	\$ 1,228,050.00
5/1/2023	\$ 10,860,000.00	6.75%	\$ 495,000.00	\$ 366,525.00	
11/1/2023	\$ 10,365,000.00	6.75%	\$ -	\$ 349,818.75	\$ 1,224,637.50
5/1/2024	\$ 10,365,000.00	6.75%	\$ 525,000.00	\$ 349,818.75	
11/1/2024	\$ 9,840,000.00	6.75%	\$ -	\$ 332,100.00	\$ 1,224,200.00
5/1/2025	\$ 9,840,000.00	6.75%	\$ 560,000.00	\$ 332,100.00	
11/1/2025	\$ 9,280,000.00	6.75%	\$ -	\$ 313,200.00	\$ 1,221,400.00
5/1/2026	\$ 9,280,000.00	6.75%	\$ 595,000.00	\$ 313,200.00	
11/1/2026	\$ 8,685,000.00	6.75%	\$ -	\$ 293,118.75	\$ 1,221,237.50
5/1/2027	\$ 8,685,000.00	6.75%	\$ 635,000.00	\$ 293,118.75	
11/1/2027	\$ 8,050,000.00	6.75%	\$ -	\$ 271,687.50	\$ 1,223,375.00
5/1/2028	\$ 8,050,000.00	6.75%	\$ 680,000.00	\$ 271,687.50	
11/1/2028	\$ 7,370,000.00	6.75%	\$ -	\$ 248,737.50	\$ 1,227,475.00
5/1/2029	\$ 7,370,000.00	6.75%	\$ 730,000.00	\$ 248,737.50	
11/1/2029	\$ 6,640,000.00	6.75%	\$ -	\$ 224,100.00	\$ 1,223,200.00
5/1/2030	\$ 6,640,000.00	6.75%	\$ 775,000.00	\$ 224,100.00	
11/1/2030	\$ 5,865,000.00	6.75%	\$ -	\$ 197,943.75	\$ 1,220,887.50
5/1/2031	\$ 5,865,000.00	6.75%	\$ 825,000.00	\$ 197,943.75	
11/1/2031	\$ 5,040,000.00	6.75%	\$ -	\$ 170,100.00	\$ 1,220,200.00
5/1/2032	\$ 5,040,000.00	6.75%	\$ 880,000.00	\$ 170,100.00	
11/1/2032	\$ 4,160,000.00	6.75%	\$ -	\$ 140,400.00	\$ 1,220,800.00
5/1/2033	\$ 4,160,000.00	6.75%	\$ 940,000.00	\$ 140,400.00	
11/1/2033	\$ 3,220,000.00	6.75%	\$ -	\$ 108,675.00	\$ 1,217,350.00
5/1/2034	\$ 3,220,000.00	6.75%	\$ 1,000,000.00	\$ 108,675.00	
11/1/2034	\$ 2,220,000.00	6.75%	\$ -	\$ 74,925.00	\$ 1,219,850.00
5/1/2035	\$ 2,220,000.00	6.75%	\$ 1,070,000.00	\$ 74,925.00	
11/1/2035	\$ 1,150,000.00	6.75%	\$ -	\$ 38,812.50	\$ 1,227,625.00
5/1/2036	\$ 1,150,000.00	6.75%	\$ 1,150,000.00	\$ 38,812.50	
			\$ 15,590,000.00	\$ 22,178,028.75	\$ 37,768,028.75

Harmony
Community Development District
2010 - 2011 Proposed Assessments

Platted			2011	2010	2011	2010	2011	2010	% Change	
Neighborhood	Lot Type	Lot Width	O & M Assessment	O & M Assessment	Debt Service Assessment	Debt Service Assessment	Total Assessment	Total Assessment	(Decrease) Increase	Units
A-1	MF	n/a	\$ 394.14	\$ 394.14	\$ 676.57	\$ 678.31	\$ 1,070.72	\$ 1,072.45	-0.16%	186
B	B	80	\$ 1,246.01	\$ 1,246.01	\$ 2,138.86	\$ 2,144.36	\$ 3,384.87	\$ 3,390.36	-0.16%	9
	C	65	\$ 1,012.38	\$ 1,012.38	\$ 1,737.83	\$ 1,742.29	\$ 2,750.21	\$ 2,754.67	-0.16%	25
	E	52	\$ 809.90	\$ 809.90	\$ 1,390.26	\$ 1,393.83	\$ 2,200.17	\$ 2,203.74	-0.16%	35
	G	42	\$ 654.15	\$ 654.15	\$ 1,122.90	\$ 1,125.79	\$ 1,777.06	\$ 1,779.94	-0.16%	22
	H	35	\$ 545.13	\$ 545.13	\$ 935.75	\$ 938.16	\$ 1,480.88	\$ 1,483.28	-0.16%	15
C-1	B	80	\$ 1,225.53	\$ 1,225.53	\$ 2,103.72	\$ 2,109.12	\$ 3,329.25	\$ 3,334.66	-0.16%	10
	C	65	\$ 995.75	\$ 995.75	\$ 1,709.27	\$ 1,713.66	\$ 2,705.02	\$ 2,709.41	-0.16%	30
	E	52	\$ 796.60	\$ 796.60	\$ 1,367.42	\$ 1,370.93	\$ 2,164.02	\$ 2,167.53	-0.16%	35
	G	42	\$ 643.41	\$ 643.41	\$ 1,104.45	\$ 1,107.29	\$ 1,747.86	\$ 1,750.69	-0.16%	30
	H	35	\$ 536.17	\$ 536.17	\$ 920.38	\$ 922.74	\$ 1,456.55	\$ 1,458.91	-0.16%	12
C-2	B	80	\$ 1,274.38	\$ 1,274.38	\$ 2,187.57	\$ 2,193.19	\$ 3,461.95	\$ 3,467.57	-0.16%	4
	C	65	\$ 1,035.44	\$ 1,035.44	\$ 1,777.40	\$ 1,781.96	\$ 2,812.84	\$ 2,817.40	-0.16%	14
	E	52	\$ 828.35	\$ 828.35	\$ 1,421.92	\$ 1,425.57	\$ 2,250.27	\$ 2,253.92	-0.16%	13
	G	42	\$ 669.05	\$ 669.05	\$ 1,148.47	\$ 1,151.42	\$ 1,817.52	\$ 1,820.47	-0.16%	31
	H	35	\$ 557.54	\$ 557.54	\$ 957.06	\$ 959.52	\$ 1,514.60	\$ 1,517.06	-0.16%	25
D-1	B	80	\$ 1,316.62	\$ 1,316.62	\$ 2,260.08	\$ 2,265.88	\$ 3,576.70	\$ 3,582.50	-0.16%	9
	C	65	\$ 1,069.76	\$ 1,069.76	\$ 1,836.31	\$ 1,841.03	\$ 2,906.07	\$ 2,910.78	-0.16%	20
	E	52	\$ 855.80	\$ 855.80	\$ 1,469.05	\$ 1,472.82	\$ 2,324.85	\$ 2,328.63	-0.16%	6
D-2	E	n/a	\$ 782.09	\$ 782.09	\$ 1,342.51	\$ 1,345.96	\$ 2,124.59	\$ 2,128.04	-0.16%	11
E	Custom	n/a	\$ 2,086.75	\$ 2,086.75	\$ 3,582.06	\$ 3,591.26	\$ 5,668.82	\$ 5,678.02	-0.16%	51
G	E	52	\$ 942.03	\$ 942.03	\$ 1,617.06	\$ 1,621.21	\$ 2,559.08	\$ 2,563.24	-0.16%	62
	G	42	\$ 760.87	\$ 760.87	\$ 1,306.08	\$ 1,309.44	\$ 2,066.95	\$ 2,070.31	-0.16%	85
	H	35	\$ 634.06	\$ 634.06	\$ 1,088.40	\$ 1,091.20	\$ 1,722.46	\$ 1,725.26	-0.16%	39
Unplatted										
A-2	MF		\$ 348.57	\$ 348.57	\$ 598.34	\$ 599.88	\$ 946.91	\$ 948.45	-0.16%	44
H-1/H-2	MF		\$ 599.16	\$ 599.16	\$ 1,028.50	\$ 1,031.14	\$ 1,627.66	\$ 1,630.30	-0.16%	222
F	MF		\$ 463.30	\$ 463.30	\$ 795.30	\$ 797.34	\$ 1,258.60	\$ 1,260.64	-0.16%	120
M	MF		\$ 225.99	\$ 225.99	\$ 387.93	\$ 388.92	\$ 613.91	\$ 614.91	-0.16%	120
I/J	TBD		\$ 468.94	\$ 468.94	\$ 804.97	\$ 807.04	\$ 1,273.91	\$ 1,275.98	-0.16%	600
K	TBD		\$ 431.75	\$ 431.75	\$ 741.13	\$ 743.03	\$ 1,172.88	\$ 1,174.78	-0.16%	220
L	TBD		\$ 462.63	\$ 462.63	\$ 794.13	\$ 796.17	\$ 1,256.76	\$ 1,258.80	-0.16%	180
Comm	Comm		\$ 26,421.43	\$ 26,421.43	\$ 45,354.32	\$ 45,470.79	\$ 71,775.76	\$ 71,892.23	-0.16%	7.58
Office	Office		\$ 91,812.74	\$ 91,812.74	\$ 157,603.27	\$ 158,008.01	\$ 249,416.02	\$ 249,820.76	-0.16%	26.34
TC	Town Center		\$ 105,441.74	\$ 105,441.74	\$ 180,998.44	\$ 181,463.26	\$ 286,440.19	\$ 286,905.01	-0.16%	30.25
GC	Golf Course									

2,349.17

**GASB 54 - The New Fund Balance
Summary Sheet**

Effective date: Fiscal year ending June 30, 2010

What is Fund Balance?

Measure of the amount available to budget or spend in the future. (Resource Availability)

Current definitions of Fund Balance

- Reserved :** Resources not available for spending in the current year's budget
(inventories, long term receivables, prepaid expenses)
or
Legal restriction on the spending. DSF's, CPF's, encumbrances
- Unreserved:** Designated : Resources subject to tentative management plans.
Undesignated : Resources available for appropriation.

New definitions of Fund Balance

- Nonspendable:** Can not ever be spent - prepaids, inventories
Can not currently be spent - Loan receivable
Legally or contractually required to be maintained intact.
- Restricted:** Externally enforceable. Creditors, Grantors, Laws, Constitutional provisions, Enabling Legislation, Bondholders
(Would I get legally in trouble if I used this money?)
This is where DSF is listed
- Committed:** Use is constrained by limitations that the governments imposes on itself, using the highest level of decision making. Binding unless removed in the same matter. The action has to be done in the same year.
(The CDD took out the Bond and the Sources and Usage for the CPF states where the money is to be spent.)
This is where the CPF is listed
- Assigned:** Intended use of resources. Intent is expressed by a governing body or a delegated group by the governing body.
(This amount can not leave the next part of fund balance negative.)
This is where reserves are listed and the use of fund balance
- Unassigned:** Available funds at the District's discretion.
**This is reported only in the General Fund,
except when any other fund has a negative fund balance.**

Other Requirements

Note disclosures are required on assigned fund balances:

*Description of authority and actions that lead to committed and assigned fund balance
How is it allowed to be spent and how to recover any deficiencies?*

JOURNAL OF ACCOUNTANCY

GOVERNMENT

Balancing Governmental Budgets Under GASB 54

BY BRUCE W. CHASE, CPA, PH.D. AND JOHN B. MONTORO, CPA
NOVEMBER 2009



Fund balance is an important measure that represents the difference between a fund's assets and liabilities. The overall objective of fund balance reporting is to isolate that portion of fund balance that is unavailable to support the following period's budget.

Because governmental funds' measurement focus is the flow of financial resources, the balance sheet primarily reports assets and liabilities that represent net spendable and available resources for these funds. In many ways, fund balance represents working capital, which can either be used as a liquidity reserve or for spending in future years.

Many state and local governments are experiencing revenue shortfalls and are facing difficult decisions in balancing their budgets. One option some governments have is to use a portion of fund balance to offset revenue declines and balance the current-year budget. However, not all amounts reported as part of fund balance are available to be used in a future budget.

Under current practice, fund balances are either classified as reserved or unreserved. Many governments also designate part of unreserved fund balance. Recent research conducted by GASB shows a lack of consistency among governments in reporting the components of fund balance and that the components are often misunderstood by financial statement users. It is often unclear if any of the reserved or designated fund balances are available to help balance a government's budget.

GASB Statement no. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, will significantly change how this information is reported. The statement is intended to improve the usefulness of the amount reported in fund balance by providing more structured classification. The statement also clarifies the definition of existing governmental fund types.

The purpose of this article is to assist governments and auditors in preparing for the reporting requirements of Statement no. 54 and to discuss possible policy changes governments should consider as they approach adoption of this statement, which is effective for periods beginning after June 15, 2010 (GASB encourages early implementation). In addition, it will help citizens and decision makers better understand the constraints placed on fund balances.

GASB'S SOLUTION

To improve the reporting of fund balance, a hierarchy of fund balance classifications has been created based primarily on the extent to which governments are bound by constraints on resources reported in the funds. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

The hierarchy of five possible classifications of fund balance is:

Nonspendable Fund Balance

- Amounts that cannot be spent due to form; for example, inventories and prepaid amounts. Also, long-term loan and notes receivables, and property held for resale would be reported here unless the proceeds are restricted, committed or assigned.
- Amounts that must be maintained intact legally or contractually (corpus or principal of a permanent fund)

Restricted Fund Balance

- Amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation. This is the same definition used by GASB Statement no. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, for restricted net assets.

Committed Fund Balance

- Amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources.
- Action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent

period.

Assigned Fund Balance

- For all governmental funds other than the general fund, any remaining positive amounts not classified as nonspendable, restricted or committed.
- For the general fund, amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. Amount reported as assigned should not result in a deficit in unassigned fund balance.

Unassigned Fund Balance

- For the general fund, amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance.
- For all governmental funds other than the general fund, amount expended in
- excess of resources that are nonspendable, restricted, committed or assigned (a residual deficit). In determining a residual deficit, no amount should be reported as assigned.

Not all governments will have all five components of fund balance. Governments should review their current policies and procedures to determine if resources would meet the definition of committed or assigned. Additional policies may need to be adopted or revised to be consistent with the new definitions.

A number of policies discussed in this article may need to be adopted or revised under Statement no. 54. In addition, several new note disclosures are required (see sidebar, "Note Disclosures," below).

Note Disclosures

Governments will be required to disclose more information about amounts reported in fund balance:

- Description of authority and actions that lead to committed and assigned fund balance.
 - The government's policy regarding order of spending regarding restricted and unrestricted fund balance and the order of spending for committed, assigned and unassigned.
 - For any stabilization arrangements, the authority for establishing, requirements for additions, and the conditions under which amounts may be used. If not reported on the face of the financial statements, the stabilization balance.
 - Description of any formally adopted minimum fund balance policies.
 - The purpose of each major special revenue fund and which revenues or other sources are reported in each of those funds.
 - Encumbrances, if significant, are reported in conjunction with other disclosures of significant commitments.
-

COMPUTING THE BALANCES

This may not be as easy as it seems. Total fund balance must be classified into one of the five possible categories described above at the end of each year. A government policy on the order in which resources are to be expended is an important factor in how amounts are reported in fund balance. Under Statement no. 34, governments were required to have a policy regarding whether it considers the use of restricted or unrestricted resources first when both are available for expenditure. This policy now applies at the fund level for restricted and unrestricted (committed, assigned or unassigned) resources.

Likewise a government should establish a policy on the order in which unrestricted resources are to be used when any of these amounts are available for expenditure. If a government does not establish a policy, the default approach assumes that committed amounts should be reduced first, followed by the assigned amounts, and then the unassigned amounts.

Governments must consider the impact on the components of fund balance when determining their policy on which funds are used first. Exhibit 1 (opens in a new window) reflects the results of two policies related to unrestricted resources. In Case A, the government elected a policy to use restricted amounts before unrestricted amounts. A policy was not elected on the use of unrestricted amounts; therefore, the default will be used where committed resources are used first. Under this approach, all of the ending fund balance is unrestricted and reported as either committed or assigned.

In Case B, the government elected a policy to use unrestricted amounts before restricted amounts. They also elected a policy to use assigned amounts before committed amounts. Under this approach, all of the ending fund balance is reported as restricted. The accounting policy choice on which resources are used first can significantly affect how balances are reported.

For most governments, determining the components of fund balance will be an annual exercise. The first step is to determine the amount that should be reported as nonspendable. For all but the general fund, the remaining amounts must be allocated to restricted, committed or assigned by reviewing the constraints placed on available resources and by applying the order of spending policy just discussed. Assigned fund balance is the residual classification after amounts have been classified as nonspendable, restricted or committed. However, if there is a negative balance after classifying amounts as nonspendable, restricted or committed, the fund would report a negative amount as unassigned. In this case no amount would be reported as assigned.

For the general fund, unassigned fund balance is the residual classification after amounts have been classified as nonspendable, restricted, committed or assigned. Only the general fund would report a positive amount as unassigned. A

negative residual amount would be eliminated by reducing unassigned balance based on the government's order of spending policy. No funds should report a negative amount for restricted, committed or assigned fund balance.

ENCUMBRANCES

For governments that use encumbrance accounting, encumbering funds that are already restricted, committed or assigned based on the source and strength of the constraints placed on them does not further limit the use of the amounts reported in these classifications. A government should not report amounts that are encumbered.

However, amounts encumbered for a specific purpose for which amounts have not been previously restricted, committed or assigned, should be classified as either committed or assigned, based on the criteria previously discussed for these two classifications. Significant encumbrances at year-end should be disclosed in the notes to the financial statements, along with other significant commitments.

STABILIZATION FUNDS

Some governments have stabilization funds to cover such things as revenue shortfalls, emergencies or other purposes. The authority to set aside resources often comes from a statute, ordinance or constitution. The formal action that creates these funds should identify and describe the specific circumstances under which these funds may be used. These circumstances should not be expected to occur regularly. Stabilization funds can be classified as either restricted or committed fund balance if they meet the criteria previously discussed. If the criteria of restricted or committed are not met, then stabilization agreements should be reported as unassigned.

REPORTING THE BALANCES

Governments can choose where to disclose information about constraints placed on the different classifications of fund balance. The information can be displayed on the face of the balance sheet, or only aggregate amounts can be reported with the constraints disclosed in the notes to financial statements.

For nonspendable fund balance, the amount not in spendable form and the amount that must be maintained intact must be disclosed separately. For restricted fund balance, major restricted purposes should be disclosed. Major specific purposes should also be disclosed on committed and assigned fund balance.

Exhibit 2 (opens in a new window) is from Appendix C of Statement no. 54. It provides an example of displaying the information about constraints on fund balance on the face of the financial statements and an example of only showing aggregate amounts for fund balance.

FUND DEFINITION

As part of the fund balance project, GASB determined that clarifying certain terms used in fund type definitions would improve consistency on how fund types are reported. This was a limited-scope approach to fund type definitions and is not intended to impose more restrictive interpretations on the use of the various fund types than the current standard. However, research shows that many governments are not following current standards, especially as they relate to special revenue funds.

The changes to the general fund, debt service fund and capital project fund definitions are minor and, in most cases, just reflect the new terms of restricted, committed and assigned included in this standard.

The changes to the special revenue fund definition included additional guidance on when resources should be reported in this fund. The definition of a special revenue fund is: "Special revenue funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects."

The standard says that the foundation for the fund should be from a revenue source that is either restricted or committed. That restricted or committed revenue source should be expected to continue to represent a substantial portion of the inflows reported in that fund. Other restricted, committed or assigned revenue may be reported in that fund. At any point the government does not expect that a substantial portion of the inflows will be from restricted or committed resources, the government should stop using a special revenue fund and report the remaining resources in the general fund.

This definition of a special revenue fund appears less restrictive than the current standard, but it may be more restrictive than what many governments are currently following in reporting resources in special revenue funds. Some special revenue funds may not meet the additional guidance requiring that a substantial portion of the future inflow come from a restricted or committed resource (see sidebar, "Audit Impact," below).

Governments will want to determine if their special revenue funds meet the revised definition well ahead of their planned implementation of Statement no. 54. Some of the resources reported in special revenue funds may need to be reported in the general fund. Because the budget cycle for the general fund occurs several months before the beginning of the fiscal year, it is important to know where certain resources will be reported at the start of the budget process. For example, many June 30 fiscal year-end governments will begin work on their fiscal year 2011 (Statement no. 54 implementation year) budget this fall.

Audit Impact

An auditor must consider several things in preparing for an audit client under GASB Statement no. 54. He or she must review the client's policies for the authority and actions that lead to committed and assigned fund balances, the order of spending, and the creation of governmental funds. The auditor needs to obtain assurance that the policies are properly documented, being followed, and are properly disclosed in the notes to financial statements.

The auditor will also need to conduct a review of current governmental funds, particularly special revenue funds. This review should include major and nonmajor funds.

In one test case, nearly one-third of a government's special revenue funds did not appear to meet the revised special revenue fund definition (10 funds out of 31). For example, funds with residual balances, those that do not have a significant committed revenue source, and funds that receive most or all of their revenue as a transfer from another fund would likely not meet the revised definition for a special revenue fund. Special revenue funds that do not meet the revised fund definition should be reported as part of the general fund. For this government, reporting the funds as part of the general fund would have a material impact on the fund balance.

It is likely that the fund balance classification will be performed as a part of year-end financial reporting and recorded in a subsidiary ledger (spreadsheet). Controls should be established over this aspect of financial reporting and need to be documented and tested in accordance with current risk-based auditing standards.

EXECUTIVE SUMMARY

■ **GASB Statement no. 54 establishes a hierarchy of fund balance classifications** based primarily on the extent to which governments are bound by constraints placed on resources. Governments need to consider several things before implementing this reporting standard.

■ **Statement no. 54 clarifies the definition of existing governmental fund types.** Because of the timing of the budget cycle, governments need to assess early the impact of this statement on reporting information for governmental funds.

■ **Governments must determine if current special revenue funds** meet the revised fund definition for such funds. They should establish a policy on the order in which unrestricted resources are to be used when any of these amounts are available for expenditure. Finally, governments should review their current policies and procedures to determine if resources would meet the definition of committed or assigned.

■ **Statement no. 54 is effective** for financial statements for periods beginning after June 15, 2010. GASB encourages early implementation.

Bruce W. Chase (bchase@radford.edu) is a professor of accounting and director of the Governmental and Nonprofit Assistance Center at Radford University in Virginia. John B. Montoro (jmontoro@cbh.com) is a partner with Cherry, Bekaert & Holland LLP, in Richmond, Va.

To comment on this article or to suggest another article, contact Loanna Overcash, senior editor, at lovercash@aicpa.org or 919-402-4462.

AICPA RESOURCES

Publications

- *State and Local Governments: Audit and Accounting Guide* (#012669)
- *State and Local Governments: Checklists and Illustrative Financial Statements* (#0090309)
- *State and Local Governmental Developments: Audit Risk Alert* (#0224309)

For more information or to place an order, go to cpa2biz.com or call the Institute at 888-777-7077.

Governmental Audit Quality Center

The Government Audit Quality Center (GAQC) is a firm membership center that helps member firms achieve the highest standards in Yellow Book, not-for-profit, HUD or government audits through targeted e-mail alerts, resources and teleconferences. Visit the GAQC at aicpa.org/GAQC. For members, the Center has an archived conference call presented by GASB staff and titled "New GASB Fund Balance Standard: Now is the Time to Begin Talking to Your Clients," available at tinyurl.com/l2ybv5.

4D

HARMONY COMMUNICATION LOG

Date	Description of complaint	Location	Action taken	Work Status	Completed by:	Date	Resident contacted	Name
3/11/2010	fence needs repair/weeds need to be eradicated	Large Dog Park	Fenco to Todd, weeds to Luke Brothers					Jane Christensen
3/16/2010	red ants	Large Dog Park	Luke Brothers to address	In process	Luke Bros			Jane Christensen
4/29/2010	kids are getting into side gate at pool without keys	Ashley Park pool						Shad Tome
4/29/2010	suggestion for timers for lights at pool	Ashley Park pool						Shad Tome
5/17/2010	water leak at lake	Large Dog Park		Complete	Luke Bros	5/18/2010		Jim Warren
5/19/2010	concern about fishing in ponds			discussed at Board meetings				Rachel Garwood
5/24/2010	irrigation head gushes	Large Dog Park		Complete	Luke Bros		5/24/2010	Dave Lehman
5/24/2010	new hose needed at spigot next to gazebo	Dog park on Cat Brier Trail		Complete	Todd		5/25/2010	Jim Warren
5/25/2010	new hose needed at spigot next to gazebo	Dog park on Cat Brier Trail		Complete	Todd		5/25/2010	Kerul Kassel
5/27/2010	irrigation head gushes	3352--3354 Catbrier between Sidewalk & curb		Complete	Luke Bros			Dave Lehman
5/28/2010	irrigation schedule forces kids into street	High School	schedule adjusted	Complete	Luke Bros		5/28/2010	Carl Fsadni
6/1/2010	sewage/drainage problems due to tree roots	3334 Brackenfern	Todd gave resident TOHO's contact info.	Complete				Tom Stone
6/21/2010	irrigation problem	Primrose Willow, Schoolhouse, Beargrass Road alley						Pamela
6/23/2010	pool pump making a loud noise	Ashley Park pool	pump motor is dead, need new one	Complete				
6/24/2010	interactive splash pool--not all of them are working	splash pool	Thomas will check them out	Complete				Carey
6/25/2010	complaint about water quality in pool	main pool at Greensides	Pool treatment lady said everything was okay, high chlorine use do to maximum usage.	Complete				
6/28/2010	request for maple tree--grass dying	Beargrass Rd.	has to be a CDD board decision	pending				Beth Maxim
6/28/2010	request for crape myrtle, not oak tree replacement tree	7106 Indian Grass						Kathy Murdoch
7/1/2010	complaint against Thomas regarding "attitude"	keeping gate open at pool	resident wanted gate open for golf kids					Winnie Tolentino
7/8/2010	request for crape myrtle, not oak tree replacement tree	7106 Indian Grass						Kathy Murdoch
7/8/2010	dog gate not secure, dog escaped/scrap with another dog	small dog park	Todd will get repaired	Complete				Kathy Ball

Fifth Order of Business

5Ci



Equipment Quotation

Sales Representative

Joe Miller
 2017 91ST STREET N.W.
 BRADENTON, FL 34209
 Phone: (941) 792-4580 Fax: (941) 794-2909

Quote Number: 93104197
 Quote Date: 07/15/2010
 Customer Number
 Terms of Sale: Net 30
 Customer Class: 8. Other
 Shipping Method: Miracle
 Freight Terms: Prepaid
 Approximate Ship Date: ASAP
 Cust PO Num:

Prepared For: HARMONY DEVELOPMENT COMPAN
 3500 HARMONY SQUARE DRIVE WES
 HARMONY, FL 34773

Location: LAKESHORE PARK
 3300 SCHOOLHOUSE ROAD
 HARMONY, FL 34773

thaskett@harmonyfl.com

Payment/Accounting Contact: TODD HASKETT (407) 973-2322
 FAX (407) 891-1620

Shipping/Delivery Contact: TODD HASKETT (407) 973-2322

Quantity	Item Number	Description	Price Each	Price Total
1	7188522S	3 1/2" OD ARCH SWG FRAME W/2 S/P SEATS MC	\$1,016.00	\$1,016.00

Color List:
 System: SWG Item Number: 7188522S Quantity: 1
 POST = Kelly Green; SWING SEAT = Green

Equipment Total:	\$1,016.00
Freight:	\$160.28
Installation:	\$800.00
Discount:	\$51.00
CIA Discount:	\$0.00
Other Charge:	\$0.00
SubTotal:	<u>\$1,925.28</u>
Tax:	-\$67.55
Grand Total:	\$1,992.83

Notes:
 PRICE DOES NOT INCLUDE SITE PREP, FALL MATERIAL, OR BORDERS.

I hereby authorize Miracle Recreation Equipment Company to ship the equipment listed above for which I agree to pay the total amount specified. I will be responsible for receiving all merchandise from the Miracle truck. Payment terms are Net-30 days from invoice date with approved credit. Non-taxable customers will provide proper tax exemption certificate to Miracle Recreation. Purchase orders and payments should be made payable to the order of Miracle Recreation Equipment Company.

I/we understand that all accounts are payable to Miracle Recreation according to the terms shown on each invoice, and if not paid on or before said date, are then delinquent. I/we agree to pay any and all service charges added each month to past due invoices. Terms are Net 30 days FOB shipping point with approved credit. All charges are due and payable in full at 9020 Paysphere Circle, Chicago, IL 60674, unless notified in writing to the contrary. To the extent the terms and conditions of any purchase order and/or any purchase order confirmations are inconsistent with the terms and conditions of this signed quote, the terms and conditions of this signed quote shall prevail.

Accepted By

Printed Name

Date

Thank you for the opportunity to provide this quote!



Advanced Recreational Concepts, LLC

3125 Skyway Circle
Melbourne, FL 32934

Toll Free - 1-866-957-2355/Toll Free Fax - 1-866-957-2356

Proposal

Prepared For Todd Haskett
Organization Harmony Development Company
3500 Harmony Square Dr. W
Harmony, FL 34773

Date 7/15/2010
Quotation # 7904
Prepared By Zak Knoepfel
Terms 50% on order/50% on Completion

Customer Phone (407) 891-1616 x 218
Customer Fax (407) 891-1620
County Osceola
Ship To Lakeshore Park
300 Schoolhouse Rd.
Harmony, FL 34773

Prices Valid Until 8/14/2010

Project Name Swings

Est. Ship Date 10 business days

Tax ID

Product ID	Description	Qty	Price	Total
550-0038	BCI Burke 2 3/8" OD Arch Swing	1	1,025.00	1,025.00T
550-0051	BCI Burke 7' Belt Swing with PVC Chain (Pair)	1	199.00	199.00T
Freight	Freight Charges	1	268.93	268.93
	THIS IS AN ESTIMATE ONLY. DUE TO THE VOLATILE NATURE OF THE TRANSPORTATION INDUSTRY AT THIS TIME FREIGHT CHARGES MUST BE RE-QUOTED AT THE TIME OF ORDER.		0.00	0.00T
Installation	Installation of Above Noted Swings	1	1,100.00	1,100.00T
Safety Surface	SAFETY SURFACING UNDER SWINGS TO BE DONE BY CUSTOMER UNLESS OTHERWISE REQUESTED			0.00T
Inclusions	Labor, Insurance and in accordance with Plans, manufacturer specifications and ASTM & CPSC Guidelines			0.00
Exclusions	Prevailing Wage, Performance Bond, Plans, Permits			0.00
Notes	Repair of damage to sprinklers, sod or access area to construction site.			0.00
	Items to be managed by customer, unless noted otherwise above:			0.00
	1) Site security while operation is in progress, construction site safety requirements.			
	2) Water and 110 Electric must be provided for proper installation - if not available please notify your sales representative.			
	3) Must have all underground utilities marked prior to installation - Please notify sales representative if other arrangements should be made.			
	4) Provide waste receptacle if required to accommodate excess construction debris.			
	5) Benchmark to shoot elevation from must be established.			
	6) Site Prep, Excavation, Removal and disposal of spoil if required.			

Thank you for the opportunity to work with you and we look forward to future endeavors.

Subtotal \$2,592.93

Sales Tax (7.0%) \$162.68

Total \$2,755.61

In the unlikely event that Advanced Recreational Concepts, LLC is required to file civil action or institute any collection efforts against customer, customer agrees to pay any and all reasonable costs, fees, expenses, and attorney fees incurred by ARC, LLC, including but not limited to any and all reasonable costs, fees, expenses and attorney fees incurred on appeal or in any post judgement collection efforts or proceedings.

Signature _____ Print Name/Title _____ Date _____ P.O. # _____

The above quotation is based upon site access for heavy equipment and normal soil conditions of 2000 psf. If during excavation of foundations necessary per manufacturers specifications, conditions exceed normal, our contractor shall notify the owner immediately. This shall include all types of rock, vegetation and any unforeseen hazards. There will be additional charges incurred to clear the area and or the abutment hole so that installation can be completed.





5Cii

Planned "Dog Park Trail" Construction



HARMONY
FLORIDA
Proposed Trails Master Plan
PHASE I
July 28, 2008
GLATTING JACKSON KERCHER ANGLIN

Study Area	Trailhead Primary	Existing Paved - Multipurpose 6ft. - 8ft.	Existing Paved - Sidewalk
Approximate Harmony Property Line	Trailhead Secondary	Proposed Paved - Multipurpose 8ft. - 12ft.	Existing Unpaved - Primitive
Phase One Wetland Easements	Connections	Existing Unpaved - Gravel 3ft. - 6ft.	Proposed Unpaved - Primitive
Existing & Future Outlines	Proposed - Boardwalk	Proposed Unpaved - Gravel 3ft. - 8ft.	

This master plan is a preliminary concept only. As such, it is subject to modification pending environmental and engineering investigations and agency reviews. Funding opportunities and community support may also affect the extent and timing of trail construction.

Drawing is taken from the Harmony Master Trail Plan. The new trail between the dog park and Schoolhouse Rd will have a crushed shell type surface. It will require moving the big dog park fence inward about 10 feet and installing a second dog park gate and unleashing area at the west end of the big dog park. A temporary culvert crossing of the ditch at the west end of the trail at Schoolhouse Rd to allow construction access will be replaced by a short foot-bridge at a later date. The stub out into the school grounds near the end of the pond is not planned at this time, but the new trail will allow school students travelling by foot or bicycle from the Birchwood, Ashley Park and perhaps other neighborhoods to access the main school entrance and avoid the drop off car traffic of Cupseed Lane and Bluestem Rd. Construction costs to be borne by Harmony Development Co.



5C iii

Proposed Additional Tree Planting Within CDD Parks



Several clumpings of oaks, sweetgums or similar trees to be planted along the Long Park walk on east Five Oaks Drive to provide additional shade, habitat and aesthetics for this walk.

