

**HARMONY COMMUNITY  
DEVELOPMENT DISTRICT**

**OCTOBER 27, 2011**

**AGENDA PACKAGE**

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# Harmony Community Development District

Severn Trent Services, Management Services Division  
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October 20, 2011

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, October 27, 2011 at 6:00 P.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 September 22, 2011 Meeting**
3. **Audience Comments**
4. **Subcontractor Reports**
  - A. Landscaping – Luke Brothers
  - B. Aquatic Plant Maintenance – Bio Tech
  - C. Dockmaster/Field Manager
    - i. Buck Lake Boat Use Report
    - ii. Fuel Usage Chart
5. **District Manager's Report**
  - A. October 2011 Financial Statements
  - B. Invoice Approval #138 and Check Run Summary
  - C. Public Comments/Communication Log
  - D. Website Statistics
  - E. Acceptance of Audit for Fiscal Year 2010
  - F. Consideration of Engagement Letter with Grau & Associates to Perform the Audit for Fiscal Year 2011
6. **Staff Reports**
  - A. Attorney
  - B. Engineer
  - C. Developer
7. **Supervisor Requests**
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 MEETING HARMONY COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Harmony Community Development District was held Thursday, September 22, 2011, at 9:00 a.m. at 7251 Five Oaks Drive, Harmony, Florida.

Present and constituting a quorum were:

Robert D. Evans	Chairman
Mark LeMenager	Vice Chairman
Steve Berube ( <i>by phone</i> )	Supervisor
Kerul Kassel	Supervisor
Ray Walls	Supervisor

Also present were:

Gary L. Moyer	Manager: Moyer Management Group
Tim Qualls	Attorney: Young vanAssenderp, P.A.
Brenda Burgess ( <i>by phone</i> )	Moyer Management Group
Greg Golgowski	Harmony Development Company
Todd Haskett	Harmony Development Company
Mike McMillan	Luke Brothers
Larry Medlin	Bio-Tech Consulting
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 9:00 a.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 August 25, 2011, Regular Meeting

Mr. Evans reviewed the minutes of the August 25, 2011, regular meeting and requested any additions, correction, or deletions.

Ms. Kassel stated page 2, five lines from the bottom should read “and when we had them.” Page 5, third paragraph, third line “set up” is two words, not one. Page 40 several locations should have “Cupseed” as one word.

On MOTION by Mr. Walls, seconded by Mr. LeMenager, with all in favor, unanimous approval was given to minutes of the August 25, 2011, regular meeting, as amended.
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**THIRD ORDER OF BUSINESS**

**Audience Comments**

There being none, the next order of business followed.

**FOURTH ORDER OF BUSINESS**

**Subcontractor Reports**

**A. Landscaping – Luke Brothers**

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

Mr. McMillan stated the sod replacement due to chinch bug activity was performed at our cost. There were 16 pallets used and we will have more replaced in October. Tree elevations were hanging down pretty low, and we have trimmed a majority of the property. There are still a couple areas that we want to touch up. We will be fertilizing turf and shrubs, beginning next week with the turf. It has to be completed within 12 days from when we start, so after the turf is complete, we will fertilize the shrubs, which we have performed periodically, especially on shrubs that are showing a lack of nutrients.

Mr. Walls stated it looked like the chinch bugs were very prevalent, especially on the east side. What do you think caused that? I am concerned that the frontage entrance had a fairly big section with chinch bugs.

Mr. McMillan stated I think the biggest component was because we were not using a slow-release fertilizer, and the turf was growing so quickly that it was not able to mature, especially the exterior layer where the chinch bugs bite into. The more mature the grass is, the harder it is for them to attack such a prevalent area. Next year in June and July when we apply fertilizer, we will use a fertilizer with a slower release so that it will last longer and so it will not push so much growth. From the moment we saw the chinch bugs, we started spraying continuously so it ended up not being as bad for us needing to bring in hundreds of pallets of St. Augustine.

Mr. Walls stated I actually meant the west side of the neighborhoods.

Mr. McMillan stated that was my analysis when we saw the first evidence of chinch bugs, and we treated the property with a systemic insecticide that goes into the roots and helps the grass fight off the chinch bugs. I think the grass was growing so fast that the insecticide did not really work.

**B. Aquatic Plant Maintenance – Bio-Tech Consulting**

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

Mr. Medlin stated we performed two treatments this month with the second treatment being today. There are no problems to report. Everything is looking pretty good and we are maintaining what we have. Last week we looked at the ponds that we considered planting, and the water levels are still a little too high. They have not even come down to their normal level yet. I think it is best to wait until the levels are a little lower before we install the plants. We still have a few months where we can buy healthy plants to install with enough time before the weather gets really cold.

Mr. LeMenager asked where do the drains in the streets drain to? Do they go into the ponds or into the lake?

Mr. Medlin stated into the ponds.

Mr. LeMenager stated I am extremely concerned with the policy of the ROA to use so much mulch everywhere in Harmony. The drain behind my house and many people in the alley have mulch along the alley. When we have a really hard rain, it gets more than a foot deep and probably gets within two feet of my neighbor's garage door entrance. If we have a Hurricane Faye situation, I am very concerned about that. Is Mr. Medlin seeing more mulch and debris in the ponds?

Mr. Medlin stated no. I am used to seeing grass clippings in the buffers but not much in the ponds. As far as material going down the drains, I do not see mulch or grass clipping, but I do see trash.

Mr. LeMenager asked could it be isolated in my area?

Mr. Medlin stated it could be. With the exception of general trash, I do not see anything washing into the ponds, like mulch or grass clippings or even sand.

Ms. Kassel stated it looks like only ponds 4, 20, and 23 were actually treated based on the report. There is just a slash mark on the top line for those three ponds.

Mr. Medlin stated it could be. Sometimes if I am using just one herbicide, I will put the numbers, and that is for herbicide use on all the ponds, all the way down the list instead of noting each pond.

Mr. Evans asked is it your intent that all these herbicides were applied to all the ponds?

Mr. Medlin stated that is correct. I may have been preparing the report too quickly and did not make the proper notations. The top slash applies to everything below until I change the herbicide again. If I do something different, I will make a notation below.

Ms. Kassel stated I would like to request that you provide a more complete report.

Mr. Medlin stated I will do that.

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

**i. Buck Lake Boat Use Report**

Mr. Haskett 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. Haskett stated we discussed at a previous meeting about removing the carpet and refinishing the deck on the large pontoon boat. Portions of the deck were rotten, so with Mr. Berube's assistance, we decided to replace the deck. We are performing that work in-house with marine plywood rather than pressure-treated wood that was on the pontoon. The cost was about \$250 for materials. I think it was the right choice to make that repair and extend the life of the pontoon. We also took the upholstered cushions into St. Cloud to have all the seams re-sewn since they were pulling apart. It cost \$15 per cushion, so it was less than \$100 for that work effort. The boat should be finished in about two weeks and back in use.

**ii. Access Card System**

Mr. Haskett stated the access card system is ready to go for tomorrow morning. It has been tested. The Door King representative came out to address an issue in not being able to link up the controllers properly. It was helpful for him to come out. Everything is up and running, and we will remove the key locks tomorrow morning. So far, 674 residents have received cards. We printed signs that we will put out after today's meeting to let residents know that the cards are available at the Sales Gallery. Mr. Bill Fife was also going to send an e-blast to notify residents who have not done so to be registered and directed them to the CDD website to get that done. That process is working great from what I can tell. People email their information to Ms. Rosemary Tschinkel at the District office. She verifies all the information, forwards it to me, and I print the cards usually once a week.

**iii. Miscellaneous Field Issues**

Mr. Haskett stated I noticed the pergola around the Ashley Park area, the brackets holding the pergola together have started to show rust. The galvanization on the brackets has been peeling off. We contacted our Sherwin Williams representative in St. Cloud, who provided a product that kills the rust with a two-part system. We are going to repaint it and that should provide longer life out of them since I think we caught it early enough. The ceiling at the cabana is starting to pull away. It is six or seven years old. We are

going to do that repair work in-house and repaint that, as well as the Lakeshore Park restroom that we will start renovating in-house by replacing rusted doors and installing motion-sensitive light fixtures so that they are not on all night. These costs were anticipated in this current budget year. The Harvest Festival is approaching October 14 through 16, and the development company asked Mr. Druckenmiller if he wanted to work evenings for us at the event, so he will be on our payroll for that event if there is no objection from the Board.

Ms. Kassel stated I do not remember seeing any signs out for today's CDD meeting. Perhaps that is why we have so few audience members.

Mr. Haskett stated I do not know what happened, and I do not recall seeing them, either.

Mr. LeMenager stated I think everyone has the last Thursday of the month ingrained in their memories for these meetings, and this year they were advertised for the fourth Thursday.

Mr. Haskett stated it could be the person who puts out the signs forgot as well the meeting was the fourth Thursday this month.

Mr. LeMenager stated I did not see the No Fishing signs installed yet. Is that on the list?

Mr. Haskett stated they are installed on two ponds.

Mr. Golgowski stated they are on the Birchwood pond and the pond behind the dog park. Those were the only two ponds that the Board directed us to sign at this point, although we have enough signs for all the ponds.

Mr. LeMenager stated I did not see the signs for the pond behind Brackenfern.

Mr. Haskett stated that pond was signed last week.

Mr. LeMenager asked is the other pond the long one by the school?

Mr. Golgowski stated yes.

Ms. Kassel stated it is along the road to the school.

Mr. LeMenager stated I was just there two days ago and there were no signs.

Mr. Haskett stated we did receive a report from Ms. Jeanna McGinnis that two days after the signs were installed behind her home were missing. Someone broke off the galvanized pipe and ripped it out of the ground. The concrete was still there. We



increased our efforts on installing these signs and put rebar inside the galvanized pipe along with concrete. The signs are at every corner and within 500 feet of each other.

Mr. LeMenager asked has Ms. Kassel seen the signs at the pond behind the dog park?

Ms. Kassel stated between the dog park and the pond is a line of shrubs that you cannot really see through.

Mr. LeMenager stated as you walk up, the initial shrubs are very short.

Ms. Kassel stated I suppose, but I have not noticed the signs.

Mr. Haskett stated we will check each pond to be sure the signs are there. We thought we took all the necessary precautions. We even put a bolt through the bottom of the post so that it could not be pulled up or spun around in the concrete.

Mr. LeMenager stated I will take another look.

Mr. Walls asked what is the status on the shade structure?

Mr. Haskett stated it has been ordered and it will take about 45 days. They have to manufacture it. I estimate it should arrive mid-November.

#### **FIFTH ORDER OF BUSINESS**

#### **Discussion of Flow Meters for the Maxicom Irrigation System**

Ms. Kassel stated I just returned from my travels out of the country and have not had an opportunity to review this material that we just received. Can someone summarize this analysis?

Mr. Berube stated I prepared the analysis that is based purely on dollars and cents of trying to recover the flow meter installation costs. Depending on how much it costs and how much we potentially save, the pay-back period on the flow meters could potentially be never. It could potentially be a cost through the life of the flow meters. In further analysis, I reviewed invoices and we are paying a lot of money in base charges on many of our meters. Toho Water Authority ("Toho") is in the process of looking at each meter and coming back with a cost of potentially reducing meter charges. That will be even more important because at the end of this month, Toho is raising meter fees, which will make the situation worse. My analysis is purely financial and is all about the economics of the flow meters. There are many benefits to having them, but we are not spending as much money solely on water as we might think we are. That is what I showed on the analysis. Our average monthly water use for irrigation is about \$4,000. If you extend that over a year, it is \$48,000 for irrigation water. If we save 10% of that total, it is only

\$4,800. I do not have the figures back from Toho yet. This is more than just downsizing meters because we have to analyze flow rates when the sprinklers are on, and you cannot install too small of a meter to tilt down the flows. We will need some engineering reviews to determine if it is worthwhile to downsize the meters and save some of the meter fees. I agree there are a lot of benefits financially, but we need a lot more information before we make some final decisions regarding flow meters.

Ms. Kassel stated one sheet shows that the pay-back is almost never, and another one says there are other benefits that might make the pay-back more likely and that there are other benefits of doing it, aside from just the immediate obvious monetary benefits in terms of water costs.

Mr. Berube stated that is correct. My analysis has my name on it and the other report is from Mr. Golgowski. I have no argument with any of the facts other than benefit. There is probably very little downside to having flow meters, other than their cost. That is important to know, which is why I provided the analysis. We spend almost as much in meter fees every month as we do in irrigation water. Most of the potential savings is on the meter fees. I do not have all the information yet and I hope to have it for the next meeting. I think we can have a better analysis of what our true costs will be and potentially move forward with the flow meters. I do not think anyone knows how much the installation will cost yet.

Mr. Golgowski stated with Mr. Mike Walker's assistance, I put together the analysis showing the benefits. We do not have an estimate of costs to install these flow meters at this time. We are trying to gather information in-house as best as we can on what the system consists of now, in terms of the wiring, the as-built irrigation distribution, the location of Toho valves, and so forth, but it is not yet assembled. Mr. Walker has talked with a couple vendors who could install the flow meters, but a prepared estimate will require several days of site inspections and testing wires to see how the communication system is designed and what kind of condition it is in, which is the critical and most costly component. We think the wiring is sufficient to plug meters in at the end, along with the valves that go with them, but it sounds like it will need to be checked zone by zone just to be sure. The wiring has been in the ground unused for eight years or more, if it is there. If the wiring is not there, then our choices would probably be to pull wire through conduits and reconnect gaps, or go with a wireless system. Just to make that

assessment of what we need and to prepare a true estimate of costs for installation may cost as much as \$5,000 in time for them to do that work. That cost might be credited toward any work we have them perform, but there is some time that will need to be spent in order to provide accurate installation estimates.

Mr. Evans stated typically there is a direct correlation between efficiency and financial savings. I understand that the greater financial savings comes with the modification of the size of the meters. The flow meters provide a greater efficiency but not a lot of financial savings associated with it as far as usage fees. The benefits may come in avoidance of repairs.

Mr. LeMenager stated we are working on the assumption that the facts presented by Mr. Berube are correct. As a point of fact, they are not correct. Our average is not \$8,000 per month; we are spending \$118,000 this year, which is \$10,000 per month. Furthermore, in 2009, we spent \$85,000 and in 2010, we spent \$94,000. We need to think in terms of where this might go because it is not a static number. If the 1,000 and 3,000 numbers are correct, that means we are spending about \$6,000 each month on reclaimed water. Assuming the meter charges for potable are fairly constant over time, we are seeing an alarming increase in reclaimed water. In terms of a cost-benefit analysis, I think the meter idea is terrific and a fabulous comment. But in terms of the pure usage of water, it is increasing at an alarming rate.

Mr. Berube stated I agree. I think in three months, one was \$7,000 and one was \$9,000. I eliminated months when we had the water leaks. My average of \$8,000 per month was an average of the three months that I checked. We have months and months of analysis. The bottom line is, even if the usage per month doubles, our water bills each month are not all tied to reclaimed water. Potable use is fairly linear and reclaimed water changes significantly. Even if you double the reclaimed portion to \$8,000 each month for just reclaimed water, it runs the graph. I am just trying to show other areas where we are spending a lot of money on water besides reclaimed water. The flow meters will only control reclaimed water for 97% of the property. There are a lot of other numbers that can be figured into this analysis, and I understand that. My analysis is reasonable.

Mr. Evans asked did Mr. Berube break out the potable water and sewer charges?

Mr. Berube stated yes. Potable water is very minimal. The meter fees far exceed the usage for potable water. The sewer charges are based on the meter size. If we reduce the

meter size for potable water, the sewer charge will automatically be reduced. There is no sewer meter; that charge is based on how big the potable meter is. If we can reduce the meter sizes without affecting sprinkler performance, then we can see what the Maxicom flow meters can save additionally. We are not sure but we think it might save 10% each month. It could be 20% but we just do not know. I doubt it will be that high because we do not have wide open running water leaks. I think we need another month to gather more information. We will not save on all our meter fees from Toho, but we will save a percentage of them, perhaps one-third if Toho can manage to reduce the meter sizes. Mr. LeMenager is correct that our costs are a moving target.

Mr. Evans asked you are waiting to receive information from Toho?

Mr. Berube stated yes. I should receive it next week. Last week they performed an analysis of meters, and they will respond whether or not they can reduce the sizes and what the costs will be. Then we need to look at the irrigation zones to see if we have the capability of going to a smaller meter. I think we will, based on the number of zones we have.

Ms. Kassel asked has the developer installed any flow meters on the property?

Mr. Golgowski stated no.

Ms. Kassel asked have any of the communities that Severn Trent manages installed flow meters?

Mr. Moyer stated not that I am aware of.

Ms. Kassel stated perhaps we can find a community that has installed flow meters and find out what their experience has been in terms of cost savings. That information might be helpful.

Mr. LeMenager stated it might be as simple as asking Mr. Walker for some references and calling those references.

Mr. Golgowski stated they are usually installed at the beginning of a project.

Mr. Berube stated it is very expensive installing them afterwards because now they have to dig things up. I would presume very few people install them after-the-fact because of the cost that I anticipate we will see. I could be wrong, but we will see.

Mr. Moyer stated I will check on Celebration. If there is a community that has flow meters, it would be Celebration because they have had a Maxicom system since the beginning. They may very well have flow meters.

Mr. Golgowski stated I do not know how they would quantify the savings as a result of having those flow meters if they were installed at the beginning.

Ms. Kassel stated I do not know if there is any usage comparison that could be made, based on the number of meters. There might be some way of comparing water usage.

Mr. Walls stated we also need to consider that we are moving toward better onsite irrigation maintenance, which is a variable.

## **SIXTH ORDER OF BUSINESS**

### **District Manager's Report**

#### **A. Financial Statements**

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

Mr. Moyer stated the financial statements include two versions, one being the traditional method of showing fund balance. The second shows fund balance in accordance with the requirements of GASB 54, which is the Government Accounting Standards Board. GASB promulgates rules on how governments present their financial statements to make them uniform and understandable. They determined that we need to break down fund balance into five components. One is Non-Spendable, which is the deposits that we really cannot spend. Restricted fund balance is primarily related to bond issues and debt service, and capital projects. Committed is a fund for specific projects that the Board undertakes and allocates funds for particular projects. Assigned is a category that the Board has discussed as part of the budget process, which includes the operating reserves, reserves for liability and property insurance, and reserves for renewal and replacement. Those are the designations for fiscal year 2011. We made some changes with the fiscal year 2012 budget, which will be shown appropriately in next month's financial statements. Unassigned is available for use by the District as the Board sees fit. Your future financial statements will follow the requirements of GASB 54, and we wanted to highlight the comparison of what the previous balance sheet looked like versus what the new one will look like.

Ms. Kassel asked as of fiscal year 2012, will the key deposit disappear?

Mr. Berube stated no.

Mr. Moyer stated the Non-Spendable category refers to utility deposits and monies that we do not have access to receive until we terminate service.

Mr. Moyer stated for all practical purposes, we have received all of our non-ad valorem assessments. Last month Mr. Berube asked last month the number of people who have paid off their debt service assessment, and that is 26 homes. Those properties will not show debt service assessment amounts on their real estate tax bills. Through August 31, 2011, we are \$49,000 under budget.

Ms. Kassel stated we are spending so much on irrigation repairs. I wonder if that is something we want to add to our spreadsheet for putting money aside. I know it comes out of our annual operating expenses. For this year and probably the next couple years, we will have some larger expenses, and they may possibly be ongoing. Either we need to add considerably more to the budget for irrigation, or we need to add to our maintenance reserve schedule for that item.

Mr. Walls stated hopefully that cost decreases.

Mr. Evans stated we currently have a carry-forward surplus of \$49,000. A large part of that is due unspent funds on the pool. We budgeted funds for some improvements to the pool. Is it due to a timing issue?

Mr. Haskett stated yes, it is timing. I have some proposals for the Board to consider that I did not receive in time to include in the agenda package, in the amount of about \$38,000 to refinish the pool as well as the kiddie pool.

Mr. Evans stated I do not recall if we included that \$38,000 in the fiscal year 2012 budget.

Mr. Haskett stated I think we did include it.

Mr. Evans stated I am trying to determine if we counted that repair work twice. We have discussed having a \$40,000+ carry-forward surplus and we are going to deduct \$8,000 from that for the plantings, which will leave a cash balance of \$38,000 or so.

Ms. Kassel stated I thought we were also taking money for the shade structure from carry-forward surplus, as well.

Mr. Haskett stated I believe so.

Mr. Evans stated I am trying to add up all the things we looked at allocating. We will not get the benefit of that great of a carry-forward surplus for next year but we will allocate those funds to be paid. We will have the funds, but I do not want to spend them multiple times.

Mr. Haskett stated I do not think that is the case.

Mr. Walls stated I think we counted the pool repairs twice.

Mr. Evans stated we discussed it at length and I know we discussed that we had funds available for this current fiscal year.

Ms. Kassel stated we need this year's budget with an explanation in the narrative of why we are spending that much money for pools. The work that we are going to be doing in fiscal year 2012 was budgeted in fiscal year 2011 but we have not spent that money. My impression was that we were spending that money on something else for the pool.

Mr. Haskett stated the expectation was that we would complete the pool repairs in fiscal year 2011, but that will not happen before the end of the fiscal year.

Ms. Kassel stated that was not my point. I know we spent a lot of money on the coils, but I thought there was other work that was going to be done that had to do with something else besides the tiles around the pool that was included in this current fiscal year. Then we budgeted for something else in the next fiscal year, which was the refinishing and the tiles.

Mr. Haskett stated it was the pool refinishing as well as the ADA requirement for handicapped access.

Mr. Moyer stated we budgeted \$58,187 for this year, and we have spent \$31,000. Next year we budgeted \$70,000.

Mr. Evans asked is next year's amount to address these issues?

Mr. Haskett stated yes.

**B. Invoice Approval #137 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. LeMenager stated there is a charge from the Harmony Golf Preserve for gasoline dating back to January. Is there some reason for the very long delay in receiving this invoice? Was it just an oversight?

Mr. Tome stated the original plan was that we were going to bill for fuel every six months just because the amount was so low. We made the decision not to bill on a monthly basis but semi-annually. It turns out that the employees are not getting fuel from our compound any longer. Mr. Haskett went in a different direction, so this is the only time you will see an invoice for fuel from the Golf Preserve.

Mr. Walls asked what are our controls on fuel? I am not saying anything is wrong, but there are several transactions for over 20 gallons of fuel, sometimes on consecutive days.

Mr. Haskett stated I have been monitoring that to make sure everything is appropriate. We use gasoline for the rescue boat, the pressure washer, the mule, and the utility vehicle. I do have a flowchart indicating when fuel was purchased and what it is used for. I can share that with the Board at the next meeting so you have a better understanding of its use. This is one task that is on an honor basis that I have to keep close tabs on. To fill up the gas cans, they fill them at Pipeline Gas in St. Cloud. It is a little more expensive than regular gasoline, but it does not have ethanol in it; therefore, our equipment lasts much longer since ethanol attracts oxygen, which creates moisture in the gas tank.

Mr. Walls stated my concern was that there were some large quantities.

Mr. Haskett stated they have seven five-gallon tanks and they will fill them all up at one time to prevent multiple trips into St. Cloud.

Mr. Walls asked do we have any specific policies on the purchasing cards?

Mr. Moyer stated yes, we have a policy that limits the amount they can spend on those cards.

Mr. Haskett stated Severn Trent also has a policy manual for use of the cards.

Mr. Walls stated in my experience, sometimes those cards get hard to manage and people can accidentally use them inappropriately, and they are hard to track.

Mr. Moyer stated there is a report included in the agenda regarding their card use, as requested by the Board.

Mr. Walls stated that is correct and this is the first time I saw it. I just wanted to make sure the employees are aware of what they can and cannot do with their cards and that they are aware of their spending limit.

Mr. Haskett stated they submit all the receipts to me, which I forward to Severn Trent so they can keep the account balanced.

Ms. Kassel stated I see no credits on the Young vanAssenderp invoice that we discussed last month.

Mr. Qualls stated this was taken care of. When the District Manager sent us payment for the bill that included those items, they did not pay us for those items that should not have been billed. That will not be reflected until the October billing statement.



Ms. Kassel stated I am not sure if this is a duplicate entry. On July 25, work was done for legal research and to draft a memorandum regarding SB224, and it was emailed to the Board and the manager. Then there was a very similar entry two days later to review SB 224 and draft and send memorandum, as well as coordinating with Mr. vanAssenderp for the Board meeting. It seems services for reviewing SB224 and providing the memorandum is listed twice.

Mr. Qualls stated I believe I emailed a draft to the Board and the District Manager, and then I finalized it on July 27. It is confusing, but it is not a duplicate bill. The first one would have been the draft since the revision process takes a long time. The second entry would have been the final version.

Ms. Kassel stated I request that the bill be clearer in the future because it looks like it is the same thing twice. It looks like you emailed it to us on July 25, so why would you redraft and resend it to us on July 27? It is unclear and confusing.

Mr. Qualls stated I agree. I will research this and if I find that the entry on July 27 is a duplicate, I will correct that second charge, but I do not think that is the case.

Mr. Walls stated we had a \$500 charge for another special pool service this month.

Mr. Haskett stated because of all the young children swimming in the past month, I asked Robert's Pool Service to clean it a second time.

Mr. Walls asked how do they arrive at \$500?

Mr. Haskett stated it is \$100 per service per week, so if there are five weeks in a month, that totals \$500. I did talk with them this week and asked them to back it down to three times per week, which is what their original contract specifies.

Mr. Walls stated it looks like they came out one additional time for a cost of \$500.

Mr. Haskett stated no, they came out one extra time each week, which is an additional \$500 to what we already pay them per month.

Mr. Walls stated we have five meters that have zero readings and have had zero readings for at least the past couple months. Can we check to see if we need those meters?

Mr. Haskett stated they are definitely needed because they are for irrigation controllers. The controllers are operating.

Ms. Kassel stated perhaps the meters are not working.

Mr. Berube stated in our review with Toho, we found two meters that have registered zero for some time. It is possible there are more meters that just are not registering.

Mr. Walls stated we discussed changing the cell phone plan.

Mr. Haskett stated we are down to 461 rollover minutes left. Next month I will provide a proposal to the Board for using Blackberries or iPhones or something that will provide more minutes. Our whole staff communicates primarily by email, which dramatically reduces phone calls but yet you can still communicate. It hinders communication with Mr. Druckenmiller because he has an old cell phone without email capabilities. In the long run, I think it will save us money.

Mr. Haskett stated related to how we track chemical usage with Spies, I usually review their invoices. I also asked Ms. Wendy Ritter with Severn Trent to forward them to me before they are included in the agenda just so that I can verify them. Each time Robert's Pool Service orders pool chemicals, they will send me a list of what they need to order prior to placing the order. I verify that list with what was actually delivered and delivered from Spies. I have also kept a spreadsheet over the past seven years of our chemical usage so that I can notice if there is any significant fluctuation, which there typically is not. The only thing that fluctuates somewhat is chlorine usage due to the heat, and we use some of the chlorine for cleaning sidewalks.

On MOTION by Ms. Kassel, seconded by Mr. LeMenager, with all in favor, unanimous approval was given to the invoices as presented.
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**C. Public Comments/Communication Log**

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

Ms. Kassel stated there are a couple reports in early September about the grass around the ponds needing to be mowed.

Mr. Haskett stated that was taken care of. Luke Brothers was not coming up quite far enough on the slope, and the report also had something to do with the pond edge itself, which we perform twice a year.

Mr. Gologowski stated all the ponds have been mowed.

Ms. Kassel asked we are letting them grow but we are mowing them down a couple times a year? We are essentially letting two or three feet at the edge of the pond grow except for twice a year when we mow it back?

Mr. Golgowski stated that is correct. We are maintaining it at a height of about eight inches so that we do not get the grass clippings in the pond that Mr. Medlin mentioned earlier in the meeting.

Mr. LeMenager stated I thought it was mowed too much. Obviously they have to perform that work by hand because they cannot get their equipment down that far. I thought they cut it down too often.

Mr. Golgowski stated we try to keep it a little taller on the back of the ponds adjacent to wetland areas and a little shorter by the houses. There might be some places where it was cut very short just for the wildlife to add some diversity.

#### **D. Website Statistics**

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

### **SEVENTH ORDER OF BUSINESS**

#### **Staff Reports**

#### **A. Attorney**

##### **i. Monthly Invoicing**

Mr. Qualls stated related to Ms. Kassel's request earlier, I am going to go ahead and remove 1.5 hours from your last billing since you should not be penalized for a mistake in billing.

##### **ii. Landscape Maintenance Agreement for U.S. 192 with FDOT**

Mr. Qualls stated since 2004, there has been a joint participation agreement between the CDD and the Florida Department of Transportation (FDOT) to maintain the landscaping in the right-of-way along U.S. 192 as you drive in. My understanding is the developer wanted to install additional plantings to spruce up that area. When the developer approached FDOT to request additional plantings, FDOT denied the request because they did not know who was going to maintain it. Essentially, FDOT requires that there be an interlocal agreement between two governmental entities in order to provide those additional plantings and to maintain those plantings. Even though the CDD is already maintaining the beds because we wanted to be able to add more plantings, we still need to get another agreement with FDOT. The previous agreement we sent to FDOT said that the District will install additional landscaping and the CDD will maintain the

additional landscaping. We are waiting to receive final approval from FDOT, but it is nearly complete except for some scrivener's errors.

Mr. Qualls stated I will also ask for approval for an agreement between the CDD and the developer stating that the developer will pay to install the additional landscaping and that the developer will cover any additional costs of maintaining that landscaping, if such additional costs arise. The bottom line to the CDD is that there will be additional plantings and landscaping that will need to be maintained, but it will not be at any cost to the CDD.

Ms. Kassel stated except for legal fees.

Mr. Qualls stated that is correct.

Mr. LeMenager asked where is it being installed?

Mr. Qualls stated in the median.

Mr. Golgowski stated it will start at the main entrance.

Mr. LeMenager stated it is nice to say that there will be no cost to the CDD. The objective of the developer is to put themselves out of business and sell all the lots in Harmony, so one day there will be a cost to the CDD.

Mr. Tome stated just like the CDD has an agreement with FDOT today regarding the maintenance, if the CDD decides tomorrow not to maintain that area, you can convert it back to Bahia like FDOT has everywhere else. Then there would be no maintenance expenses. The contract allows for that today if the CDD every chose to do that 10 or 20 years from now or whenever. I do not think you would want to do that, but you could decide to and the contract allows you to do that.

Mr. Qualls read Resolution 2011-07 into the record.

Mr. Walls stated I think that is great and I have no problem with the setup, but I will not approve an agreement that I have not seen.

Mr. Qualls stated the Resolution refers to the agreement with FDOT, and I am working with their staff to finalize it. You could approve the agreement subject to ratification at the next meeting, and I will provide it to you by email as soon as those scrivener's errors are corrected.

Mr. LeMenager stated I am in favor of supporting this.

Mr. Golgowski stated we can provide hard copies of the current agreement now.

Mr. Walls stated I will not vote on anything until I see a final agreement. The Resolution references the agreement, and it is our responsibility to perform our due diligence.

Mr. Qualls stated I understand that. The reason I did not bring final copies of the agreement is there are still two scrivener's errors, and I wanted to receive approval from FDOT that they were in agreement with the changes we suggested before I bring it to the Board.

Mr. Walls stated my inclination would be to wait until next month so we can review the agreement.

Mr. Tome stated my secretary will bring copies to the meeting in the next few minutes.

Mr. LeMenager asked is there a reason you want this work performed now? Is this something you want to do in preparation for the Harvest Festival?

Mr. Gologowski stated yes.

Mr. LeMenager stated I do not have a problem authorizing staff to proceed with this. I am happy with it. You have my confidence.

Ms. Kassel stated it seems to me the Resolution talks about the installation but not the maintenance.

Mr. Qualls stated it covers both and references the installation and maintenance of the highway landscaping referenced in the agreement, to be performed at the expense of the developer at no cost to the District.

Mr. LeMenager made a MOTION to adopt Resolution 2011-07 (1) approving the highway landscape, construction and maintenance memorandum agreement with the Florida Department of Transportation; (2) authorizing the execution of said agreement subject to correction of minor scrivener's errors and final review by legal counsel; and (3) approving the agreement with the developer for such additional plantings, as described.  
Mr. Berube seconded the motion.

Ms. Kassel asked if the agreement is going to be here in 10 minutes, why can we not wait for it?

Mr. Walls stated I have not even seen a copy of the Resolution.

Mr. Evans stated I am in favor of this; let us move it along. I have total confidence in Mr. Qualls. All we are doing is revising the prior agreement. I do not know that we need to micromanage it. I appreciate the comment that Board members want to read things, but I have total confidence in Mr. Qualls's ability to put these together.

Mr. Walls stated I do not understand how we can vote on something we have not even seen.

Mr. Berube stated I sense it is a vote of confidence in the attorney. We pay him to do what he thinks is right, and I am going with that. I hear what Mr. Walls is saying, but sometimes we need to exercise a little trust.

Mr. Walls stated at the end of the day, this is our responsibility. We hire our professional staff to advise us.

Upon VOICE VOTE, with all in favor except Ms. Kassel and Mr. Walls, approval was given to Resolution 2011-07, as described.

**B. Engineer**

There being nothing to report, the next order of business followed.

**C. Developer**

**i. Butterfly Sculpture**

Mr. Gulgowski stated this sculpture is currently located in Harmony Square. The Square is getting increased activity and while the butterfly was a great feature to call attention to that area, it is sometimes getting in the way. There is a location at the corner of Five Oaks and Cat Brier in the roundabout that we thought would be a better location and would create another landmark for the community in that area. The butterfly is owned by the CDD, and the developer would like to relocate it to that roundabout at the developer's cost and modify the landscaping to compliment a butterfly sculpture, as in butterfly plantings and reduced sod, which is fairly maintenance intensive.

On MOTION by Mr. Walls, seconded by Ms. Kassel, with all in favor, unanimous approval was given to authorize the developer to relocate the butterfly sculpture from Harmony Square to the roundabout at Five Oaks Drive and Cat Brier Trail as well as modify the landscaping, as described.

**ii. Irrigation Technician Job Description**

Mr. Haskett stated along with the job description, I provided to the Board by email a flowchart of how the three positions overlap each other and the responsibilities of each. I would like to see the Board approve this for a couple reasons. When we are scheduling staff members to cover boating activities, Mr. Thomas Belieff is the dockmaster, and Mr. Druckenmiller is performing maintenance and trash detail throughout the day. If someone reserves the boat for 6:30 a.m. and another resident reserves one at 5:00 p.m. that same day, that creates an issue of overtime if only one staff member is working that day. If we have three employees, they can all overlap schedules and cover boating activity, which is not a typical 9:00 a.m. to 5:00 p.m. job but could be 14 hours a day in the summer. This proposal will help reduce overtime, which lately has been 8 to 10 hours in a pay period and is expensive just to cover boating activities. I worked with Mr. Moyer to modify Mr. Belieff's schedule to be from 8:00 a.m. to 5:00 p.m. if there is not a reservation for the early morning. That will not work on weekends when reservations are at all hours for boats. The irrigation technician would be beneficial to the District especially as we hopefully move forward with flow meters and to monitor irrigation activities in the field. Staff is very capable of covering that type of responsibility.

Mr. LeMenager stated relative to overtime for boat usage and employee coverage, we could easily change the hours of boat usage. We do not need to pay people over time just because someone wants to use a boat at 6:30 a.m. and someone else wants to use it at 5:00 p.m. on the same day. We can simply say the boats are available from 8:00 a.m. to 5:00 p.m. There is a cost associated with that facility. In general, I like the idea but it is really a question of where we are going. I have raised this issue a couple times over the years. At some point, we take over full maintenance since the CDD is a permanent body. That is probably 15 years or so away. But what is our plan to get from where we are today to where we want to be? Right now, we are doing it on a piecemeal basis, and I wonder if we need to have more of a roadmap of what we want this to look like when we are finished. I know where we are today, but over time, how are we going to get there? My other concern is, as I mentioned last month, we are taking another job away from Luke Brothers. We do not know what their cost structure is. I am not opposed to removing it, but I want to be sure we are realistic. When we obtained Mr. Druckenmiller, I do not think we saved as much as we thought we would. Can we remove this from the scope of services from Luke Brothers without their consent? Does it really pay for itself?

I am in favor of having three field employees and starting our team, but I think it needs to be part of a larger plan of where we are headed.

Mr. Walls stated I am a little more in favor of this now than I was last month in having someone onsite to handle the irrigation. Along the lines of what Mr. LeMenager is saying, what is the status of Luke Brothers? Are they open to giving this up as well as the revenue associated with it? This hinges on their willingness.

Mr. Haskett stated I have not discussed this with Mr. Pete Lucadano, but he is aware that the Board is discussing this. Mr. McMillan and I have discussed this a few times. Of course they do not want to lose the revenue, but he understands where we are coming from. The goal is to have better service than what we have now and also be able to manage it better. It is in our contract with them that we can remove line items from their scope of services. Their contract expires September 30, 2012, so beginning in March, we will need to start the bid process. If you want to initiate this change, I think November or December would work for an effective date.

Mr. LeMenager stated to me, that is part of the plan of where we are going. We spend \$500,000 annually to Luke Brothers. One question is if we should perform this work ourselves. Why should we hire a contractor? We have a lot of facilities that require staff and we are spending \$500,000 annually for a team of 14 people to perform landscaping. Is part of our plan that we should provide landscaping in-house? I presume that whoever bids on this work has a profit margin built into their bid and they are trying to make at least 10% to 20%.

Mr. Berube stated I thought about that a year or so ago, and we cannot do it for less than \$500,000 annually, presuming we had 10 people on staff and paid them at pay rates comparable to what we are paying our staff now, and also considering health care and other benefits. When you add the equipment and maintenance costs and depreciation on equipment, my figure was about \$625,000 annually with a staff of 10 and one manager, with the manager's salary at \$75,000. It was not even close. I did not refine it any further and never presented it because it was not close.

Ms. Kassel stated I agree with Mr. Walls and Mr. LeMenager about planning for the long term, although not in the sense that we should perform landscaping in-house. In terms of the irrigation technician, I am still divided about it. I see the sense in it, but I think it would be a good idea to have a better plan for the long term instead of moving on



an idea we have in a particular month. I would like a picture over the next five or ten years of what we may want to bring in-house and how that fits in with what we have. Moving forward now with the irrigation technician, I want to know the annual costs to the CDD, which I am comparing with what we are spending on irrigation repairs. I understand some of the irrigation repairs are not labor but are parts.

Mr. LeMenager stated we had that information last month but not this month.

Mr. Berube stated the first year of this program as we anticipated and discussed last month, there would be about \$7,000 cost over all of the budget items included in the proposal. In the second year, it is a savings of about \$6,000 because we are not purchasing the equipment, which is primarily the vehicle for the employee. That savings should hold at the same level in future years, not to mention all the other benefits of performing this work in-house. Having our own staff saves a lot of money. I understand it can also cost a lot of money, but it gives Mr. Haskett some flexibility with the staff to get work efforts done that we would otherwise have to contract for, and we know that is expensive.

Mr. Walls stated if you can schedule wisely, then you can save on paying overtime, which I do not think is contemplated in the analysis. In the end, it comes down to the contract that we have with Luke Brothers. I wonder if there is a benefit to rebid that contract right now.

Mr. Berube stated I think we should do that to coincide with the expiration of their contract next year. If we start the bid process now, I think it will take us that long to get everything settled if we need to make a change. If Luke Brothers comes out to be the best, then we keep them. I did not say anything about their quality of work at the beginning of the meeting, but I am not terribly happy and I think we need to rebid the contract and remove the irrigation component from it. I think irrigation can and will be done better in-house.

Mr. Walls stated if we did that, I was thinking we could get it done a lot sooner than the end of their current contract.

Mr. Berube stated we might be able to, but the last time we bid this, it took a long time.

Mr. Tome stated from a timing perspective, three to four months is a long time, and we can easily get through the bid process in that period of time. I think terminating their

contract now will be too soon because the contractor is going to anticipate that they are 120 days into the process and may not be engaged anywhere. Also, if you recall, Luke Brothers did, in fact, agree to change some things in their contract when the District hired Mr. Druckenmiller. You have the right to terminate the agreement and end it early, but the next landscaping company that negotiates with the District will have in the back of their minds what happened with Luke Brothers, and that they stand a change of entering a two-year agreement that will end after 16 months at the Board's decision. You have the right to do it, but it is a small industry and they all talk to each other. They know who is awarded contracts and what their prices are. To Mr. Haskett's point, if you choose to remove this element from their contract, you should make it effective in November or December. By March, you will be rebidding the contract anyway, and if you take out the irrigation monitoring, then the bids next year will be without that technician. At that point, you can see if it really worked or not. You can always go back to having the contractor provide that service if it was not the right decision. I believe with Mr. Berube that it will be the right decision, and consider all the ancillary benefits you will get, as you received when you first hired Mr. Druckenmiller. He was originally hired to remove trash and clean facilities, but he has done so many repairs and so many other things because he is talented enough to do that. I hear comments all the time from residents about how nice things look now.

Mr. Walls stated I like this idea, but I am looking at it from an implementation perspective. Luke Brothers has to give up that work for this proposal to work. If they are willing to do that, it is fine.

Mr. LeMenager stated it sounds like they do not have a choice given the contract language.

Mr. Walls asked our contract allows us to pull that out?

Mr. Haskett stated yes, it is one line item at \$28,500 annually.

Mr. Berube stated in reality, we will give them a 60-day notice because it will take us that long to hire someone for the maintenance position. We are only cancelling one line item in the contract, and giving them 60 days is the courteous thing to do and it fits our timeline of hiring a new employee.

Ms. Kassel asked to Mr. Tome's point about the contractors all talking, will they be hesitant to bid on our contract because we keep removing line items from the contract?

Mr. Tome stated I do not believe so.

Mr. Berube stated I do not think so. I receive email invitations frequently from people in the industry. They want big landscape contracts like Harmony. Interestingly enough, our meeting minutes are read by landscape contractors and they read our comments about Luke Brothers. That is why they are seeking business from us because they are aware there is some dissent. I do not think there will be any hesitation.

Mr. Evans stated they know what they are getting into.

Mr. Berube stated that is correct. They know they are getting into a contentious situation because they read our meeting minutes since they are public record. You have to give some of these firms credit digging that deep and searching out people who are making those comments, which is why they come looking for me because I voice my opinions.

Mr. Tome stated there are varying types of contracts. Some landscape companies perform trash removal as well as irrigation, some do irrigation and landscaping, and some companies prefer not to touch any of the trash or the irrigation but just do landscape maintenance. We might see bids from some companies that we have not seen before by changing some of the scope of services.

Mr. LeMenager stated I like the idea of trying this out and if it does not work out, then we address it in the next contract. I do agree that we agreed to a two-year extension, and I think that is the honorable thing to do. Frankly, I do not receive any emails, probably because they read the minutes and generally I am not unhappy with the job they do. They are not terrific, but they are adequate.

Mr. Evans stated one of the directions that is being considered is to move forward with a 60-day notice to terminate the irrigation line item from Luke Brothers and to authorize staff to move forward with the interview process for an irrigation technician.

Mr. Berube stated that is my opinion.

Mr. LeMenager stated I agree.

Ms. Kassel asked how long did it take us to find someone for the maintenance position?

Mr. Moyer stated it took a couple months. Once we make the decision on the final candidate, it takes another two or three weeks to go through the cumbersome hiring process that goes along with a big company.

Mr. LeMenager stated we are hiring a new maintenance technician since Mr. Druckenmiller will move into the irrigation technician position.

Mr. Berube stated that is correct.

Mr. LeMenager stated the maintenance position is probably the easiest job to fill.

Ms. Kassel asked does Mr. Druckenmiller prefer the irrigation position rather than the maintenance position?

Mr. Haskett stated yes, he is looking forward to it.

On MOTION by Mr. LeMenager, seconded by Mr. Berube, with all in favor, unanimous approval was given to (1) provide 60-day notice to Luke Brothers to terminate the irrigation line item from their contract and (2) transfer Mr. Druckenmiller to the new irrigation technician position, and (3) authorize staff to begin the hiring process for the maintenance technician, as discussed.

Mr. LeMenager stated I would like to state again that at some point, we need to sit down and have a plan for the future as to where we want to be. These are great ideas, but we need to think longer term as far as the staff we want to have. At some point, we need to hire someone to do what Mr. Haskett is doing.

Mr. Berube asked when we start the budget process next year, does it make sense to include that discussion in the budget workshop as far as future planning?

Mr. LeMenager stated that might be an excellent time to do it and solicit comments from people. A lot of residents think there is a CDD but it will disappear when the bonds are paid off. That is a common misconception. Every realtor makes the comment that the bonds will get paid off and the CDD will go away. Point in fact, it will never go away. You can give it to another governmental body, but the way this is organized, this body will never go away. It will become something else, but it will never go away.

Ms. Kassel asked does Mr. Moyer have experience with CDDs maturing in terms of hiring more people?

Mr. Moyer stated you are following the same path of maturity that other CDDs have followed, most notably Celebration CDD and The Villages. You basically stay with the types of contracts that we have now. It is very unusual to bring landscape maintenance in-house. We did that one time in Tampa Palms, and that was not any better than having a contractor. They brought on the staff and about four years later, they terminated all the

employees and went back to having contractors. Just because you can rotate them in and out faster and have more control over the employees, it is cheaper to have a contractor in many respects. The types of employees that Districts hire over time are the generalists, the people you are hiring now where if a culvert washes out, they can perform that type of work without having to hire a contractor. It is really the smaller activities where you hire staff. The big issue in Celebration is painting, where we paint light poles, shade structures, many facilities. The field manager in Celebration has two full-time painters who do nothing but paint facilities in the community. We have a full-time sidewalk repair technician. Celebration is older than Harmony and because of the trees being planted immediately adjacent to the sidewalks, those panels break and need to be grinded or replaced. It is generally the smaller jobs that you supplement going forward. The good news about that is that it does not break the budget for the most part because these are not highly compensated people. You are following that path, and you do it incrementally.

Mr. Qualls stated the District is not a financing mechanism, although that is a related benefit. The District serves to manage, including maintenance of the District, and will continue to perform that function as long as there is infrastructure to manage. Section 190.046(9), Florida Statutes, describes a process whereby if a District has no outstanding financial obligations and no operating or maintenance responsibilities, upon the petition of the District, the District may be dissolved by a non-emergency Ordinance of the general-purpose local government entity that established the District. I offer that as a point of clarification.

Ms. Kassel stated we will always have maintenance obligations.

Mr. LeMenager stated Harmony can incorporate when that happens.

Ms. Nancy Snyder asked will you be hiring a full-time person right away, including benefits?

Mr. Haskett stated it is definitely a full-time position. As Ms. Kassel mentioned at the last meeting, I have defined their daily activities. Right now, Mr. Belieff and Mr. Druckenmiller are so far behind on things that I wanted to see be accomplished two months ago that they just do not have time for.

Ms. Snyder stated I can see you saving a lot of money doing it in-house.

Mr. Haskett stated as the years go by, I think we will save a substantial amount of money over what we would have contracted out.

**iii. Utility Vehicle for New Employee**

Mr. Haskett stated the new employee will need a vehicle, which is listed in the proposal at \$12,000. Through the end of the month, there is an opportunity to piggyback another government contract for a utility vehicle that I have researched, and that price is \$7,000.

On MOTION by Mr. LeMenager, seconded by Ms. Kassel, with all in favor, unanimous approval was given to purchase a utility vehicle for the third employee, in the amount of \$7,000, as discussed.

**EIGHTH ORDER OF BUSINESS**

**Supervisor Requests**

Mr. Walls stated some residents have asked me about tree trimming on the interior streets. I think it is a good idea that we do it, and I know we have done it in the past. Some residents are complaining about their trees. I think it is a better idea that the District performs that maintenance rather than the residents performing that activity. I have seen some horribly trimmed trees. When was the last time we trimmed them?

Mr. LeMenager stated a couple years ago.

Mr. Haskett stated it was done two years ago, and they are on our maintenance schedule to be trimmed this fall. You bring up a good point because the sycamore trees grow at a rapid pace. We may want to consider trimming sycamore trees annually on interior streets. Not all the interior street trees need trimming annually, but the faster-growing trees should be trimmed more often.

Mr. LeMenager stated I am sure Luke Brothers will appreciate that with all the contract changes we have done. I am in complete and total agreement that we should take responsibility for the interior street trees.

Mr. Walls stated some residents were also complaining about ants at the Swim Club on the pool deck. Can we have someone look at it and treat it?

Mr. Haskett stated yes.

**NINTH ORDER OF BUSINESS**

**Adjournment**

The next meeting will be Thursday, October 27, 2011, at 6:00 p.m.

The meeting adjourned at 11:30 a.m.

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Gary L. Moyer, Secretary

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Robert D. Evans, Chairman

## **Fourth Order of Business**

**4A**





**HARMONY CDD MONTHLY LANDSCAPE MAINTENANCE REPORT**  
*October 2011*

LINE ITEM	#	SUB-SECTION	#	PERFORMANCE NOTES	
				COMPLETED	WILL BE COMPLETED
Turf Care	4.1	Mowing	4.1.1	<ul style="list-style-type: none"> <li>Developed, undeveloped and SR192 turf has been adjusted to the following heights per turf. 4" for St. Augustine, 2.5" for Bahia, 2" for Zoysia turf.</li> <li>Zoysia grass has showed significant improvements in color and health since the change of maintenance.</li> </ul>	<ul style="list-style-type: none"> <li>This is the first month of going into the winter season. Per the contract the property will be mowed (3) times which equates to every ten days.</li> <li>Bermuda and Zoysia has been cut back to once a week mowing.</li> </ul>
			4.1.2		
			4.1.3		
		Pest Control	4.1.4 4.1.6	<ul style="list-style-type: none"> <li>Arena chinch bug insecticide has been applied to Chinch bug active areas as well as dry areas for a preventative application.</li> </ul>	<ul style="list-style-type: none"> <li>IPM will be performed as needed.</li> <li>As communicated through Todd Haskett Chinch Bug applications have been ongoing.</li> </ul>
Fertilization	4.1.5	<ul style="list-style-type: none"> <li>Fertilization was started in September starting at the West Entrance.</li> </ul>	<ul style="list-style-type: none"> <li>Fertilization is 55% complete and will be completed in October.</li> </ul>		
		Annuals	4.1.8	<ul style="list-style-type: none"> <li>Annuals were completed the first week in October. A minimum of 1200 annuals were installed.</li> </ul>	<ul style="list-style-type: none"> <li>We will continue to fertilize, deadhead, and weed all flower beds throughout the property.</li> </ul>
Sports Turf	4.2	Mowing	4.2.1	<ul style="list-style-type: none"> <li>Mowing is being completed once a week.</li> </ul>	<ul style="list-style-type: none"> <li>Mowing will be performed per the contract.</li> </ul>
		Pest Control	4.2.2 4.2.3	<ul style="list-style-type: none"> <li>IPM has been performed as needed.</li> </ul>	<ul style="list-style-type: none"> <li>IPM will be performed as needed.</li> </ul>
		Fertilization	4.2.5	<ul style="list-style-type: none"> <li>It has been noted that due to the excessive use of the turf from the highschool and youth football the center of the field is showing signs of stress.</li> </ul>	<ul style="list-style-type: none"> <li>We will continue with supplemental fertilizations both liquid and granular due to high activity from sports on the field.</li> </ul>
Shrubs / Groundcover Care	4.3	Pruning	4.3.1	<ul style="list-style-type: none"> <li>The shrub pruning rotation is 45% completed on common areas and 35% completed in parks.</li> </ul>	<ul style="list-style-type: none"> <li>Shrub pruning will be completed throughout August for both the main property and the parks.</li> </ul>
		Weeding	4.3.2	<ul style="list-style-type: none"> <li>The weeding rotation is 80% completed on common areas and 65% completed in parks.</li> <li>Sureguard has been applied with Round-up which acts as a growth inhibitor for potential weeds.</li> </ul>	<ul style="list-style-type: none"> <li>We are still working with the crews to handle the weeds in their areas of work for the day.</li> </ul>
		Fertilization	4.3.3	<ul style="list-style-type: none"> <li>Shrub Fertilization is 60% complete for the month of October.</li> </ul>	<ul style="list-style-type: none"> <li>Fertilization will be completed in the month of October.</li> </ul>
		Pest Control	4.3.4	<ul style="list-style-type: none"> <li>IPM has been performed as needed.</li> </ul>	<ul style="list-style-type: none"> <li>Will perform IPM as needed.</li> </ul>
		Mulching	4.3.5		<ul style="list-style-type: none"> <li>Mulching will start in November for the property.</li> </ul>
Tree Care	4.4	Pruning	4.4.1	<ul style="list-style-type: none"> <li>Tree trimming has been was completed on the areas listed on the previous report.</li> </ul>	<ul style="list-style-type: none"> <li>The Sycamores in the Estates need to be elevated as they have been planted long enough and can have larger limbs cut.</li> </ul>
		Fertilizer	4.4.3	<ul style="list-style-type: none"> <li>A deep root fertilization was handled on trees that were showing signs of regression.</li> </ul>	<ul style="list-style-type: none"> <li>We will continue to fertilize trees and palms that need the additional fertilizations once a month.</li> </ul>
Irrigation System	4.5	General Requirements	4.5.1	<ul style="list-style-type: none"> <li>Broken Parts have been turned in for approval for billing.</li> <li>We have been communicating with Walker Industries with great ease since phone conference with Mike Walker, Greg Gologowski, and Mike McMillan</li> </ul>	<ul style="list-style-type: none"> <li>All broken irrigation parts are turned into Todd for inspection. As well as submitting a proposal for any and all work during our inspections.</li> </ul>
		Monitoring	4.5.2	<ul style="list-style-type: none"> <li>Monthly irrigation system inspections are 15% completed.</li> </ul>	<ul style="list-style-type: none"> <li>All inspections and repairs will be handled by the end of the month.</li> </ul>
Unscheduled Maintenance	5	Unscheduled Maintenance	5.4	<ul style="list-style-type: none"> <li>Park landscape proposals have been submitted to Todd for board approval.</li> <li>Tree proposal for interior street trees has also been attached for approval from the board.</li> </ul>	

**4B**

## MAINTENANCE REPORT

CUSTOMER Harmony CDD Ponds DATE 10-14-11

BTC ACCOUNT NO. 582-01

BIOLOGIST / TECHNICIAN Larry, John

### TREATMENT SERVICES

POND SITE INSPECTED	EMERG. VEG.	SUBMERG. VEG.	FLOATING VEG.	ALGAE	AQUASTAR	AQUATHOL K	COPPER SULFATE	CUTRINE	POND DYE	REWARD	SONAR	WEEDAR	OTHER
1	x				/								
5	x				/								
4	x				/								
10	x				/								
7	x				/								
21	x											/	
2	x											/	
4	x											/	
20	x											/	

TARGETED VEGETATION 1, 5, 4, 10, 7: Treated ponds for scattered torpedograss along shoreline and for

cogon grass in buffer areas. 21, 2, 4, 20: Treated pond buffer areas for misc. broadleaved weeds, tropical soda apple, hemp vine,

primrose willow, balsam pear vine. Cleared structure across from pond 10, used chain saw to clear area of Carolina willow

ADDITIONAL NOTES / CONCERNS and sprayed area for cattails and primrose willow.

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**4Ci**



**4Cii**



## **Fifth Order of Business**



**5A**

**Harmony  
Community Development District**

*Financial Report*

*October 31, 2011*

**Prepared by**



**Harmony  
Community Development District**

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**Harmony  
Community Development District**

**Financial Statements**

**(Unaudited)**

**October 31, 2011**

Balance Sheet  
September 30, 2011

ACCOUNT DESCRIPTION	GENERAL FUND	2001 DEBT SERVICE FUND	2004 DEBT SERVICE FUND	2004 CAPITAL PROJECTS FUND	TOTAL
<b>ASSETS</b>					
Cash In Bank	\$ 200,037	\$ -	\$ -	\$ -	\$ 200,037
Cash On Hand/Petty Cash	500	-	-	-	500
Assessments Receivable	15,553	43,284	371,850	-	430,687
Allow-Doubtful Collections	(11,430)	(36,418)	-	-	(47,848)
Interest/Dividend Receivables	266	-	-	-	266
Investments:					
Certificates of Deposit - 450 Days	127,778	-	-	-	127,778
Money Market Account	479,300	-	-	-	479,300
Construction Fund	-	-	-	62,807	62,807
Prepayment Account	-	33,750	3,229	-	36,979
Reserve Fund	-	1,416,606	861,348	-	2,277,954
Revenue Fund	-	302,341	165,467	-	467,808
<b>TOTAL ASSETS</b>	<b>\$ 812,004</b>	<b>\$ 1,759,563</b>	<b>\$ 1,401,894</b>	<b>\$ 62,807</b>	<b>\$ 4,036,268</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 113,630	\$ -	\$ -	\$ -	\$ 113,630
Accrued Expenses	43,172	-	-	-	43,172
Deposits	1,300	-	-	-	1,300
<b>TOTAL LIABILITIES</b>	<b>158,102</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>158,102</b>
<b>FUND BALANCES</b>					
Reserved for Debt Service	-	1,759,563	1,401,894	-	3,161,457
Reserved for Capital Projects	-	-	-	62,807	62,807
Reserves-Renewal & Replacement	135,000	-	-	-	135,000
Reserves - Self Insurance	50,000	-	-	-	50,000
Operating Reserve	200,000	-	-	-	200,000
Unreserved/Undesignated	268,902	-	-	-	268,902
<b>TOTAL FUND BALANCES</b>	<b>\$ 653,902</b>	<b>\$ 1,759,563</b>	<b>\$ 1,401,894</b>	<b>\$ 62,807</b>	<b>\$ 3,878,166</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 812,004</b>	<b>\$ 1,759,563</b>	<b>\$ 1,401,894</b>	<b>\$ 62,807</b>	<b>\$ 4,036,268</b>

Balance Sheet - GASB 54  
September 30, 2011

ACCOUNT DESCRIPTION	GENERAL FUND	2001 DEBT SERVICE FUND	2004 DEBT SERVICE FUND	2004 CAPITAL PROJECTS FUND	TOTAL
<b>ASSETS</b>					
Cash In Bank	\$ 200,037	\$ -	\$ -	\$ -	\$ 200,037
Cash On Hand/Petty Cash	500	-	-	-	500
Assessments Receivable	15,553	43,284	371,850	-	430,687
Allow-Doubtful Collections	(11,430)	(36,418)	-	-	(47,848)
Interest/Dividend Receivables	266	-	-	-	266
Investments:					
Certificates of Deposit - 36 Months	127,778	-	-	-	127,778
Money Market Account	479,300	-	-	-	479,300
Construction Fund	-	-	-	62,807	62,807
Prepayment Account	-	33,750	3,229	-	36,979
Reserve Fund	-	1,416,606	861,348	-	2,277,954
Revenue Fund	-	302,341	165,467	-	467,808
<b>TOTAL ASSETS</b>	<b>\$ 812,004</b>	<b>\$ 1,759,563</b>	<b>\$ 1,401,894</b>	<b>\$ 62,807</b>	<b>\$ 4,036,268</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 113,630	\$ -	\$ -	\$ -	\$ 113,630
Accrued Expenses	43,172	-	-	-	43,172
Deposits	1,300	-	-	-	1,300
<b>TOTAL LIABILITIES</b>	<b>158,102</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>158,102</b>
<b>FUND BALANCES</b>					
<i>Nonspendable:</i>					
Deposits	1,300				1,300
<i>Restricted for:</i>					
Debt Service	-	1,759,563	1,401,894	-	3,161,457
Capital Projects	-	-	-	62,807	62,807
<i>Assigned to:</i>					
Reserves-Renewal & Replacement	135,000	-	-	-	135,000
Reserves - Self Insurance	50,000	-	-	-	50,000
Operating Reserve	200,000	-	-	-	200,000
<i>Unassigned:</i>					
Unassigned	267,602	-	-	-	267,602
<b>TOTAL FUND BALANCES</b>	<b>\$ 653,902</b>	<b>\$ 1,759,563</b>	<b>\$ 1,401,894</b>	<b>\$ 62,807</b>	<b>\$ 3,878,166</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 812,004</b>	<b>\$ 1,759,563</b>	<b>\$ 1,401,894</b>	<b>\$ 62,807</b>	<b>\$ 4,036,268</b>

Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Period Ending September 30, 2011

ACCOUNT DESCRIPTION	ANNUAL ADOPTED BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	VARIANCE (\$) FAV(UNFAV)
<b>REVENUES</b>				
Interest - Investments	\$ 1,500	\$ 1,500	\$ 5,136	\$ 3,636
Judgements and Fines	-	-	411	411
Interest - Tax Collector	-	-	130	130
Special Assmnts- Tax Collector	622,750	622,750	622,750	-
Special Assmnts- CDD Collected	914,363	914,363	914,364	1
Special Assmnts- Delinquent	-	-	640	640
Special Assmnts- Discounts	(24,910)	(24,910)	(10,697)	14,213
<b>TOTAL REVENUES</b>	<b>1,513,703</b>	<b>1,513,703</b>	<b>1,532,734</b>	<b>19,031</b>
<b>EXPENDITURES</b>				
<b>Administrative</b>				
P/R-Board of Supervisors	9,600	9,600	11,800	(2,200)
FICA Taxes	734	734	903	(169)
ProfServ-Arbitrage Rebate	1,200	1,200	3,000	(1,800)
ProfServ-Dissemination Agent	500	500	500	-
ProfServ-Engineering	18,000	18,000	7,451	10,549
ProfServ-Legal Services	23,000	23,000	27,231	(4,231)
ProfServ-Mgmt Consulting Serv	54,091	54,091	54,091	-
ProfServ-Special Assessment	11,422	11,422	11,422	-
ProfServ-Trustee	11,000	11,000	10,748	252
Auditing Services	8,000	8,000	8,000	-
Communication - Telephone	175	175	250	(75)
Postage and Freight	1,200	1,200	840	360
Insurance - General Liability	19,850	19,850	21,575	(1,725)
Printing and Binding	5,000	5,000	4,912	88
Legal Advertising	1,000	1,000	1,017	(17)
Misc-Assessmnt Collection Cost	12,455	12,455	12,239	216
Misc-Contingency	1,000	1,000	178	822
Office Supplies	1,500	1,500	1,055	445
Annual District Filing Fee	175	175	175	-
Capital Outlay	750	750	-	750
<b>Total Administrative</b>	<b>180,652</b>	<b>180,652</b>	<b>177,387</b>	<b>3,265</b>
<b>Field</b>				
Payroll-Salaries	60	60	60	-
ProfServ-Field Management	79,813	79,813	79,562	251
<b>Total Field</b>	<b>79,873</b>	<b>79,873</b>	<b>79,622</b>	<b>251</b>

Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Period Ending September 30, 2011

ACCOUNT DESCRIPTION	ANNUAL ADOPTED BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	VARIANCE (\$) FAV(UNFAV)
<b>Landscape</b>				
Utility - Refuse Removal	11,482	11,482	5,096	6,386
R&M-Grounds	32,994	32,994	31,449	1,545
R&M-Irrigation	34,500	34,500	60,508	(26,008)
R&M-Tree Trimming Services	15,000	15,000	15,000	-
R&M-Trees and Trimming	21,115	21,115	21,511	(396)
R&M-Turf Care	283,001	283,001	278,001	5,000
R&M-Shrub Care	110,539	110,539	107,540	2,999
Miscellaneous Services	10,000	10,000	9,299	701
<b>Total Landscape</b>	<b>518,631</b>	<b>518,631</b>	<b>528,404</b>	<b>(9,773)</b>
<b>Utilities</b>				
Electricity - General	40,000	40,000	29,164	10,836
Electricity - Streetlighting	385,220	385,220	377,460	7,760
Utility - Water & Sewer	83,000	83,000	115,261	(32,261)
<b>Total Utilities</b>	<b>508,220</b>	<b>508,220</b>	<b>521,885</b>	<b>(13,665)</b>
<b>Operation &amp; Maintenance</b>				
Contracts-Lake and Wetland	21,360	21,360	20,565	795
Communication - Telephone	3,950	3,950	3,557	393
R&M-Common Area	18,806	18,806	19,135	(329)
R&M-Equipment	21,000	21,000	15,719	5,281
R&M-Pools	58,187	58,187	33,543	24,644
R&M-Roads & Alleyways	3,000	3,000	-	3,000
R&M-Sidewalks	10,000	10,000	-	10,000
R&M-Parks & Amenities	6,000	6,000	1,300	4,700
R&M-Hardscape Cleaning	10,000	10,000	2,836	7,164
Misc-Contingency	44,025	44,025	26,230	17,795
Misc-Security Enhancements	30,000	30,000	24,648	5,352
<b>Total Operation &amp; Maintenance</b>	<b>226,328</b>	<b>226,328</b>	<b>147,533</b>	<b>78,795</b>
<b>TOTAL EXPENDITURES</b>	<b>1,513,704</b>	<b>1,513,704</b>	<b>1,454,831</b>	<b>58,873</b>
Excess (deficiency) of revenues Over (under) expenditures	(1)	(1)	77,903	77,904
Net change in fund balance	\$ (1)	\$ (1)	\$ 77,903	\$ 77,904
<b>FUND BALANCE, BEGINNING (OCT 1, 2010)</b>	<b>575,999</b>	<b>575,999</b>	<b>575,999</b>	
<b>FUND BALANCE, ENDING</b>	<b>\$ 575,998</b>	<b>\$ 575,998</b>	<b>\$ 653,902</b>	



Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Period Ending September 30, 2011

ACCOUNT DESCRIPTION	ANNUAL ADOPTED BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	VARIANCE (\$) FAV(UNFAV)
<b>REVENUES</b>				
Interest - Investments	\$ 800	\$ 800	\$ 1,855	\$ 1,055
Special Assmnts- Tax Collector	1,038,106	1,038,106	1,036,956	(1,150)
Special Assmnts- Prepayment	-	-	47,289	47,289
Special Assmnts- CDD Collected	432,426	432,426	432,426	-
Special Assmnts- Delinquent	-	-	1,072	1,072
Special Assmnts- Discounts	(41,524)	(41,524)	(17,811)	23,713
<b>TOTAL REVENUES</b>	<b>1,429,808</b>	<b>1,429,808</b>	<b>1,501,787</b>	<b>71,979</b>
<b>EXPENDITURES</b>				
<b>Administrative</b>				
Misc-Assessmnt Collection Cost	20,762	20,762	20,380	382
<b>Total Administrative</b>	<b>20,762</b>	<b>20,762</b>	<b>20,380</b>	<b>382</b>
<b>Debt Service</b>				
Principal Debt Retirement	305,000	305,000	305,000	-
Principal Prepayments	-	-	30,000	(30,000)
Interest Expense	1,123,388	1,123,388	1,122,663	725
<b>Total Debt Service</b>	<b>1,428,388</b>	<b>1,428,388</b>	<b>1,457,663</b>	<b>(29,275)</b>
<b>TOTAL EXPENDITURES</b>	<b>1,449,150</b>	<b>1,449,150</b>	<b>1,478,043</b>	<b>(28,893)</b>
Excess (deficiency) of revenues Over (under) expenditures	(19,342)	(19,342)	23,744	43,086
Net change in fund balance	\$ (19,342)	\$ (19,342)	\$ 23,744	\$ 43,086
<b>FUND BALANCE, BEGINNING (OCT 1, 2010)</b>	<b>1,735,819</b>	<b>1,735,819</b>	<b>1,735,819</b>	
<b>FUND BALANCE, ENDING</b>	<b>\$ 1,716,477</b>	<b>\$ 1,716,477</b>	<b>\$ 1,759,563</b>	

Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Period Ending September 30, 2011

ACCOUNT DESCRIPTION	ANNUAL ADOPTED BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	VARIANCE (\$) FAV(UNFAV)
<b>REVENUES</b>				
Interest - Investments	\$ 800	\$ 800	\$ 1,606	\$ 806
Special Assmnts- CDD Collected	1,198,145	1,198,145	1,198,145	-
<b>TOTAL REVENUES</b>	<b>1,198,945</b>	<b>1,198,945</b>	<b>1,199,751</b>	<b>806</b>
<b>EXPENDITURES</b>				
<b>Debt Service</b>				
Principal Debt Retirement	225,000	225,000	225,000	-
Interest Expense	1,000,688	1,000,688	1,000,688	-
<b>Total Debt Service</b>	<b>1,225,688</b>	<b>1,225,688</b>	<b>1,225,688</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>1,225,688</b>	<b>1,225,688</b>	<b>1,225,688</b>	<b>-</b>
Excess (deficiency) of revenues Over (under) expenditures	(26,743)	(26,743)	(25,937)	806
Net change in fund balance	\$ (26,743)	\$ (26,743)	\$ (25,937)	\$ 806
<b>FUND BALANCE, BEGINNING (OCT 1, 2010)</b>	<b>1,427,831</b>	<b>1,427,831</b>	<b>1,427,831</b>	
<b>FUND BALANCE, ENDING</b>	<b>\$ 1,401,088</b>	<b>\$ 1,401,088</b>	<b>\$ 1,401,894</b>	

Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Period Ending September 30, 2011

ACCOUNT DESCRIPTION	ANNUAL ADOPTED BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	VARIANCE (\$) FAV(UNFAV)
<b>REVENUES</b>				
Interest - Investments	\$ -	\$ -	\$ 83	\$ 83
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>83</b>	<b>83</b>
<b>EXPENDITURES</b>				
<b>Construction In Progress</b>				
Construction in Progress A	-	-	3,900	(3,900)
<b>Total Construction In Progress</b>	<b>-</b>	<b>-</b>	<b>3,900</b>	<b>(3,900)</b>
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>3,900</b>	<b>(3,900)</b>
Excess (deficiency) of revenues Over (under) expenditures	-	-	(3,817)	(3,817)
Net change in fund balance	\$ -	\$ -	\$ (3,817)	\$ (3,817)
<b>FUND BALANCE, BEGINNING (OCT 1, 2010)</b>	<b>-</b>	<b>-</b>	<b>66,624</b>	
<b>FUND BALANCE, ENDING</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 62,807</b>	

**Notes to the Financial Statements**  
**September 30, 2011**

**GENERAL FUND - BALANCE SHEET**

**ASSETS**

<b>CASH AND INVESTMENTS</b>	See Cash and Investment Report on page 14 for details		
<b>CASH ON HAND/ PETTY CASH</b>	Small amount of cash on hand for miscellaneous small expenses.	\$	500
<b>ASSESSMENTS RECEIVABLE, NET</b>	Delinquent assessments from FY2006 and FY 2011	\$	15,553
<b>ALLOW-DOUBTFUL COLLECTIONS</b>	Delinquent assessments from FY2006	\$	(11,430)
<b>Interest/Dividend Receivables</b>	Accrued interest on CenterState CD 36 months	\$	266

**LIABILITIES**

<b>ACCOUNTS PAYABLE</b>			
	Bio-Tech Consulting Inc	\$	1,530
	Grau & Associates		3,500
	Harmony Development Co, LLC		8,000
	Luke Brothers		78,646
	Miscellaneous		2,441
	Napa Auto Parts		1,271
	Roberts Pool Service & Repair		1,380
	Severn Trent Enviromental Services		12,368
	Young Van Assenderp, P.A		4,493
	<b>Total</b>	<b>\$</b>	<b>113,629</b>
<b>ACCRUED EXPENSES</b>			
	KUA- Water & Sewer	\$	8,000
	OUC - Streetlighting		31,642
	Bio-Tech Consulting Inc - Lake and Wetland		1,530
	City of St Cloud - September		2,000
	<b>Total</b>	<b>\$</b>	<b>43,172</b>
<b>DEPOSITS</b>	Deposits for Pool Keys	\$	1,300

**Notes to the Financial Statements**  
**September 30, 2011**

**GENERAL FUND - REVENUES AND EXPENDITURES**

**REVENUES**

INTEREST- INVESTMENTS	Interest earned on operating and investment accounts
JUDGMENT AND FINES	Court-ordered restitution to be paid in monthly payments until total restitution amount is collected.
SPECIAL ASSMNTS - TAX COLLECTOR	Non-Ad Valorem assessment collected by the tax collector on all the platted parcel.
SPECIAL ASSMNTS - CDD COLLECTED	Non-Ad Valorem assessments collected monthly by the District on all the unplatted parcels.
SPECIAL ASSMNTS - DELINQUENT	Non-Ad Valorem delinquent assessments for FY2010, collected by the tax collector.
SPECIAL ASSMNTS - DISCOUNTS	Discounts on Non-Ad Valorem assessments collected by tax collector.

**EXPENDITURES**

<b>ADMINISTRATIVE</b>	
P/R-BOARD OF SUPERVISORS	Payroll Board - Additional workshop in March and August.
PROFSERV-ARBITRAGE REBATE	Grau and Associates - Arbitrage Report for Series 2004 and Series 2001 - FY2008 through FY2010
PROFSERV-ENGINEERING	Woolpert Inc. - Services as of September 2011
PROFSERV-LEGAL SERVICES	Young van Assenderp, P.A. services as of August 2011
PROFSERV-TRUSTEE	Annual fees for Series 2001 and Series 2004 12/1/10 - 11/30/11
AUDITING SERVICES	Audit is in progress
COMMUNICATION - TELEPHONE	Unfavorable difference due to additional conference calls at meetings
INSURANCE - GENERAL LIABILITY	Public Risk Agency - Paid in Full for FY 2011 - General Insurance Policy Splash pad/ fountain was added to the insurance policy in October 2011, resulting in an increase in the premium.
MISC-ASSESSMNT COLLECTION COST	Administrative and collection costs from Osceola County Tax Collector. This amount includes collection costs for delinquent assessments for FY2010
MISC-CONTINGENCY	CenterState Bank Wire Fees for Non-Ad Valorem assessment sent electronically by the tax collector through April 2011.
<b>FIELD</b>	
PROFSERV - FIELD MANAGEMENT	Salary and benefits for full-time field manager/dock master. New full-time assistant was hired in December 2010.
<b>LANDSCAPE</b>	
UTILITY - REFUSE REMOVAL	Luke Bros monthly fee for trash removal and litter control within District. The of trash removal was revised.
R&M-GROUNDS	Luke Bros monthly fee to maintain ground cover and plant annuals within District
R&M-IRRIGATION	Luke Bros monthly fee for irrigation and maintenance. Walker Tech. monthly fee for Maxi-com. Unfavorable variance due to Luke Bros invoices for increased amount of irrigation repairs completed through August.

**Notes to the Financial Statements**  
**September 30, 2011**

**GENERAL FUND - EXPENDITURE LANDSCAPE (continued)**

R&M-TREES AND TRIMMING Luke Bros monthly fee for pruning and maintenance for trees below 10-foot height level. Unfavorable variance due to replacement of dead trees within the District in January and root drenching in July.

R&M-TURF CARE Luke Bros monthly fee for mowing, edging and maintenance of turf within District.

R&M-SHRUB CARE Luke Bros monthly fee for pruning, mulching and maintaining shrubs within District.

**UTILITY**

ELECTRICITY - GENERAL City of St. Cloud - services through September

ELECTRICITY - STREET LIGHTING City of St. Cloud - services through September

UTILITY - WATER & SEWER KUA - services through September. Unfavorable variance due to increase of rates and usage.

**OPERATION & MAINTENANCE**

CONTRACTS-LAKE AND WETLAND Bio-Tech Consulting monthly fees of \$1,530 and extra pond plantings in April.

COMMUNICATION - TELEPHONE AT&T paid through September 2011

R&M-COMMON AREA (DISTRICT FACILITIES) District facility's expenditures; various invoices from Grainger, Northern Tool & Equipment Home Depot and Propet Distributors.

MISC-CONTINGENCY Utility vehicle purchased from Five Star Tractor & Equipment Storage Unit from Williams Scotsman Inc., keys and jerseys for employees. Recycled fence repair and replacement.

**Notes to the Financial Statements**  
**September 30, 2011**

**DEBT SERVICE FUNDS (SERIES 2001 & 2004) - BALANCE SHEET**

**ASSETS**

<b>CASH AND INVESTMENTS</b>	See Cash and Investment Report on page 14 for details		
<b>ASSESSMENTS RECEIVABLES</b>	Delinquent assessments Series 2001 from FY2006 and FY 2011	\$	43,284
	Debt Service assessments Series 2004 - 2nd installment	\$	371,850
<b>ALLOW-DOUBTFUL COLLECTIONS</b>	Delinquent assessments Series 2001 from FY2006	\$	(36,418)

**DEBT SERVICE FUNDS (SERIES 2001 & 2004) - REVENUES**

**REVENUES**

<b>INTEREST- INVESTMENTS</b>	Interest earned on investments on US Bank Accounts
<b>SPECIAL ASSMNTS - TAX COLLECTOR</b>	Non-Ad Valorem assessment collected by the tax collector on all the platted parcels
<b>SPECIAL ASSMNTS - PREPAYMENT</b>	Received payments for Debt Service prepayments
<b>SPECIAL ASSMNTS - CDD COLLECTED</b>	Non-Ad Valorem assessments collected by the District on all the un-platted parcels.
<b>SPECIAL ASSMNTS - DELINQUENT</b>	Non-Ad Valorem assessment collected by the tax collector for FY 2010
<b>SPECIAL ASSMNTS - DISCOUNTS</b>	Discounts on Non-Ad Valorem assessments collected by tax collector

**SERIES 2004 CAPITAL PROJECTS FUND - BALANCE SHEET**

**ASSETS**

<b>CASH AND INVESTMENTS</b>	See Cash and Investment Report on page 14 for details
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**Harmony**  
**Community Development District**

**Non-Ad Valorem Special Assessments - Orange County Tax Collector**  
**Monthly Collection Report**  
**For the Fiscal Year Ending September 30, 2011**

Date Received	Net Amount Received	Discount/ (Penalties) Amount	Collection Cost	Gross Amount Received	Allocation by Fund	
					General Fund	Series 2001 Debt Service Fund
<b>ASSESSMENTS LEVIED FY 2011</b>				\$ 1,659,705	\$ 622,750	\$ 1,036,956
Allocation %				100%	38%	62%
11/08/10	\$ 2,186	\$ 128	\$ 45	\$ 2,359	\$ 885	\$ 1,474
11/9/2011 (1)	-	(210)	-	-	-	-
11/18/10	54,820	2,331	1,119	58,269	21,864	36,405
12/08/10	638,052	27,128	13,021	678,202	254,473	423,729
12/23/11	46,304	1,792	945	49,040	18,401	30,640
01/07/11	21,146	649	432	22,226	8,340	13,886
02/07/11	18,488	482	377	19,347	7,259	12,088
03/09/11	18,361	187	375	18,922	7,100	11,822
04/11/11	682,810	74	13,935	696,818	261,458	435,360
05/10/11	23,642	(528)	482	23,596	8,853	14,742
06/09/11	8,051	(239)	164	7,976	2,993	4,983
6/22/2011 (2)	70,558	(2,097)	1,440	69,901	26,228	43,673
09/09/11	2,963	(211)	60	2,813	1,055	1,757
09/30/11	10,989	(977)	224	10,236	3,841	6,396
<b>TOTAL</b>	<b>\$ 1,598,368</b>	<b>\$ 28,508</b>	<b>\$ 32,620</b>	<b>\$ 1,659,705</b>	<b>\$ 622,750</b>	<b>\$ 1,036,956</b>

% COLLECTED 100% 100% 100%

Note (1) - Interest collected on FY 2010 delinquent assessments.

Note (2) - Tax Certificate Sales



# Harmony

## Community Development District

**Non-Ad Valorem Special Assessments - Delinquent**  
**Orange County Tax Collector - Monthly Collection Report**  
**For the Fiscal Year Ending September 30, 2010**

Date Received	Net Amount Received	Discount/ (Penalties) Amount	Collection Cost	Gross Amount Received	Allocation by Fund	
					General Fund	Series 2004 Debt Service Fund
<b>DELINQUENT ASSESSMENTS LEVIED FY2010</b>				\$ 1,711	\$ 640	\$ 1,072
Allocation %				100%	37.37%	62.63%
12/10/10	\$ 1,922	\$ (210)	\$ -	\$ 1,711	\$ 640	\$ 1,072
<b>TOTAL</b>	<b>\$ 1,922</b>	<b>\$ (210)</b>	<b>\$ -</b>	<b>\$ 1,711</b>	<b>\$ 640</b>	<b>\$ 1,072</b>

% COLLECTED 100% 100% 100%

# Harmony

## Community Development District

### Cash and Investment Report September 30, 2011

#### General Fund

<u>Account Name</u>	<u>Bank Name</u>	<u>Investment Type</u>	<u>Maturity</u>	<u>Yield</u>	<u>Balance</u>
Checking Account- Operating	CenterState Bank	Interest Bearing Account	n/a	0.05% / 0.30%	\$198,215
Checking Account	BankUnited	Business Checking Account	n/a	n/a	\$100
Checking Account	CenterState Bank	Business Checking Account	n/a	n/a	\$1,722
				<b>Subtotal</b>	<b>\$200,037</b>
Cash On Hand		Petty Cash	n/a	n/a	\$500
Certificate of Deposit	CenterState Bank	36 month CD	7/15/2014	1.25%	\$127,778
Money Market Account	CenterState Bank	Money Market Account	n/a	0.30%	\$277,480
Money Market Account	Florida Shores Bank	Money Market Account	n/a	0.85%	\$101,327
Money Market Account	BankUnited	Money Market Account	n/a	0.85%	\$100,493
				<b>Subtotal</b>	<b>\$479,300</b>

#### Debt Service and Capital Projects Funds

<u>Account Name</u>	<u>Bank Name</u>	<u>Investment Type</u>	<u>Maturity</u>	<u>Yield</u>	<u>Balance</u>
Series 2001 Prepayment Fund	US Bank	US Bank Open-Ended Commercial Paper	n/a	0.15%	\$33,750
Series 2001 Reserve Fund	US Bank	US Bank Open-Ended Commercial Paper	n/a	0.15%	\$1,416,606
Series 2001 Revenue Fund	US Bank	US Bank Open-Ended Commercial Paper	n/a	0.15%	\$302,341
Series 2004 Prepayment Fund	US Bank	US Bank Open-Ended Commercial Paper	n/a	0.15%	\$3,229
Series 2004 Reserve Fund	US Bank	US Bank Open-Ended Commercial Paper	n/a	0.15%	\$861,348
Series 2004 Revenue Fund	US Bank	US Bank Open-Ended Commercial Paper	n/a	0.15%	\$165,467
Series 2004 Construction Fund	US Bank	US Bank Open-Ended Commercial Paper	n/a	0.15%	\$62,807
				<b>Total</b>	<b>\$3,653,162</b>

**5B**

Invoice Approval Report # 138

October 17, 2011

Payee	Invoice Number	A= Approval R= Ratification	Invoice Amount
<u>AT &amp; T</u>	993377858X09262011	R	\$ 147.68
		Vendor Total	\$ 147.68
<u>BIO-TECH CONSULTING INC</u>	13140	A	\$ 1,530.00
		Vendor Total	\$ 1,530.00
<u>BRIGHT HOUSE NETWORKS</u>	092011-41601	R	\$ 124.95
	090711	R	\$ 178.40
	093011-41501	R	\$ 124.95
		Vendor Total	\$ 428.30
<u>CENTURY LINK</u>	090711-83185	R	\$ 49.00
	090411-27636	R	\$ 48.53
	092511-08324	R	\$ 44.40
		Vendor Total	\$ 141.93
<u>CITY OF ST CLOUD</u>	091211	R	\$ 33,418.78
		Vendor Total	\$ 33,418.78
<u>FEDEX</u>	7-619-15365	R	\$ 7.36
	7-634-49029	R	\$ 7.39
		Vendor Total	\$ 14.75
<u>GRAINGER</u>	9635449649	R	\$ 634.58
		Vendor Total	\$ 634.58
<u>GRAU &amp; ASSOCIATES</u>	8035	A	\$ 3,500.00
		Vendor Total	\$ 3,500.00
<u>HARMONY DEVELOPMENT CO, LLC</u>	8/19/11	A	\$ 8,000.00
		Vendor Total	\$ 8,000.00
<u>HOME DEPOT CREDIT SERVICES</u>	5010625	R	\$ 60.76
	2011013	R	\$ 135.18
	1025528	R	\$ 16.94
	8011298	R	\$ 76.79
	5011525	R	\$ 37.70
	5011659	R	\$ 288.38
	8012331	R	\$ 93.66
	1113595	R	\$ 8.74
		Vendor Total	\$ 718.15

Community Development District

Invoice Approval Report # 138

October 17, 2011

Payee	Invoice Number	A= Approval R= Ratification	Invoice Amount
<b><u>KISSIMMEE UTILITY AUTHORITY</u></b>	092711	R	\$ 7,913.41
		Vendor Total	\$ 7,913.41
<b><u>LUKE BROTHERS INC.</u></b>	1109-91619	A	\$ 38,595.75
	J014542	A	\$ 1,454.75
	1108-91374	A	\$ 38,595.75
		Vendor Total	\$ 78,646.25
<b><u>NAPA AUTO PARTS</u></b>	611784	A	\$ 44.87
	612456	A	\$ 76.92
	616860	A	\$ 1,107.27
	616990	A	\$ 9.20
	616882	A	\$ 32.26
		Vendor Total	\$ 1,270.52
<b><u>OSCEOLA NEWS-GAZETTE</u></b>	00095031	R	\$ 39.00
		Vendor Total	\$ 39.00
<b><u>PROPET DISTRIBUTORS INC.</u></b>	82784	A	\$ 720.35
		Vendor Total	\$ 720.35
<b><u>PUBLIC RISK INSURANCE AGENCY</u></b>	21546	R	\$ 23,262.00
		Vendor Total	\$ 23,262.00
<b><u>RENTAL WORLD OF ST CLOUD</u></b>	02-139833-05	A	\$ 84.00
		Vendor Total	\$ 84.00
<b><u>ROBERTS POOL SERVICE &amp; REPAIR</u></b>	091511	A	\$ 1,380.00
		Vendor Total	\$ 1,380.00
<b><u>SEVERN TRENT ENVIRONMENTAL SER</u></b>	2056313	A	\$ 12,368.25
		Vendor Total	\$ 12,368.25
<b><u>SPIES POOL LLC</u></b>	228682	A	\$ 327.55
	228956	A	\$ 462.25
		Vendor Total	\$ 789.80
<b><u>THE SHERWIN -WILLIAMS CO</u></b>	1587-5	R	\$ 21.79
	1554-5	R	\$ 18.15
		Vendor Total	\$ 39.94

Invoice Approval Report # 138

October 17, 2011

Payee	Invoice Number	A= Approval R= Ratification	Invoice Amount
<u>WALKER TECHNICAL SERVICES</u>	941	A	\$ 250.00
		Vendor Total	<u>\$ 250.00</u>
<u>WOOLPERT INC.</u>	2011005855	A	\$ 584.96
		Vendor Total	<u>\$ 584.96</u>
<u>YOUNG VAN ASSENDERP, P.A.</u>	11494	A	\$ 1,583.40
	11527	A	\$ 2,909.39
		Vendor Total	<u>\$ 4,492.79</u>
		Total	\$ 180,375.44
		<b>Total</b>	<b>\$ 180,375.44</b>

**Harmony  
Community Development District**

**Check Register**

**September 1 - September 30, 2011**

**Harmony**  
**Check Register by Fund**  
**For the Period from 9/1/2011 to 9/30/2011**  
**(Sorted by Check No.)**

Fund No.	Check No.	Check Date	Payee	Invoice No.	Invoice Description	G/L Account Name	G/L Account #	Check Amount
<b>GENERAL FUND - 001</b>								
001	52386	09/08/11	CENTURY LINK	08324	#311908324 8/25-9/24	Communication - Telephone	541003-53910	\$44.40
001	52388	09/19/11	CENTURY LINK	090711-83185	#407-498-3185 9/7-10/6	Communication - Telephone	541003-53910	\$49.00
001	52388	09/19/11	CENTURY LINK	090411-27636	#407-892-7636 9/4-10/3	Communication - Telephone	541003-53910	\$48.53
001	52389	09/19/11	CITY OF ST CLOUD	091211	BILLING PERIOD 8/9-9/9	Electricity - Streetlighting	543013-53903	\$31,462.07
001	52389	09/19/11	CITY OF ST CLOUD	091211	BILLING PERIOD 8/9-9/9	Electricity - General	543006-53903	\$1,956.71
001	52390	09/19/11	FEDEX	7-619-15365	#0012-7 8/26	Postage and Freight	541006-51301	\$7.36
001	52391	09/19/11	HOME DEPOT CREDIT SERVICES	5010625	MISC SUPPLIES,CLEANING	R&M-Common Area	546016-53910	\$60.76
001	52391	09/19/11	HOME DEPOT CREDIT SERVICES	2011013	SUPPLIES FOR COMMUN WIRES/CONNECTORS	R&M-Common Area	546016-53910	\$135.18
001	52391	09/19/11	HOME DEPOT CREDIT SERVICES	1025528	ASPHALT PATCH	R&M-Common Area	546016-53910	\$16.94
001	52391	09/19/11	HOME DEPOT CREDIT SERVICES	8011298	CLEANING SUPPLIES,INSECTICIDE ETC	R&M-Common Area	546016-53910	\$76.79
001	52391	09/19/11	HOME DEPOT CREDIT SERVICES	5011525	SUPPLIES	R&M-Common Area	546016-53910	\$37.70
001	52391	09/19/11	HOME DEPOT CREDIT SERVICES	5011659	BLDG MATERIALS/PLUMBING SUPPLIES	R&M-Common Area	546016-53910	\$288.38
001	52391	09/19/11	HOME DEPOT CREDIT SERVICES	8012331	SUPPLIES	R&M-Common Area	546016-53910	\$93.66
001	52391	09/19/11	HOME DEPOT CREDIT SERVICES	1113595	FIR & ANT KILLER	R&M-Common Area	546016-53910	\$8.74
001	52392	09/19/11	OSCEOLA NEWS-GAZETTE	00095031	LEGAL AD-MTG 9/22	Legal Advertising	548002-51301	\$39.00
001	52393	09/23/11	BIO-TECH CONSULTING INC	12960	AQUATIC PLANT MAINT-JULY	Contracts-Lake and Wetland	534021-53910	\$1,530.00
001	52394	09/23/11	CUNNINGHAM'S INC	07303	BOAT USE AGREEMENTS (500)	Printing and Binding	547001-51301	\$112.00
001	52395	09/23/11	HARMONY DEVELOPMENT CO, LLC	081711	REIMB:SIGN-FISHIN & SWIMMING PROHITED ETC.	Misc-Contingency	549900-53910	\$735.09
001	52396	09/23/11	HARMONY GOLF PRESERVE	HGP083011	REIMB:FUEL PROVIDED TO CDD-1/11-7/11	Misc-Contingency	549900-53910	\$1,280.19
001	52397	09/23/11	LUKE BROTHERS INC.	J014536	IRRIGATION WORK	R&M-Irrigation	546041-53902	\$700.00
001	52397	09/23/11	LUKE BROTHERS INC.	J014544	IRRIGATION WORK	R&M-Irrigation	546041-53902	\$300.00
001	52397	09/23/11	LUKE BROTHERS INC.	J014543	IRRIGATION WORK	R&M-Irrigation	546041-53902	\$295.50
001	52397	09/23/11	LUKE BROTHERS INC.	J014539	IRRIGATION WORK	R&M-Irrigation	546041-53902	\$91.00
001	52397	09/23/11	LUKE BROTHERS INC.	J014538	IRRIGATION WORK	R&M-Irrigation	546041-53902	\$69.00
001	52397	09/23/11	LUKE BROTHERS INC.	J014872	INSTALLATION OF FLOWERS	Miscellaneous Services	549001-53902	\$1,094.13
001	52397	09/23/11	LUKE BROTHERS INC.	J014871	INSTALLATION OF ANNUALS	Miscellaneous Services	549001-53902	\$1,105.80
001	52397	09/23/11	LUKE BROTHERS INC.	J014755	INSTALLATION TREES	Miscellaneous Services	549001-53902	\$1,057.00
001	52397	09/23/11	LUKE BROTHERS INC.	J014541	INSTALLATION OF GARLIC TO FILL BEDS	Miscellaneous Services	549001-53902	\$295.32
001	52398	09/23/11	MOYER MANAGEMENT GROUP INC	083111	MILEAGE FOR STAFF ON SITE:REGISTER ACCESS CARDS	Misc-Contingency	549900-53910	\$124.95
001	52399	09/23/11	NAPA AUTO PARTS	609062	BATTERY,SUPPLIES ETC	R&M-Equipment	546022-53910	\$258.44
001	52399	09/23/11	NAPA AUTO PARTS	607303	OUTBOARD	R&M-Equipment	546022-53910	\$11.45
001	52399	09/23/11	NAPA AUTO PARTS	CR609063	CORE DEPOSIT CREDIT	R&M-Equipment	546022-53910	(\$36.00)
001	52400	09/23/11	ROBERTS POOL SERVICE & REPAIR	081511	POOL MAINT-AUG	R&M-Pools	546074-53910	\$1,975.00
001	52401	09/23/11	SEVERN TRENT ENVIRONMENTAL SER	2055704	MGT FEES-AUG	ProfServ-Mgmt Consulting Serv	531027-51201	\$4,507.58
001	52401	09/23/11	SEVERN TRENT ENVIRONMENTAL SER	2055704	MGT FEES-AUG	ProfServ-Field Management	531016-53901	\$6,909.42
001	52401	09/23/11	SEVERN TRENT ENVIRONMENTAL SER	2055704	MGT FEES-AUG	ProfServ-Field Management	531016-53901	\$299.06
001	52401	09/23/11	SEVERN TRENT ENVIRONMENTAL SER	2055704	MGT FEES-AUG	Postage and Freight	541006-51301	\$59.65
001	52401	09/23/11	SEVERN TRENT ENVIRONMENTAL SER	2055704	MGT FEES-AUG	Printing and Binding	547001-51301	\$476.00
001	52401	09/23/11	SEVERN TRENT ENVIRONMENTAL SER	2055704	MGT FEES-AUG	Office Supplies	551002-51301	\$56.00
001	52401	09/23/11	SEVERN TRENT ENVIRONMENTAL SER	2055704	MGT FEES-AUG	Communication - Telephone	541003-51301	\$4.10
001	52401	09/23/11	SEVERN TRENT ENVIRONMENTAL SER	2055704	MGT FEES-AUG	Communication - Telephone	541003-51301	\$0.80



**Harmony**  
**Check Register by Fund**  
**For the Period from 9/1/2011 to 9/30/2011**  
**(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	52402	09/23/11	WALKER TECHNICAL SERVICES	938	MAXI-COM SYSTEM MONITORING-SEPT	R&M-Irrigation	546041-53902	\$250.00
001	52403	09/23/11	YOUNG VAN ASSENDERP, P.A.	11405	LEGAL FEES-JULY	ProfServ-Legal Services	531023-51401	\$3,311.39
001	52408	09/26/11	FEDEX	7-634-49029	#0012-7 9/14	Postage and Freight	541006-51301	\$7.39
001	52409	09/26/11	GRAINGER	9599206548	SUPPLIES:GLOVES/LINER/O-RINGS	R&M-Common Area	546016-53910	\$185.07
001	52409	09/26/11	GRAINGER	9597482208	CREDIT:VALVE REBUILD KIT	R&M-Common Area	546016-53910	(\$333.84)
001	52409	09/26/11	GRAINGER	9635449649	SUPPLIES	R&M-Common Area	546016-53910	\$634.58
001	52410	09/30/11	AT & T	993377858X09262011	#993377858 8/19-9/18	Communication - Telephone	541003-53910	\$147.68
001	52411	09/30/11	BRIGHT HOUSE NETWORKS	092011-41601	#1046416-01 9/28-10/27	R&M-Common Area	546016-53910	\$124.95
001	52412	09/30/11	KISSIMMEE UTILITY AUTHORITY	092711	BILLING PERIOD 8/18-9/18	Utility - Water & Sewer	543021-53903	\$7,913.41
001	52404	09/28/11	MARK W. LEMENAGER	PAYROLL	September 28, 2011 Payroll Posting			\$188.70
001	52405	09/28/11	STEVEN P. BERUBE	PAYROLL	September 28, 2011 Payroll Posting			\$188.70
001	52406	09/28/11	RAYMOND D. WALLS, III	PAYROLL	September 28, 2011 Payroll Posting			\$188.70
001	52407	09/28/11	ROBERT D. EVANS	PAYROLL	September 28, 2011 Payroll Posting			\$188.70
<b>Fund Total</b>								<b>\$70,632.13</b>

**2001 DEBT SERVICE FUND - 201**

201	52387	09/14/11	US BANK NATIONAL ASSOC	091211	TRANSFER OF TAX RECEIPTS 2010/11 AUG	Due From Other Funds	131000	\$1,851.43
<b>Fund Total</b>								<b>\$1,851.43</b>

<b>Total Checks Paid</b>	<b>\$72,483.56</b>
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**5C**

## HARMONY CDD LOG

DATE	CONCERN	LOCATION	ACTION TAKEN	STATUS	NAME	PHONE
04/04/11	concerns over park at Buttonbush Loop		Luke Bros. aware of concerns	Complete TH	Jeanna McGinness	
04/06/11	dog bin full and no bags for several days	opposite 3362 Cat Brier Trl	Staff corrected issue	Complete TH	Jim Warren	
04/19/11	splash pad not working	will be repaired by 4/22/11	Fixed 4/20/11	Complete TH	Amber Sorrels	407-925-7596
04/22/11	large ant mound	Birchwood park		Complete TH	Kerul Kassel	201-406-0244
04/30/11	concern over replacement trees	6929 Cupseed Lane	Luke addressing concerns	Complete TH	Jason Roberson	
05/05/11	lack of irrigation for new plantings	Primrose Willow by dog park	being addressed w/Toho & Luke	Complete TH	Kerul Kassel	
05/17/11	complaint about noisy ice cream truck	7132 Indian Grass	Osceola Code Enforcement Issue	Complete TH	Scott Smith	321-431-5996
05/27/11	landscape mowers damaged metal fence	7006 Bluestem	Luke made repairs	Complete TH	Mark Frankenburg	321-217-4621
06/13/11	broken irrigation/leakage	large dog park	Luke repairing leak	Complete TH	Dave Leeman	201-406-0244
06/13/11	broken irrigation/leakage	large dog park	Luke repairing leak	Complete TH	Dave Leeman	201-406-0244
06/14/11	irrigation turned off	3310 Catbrier Trail	TOHO issue	Complete TH	Lori Brooks	270-977-7355
06/20/11	broken irrigation/gusher	Five Oaks by circle	Luke repaired	Complete TH	Dave Leeman	201-406-0244
06/23/11	sprinkler problem	alley-Beargrass & schoolhouse	Luke repaired	Complete TH	Pam LeMenanger	
06/28/11	right of way tree is dead	6971 Blue Stem Rd.	Scheduled for Fall	Complete TH	Ben Falleur	407-319-8793
07/05/11	vandalism	lakeshore park	Sheriff Report Filed	Complete TH	Todd Haskett	
07/05/11	tree down at park	Sundrop Triangle Park	Luke staked tree	Complete TH	Jonathon	
07/22/11	concern about common area landscaping	7028 Buttonbush Loop		Complete TH	Ruben Hernandez	407-957-3471
07/27/11	lakeshore water feature not working		repaired	Complete TH		
08/03/11	unhappy with condition of pools (dirty,etc)			Complete TH	Linda Donnaruma	407-892-4559
08/08/11	feces in main pool on Sunday		pool cleaned, re-opened Monday	Complete TH		
08/17/11	sprinkler problem	Schoolhouse Rd./Buck Lane	Luke repairing	Complete TH	Dave Leeman	
08/19/11	complaint about new card ID system		Gary and Brenda responded	Complete TH	Ken Pearson	
09/02/11	grass surrounding pond needs mowing	6992 Bluestem Rd.		Complete TH	Linda Meissner	518-961-5551
09/08/11	trees need trimming	7015 Buttonbush Loop/dog park	responsibility of home owner	Complete TH	Kira	321-624-8132
09/08/11	not enough grass being mown around pond	3320 Bracken Fern	Todd contacting Luke Bros.	Complete TH	Randy Odden	702-572-5219
09/09/11	evidence of reckless driving through sod	Estate dog parks	Todd emailed Kerul	Complete TH	Kerul Kassel	

**5D**

**Harmony CDD**  
**Website Statistics as of October 18, 2011**  
*(counter setup March 25, 2011)*

**OVERVIEW**

• Total Visitors:	1,434	• Visitors, September:	243
• Total Page Views:	7,908	• Page Views, September:	937
• Total Spiders:	5,412	• Visitors, October:	132
• Total Feeds:	328	• Page Views, October:	543

**OPERATING SYSTEMS**

• Windows XP:	2,969	• iPhone:	114
• Windows 7:	1,337	• Windows 2000:	109
• Windows Vista:	667	• iPad:	72
• MAC OS X Snow Leopard:	397	• Android Linux:	58
• Windows Server 2003:	180	• Mac OS X Leopard:	51

**BROWSERS**

• Internet Explorer 8:	1,737	• Firefox 3:	491
• Mozilla:	1,403	• Internet Explorer 9:	439
• Internet Explorer 6:	1,064	• Google Chrome:	436
• Internet Explorer 7:	959	• Firefox:	211
• Safari:	593	• Opera:	94

**SEARCH ENGINES**

• Google:	351	• Ask:	2
• Yandex:	53	• Incredimail	1
• Yahoo:	39		

**TOP DAYS**

• June 30, 2011:	232	• July 14, 2011:	174
• July 22, 2011:	175	• May 9, 2011:	163
• July 9, 2011:	175		

**TOP DAYS UNIQUE VISITORS**

• June 30, 2011:	70	• July 20, 2011	39
• July 9, 2011:	48	• July 12, 2011:	35
• July 23, 2011:	46		

**TOP DAYS PAGE VIEWS**

• June 30, 2011:	187	• June 10, 2011	124
• July 9, 2011:	146	• July 26, 2011:	110
• July 23, 2011:	135		

**TOP PAGES**

• Home:	3,276	• /index.php	319
• About Harmony:	365	• Recreational Facilities	278
• Agendas:	330		

**LAST PAGES**

<b>Date</b>	<b>Page</b>	<b>OS</b>	<b>Browser</b>
• October 18, 2011	About Harmony		Mozilla
• October 18, 2011	Home		Mozilla
• October 18, 2011	Budgets		Mozilla
• October 18, 2011	Home		Mozilla
• October 17, 2011	Home	iPhone	Safari
• October 17, 2011	F.A.Q.		Mozilla
• October 17, 2011	Home	Windows XP	Firefox 3
• October 17, 2011	Home		Mozilla
• October 17, 2011	Recreational Facilities	Windows Vista	Firefox
• October 17, 2011	Home	Windows Vista	Firefox

**LATEST HITS**

<b>Date</b>	<b>Page</b>	<b>OS</b>	<b>Browser</b>
• October 17, 2011	Home	iPhone	Safari
• October 17, 2011	Home	Windows XP	Firefox 3
• October 17, 2011	Recreational Facilities	Windows Vista	Firefox
• October 17, 2011	Home	Windows Vista	Firefox
• October 17, 2011	Home	Windows Vista	Firefox
• October 17, 2011	feed=rss2		Mozilla
• October 17, 2011	Home	Windows Vista	Firefox
• October 17, 2011	F.A.Q.	Windows Vista	Firefox
• October 17, 2011	Home	Windows Vista	Firefox
• October 17, 2011	Home	Windows Vista	Firefox

**LATEST SEARCH TERMS** *(shown as typed in the search engines)*

• October 17, 2011	harmony cdd
• October 17, 2011	butterfly
• October 12, 2011	harmony cdd
• October 10, 2011	harmony cdd
• October 8, 2011	harmony logo
• October 7, 2011	harmonycdd.org
• October 7, 2011	harmonycdd.org
• October 5, 2011	HROA harmony
• October 5, 2011	harmony community development district default
• October 5, 2011	harmony fl cdd

**TOP SEARCH TERMS** *(shown as typed in the search engines)*

• Harmony CDD	130	• cdd harmony	4
• harmonycdd.org	69	• cdd stories	4
• harmony community development district	43	• harmonycdd.com	4
• www.harmonycdd.org	29	• "harmony cdd"	3
• harmony fl cdd	20	• "HARMONY COMMUNITY DEVELOPMENT DISTRICT"	3
• harmony florida cdd	14	• harmony community swimming	3
• harmonycdd	10	• celabration florida ponds for fishing	3
• harmony community water problems	5	• www.harmony.cdd	3
• cache:6MgNJucPNAoJwww.harmonycdd.org/harmony fl	5	• harmony residential association in osceola	3
• harmony logo	5	• harmony boil water alert fl	2

**5E**



**HARMONY  
COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2010**

**HARMONY COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA**

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**Grau & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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Fax (561) 994-5823  
www.graucpa.com

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Supervisors  
Harmony Community Development District  
Osceola County, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Harmony Community Development District, Osceola County, Florida (the "District") as of and for the fiscal year ended September 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2010, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

September 27, 2011

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of Harmony Community Development District, Osceola County, Florida's ("District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2010. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

### **FINANCIAL HIGHLIGHTS**

- The liabilities of the District exceeded its assets at the close of the most recent fiscal year resulting in a net asset balance of \$(11,012,671).
- The change in the District's total net assets in comparison with the prior fiscal year was \$26,375, an increase. The key components of the District's net assets and change in net assets are reflected in the table in the government-wide financial statements analysis section.
- At September 30, 2010, the District's governmental funds reported combined ending fund balances of \$3,806,273, an increase of \$39,943 in comparison with the prior year. Of the total fund balance, a portion is reserved for debt service, capital projects and other items and the remainder is unreserved which is available for spending at the District's discretion.

### **OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as the introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: **1)** government-wide financial statements, **2)** fund financial statements, and **3)** notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **1) Government-Wide Financial Statements**

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

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by special assessment revenues. The District does not have any business-type activities. The governmental activities of the District include the general government (management), physical environment (maintenance) and parks and recreation functions.

#### **2) Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund category: governmental funds.

## OVERVIEW OF FINANCIAL STATEMENTS (Continued)

### 2) Fund Financial Statements (Continued)

#### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District currently maintains four individual governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, debt service 2001, debt service 2004, and 2004 capital projects funds. All of the funds are considered to be major funds.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

### 3) Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data included in the government-wide and fund financial statements.

#### FINANCIAL ANALYSIS OF GOVERNMENT-WIDE INFORMATION

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. In the case of the District, liabilities exceeded assets at the close of the most recent fiscal year.

A portion of the District's net assets reflects its investment in capital assets (e.g. land, land improvements and infrastructure); less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the District's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the District's other obligations.

**FINANCIAL ANALYSIS OF GOVERNMENT-WIDE INFORMATION (Continued)**

Key components of the District's net assets are reflected in the following table:

	NET ASSETS	
	SEPTEMBER 30,	
	2010	2009
Assets, excluding capital assets	\$ 4,509,932	\$ 4,443,647
Capital assets, net of depreciation	15,868,724	16,330,591
Total assets	<u>20,378,656</u>	<u>20,774,238</u>
Liabilities, excluding long-term liabilities	1,081,327	988,284
Long-term liabilities	30,310,000	30,825,000
Total liabilities	<u>31,391,327</u>	<u>31,813,284</u>
Net Assets		
Invested in capital assets, net of related debt	(13,867,590)	(13,756,250)
Restricted for debt service	2,278,921	2,315,780
Unrestricted	575,998	401,424
Total net assets (deficit)	<u>\$ (11,012,671)</u>	<u>\$ (11,039,046)</u>

The District's net assets increased during the most recent fiscal year. The majority of the increase represents the degree to which ongoing revenues exceeded the cost of operations, including depreciation, and interest on the District's long-term debt.

Key elements of the change in net assets are reflected in the following table:

	CHANGES IN NET ASSETS	
	FOR THE FISCAL YEAR ENDED SEPTEMBER 30,	
	2010	2009
Revenues:		
Program revenues	\$ 4,201,443	\$ 4,247,565
General revenues	4,053	2,832
Total revenues	<u>4,205,496</u>	<u>4,250,397</u>
Expenses:		
General government	182,988	234,428
Maintenance and operations	1,613,535	1,553,708
Parks and recreation	164,722	163,750
Interest	2,165,283	2,201,129
Allowance for prior year receivable	52,593	
Total expenses	<u>4,179,121</u>	<u>4,153,015</u>
Change in net assets	<u>26,375</u>	<u>97,382</u>
Net assets (deficit), beginning	(11,039,046)	(11,136,428)
Net assets (deficit), ending	<u>\$ (11,012,671)</u>	<u>\$ (11,039,046)</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2010 was \$4,179,121. The costs of the District's activities were primarily funded by program revenues. Program revenues were comprised primarily of assessments for both the most recent and preceding fiscal years.

**GENERAL BUDGETING HIGHLIGHTS**

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed budgeted appropriations for the fiscal year ended September 30, 2010.

## GENERAL BUDGETING HIGHLIGHTS (Continued)

The variance between budgeted and actual general fund revenues for the 2010 fiscal year is as a result of lot owners not taking advantage of the discounts, resulting in higher than anticipated revenues. The actual general fund expenditures for the 2010 fiscal year were lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At September 30, 2010, the District had \$17,255,000 invested in land, land improvements, infrastructure, recreation areas and facilities, and equipment. In the government-wide financial statements depreciation of \$1,386,276 has been taken, which resulted in a net book value of \$15,868,724. More detailed information about the District's capital assets is presented in the notes of the financial statements.

### Capital Debt

At September 30, 2010, the District had \$30,310,000 in Bonds outstanding for its governmental activities. More detailed information about the District's capital debt is presented in the notes of the financial statements.

## ECONOMIC FACTORS AND NEXT YEARS BUDGET

The District does not anticipate any major projects or significant changes to its infrastructure maintenance program for fiscal year 2011. In addition, it is anticipated that the general operations of the District will remain fairly constant.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, land owners, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Harmony Community Development District's Finance Department at 210 N. University Drive, Suite 702, Coral Springs, Florida, 33071.

**HARMONY COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2010**

	Governmental Activities
<b>ASSETS</b>	
Cash and equivalents	\$ 544,144
Investments	126,100
Assessments receivable	431,049
Interest receivable	1,284
Due from other governments (unused distributed funds)	14,729
Prepays	1,031
Restricted assets:	
Investments	2,884,534
Deferred charges	507,061
Capital assets:	
Nondepreciable	8,543,600
Depreciable, net	7,325,124
Total assets	20,378,656
<b>LIABILITIES</b>	
Accounts payable	196,598
Accrued interest payable	884,729
Non-current liabilities:	
Due within one year	530,000
Due in more than one year	29,780,000
Total liabilities	31,391,327
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	(13,867,590)
Restricted for debt service	2,278,921
Unrestricted	575,998
Total net assets (deficit)	\$ (11,012,671)

See notes to the financial statements



**HARMONY COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 182,988	\$ 182,988	\$ -	\$ -	\$ -
Maintenance and operations	1,613,535	1,340,113	-	116	(273,306)
Parks and recreation	164,722	-	-	-	(164,722)
Interest on long-term debt	2,165,283	2,675,031	3,195	-	512,943
Allowance for prior year receivable	52,593	-	-	-	(52,593)
Total governmental activities	<u>4,179,121</u>	<u>4,198,132</u>	<u>3,195</u>	<u>116</u>	<u>22,322</u>
General revenues:					
Unrestricted investment earnings					<u>4,053</u>
Total general revenues					<u>4,053</u>
Change in net assets					26,375
Net assets (deficit) - beginning					<u>(11,039,046)</u>
Net assets (deficit) - ending					<u>\$ (11,012,671)</u>

See notes to the financial statements

**HARMONY COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010**

	Major Funds				Total Governmental Funds
	General	Debt Service 2001	Debt Service 2004	Capital Projects 2004	
<b>ASSETS</b>					
Cash and equivalents	\$ 544,144	\$ -	\$ -	\$ -	\$ 544,144
Investments	126,100	1,726,194	1,072,106	86,234	3,010,634
Assessments receivable	76,197		354,852		431,049
Interest receivable		399	874	11	1,284
Due from other governments (unused distributed funds)	5,504	9,225			14,729
Due from other funds	18,110				18,110
Prepays	1,031				1,031
Total assets	<u>\$ 771,086</u>	<u>\$ 1,735,818</u>	<u>\$ 1,427,832</u>	<u>\$ 86,245</u>	<u>\$ 4,020,981</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 195,088	\$ -	\$ -	\$ 1,510	\$ 196,598
Due to other funds				18,110	18,110
Total liabilities	<u>195,088</u>	<u>-</u>	<u>-</u>	<u>19,620</u>	<u>214,708</u>
<b>Fund balances:</b>					
<b>Reserved for:</b>					
Debt service		1,735,818	1,427,832		3,163,650
Capital projects				66,625	66,625
Other - Prepays	1,031				1,031
<b>Unreserved, reported in:</b>					
General fund	574,967				574,967
Total fund balances	<u>575,998</u>	<u>1,735,818</u>	<u>1,427,832</u>	<u>66,625</u>	<u>3,806,273</u>
Total liabilities and fund balances	<u>\$ 771,086</u>	<u>\$ 1,735,818</u>	<u>\$ 1,427,832</u>	<u>\$ 86,245</u>	<u>\$ 4,020,981</u>

See notes to the financial statements

**HARMONY COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2010**

Fund balance - governmental funds		\$ 3,806,273
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net assets includes those capital assets, net of any accumulated depreciation, in the net assets to the government as a whole.		
Cost of capital assets	17,255,000	
Accumulated depreciation	<u>(1,386,276)</u>	15,868,724
Bond issue costs are not financial resources and, therefore are not reported as assets in the governmental funds. The statements of net assets includes these costs, net of amortization.		
Bond issue costs	633,823	
Accumulated amortization	<u>(126,762)</u>	507,061
Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.		
Accrued interest payable	(884,729)	
Bonds payable	<u>(30,310,000)</u>	<u>(31,194,729)</u>
Net assets of governmental activities		<u>\$ (11,012,671)</u>

See notes to the financial statements

**HARMONY COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	Major Funds				Total Governmental Funds
	General	Debt Service 2001	Debt Service 2004	Capital Projects 2004	
<b>REVENUES</b>					
Assessments	\$ 1,531,202	\$ 1,473,814	\$ 1,201,217	\$ -	\$ 4,206,233
Interest	4,053	1,722	1,473	116	7,364
Total revenues	<u>1,535,255</u>	<u>1,475,536</u>	<u>1,202,690</u>	<u>116</u>	<u>4,213,597</u>
<b>EXPENDITURES</b>					
Current:					
General government	171,535	11,453	-	-	182,988
Maintenance and operations	1,108,364	-	-	-	1,108,364
Parks and recreation	41,446	-	-	-	41,446
Debt Service:					
Principal	-	305,000	210,000	-	515,000
Interest	-	1,144,413	1,014,863	-	2,159,276
Capital outlay	23,118			143,462	166,580
Total expenditures	<u>1,344,463</u>	<u>1,460,866</u>	<u>1,224,863</u>	<u>143,462</u>	<u>4,173,654</u>
Excess (deficiency) of revenues over (under) expenditures	190,792	14,670	(22,173)	(143,346)	39,943
Fund balances - beginning	<u>385,206</u>	<u>1,721,148</u>	<u>1,450,005</u>	<u>209,971</u>	<u>3,766,330</u>
Fund balances - ending	<u>\$ 575,998</u>	<u>\$ 1,735,818</u>	<u>\$ 1,427,832</u>	<u>\$ 66,625</u>	<u>\$ 3,806,273</u>

See notes to the financial statements

**HARMONY COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Net change in fund balances - total governmental funds	\$ 39,943
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, the costs of capital assets is eliminated in the statement of activities and capitalized in the statement of net assets.	159,659
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds. The details of the differences are as follows:	
Conveyance of capital assets	(162,176)
Depreciation of capital assets is not recognized in the governmental fund statements but is reported as an expense in the statement of activities.	(459,350)
Certain uncollectible amounts relating to prior year receivables are considered expenses on the statement of activities, but do not affect the fund financial statements.	(52,593)
Certain revenues were deferred for the fund financial statements in the prior year. In the current year, these revenues were recorded in the fund financial statements.	(8,101)
Repayment of long-term liabilities are reported as expenditures in the governmental fund statement but such repayments reduce liabilities in the statement of net assets and are eliminated in the statement of activities.	515,000
Governmental funds report the effect of issuance of costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Amortization of issuance costs	(21,127)
The change in accrued interest on long-term liabilities between the current and prior fiscal year is recorded in the statement of activities but not in the fund financial statements.	15,120
Change in net assets of governmental activities	<u>\$ 26,375</u>

See notes to the financial statements

**HARMONY COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY**

Harmony Community Development District (the "District") was established on February 28, 2000 by the Osceola County, Florida Ordinance No. 00-05 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District was established for the purpose of managing the financing, acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by the Board of Supervisors ("Board") which is composed of five members. The Supervisors are elected by qualified electors within the District. To carry out the purpose of the District, the Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes. One Board member is affiliated with Birchwood Acres Limited Partnership ("Developer") at September 30, 2010.

The Board has the responsibility for:

1. Assessing and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Exercising its financing powers to fund improvements.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement 14, and Statement 39, an amendment of GASB Statement 14. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Government-Wide and Fund Financial Statements**

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment. Operating-type special assessments for maintenance and debt service are treated as charges for services, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

### Assessments

Assessments are non-ad valorem assessments on benefited lands within the District. Assessments are imposed and levied to pay for the operations and maintenance by the District of its systems and facilities provided to the property. For debt service, certain amounts are collected at lot closings as advance payments and are used to prepay a portion of the Bonds outstanding. Otherwise, assessments are collected annually to provide funds for the debt service on the portion of the Bonds which are not paid with prepaid assessments. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. The District's annual assessments for operations and debt service are billed and collected by the County Tax Collector for non-Developer owned parcels or lots. For certain Developer owned acres, parcels or lots the District bills and collects the annual assessments. The amounts remitted to the District are net of applicable discounts or necessary administrative costs reimbursements and collection costs compensation. In addition, amounts remitted by the County Tax Collector include interest on monies held from the day of collection to the day of distribution.

Assessments and interest associated with the current fiscal period are considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. The portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

### General Fund

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

### Debt Service Fund 2001

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on the Series 2001 Bonds.

### Debt Service Fund 2004

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on the Series 2004 Bonds.

### Capital Projects Fund 2004

This fund accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

**Assets, Liabilities and Net Assets or Equity**

**Restricted Assets**

These assets represent cash and investments set aside pursuant to Bond covenants or other contractual restrictions.

**Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

Securities listed in paragraphs c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured and any unspent Bond proceeds are required to be held in investments as specified in the Bond Indenture.

The District records all interest revenue related to investment activities in the respective funds and reports investments at fair value.

**Inventories and Prepaid Items**

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets**

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	10
Infrastructure	15
Recreational facilities	30



## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Assets, Liabilities and Net Assets or Equity (Continued)**

#### **Capital Assets (Continued)**

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

#### **Deferred Charges**

In a prior year, in connection with the issuance of certain debt, the District incurred costs totaling \$633,823. In the government-wide financial statements, that amount has been capitalized and amortized ratably over the estimated life of the Bonds. At September 30, 2010, the District reported accumulated amortization of \$126,762.

#### **Deferred Revenue**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

#### **Long-Term Obligations**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized ratably over the life of the Bonds. Bonds payable are reported net of premiums or discounts.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **Fund Equity/Net Assets**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net assets in the government-wide financial statements are categorized as invested in capital assets, net of related debt, restricted or unrestricted. Invested in capital assets, net of related debt represents net assets related to infrastructure and property, plant and equipment, net of any related debt. Restricted net assets represent the assets restricted by the District's Bond covenants or other contractual restrictions.

#### **Other Disclosures**

##### **Use of Estimates**

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

### NOTE 3 – BUDGETARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

- a) Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain comments.
- c) Prior to October 1, the budget is legally adopted by the District Board.
- d) All budget changes must be approved by the District Board.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

### NOTE 4 – DEPOSITS AND INVESTMENTS

#### Cash

The District's cash balances including the Certificate of Deposit shown below were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

#### Investments

The District's investments were held as follows at September 30, 2010:

	Fair Value	Credit Risk	Maturities
US Bank N.A. Int Bearing Commercial paper	\$ 400,000	S&P A-1+	10/22/2010
US Bank N.A. Open Commercial paper	2,125,639	S&P A-1+	Open
Corporate Certificates of Deposit	358,895	N/A	Various
Centerstate Bank Certificate of deposit	126,100	N/A	6/17/2011
	<u>\$ 3,010,634</u>		

*Custodial risk* – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk. The commercial paper investments and corporate bonds and notes are held by the trustee or agent but not in the District's name.

*Credit risk* – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

*Concentration risk* – The District places no limit on the amount the District may invest in any one issuer.

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

However, the Bond Indenture limits the type of investments held using unspent proceeds.

**NOTE 5 – INTERUND TRANSACTIONS**

Interfund receivable and payables at September 30, 2010 were as follows:

Fund	Receivable	Payable
General	\$ 18,110	\$ -
Capital projects 2004		18,110
Total	\$ 18,110	\$ 18,110

The outstanding balances between funds result primarily from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. The balance above relates to expenditures paid by the general fund on behalf of the capital projects fund.

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended September 30, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land and land improvements	\$ 8,543,600	\$ -	\$ -	\$ 8,543,600
Constuction in progress	45,218	116,958	(162,176)	-
Total capital assets, not being depreciated	8,588,818	116,958	(162,176)	8,543,600
Capital assets, being depreciated				
Infrastructure	4,930,607	26,504	-	4,957,111
Recreational	3,698,287	-	-	3,698,287
Equipment	39,805	16,197	-	56,002
Total capital assets, being depreciated	8,668,699	42,701	-	8,711,400
Less accumulated depreciation for:				
Infrastructure	657,414	330,474	-	987,888
Recreational	253,774	123,276	-	377,050
Equipment	15,738	5,600	-	21,338
Total accumulated depreciation	926,926	459,350	-	1,386,276
Total capital assets, being depreciated, net	7,741,773	(416,649)	-	7,325,124
Governmental activities capital assets, net	\$ 16,330,591	\$ (299,691)	\$ (162,176)	\$ 15,868,724

District infrastructure was developed in three phases and was expected to cost approximately \$26,193,000. In a prior year, the project was completed and certain assets were conveyed to other entities for ownership and maintenance. Current year conveyance is for the water main extension project.

Depreciation expense was charged to function/program as follows:

Maintenance and operations	\$ 336,074
Parks and recreation	123,276
Total depreciation expense	\$ 459,350

## NOTE 7 – LONG TERM LIABILITIES

### **Capital Improvement Revenue Bonds Series 2001**

On October 9, 2001 the District issued \$17,700,000 of Capital Improvement Revenue Bonds Series 2001, due on May 1, 2032 with a fixed interest rate of 7.25%. Interest is payable semiannually on each May 1 and November 1. Principal is payable on an annual basis commencing May 1, 2003 through May 1, 2032.

The Series 2001 Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture. This occurred during the fiscal year ended September 30, 2010 as the District collected prepaid assessments from lot owners and prepaid \$20,000 of the Bonds. See Note 12 for additional prepayments subsequent to year end.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District is in compliance with the requirements of the Bond Indenture at September 30, 2010.

The Bond Indenture requires that the District obtain a \$5,000,000 letter of credit which can be utilized by the Trustee in the event that sufficient funds are not available to cover the required debt service payments. The District does not currently have a letter of credit. There is an insurance policy and mortgage security agreement in place through the District's trust account.

### **Capital Improvement Revenue Bonds Series 2004**

On December 10, 2004 the District issued \$15,490,000 of Capital Improvement Revenue Bonds Series 2004, due on May 1, 2036 with a fixed interest rate of 6.75%. Interest is payable semiannually on each May 1 and November 1 commencing May 1, 2006. Principal is payable on an annual basis commencing May 1, 2007.

The Series 2004 Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture established a debt service reserve requirement as well as certain other restrictions and requirements relating principally to the use of proceeds and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District is in compliance with the requirements of the Bond Indenture at September 30, 2010.

### **Long-term debt activity**

Changes in long-term liability activity for the fiscal year ended September 30, 2010 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b><u>Governmental activities</u></b>					
Bonds payable:					
Series 2001	\$ 15,790,000	\$ -	\$ 305,000	\$ 15,485,000	\$ 305,000
Series 2004	15,035,000		210,000	14,825,000	225,000
Total	<u>\$ 30,825,000</u>	<u>\$ -</u>	<u>\$ 515,000</u>	<u>\$ 30,310,000</u>	<u>\$ 530,000</u>

**NOTE 7 – LONG TERM LIABILITIES (Continued)**

At September 30, 2010, the scheduled debt service requirements on the long - term debt were as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2011	\$ 530,000	\$ 2,123,350	\$ 2,653,350
2012	570,000	2,086,051	2,656,051
2013	605,000	2,045,951	2,650,951
2014	650,000	2,003,363	2,653,363
2015	690,000	1,957,613	2,647,613
2016-2020	4,280,000	8,984,688	13,264,688
2021-2025	6,045,000	7,245,013	13,290,013
2026-2030	7,335,000	4,792,588	12,127,588
2031-2035	8,455,000	1,667,200	10,122,200
2036	1,150,000	77,625	1,227,625
<b>Total</b>	<b>\$ 30,310,000</b>	<b>\$ 32,983,440</b>	<b>\$ 63,293,440</b>

**NOTE 8 – DEVELOPER TRANSACTIONS**

The Developer owns a portion of land within the District; therefore, revenues in the general and debt service funds include non ad-valorem assessments billed by the District. Developer assessment revenue for the fiscal year ended September 30, 2010 for the general fund totaled \$914,363. For debt service, Developer revenue for the fiscal year ended September 30, 2010 was \$433,380 for the Series 2001 Bonds and \$1,201,222 for debt service on the Series 2004 Bonds, which includes a receivable of \$354,852 for the Series 2004 Bonds. The receivable was collected subsequent to year end.

The District's activity is dependent on the continued involvement of the Developer, the loss of which could have a material adverse effect on the District's operations.

**NOTE 9 – DEFICIT FUND EQUITY**

The District has a government-wide net asset deficit balance of (\$11,012,671) as of September 30, 2010. There is no such deficit reflected in the governmental fund statements. The deficit primarily relates to capital outlay which has been financed through the issuance of long term debt but is not owned or maintained by the District as discussed in Note 6 – Capital Assets.

**NOTE 10 - MANAGEMENT COMPANY**

The District has contracted with a management company to manage the works of the District, including to perform services such as financial and accounting advisory services. Certain employees of the management company also serve as officers of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

**NOTE 11 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

**NOTE 12 – SUBSEQUENT EVENT**

**Bond Payment**

Subsequent to year end, the District prepaid \$30,000 of the Series 2001 Bonds. The prepayments were extraordinary mandatory redemptions as outlined in the Bond Indenture.

**HARMONY COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Assessments - Tax collector	\$ 597,840	\$ 616,838	\$ 18,998
Assessments - District collected	914,363	914,364	1
Interest	500	4,053	3,553
Total revenues	<u>1,512,703</u>	<u>1,535,255</u>	<u>22,552</u>
<b>EXPENDITURES</b>			
Current:			
General government	194,494	171,535	22,959
Maintenance and operations	1,151,146	1,108,364	42,782
Parks and recreation	167,063	41,446	125,617
Capital outlay	-	23,118	(23,118)
Total expenditures	<u>1,512,703</u>	<u>1,344,463</u>	<u>168,240</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	190,792	<u>\$ 190,792</u>
Fund balance - beginning		<u>385,206</u>	
Fund balance - ending		<u>\$ 575,998</u>	

See notes to required supplementary information

**HARMONY COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed budgeted appropriations for the fiscal year ended September 30, 2010.

The variance between budgeted and actual general fund revenues for the 2010 fiscal year is as a result of lot owners not taking advantage of the discounts, resulting in higher than anticipated revenues. The actual general fund expenditures for the 2010 fiscal year were lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.





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

To the Board of Supervisors  
Harmony Community Development District  
Osceola County, Florida

We have audited the financial statements of the governmental activities and each major fund of Harmony Community Development District, Osceola County, Florida ("District") as of and for the fiscal year ended September 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the management, Board of Supervisors of Harmony Community Development District, Osceola County, Florida and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

September 27, 2011



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**MANAGEMENT LETTER PURSUANT TO THE RULES OF  
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Board of Supervisors  
Harmony Community Development District  
Osceola County, Florida

We have audited the accompanying basic financial statements of Harmony Community Development District, Osceola County, Florida ("District") as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated September 27, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.


In addition, we have issued our Report on Internal Control over Financial Reporting and Compliance and Other Matters dated September 27, 2011. Disclosures in that report should be considered in conjunction with this management letter.

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

This report is intended for the information of the management, Board of Supervisors of Harmony Community Development District, Osceola County, Florida and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Harmony Community Development District, Osceola County, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements and the courtesies extended to us.

  
September 27, 2011

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

### II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

### III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2009.

2. A statement as to whether or not the local governmental entity complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

The District complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

3. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2010.

4. Violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2010.

5. For matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors, the following may be reported based on professional judgment:

- a. Violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse.
- b. Deficiencies in internal control that are not significant deficiencies.

There were no such matters discovered by, or that came to the attention of, the auditor, that, in our judgment, are required to be reported, for the fiscal year ended September 30, 2010.

6. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.

### **REPORT TO MANAGEMENT (Continued)**

7. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2010 financial audit report.
8. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
9. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and no deteriorating financial conditions were noted. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

**5F**



**Grau & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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September 6, 2011

Board of Supervisors  
Harmony Community Development District  
210 N University Drive, Suite 702  
Coral Springs, FL 33071

We are pleased to confirm our understanding of the services we are to provide Harmony Community Development District, Osceola County, Florida ("the District") for the fiscal year ended September 30, 2011. We will audit the financial statements of the governmental activities, and each major fund, which collectively comprise the basic financial statements of Harmony Community Development District as of and for fiscal year ended September 30, 2011. This letter serves to renew our agreement and establish the fee for the 2011 audit.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's discussion and analysis
2. Budgetary comparison schedule for the general fund

**Audit Objectives**

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of additional information, if applicable, when considered in relation to the basic financial statements taken as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the District and other procedures we consider necessary to enable us to express such opinions. If our opinion on the financial statements is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of management, those charged with governance, others within the entity, and specific legislative or regulatory bodies and is not intended to be

and should not be used by anyone other than these specified parties. If during our audit we become aware that the District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

### **Management Responsibilities**

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will prepare a draft of your financial statements and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements and related notes and for accepting full responsibility for such decisions. You will be required to review and approve those financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. And, you will be required to acknowledge in the management representation letter our assistance with the preparation of the financial statements and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate a qualified management-level individual with suitable skill, knowledge, or experience to be responsible and accountable for overseeing our services.

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the governmental activities and each major fund of the District and the respective changes in financial position, in conformity with U.S. generally accepted accounting principles.

Management is responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. As part of our engagement, we may propose standard, adjusting, or correcting journal entries to your financial statements. You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on the financial statements.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and the timing and format related thereto.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute

information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

### **Audit Procedures—Internal Controls**

Our audit will include obtaining an understanding of the District and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants, if applicable. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

### **Audit Administration, Fees, and Other**

We understand that your employees will prepare all confirmations we request and will locate any documents selected by us for testing.



The audit documentation for this engagement is the property of Grau & Associates and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a cognizant or oversight agency for audit or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Grau & Associates personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies. Notwithstanding the foregoing, the parties acknowledge that various documents reviewed or produced during the conduct of the audit may be public records under Florida law. The District agrees to notify Grau & Associates of any public record request it receives that involves audit documentation.

Our fee for these services will not exceed \$7,500 for the September 30, 2011 audit. The fee for each annual renewal will be agreed upon separately.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. Invoices will be submitted in sufficient detail to demonstrate compliance with the terms of this agreement. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate.

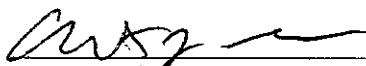
This agreement is automatically renewed each year thereafter subject to the mutual agreement by both parties to all terms and fees.

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2010 peer review report accompanies this letter.

We appreciate the opportunity to be of service Harmony Community Development District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Grau & Associates

  
\_\_\_\_\_  
Antonio J. Grau

**RESPONSE:**

This letter correctly sets forth the understanding of Harmony Community Development District.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



# PEER REVIEW PROGRAM

is proud to present this

## Certificate of Recognition

to

### **GRAU & ASSOCIATES**

*For having a system of quality control for its accounting and auditing practice in effect for the year ended June 30, 2010, which has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and which was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.*

A handwritten signature in dark ink, appearing to read "Daniel J. Hevia", written over a horizontal line.

Daniel J. Hevia, Chair  
AICPA Peer Review Board

2010