

**HARMONY COMMUNITY
DEVELOPMENT DISTRICT**

MAY 30, 2013

AGENDA PACKAGE

Harmony Community Development District

Steve Berube, Chairman
Ray Walls, Vice Chairman
David Farnsworth, Supervisor
Kerul Kassel, Supervisor
Mark LeMenager, Supervisor

Gary L. Moyer, District Manager
Tim Qualls, District Counsel
Steve Boyd, District Engineer
Todd Haskett, Project Coordinator

May 23, 2013

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, May 30, 2013** at **9:00 A.M.** at 7251 Five Oaks Drive, Harmony, Florida. Following is the advance agenda for the meeting:

- 1. Roll Call**
- 2. Approval of the Minutes of the April 25, 2013 Meeting**
- 3. Audience Comments**
- 4. Subcontractor Reports**
 - A. Aquatic Plant Maintenance – Bio Tech
 - B. Landscaping – Davey Tree - Monthly Highlight Report
 - C. Dockmaster/Field Manager
 - i. Dock and Maintenance Activities Report
 - ii. Buck Lake Boat Use Report
- 5. Developer's Report** - Report on Irrigation Use
- 6. Presentation of Fiscal Year 2014 Proposed Budget**
 - A. Discussion of Fiscal Year 2014 Proposed Budget
 - B. Consideration of Resolution 2013-04 Approving the Fiscal Year 2014 Proposed Budget and Setting a Public Hearing
- 7. Audit Selection Committee**
 - A. Audit Ranking Recommendations
 - B. Authorization to Enter Into a Three Year Contract with the Selected Audit Firm
- 8. District Manager's Report**
 - A. April 2013 Financial Statements
 - B. Invoice Approval #157 and Check Run Summary
 - C. Public Comments/Communication Log
 - D. Website Statistics
 - E. Acceptance of Audit for Fiscal Year 2012
 - F. Report on Number of Registered Voters – 712
 - G. Consideration of Agreement from Osceola County Property Appraiser for Administrative Costs
- 9. Staff Reports**
 - A. Attorney - Consideration of Agreement with AT&T for Cell Phones
 - B. Engineer
- 10. Supervisor Requests**
- 11. 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

District Office:
610 Sycamore Street, Suite 140
Celebration, FL 34747

www.harmonyccd.org

Meeting Location:
7251 Five Oaks Drive
Harmony, Florida

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, April 25, 2013, at 6:00 p.m. at 7251 Five Oaks Drive, Harmony, Florida.

Present and constituting a quorum were:

Steve Berube	Chairman
Ray Walls	Vice Chairman
David Farnsworth	Supervisor
Kerul Kassel	Supervisor
Mark LeMenager	Supervisor

Also present were:

Gary L. Moyer	Manager: Moyer Management Group
Tim Qualls (<i>by phone</i>)	Attorney: Young vanAssenderp, P.A.
Steve Boyd	Boyd Civil Engineering
Paul Calabro	Field Staff
Rick Druckenmiller	Field Staff
Greg Golgowski	Harmony Development Company
Todd Haskett	Harmony Development Company
Brock Nicholas	Harmony Development Company

FIRST ORDER OF BUSINESS

Roll Call

Mr. Berube called the meeting to order at 6:00 p.m.

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

SECOND ORDER OF BUSINESS

Approval of the Minutes of the March 28, 2013, Regular Meeting

Mr. Berube reviewed the minutes of the March 28, 2013, regular meeting and requested any additions, corrections, notations, or deletions.

On MOTION by Mr. LeMenager, seconded by Mr. Walls, with all in favor, unanimous approval was given to the minutes of the March 28, 2013, regular meeting.

THIRD ORDER OF BUSINESS

Audience Comments

Mr. LeMenager stated I would like to point out that our field employees are the only members of the public at tonight's meeting.

Mr. Berube stated that tells me people are happy.

FOURTH ORDER OF BUSINESS **Subcontractor Reports**

A. Aquatic Plant Maintenance – Bio-Tech Consulting

i. Monthly Highlight Report

Mr. Golgowski 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. Golgowski stated they have been out during the month attending the ponds, and there is nothing remarkable to report beyond that.

Mr. Berube stated last year, we changed the frequency of maintenance for certain ponds from monthly to quarterly. Is that working reasonably well? I have not seen any downside to the change.

Mr. Golgowski stated I have received comments from a resident in the Birchwood neighborhood about the pond out there. He thought it had slid a little.

Mr. Berube stated he is likely the one resident who would likely be saying that.

Ms. Kassel stated there is a resident in the Cypress 1 neighborhood who was complaining to me in my capacity as a CDD Board member that she was unhappy with the state of all the ponds, but her pond in particular, which is between the dog park and the school.

Mr. Berube stated we chased away the alligators. There used to be deer. The turtles are gone. Birds do not nest in the back anymore.

Ms. Kassel stated there are weeds and trash in the ponds.

Mr. Berube stated in general, the CDD has really ruined her pond.

Ms. Kassel stated some friends came and told her they would never buy here because of the condition of the ponds and she is disappointed.

Mr. Golgowski stated we modified the mowing routine on that particular pond to respond to similar comments in the past, in that, people were mowing closer to the water line behind her house and in that area, which is not a bad thing. It is good to have variations in mowing like that. If this is the resident I am thinking of, she was interested in having it cut right down to the water edge.

Ms. Kassel stated yes, it is her.

Mr. Golgowski stated we tried to accommodate her in that location.

Ms. Kassel stated I think her comments came right after some spraying had been done, so there was a lot of dead matter by the pond edge. I think that had an impact on her opinion at that time.

Mr. Golgowski stated they had done some heavy spraying on a number of ponds, so you will see a number of brown spots along the edge. Torpedo grass was their main target, which is an invasive plant. It will green up in no time.

Mr. Berube stated perhaps we are premature, but based on current experience, I wonder if we might consider modifying the schedule and go with quarterly maintenance on more ponds, or if we should wait and see a year's worth of results.

Mr. Golgowski stated let us get through the summer and see how it goes.

Mr. Berube stated that is fine.

B. Landscaping – Davey Commercial Grounds Management

i. Monthly Highlight Report

Mr. Berube stated I am sorry Mr. Garth Rinard is not at tonight's meeting because I was going to make a few comments to him. I have noticed the general decline in the way the property looks. The rutting has not changed. In fact, I have watched them mowing several times, and the wheels from the tractors go right into the ruts and continue right down those paths. There is a fair number of weeds in several places. The sport turf does not look good. It is rough, clean cut, but very rough and uneven. There are a lot of weeds or other intrusive grasses growing into the sport turf. Lakeshore Park does not look good and that is our showpiece. There is a lot of dead grass along Schoolhouse Road on both sides of the sidewalk in the front. It is not mulched. I realize they are pine trees, but there have been pine bark nuggets in there and a little bit of pine needles. Right now it looks like a mess. Several trees are leaning over. There is a little planter island behind the sidewalk behind the sport turf where the doggie pot is. There was a lot of plant material removed from there that has never been replaced. The tree trimming is well behind schedule. Looking around, it looks like there are four crew members working here at any given time, certainly not more than six. I made a determination a long time ago that I was not going to try to micromanage the landscapers, but two people have asked me what is going on with the landscapers in the last month. One of them even said, point blank, they thought Luke Brothers did a better job than Davey is doing. At that point, I figured it was time to say something. I do not know what Mr. Haskett is seeing since he is out and about as well. Ms. Kassel said in the last two meetings in our discussion about the CDD

providing landscaping at the school, that the school does not look any worse than what Davey is doing right now on CDD property. That tells me she is probably not too happy about it, either. I saw Mr. John Rukkila in the field today quite by accident and relayed my concerns to him. He did not argue very much, especially about staffing levels. I would rather not come to CDD meetings and say anything about landscaping. Mr. Rukkila already knows. I will ask Mr. Haskett to relay my concerns to Davey. The west entrance is not complete yet, and I know there were issues with the butterfly bush. But we are waiting and waiting. I am willing to give them some room here, but things have to change.

Mr. Haskett stated Mr. Rinard provided me with an update this afternoon, and he apologized for not being able to attend the meeting. He had to attend to an emergency elsewhere. The butterfly bush is now available and they will install it when they are doing Lakeshore Park with the additional trees and landscaping. He does realize that they are behind schedule on tree trimming, and he has more staff coming in specifically for that task next week. They will do more fertilizing in two weeks even though it is not scheduled yet. They are using a different type of fertilizer, and the overall turf color is good, better than it was last year. They were out last week and this week spraying for weeds. It is looking good. I understand the areas of Bermuda that Mr. Berube mentioned, and I will not make excuses for them. With the weather the way it was—cold, hot, cold, hot—the Bermuda is reacting a little slower than it normally does, which accounts for some of the mottling on the turf itself. The report indicated April 15 is when it was supposed to be fertilized, and it was fertilized last week. You should be seeing some color out of it at that point. I am familiar with Mr. Berube's concerns.

Mr. Berube stated I do not disagree that 60% or 70% of the community looks just fine, but the other 30% or 40% does not, especially Lakeshore Park. This is our showpiece, and we are finishing a new addition to that, so it needs to look nice. The whole place needs to look nice, but the big thing that stood out to me was the school project. They had a whole week to complete it, and they did not get it done. They had a whole crew in here on Saturday, cramming to finish that, which says they were short-handed during that week. What I notice is when they are trimming the trees, the whole crew is trimming the trees. When they are installing mulch, the whole crew is putting down the mulch. I am not trying to micromanage, but to me it looks like they are

significantly behind because they do not have enough people here, not enough boots on the ground. That is just my observation.

Mr. Walls stated if we could convey to Davey to have someone at this meeting, I think it is important to have them attend our meetings. It is once a month, and they should have a representative here. I think the community looks fine. When Davey first started, they really put their boots to the ground and had everything look really nice. Recently, that has slacked off, and I agree with Mr. Berube on that. They have gotten away from having everything look really nice and crisp. I understand we have had weather issues and those kinds of things. When I was in Town Square for the Relay for Life, the place was full of weeds, to the extent that I think a lot of the grass needs to be replaced to really fix the problem. It is like that throughout the community, and there are other places with a lot of weeds, such as the roundabout by the west entrance. These are high visibility areas where we want them to put in some extra effort and pay attention to these things. I am particularly disappointed about the entrance, that it sat there for so long with no landscaping. I find it hard to believe they could not find plant material in the State of Florida for four months. I am not giving Mr. Haskett a hard time; this is all directed at Davey. I want them to step it up and have them be gung ho like they were when they first started to keep things looking nice. Then we will not have a problem.

Mr. Haskett stated I will follow up with Mr. Rinard.

Ms. Kassel asked is there something going on with them? At the last meeting, he said he would meet with me about all the areas needing some landscaping, and that did not happen. I never heard from him.

Mr. Haskett stated I specifically asked Mr. Rinard about that. I do not want to make excuses for him but he has had a tremendous schedule. He did apologize and asked me to convey that to Ms. Kassel. I suspect he will try to meet with you this week.

Ms. Kassel stated I just used that as an example to ask if there is something going on with Davey.

Mr. Haskett stated not that I am aware of.

Mr. Farnsworth asked are they overloaded somewhere else?

Mr. Haskett stated I do not believe so.

Mr. Berube stated I tend to think Mr. Rinard manages several areas, and it is spring so they are probably buried. But that is their problem, not ours. It is as simple as that.

Mr. Farnsworth stated we do not want to make an excuse for them.

Mr. Berube stated I do not want to get into the same pattern we used to get into with having to hammer the landscapers every spring. That is the red light that I see flashing at the end of this tunnel that I am looking at. This is an early warning to get them squared away and hopefully they will get the message. I think Mr. Rinard will. Mr. Rukkila said he has not heard anything negative yet, and I responded that everyone wants to see what is happening. We have been through the routine over the last several years of hammering the landscapers, and it is not fun. We will see what happens.

Mr. LeMenager stated I know Mr. Haskett likes the natural-looking crepe myrtles. Was it your decision not to trim them?

Mr. Haskett stated no, it was part of the specifications.

Mr. LeMenager stated they were not trimmed.

Mr. Haskett stated no, they were not.

Mr. LeMenager stated it is way too late to do them now.

Mr. Haskett stated that is correct.

Mr. LeMenager stated perhaps a small refund is due to us.

Mr. Haskett stated there were specific ones that needed to be trimmed, and they were.

Mr. Berube stated the ones by my house were trimmed.

Mr. Haskett stated certain ones were trimmed.

Mr. LeMenager stated not the ones out here and not the ones by my house.

Mr. Haskett stated those are a different variety; they are the white ones. We are trying to let them flush out a little more. The only things we can really trim are the seed pods, but we did not find any.

Mr. Berube stated I was listening to the Master Gardener on the radio a few weeks ago, and people are doing that wrong on crepe myrtles and you should not trim them back. So let them grow and do a light trimming.

Ms. Kassel stated that is exactly right. I was going to say that the Extension Service says the same thing.

Mr. Berube stated over the years, everyone said they need a complete haircut, but apparently that is the wrong way to trim them.

Mr. Haskett stated they are still recovering from the prior year when they were cut back too severely, what we term "crepe murder."

Ms. Kassel stated the Extension Service Office calls it the same thing.

Mr. Berube stated whatever decision was made, I do not think it was necessarily wrong is the point.

Mr. Walls stated as long as it was a conscious decision.

Mr. Berube stated it is not what we are used to, but perhaps what we were used to is not the right thing.

C. Dockmaster/Field Manager

i. Dock and Maintenance Activities Report

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

Mr. Haskett stated I brought a sample of the braided fishing line that has been picked up in Buck Lake. This destroys seals and propellers very quickly, as well as motors. Each time staff pulls off the propellers, they find a wad of it in there. It is so strong. Typically normal fishing line will be cut up in there and it will go away, but this braided line stops it very quickly. We are trying to figure out ways of preventing that from being out in the lake.

Mr. Walls stated that is not someone dumping it in the water. That is from someone unrolling a reel and dumping it in.

Mr. Haskett stated that is what we thought the first time. We are not even sure where it is being picked up. We think it is between the canals, but we are not positive. Staff will keep an eye on fishing poles going out into the lakes.

Mr. Farnsworth asked is there anything that feeds into the lake?

Mr. Haskett stated just the wetlands around it.

Mr. Berube stated we have been hearing about the canals for a long time. Did we get this braided line out before it damaged the seals and the motor?

Mr. Haskett stated yes.

Mr. Berube stated that is good, because that used to be let go until the motor was damaged. The other thing is that it will kill the batteries faster because the propeller thinks it is running wide open all the time, trying to overcome that.

Mr. Haskett stated that is correct.

Mr. Berube asked how much backlash would we get if we shut off the canal?

Mr. Haskett stated a lot. I think that is the main location, at least for people who go out during the week. About 50% of them go there for fishing.

Mr. LeMenager stated we should encourage them to help self-police this and tell them the problem. We know who the responsible users are, so we can ask them to keep an eye out and let us know if they see something or someone that is a problem. We can put them on notice that we might need to change boat availability or where they can be used if we do not see some improvement.

Mr. Berube stated the problem is that there are only three boats out at any given time, so they probably will not see anything happen. Most of the time, there is only one boat out. No one will report themselves.

Ms. Kassel stated we can have the staff tell people when they are taking the boats out that we are having problems with this issue and even show it to them. Then we let them know if this keeps happening, we will have to restrict access to the canals.

Mr. Berube stated the reality is, while the wad of fishing line looks pretty nasty, at this point it has only been the time required to get it off and put the boat back in service. Through good policing by our fine field staff, we are able to keep this damage to a minimal status. We can simply continue with the current program.

Mr. Haskett stated we will keep it monitored. I am hoping it was an isolated incident.

Mr. Berube stated we need to remember these are resident boats, and they are paying for it. They want to use the boats and they want to go in the canals.

Mr. Haskett stated Mr. Calabro can use this as a prop during boat orientation to instruct them not to throw fishing line in the water.

Mr. Walls stated I used braided fishing line when I go fishing, and the good thing about it is it does not break. So when you are out there, you will not lose your line. For that to happen, that is from someone pulling it off the reel and dumping it in the lake. I do not know how you police that.

Mr. Berube stated you do not.

Mr. Haskett stated until last Sunday, the lakes were pretty low, and they have come up six to eight inches. That might help.

Mr. Berube stated that is a great visual. Kudos to the staff for finding the line.

Mr. Haskett stated the large pontoon boat has been at Advanced Marine. It is finished and we will pick it up in the morning and put it back in service. The pontoon sprang a leak on the passenger side in the well. Mr. Calabro recognized it.

Mr. Berube asked how did we get it to Advanced Marine?

Mr. Haskett stated the Harmony truck and the pontoon trailer.

Mr. Berube asked how many trailers do we have?

Mr. Haskett stated two pontoon trailers and three other boat trailers. There is one trailer for every boat.

Mr. Walls stated there is a trailer for each of them in case we ever need to pull them all out.

Mr. Haskett stated we might consider liquidating the 18-foot pontoon trailer, which is a nice trailer. But we do not need a 20-foot trailer and an 18-foot trailer if the 16-foot boat will fit on a 20-foot trailer.

Mr. Berube stated before we discuss that, I have something else to consider at a later date. We do not have an 18-foot pontoon boat, but we have an 18-foot pontoon trailer.

Mr. Haskett stated it is a 16-foot trailer. I misspoke earlier.

Mr. Berube stated so we do not have a boat to fit that trailer.

Mr. Haskett stated yes, we do. Both boats will fit on one trailer. We put the 14-foot fishing boat back in service. It is a jon-type fishing boat. The staff put a battery on it as a 12-volt battery so that they can switch over if they need battery power in the middle of the lake. It has already been used quite a few times, which has made quite a few people happy. It is a nice little fishing boat. We have been monitoring the dock. It is not any better but I do not think it is much worse than it was. If we do not have too many storms, I think we can get through the summer into the next budget year. We still need to look at replacing that in the near future. The sailboat was damaged from a storm that came through here 25 days ago. We have yet to take it out of the water to take it to Lake Fairview Marina to have it repaired because due to schedules, we have not had enough time to get it there. Scheduling the staff has made it inconvenient at the moment.

Mr. Berube stated pretty soon, there should be a third employee to allow more time.

Mr. Haskett stated that is correct. It takes two people to get it out: one to go across the lake and one to bring the truck around. The sailboat will be taken up there next week to get the front sail repaired. It was probably due to some deterioration over the years, but

the storm really damaged it. This was not anything that could have been avoided except to have taken the sail completely off, which is impractical. We had boat orientation on the 23rd and two people attended. Four will attend Saturday's orientation, which lasts about an hour at the lake and the Enrichment Center. The swing set has been ordered and it should be delivered in two more weeks. Closer to that time, we will get the site prepared and ready. We received a plan from Insight Irrigation for Lakeshore Park, which is to trench it on Monday and get the pipe delivered also on Monday. Pipe will be installed beginning Tuesday and hopefully be finished Wednesday or Thursday. Davey has planned to have their service come in from Jacksonville to transplant the trees and remove them from up front, so we are in line with all that happening. When Mr. Aaron Smith designed the irrigation system, I had him research how far we can go with the water. He determined that we can run the mainline clear down to the farthest bridge on Cupseed. The budget should allow for it, and we will be able to put all the trees along the path on bubblers. We should be able to keep it within the same budget that I provided.

Mr. Berube stated there is a hole in the ground there. Is that in anticipation of this work?

Mr. Haskett stated yes. We had to identify how many valve wires were there and Mr. Calabro had to test them to make sure they were not cut anywhere between the controller and the hole. That was part of the preparation work. We will cut the three-inch line and put in a gate valve and keep on going.

Mr. Berube asked who is doing the installation?

Mr. Haskett stated Mr. Calabro.

Mr. Berube asked are we going to rent a trencher?

Mr. Haskett stated yes.

Mr. Berube stated manual labor is one thing, but that is too much manual labor.

Mr. Haskett stated I agree.

Mr. LeMenager stated at one time, Mr. Gologowski was going to measure the various walks around the lake. Is that still on the list of things to do?

Mr. Gologowski stated yes, we can do that. We have not marked it out, but we can proceed with that if you like.

Mr. LeMenager stated a resident asked me about that.

Mr. Berube stated I have a couple items for the Board's consideration. We are currently two boats short from prior inventory. We used to have an old wooden boat that we disposed of a couple years ago. We recently disposed of the solar boat. One of the charges of this Board is to repair, maintain and replace infrastructure as needed. We briefly mentioned the increased demand for boats at the last meeting. I am not suggesting we make any decisions tonight, but this is something to keep in mind. Our boat inventory is two boats less than before. If the demand for boats continues, then I think we need to consider adding another boat of the type that people seem to like to use, which clearly is the pontoons. Perhaps we can consider one in between the two sizes we have now, which should fill that trailer that Mr. Haskett mentioned. Before we discuss liquidating any trailers, let us get through the summer and see what we are going to do about the boats.

Mr. LeMenager stated I am unalterably opposed to adding more boats. Mr. Berube must not be reading the same usage report that I read.

Mr. Berube stated I am reading it.

Mr. LeMenager stated we have five boats. I am not sure all five have ever been in use at the same time.

Mr. Berube stated probably not.

Mr. LeMenager stated if we get to the point where all five boats are being used and we have that much demand, maybe I will consider it. More boats? What do we want our assessments to be in two years?

Mr. Berube stated look at the trend of usage. I am not arguing with the fact that there are a lot of times when the boats are sitting at the dock. In a community like this, that is to be expected. People want them on the weekends, and I think they are very busy on the weekends, which is my interpretation in what I see. Mr. Calabro and Mr. Druckenmiller are the ones who check the boats in and out, and there is a certain amount of delay time because they are charging them. I am not saying we should move forward by purchasing a boat. We have had only a couple months of relaxed rules for boat usage, but clearly boat usage has increased. With more people living here and the continued freedom of being able to use boats, the demand will continue to increase. It is just something to consider.

Mr. Walls stated I do not have an opinion either way. I think clearly the usage is going up just by looking at the logs. What I would like to explore is what Mr. Haskett

raised about the scheduling system. I think if you have something along those lines that is automated, gives you good data, allows you to see the usage when people are using boats and what boats they want to use, then we can have a quantitative analysis to determine if we need it rather than speculating. I would like to explore getting into something like that, not only for that purpose but because it will be more convenient for everyone who wants to use the boats. They can go online and look up something.

Mr. Haskett stated I have been talking with someone who has worked with us in the past on some of our data access card system use. He and I have been talking in general about what the online system that I showed him would do and how we could improve on that to make it useful for us. He is working on that to see what it would cost to develop something like that, not to reinvent the wheel but to make it usable for us. In the meantime, when people call in to reserve a boat and there is not a boat available, perhaps Ms. Rosemary Tschinkel can note on the spreadsheet that it was requested but not available as a tracking mechanism.

Mr. Walls stated I know that has happened to me a couple times. I have called to use a particular boat, and she will inform me that it is not available. Depending if I am going out alone or taking two or three people with me, I might still be able to take out another boat or I might not. I have run into that situation myself before.

Mr. Haskett stated it might help having that data.

Mr. Berube stated in general, it is helpful to remember that a two-hour boat ride has two hours of downtime afterwards to charge the batteries. Two hours of use equals four hours it is not available. We will roll forward with the boats as we get through this busy period coming up. Another item I wanted to discuss was the dock. Last month, Mr. Haskett presented us with the dock situation. I appreciate the fact that he provided a couple prices. I had a hard time sitting here, thinking about spending \$40,000 or \$50,000 with one particular company. We have gone out for an RFP for auditing services, which is \$16,000. I would like the Board's input on this, but I would like to solicit an RFP for docks. It would be a very general advertisement, probably in the Orlando Sentinel, something that says the Harmony CDD is considering replacing its dock system, please bring us your ideas and contacts, and contact Mr. Haskett for more information. He can take them down there and show them what we have. There is nothing wrong with the

dock; do not misunderstand me. But it seems to me that we need a more solid, bigger circle of potential contractors before we spend \$40,000 on the dock.

Mr. Haskett stated I did not present that last month to try to get the Board to spend the money. It was for budgeting purposes.

Mr. Berube stated I am not picking on Mr. Haskett. I am just saying what I thought about it. Mr. Moyer knows what I am suggesting. Does it make sense? I think Mr. Moyer can word some sort of an advertisement to get the concept out there. Maybe no one responds, or maybe 50 people are interested. Maybe there are better ideas.

Mr. Moyer asked do we want to start that process now or wait until we know more?

Mr. Haskett stated we probably want to at least identify the size or the number of slips we are looking for as some type of parameters.

Mr. Walls stated we need a basic scope.

Mr. Moyer stated that is correct.

Mr. Haskett stated what we really need to look at doing is having slips rather than having them along the dock and banging against the side. That will save the boats in the future.

Mr. Berube stated Mr. Haskett had a basic concept when he approached the Dock-Ters. We can use that same guideline for whatever we get into with the proposers. That way we can have an equal comparison. Some of them might propose different alternatives.

Mr. Walls stated I think we tell them we are looking for a slip methodology for a certain number of boats, and leave some room for expansion in the future.

Ms. Kassel asked how will pulling into a slip be any less damaging to a boat than pulling up along the dock?

Mr. Walls stated you can tie off on it.

Mr. Berube stated you can tie off on both sides and get it out of the water, either one.

Mr. Haskett stated the other theory is, when boats are tied to the side, most of our winds come out of the north or northwest, which means they have a mile's worth of water to get across and pick up speed. You can stand in the neighborhoods and not feel the wind, but you get on the dock and the boats rock and beat against the dock. If they are in slips, they are a little more protected.

Mr. Berube stated people who are in the marine construction business deal with this all the time, and pontoon boats are very popular. That is why I am suggesting we get the collective intelligence available and discuss it. Anyone who is serious about bidding this will come down and see what we have anyway. They can look at it.

Mr. Haskett asked is there any restrictions on the number of slips?

Mr. Walls stated no.

Mr. Berube stated the notice can be worded that we are generally looking for requests for proposals and ideas and commentaries.

ii. 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.

FIFTH ORDER OF BUSINESS

Developer's Report

A. Landscaping

Mr. Nicholas stated we have been talking with a lot of excellent builders lately, and there has been some good activity. We have a chance to receive feedback from some potential buyers in the market, and the feedback has been really solid on the overall look of the community. Maybe we are a little more conditioned to it, but this is a tough time of year. I think Mr. Berube is right that the tree trimming is behind schedule and there are certain things that Davey should be a little tighter on. But it is a tough time of year for weed pressure and everything is waking up. Most of the plant material that is waking up is what you do not want to grow rather than the core turf. Relative to the sports turf, which we know a lot about, you do not get a lot of broadleaf weed pressure in the spring but you get a lot of the sedges and volunteer rye and that sort of thing. That is what I see when I look at it, which are the tufts of finer grasses that make it look mottled. I think that will pass. I think it is good to keep them honest and Mr. Haskett reminds them every once in a while that it looks a little rough and point out specific locations. There is a lot of seasonal influence as well as whatever else you are seeing.

B. Lakeshore Park Improvements

Mr. Nicholas stated we have been working on the efficient transfer of the Lakeshore Park improvements, which we just completed prior to the meeting. I received the portion of funding that the CDD was going to contribute through the trustee this week. We prepared a final set of documents. The only item left is to record the easement, which is executed. Mr. Moyer and I will take care of that.

C. Harmony Community School Landscaping

Mr. Nicholas stated we completed that project. The investment was a little more than we thought it would be, but it looks sharp. We received some good feedback from the school. We have engaged with the School District's legal department. We have a sketch of the legal descriptions. The process started with the school to ultimately make one of their agendas to try to get those areas conveyed over. It is moving but it is a slow process. My hope is that we can get it worked out before September 30.

D. Staffing Agreement

Mr. Nicholas stated Mr. Qualls and I have spent some time on the telephone discussing drafts and revisions of this agreement. I think everyone is happy with the language. Mr. Qualls provided drafts to the Board members. At this point, we did the calculation and provided that information, which was the last piece that was not included, aside from any language cleanups. Mr. Berube is anxious to get this agreement in place. We are not in a big rush but we want you to review it and ask questions. We can be ready to go whenever the CDD is. We have gone so far as to have a quick conference with the team. We encouraged them not to be shy and to attend a meeting if they wanted to know how this works and how the Board's governing will ultimately affect their livelihoods and employment. I think the employees are excited for the potential change. There is an orderly process to unwind their employment with Severn Trent. That will take a couple weeks no matter what else happens. Mr. Qualls has done a good job and has not spent a lot of time on this. We have done most of the work about the deal points.

Mr. Berube stated this agreement is largely the same as what was provided last month. There were some typographical errors that have been corrected and some specificity as to duties for the project manager and detailed work. We also added a dollar figure, which is a not-to-exceed figure. It was the last thing to add, and it was hard to come up with. It is not like a landscape contract. This one deals with human beings and days off, as well as fluctuations in schedules and other things. It was very difficult to come up with a not-to-exceed figure. It was provided largely for budgeting purposes. Until we are fully staffed, we will not get to that number. Even when we are fully staffed, we probably will not reach that number, simply because there is a sufficient amount of padding to be sure the contract value does not get exceeded.

Ms. Kassel stated it seems like it was pretty high.

Mr. Berube stated it is, but that is to make sure it contemplates three full-time staff and a fourth part-time person as well as Mr. Haskett's time.

Ms. Kassel stated it is almost double.

Mr. Berube stated the key is, our original dockmaster contract with Severn Trent was \$4,000 per month for one person, and that was issued in 2008. Now we are contemplating four people and it is \$17,100 per month. If you take the original \$4,000 and multiply it by four people, that is \$16,000, but we are five years later. It has increased significantly, and there is no doubt it has gotten more expensive. My anticipation is that when we are fully staffed, it will probably be closer to \$15,000 per month because there is an over-time factor figured into the number, worse-case scenario, benefits and those kinds of costs figured into it. We wanted a number that was not going to be exceeded right away, which was the hang-up in how to arrive at that number. The final cost will be under that figure. We wanted a contract with a not-to-exceed amount, and I believe that is what Mr. Qualls drafted.

Mr. Qualls stated the price is the policy, which I worked out with the Harmony Development Company. Mr. Nicholas and Mr. Haskett were a real pleasure to work with and they were very responsive. We worked out a formula, and the mechanism in the contract memorializes what the Board is discussing but more importantly, it memorializes what was discussed in the minutes at a previous Board meeting, where the District Manager will work with the onsite staff. The formula is included in the contract where that number will be derived. There is a true-up process to make sure that number is accurate. I think we have a way to define the term in the contract but give room for the various types of things that Mr. Berube was talking about. We describe that in the compensation section for changes in labor, seasonal growth, and so forth. Normally I would say when you are contracting with an independent contractor, do not worry about those kinds of things and do not get into it. But as I read the minutes and what Exhibit B addresses, the idea is this is part of a transition where one day the District will have an arrangement where the Harmony Development Company is not providing these types of services. This is a way for the District to be "hands on" with some of the details in implementing the scope of services, which you do not worry about with the landscape contractor, for instance. You are not going to worry about how Davey got to their bottom line. You are just going to worry if they are meeting it or not. In this case, there will be

focus—and there already is—on how to do this efficiently, which in the future will enable the District to grow with the knowledge through this process.

Mr. Walls stated I budget for staff all day long. When you talk about four people at a maximum of \$200,000 plus the intangibles that Harmony Development Company brings including knowledge of the District and the services of Mr. Nicholas and Mr. Golgowski and others who are not considered in this figure, it is a good deal.

Mr. Berube stated I thought so, too.

On MOTION by Ms. Kassel, seconded by Mr. Walls, with all in favor, unanimous approval was given to staffing agreement with the Harmony Development Company, as discussed.

Mr. Berube stated we will get a final copy executed. As far as I am concerned, everyone can proceed.

Mr. Nicholas stated in conversation with the staff, provided the Board voted the way you just did, we will have them give their notice to Severn Trent tomorrow to start that two-week clock. We can still hire the next person as soon as we find the right candidate, and Mr. Calabro and Mr. Druckenmiller will come aboard with us as soon as their termination notice period ends so there will not be any gaps in their employment.

Mr. Berube stated we trust you to work out any concerns they have with regard to timing of benefits and wages and so forth.

Mr. Nicholas stated the timing for wages will coincide with our schedule. We are still checking with our insurance provider about a waiting period because there are rules for that which we negotiate in our annual contract. There may be a COBRA scenario or 60-day coverage so there might be a gap with health insurance. We may come back to you and suggest for ease of lifestyle and transition that we collectively come up with a creative way to take care of that. I am not expecting anything over the top, but if we cannot get a rule variance with our medical provider to start health care right away, we might be back to ask for something just as a pass-through in the first couple weeks.

Mr. Farnsworth asked when will that come up, two weeks?

Mr. Nicholas stated we will know for sure before the next meeting, whether or not we can hire the staff and have no waiting period. If that is the case, there is no problem. If not, then they have a choice to make if they want continuing coverage during the waiting

period. Perhaps there is a way for them to continue with what they have currently and for us to figure out how to cover what the company used to cover for them on their behalf for the premium for COBRA.

Mr. Farnsworth stated to avoid an awkward situation with the staff, I suggest we allow Mr. Nicholas to handle COBRA if he needs to without coming back to us in two weeks to try to get a temporary arrangement.

Mr. Nicholas stated I will not come back in two weeks. I will make the call, and it is a pretty nominal expense if that happens. There is still a better than 50-50 chance that we might be able to get a variance and have coverage begin right away, but it also might not be possible.

Mr. Berube stated I am seeing three heads nodding in the affirmative that we will go along with coverage if needed.

Mr. Nicholas stated you will see it in the true-up, listed with everything else.

Mr. Berube stated we appreciate this act of generosity. Everything is covered and moving forward. We welcome the staff to their new employer. Hopefully we do not need to go through this process any time in the near future. It all worked out quite well. We appreciate everyone's patience and for the hard work Mr. Qualls, Mr. Nicholas, and Mr. Haskett did in getting this completed. There was a lot of information going back and forth with spreadsheets, draft contracts and changes. It all worked out.

E. Irrigation and Weather Stations

Mr. Berube stated Mr. Smith from Insight Irrigation has been onsite lately and probably will be here as part of this project.

Mr. Haskett stated that is correct, if we need him.

Mr. Berube stated I would like someone to ask him to look at the phone lines for the weather stations and tell us what we might need to do to convert to cell phones rather than these land lines. We are paying for a lot of things to Century Link that we do not need to be paying for. Land lines only get more expensive. Sooner than later we will have a good government contract with AT&T, so we might be able to get a basic cell phone service for those and eliminate \$100 per month for Century Link.

Mr. Haskett stated I will talk with him about this. The one we just installed at the retail center is like that and has its own built-in cell and communicates all the time.

Mr. Nicholas stated I went through this once before. The weather station device capability has a lot to do with whether or not those alternate communication methods

work. If we own the wrong device, it may not be possible to switch. It might be possible, but if you buy a physical weather station, which is a couple thousand dollars for just the physical device, and it is not set up for wireless or mobile pinging, then you will not be able to get it to work.

Mr. Berube stated technology changes all the time, so we need to see what we have.

Mr. Nicholas stated the one we own has some ears on it.

Mr. Berube stated it would be nice to eliminate that large bill and perhaps save a little money. If not, then when one of these stations goes down or gets struck by lightning, then maybe at that time we can consider a cellular changeover. It is just a matter of efficiency and getting rid of these land lines that are ridiculously expensive.

Mr. Haskett stated I will ask Mr. Smith to look into that.

SIXTH ORDER OF BUSINESS

Consideration of Use Applications

A. Harmony Community School for Swimming Lessons

B. Osceola Community Choir for Patriotic Musical

C. Church at Harmony for Christmas Eve Services

Mr. Moyer stated I just wanted the Board to be aware of what I usually issue without bringing it to the Board. There is nothing out of the ordinary and we have approved many of these before. The use of the community pool during the summer is one of the use authorizations the Board has approved previously. I have not approved the application from the Church at Harmony yet. Some CDD boards are sensitive about that. I wanted the Board to be aware of this activity, and if the Board has no objection, then I will issue the permit.

Mr. Berube stated I have no problem with the Christmas Eve services in Town Square. The application for the use of the pool is a little bit of a problem.

Ms. Kassel stated it is half the month of May.

Mr. Berube stated it is 15 days.

Ms. Kassel stated it is the whole morning for half the month.

Mr. LeMenager stated they do this every year.

Ms. Kassel stated but not for this long.

Mr. Walls stated when I saw the number of days, I was very concerned. It sounds like a great thing to do. Speaking from a resident and an assessment payer's perspective, an outside entity is coming in and having exclusive use of the pool but not paying anything for it, while the residents pay for the maintenance while another group is using it. I know

it is an admirable thing to teach kids to swim, but I do not know if it is our place to be benevolent with CDD money. I would approve this tonight, and I will vote in favor of it because we have an agreement in place for this. I was not on the Board when the original agreement was approved. What I would like to look into, which I submitted a request to the School District, is to see if they pay for any of the other facilities that they use. They use seven or eight or nine different facilities. I have not heard back from them yet, but they are looking into it. I want to look at having them pay a prorated portion of the maintenance costs that we spend for the pools if they want to do this again next year. That will not compensate residents for the loss of use of the pool, but we can at least tell residents that even though they cannot use it, the school is paying for the use. This extends to the other applications, too. I do not have a problem at all with the choir and Christmas Eve services. I think the choir event anticipates 350 or 400 people coming in, which means a lot of trash for staff to clean up and there will probably be maintenance issues on our lawn. I do not want to get into a situation where we are letting everyone come in from outside who are not assessment payers and they are using the facilities and not paying anything, while the residents who live here and own property here are paying for all of the maintenance. I do not know if this would require a rule change, but it probably would. I think we really need to look at how we handle these things. I do not mind people coming to use these facilities, but I think there needs to be a fee or something where we can tell residents that we are covering the costs and the assessment payers are not subsidizing these groups for their activities.

Mr. Berube stated there is a little bit of a problem. There is an organized aquasize that goes on at this pool every day with 10 to 12 people at that time. My wife attends as does my sister-in-law, plus eight or 10 or 12 other women. This will clearly displace that activity. Mr. Moyer has already approved this application, so I would like to find a way of getting around that.

Ms. Kassel asked can they go to Ashley Park?

Mr. Moyer stated we can terminate any of these permits at the Board's direction.

Mr. Berube stated I am not suggesting that we terminate them.

Mr. Walls stated I would not back out of the swimming lessons right now.

Mr. LeMenager stated I think allowing the school to use the pools is 100% exactly the kind of thing that we should do. We are the department of parks and recreation. I am not

sure where the other Board members are coming from on this. I cannot think of a better use of our public facilities than teaching kindergarteners and first graders how to swim.

Mr. Berube stated no dispute.

Mr. LeMenager stated this event will be three weeks, and we have two pools. There is another pool where the women can exercise. This is absolutely the kind of thing we want to be doing for the kids.

Mr. Nicholas stated in the big picture, that is my sentiment, as well. I will share how we approach things like this because these kinds of requests often come through our office, either from the principal or physical education teacher. We take the requests. For instance, say they want it every day from 8:00 a.m. to 1:00 p.m. for two weeks. We look at the request internally and realize it does not work because we cannot shut down the pool for that long. They do not want to shut down the pool. They have rules to follow under the Jessica Lunsford Act. So if kids are present, they cannot have any other people around. It is not their preference to exclude everyone else, but it is a byproduct of the rules they have to follow wherever the kids go. That is why the pool is off limits to everyone else. The way to approach it is to start with the mindset that we want that kind of use, and we enjoy that kind of use. They are not offsetting costs or assessments anywhere else at the municipalities where they are implementing this program. But we need to ask them to be reasonable about the usage. If they are going to set up a program through the summer, let us do it on Thursday afternoons, and then let the instructor at the school deal with how he rearranges his calendar to make that fit. I would suggest approaching it that way and figuring out a way to approve it but still have it not be a negative for the community. I think that is possible. My experience with the school is when they come with a request, we sometimes have to tell them we cannot pull a facility out of service for eight hours like this but pare it down. We ask them what their real intention is, and they will reply that they need it for two hours a day for x number of weeks for the program. Then we give them times that work best for the community, and everyone wins. Kids get to use it and no one complains about not being able to do aquasize. Somehow or another, this two-week window did not come through us. I do not know if this request came to Mr. Moyer from Mr. Bill Fife or directly from the school.

Mr. Moyer stated it probably came directly from the school.

Ms. Kassel stated it is 2.5 hours for three weeks.

Mr. Nicholas stated we would have asked them to reconsider the number of weeks.

Mr. Walls stated I am not suggesting we deny the application. That is not what I am saying. For three of us who commented to look at this and have an issue, there needs to be some measure of fairness for people who pay for that facility. I am not saying it is a bad thing; it is great. We can have another debate in another forum about whether or not it is the school's job to teach kids to swim. I do not want to tell residents that we are closing the pool and they cannot use it but still have to pay for it and the school is not paying anything. I do not feel it is my job to be benevolent with our money. Our job is to maintain infrastructure.

Mr. LeMenager asked how many of these kindergartners and first graders have parents who live here and are paying for the pool?

Mr. Walls stated that is apples and oranges because they are here as part of the School District when they are here. Any other organization can come in and say they have kids who live in this neighborhood and they want to use it for their purpose.

Mr. LeMenager stated we will have to agree to disagree.

Mr. Berube stated let us not forget we have two pools. The majority of people want to use the Swim Club pool. There is another pool that usually is empty all the time. I have to believe that other pool has just as good water, surface and room for young kids to learn how to swim as this pool has. Barring our revision so Mr. Moyer does not have to rescind the application, we can tell the school to use the Ashley Park pool. It is a better facility anyway. There is more shade, trees, furniture, a shower, and bathrooms. The facility has the same standards as the Swim Club, but fewer people use the Ashley Park pool. We should shift the swimming lessons to the Ashley Park pool, and then this issue goes away. We can decide in the near future at a rulemaking workshop about other issues. We have several rules that need to be discussed, including pool usage, boat usage requirements to be more relaxed, and others. With the budget process coming up, we could have a workshop this summer for rules and the budget and advertise it as such.

Ms. Kassel asked would there be any problem moving the swimming lessons to the Ashley Park pool?

Mr. Nicholas stated I would like to have a conversation with whomever made the request. I will look to see if it came through our office. The requests you ultimately receive are not in the original form they were requested. It looks like the coach sent this

request directly from the school. Generally we have the opportunity to filter the requests so that by the time you see it, it is defensible and makes some sense.

Mr. Berube stated perhaps the coach does not even know there is another pool available.

Mr. Walls stated I do not live there, but it is right in the middle of a populated residential area. I do not know how many kids they bring in when they do this or if anyone will have an issue with it.

Mr. Berube stated they only bring in a few kids at a time, which is why it takes so long.

Mr. Walls stated for this year, if that is the solution, then that is fine. But I take issue with outside entities, no matter who they might be, coming in and using the facilities and not paying for anything.

Ms. Kassel stated that is not a big issue for me. I know that is the time of year when people want to start going to the pool.

Mr. Walls stated it all goes hand in hand.

Ms. Kassel stated if some accommodations could be made, even an hour or 90 minutes earlier so they are done earlier, then they would not be taking up time when residents would want to use the pool. I think that will be more amenable.

Mr. Nicholas stated I will get the request from Mr. Moyer and I will engage with Coach Jeremy Velazquez to let him know the issues. We can assist with this because we share common sense with the teacher when they make the request.

Mr. Farnsworth asked can they start earlier?

Mr. Berube stated we are not trying to impede them teaching the kids.

Mr. Nicholas stated I totally understand. The Board does not need to waste time trying to figure out if the times are right. We will do that. We know what the resistance points are, and we will work through it with the school. That is why we try to work so hard to make sure requests like that do not come unfiltered.

Ms. Kassel asked did they request three weeks in previous year?

Mr. Berube stated no.

Mr. Moyer stated they have requested two weeks.

Mr. Nicholas stated they always start with my office. This is the first time I did not receive this request before Mr. Moyer received it. They got comfortable and they are sending them directly.

Mr. Berube stated that is fine. We understand everyone works together. I have wanted to go to the pool in previous years, but it is shut down for these lessons.

Mr. Nicholas stated they want to keep it open. They would be happy to keep it open, but it is not possible because of the Jessica Lunsford Act.

Mr. Berube stated I think there will be less interference with residents wanting to use the pool if the school uses the Ashley Park pool. If the school is willing to make that change, then they can use it for the length of time they requested. I do not see a problem with that because that pool is hardly ever used. When we schedule a workshop for the summer, we will revisit our rules and try to come up with a better plan.

Mr. Nicholas stated I will meet with the Coach and come up with something that makes sense.

The Board gave consensus for the approval of all use applications, as discussed.

SEVENTH ORDER OF BUSINESS

District Manager's Report

A. Financial Statements

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

Mr. Moyer stated the financial statements do not reflect the developer's payment because that happens late in the month, and we would not have received it.

Mr. Nicholas stated it is not due until May 1.

Ms. Kassel asked are we above last year's collection percentage?

Mr. Moyer stated I believe we are 4% higher than last year. This year we are 58% and last year, we were 54% collected. This is nothing out of the ordinary, just the normal course of business for the way assessments are collected.

B. Invoice Approval #156 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.

Ms. Kassel stated I noted that many of the water bills were double or more from what they were last year, including one that was 20,000 gallons per day. At least five-sixths of them were more than double what they were last year.

Mr. Berube stated there is a reason for that. Last year, Toho Water Authority (“Toho”) reduced all our meter fees system wide, which saved us a significant amount on the meter fees, and that made sense. In exchange for reducing those meter fees, Toho raised the water rates, which is on a stepped tier. The cost for 2,000 gallons is not necessarily twice as much as 1,000 gallons.

Ms. Kassel stated I am not referring to the money amounts; I am talking about the usage amounts. If you look at the bar graph and the thousand gallons per day for this year and compare it to the thousand gallons per day for last year, it is more than double in most cases.

Mr. Berube stated I noticed that, too. I do not know that it was all of them, but I saw about an equal number of them were reduced.

Ms. Kassel stated it was five-sixths, at least three-quarters reflect that there is more than 50% greater usage than last year.

Mr. Haskett stated it was recognized at the last meeting that the water bill was a little higher. We researched it. One was explained because the meter had been repaired and was now registering usage.

Mr. Walls asked is that the one at Harmony Square Drive for \$900 every month?

Mr. Haskett stated yes.

Mr. Berube stated it had been zero for a long time.

Ms. Kassel asked what is the usage number for this year, 20,000 gallons per day?

Mr. Berube stated it is a pretty large number.

Mr. Walls stated about 27,000 gallons.

Mr. Haskett stated the biggest user is Cat Brier Trail. The main reason that bill is large is because it is a larger zone and has a larger meter.

Ms. Kassel stated the one for 20,000 gallons per day is Harmony Square Drive.

Mr. Haskett stated it runs all of the main entrance, the west side, goes past the tunnel to the traffic light, and around Ashley Park so it covers a lot of area.

Ms. Kassel stated that is just the one spot. I could have saved this for Supervisor Requests, but since it is invoice related, I thought I would bring it up now. I would like Mr. Haskett to look into why we are using more than double the amount of water and probably spending double the money. In most cases, the water usage is greater than double for most of those meters.

Mr. Berube stated from last year to this year, I presume there have been no significant changes to Maxicom. However, I think this year is drier than last year was in general, so Maxicom is probably activating the irrigation more often.

Mr. Haskett stated if you came in through Town Square Sunday morning or Thursday morning, you will see Maxicom still running because it has a lot of rotors on it and each rotor is running for the length of time Maxicom tells it, which is 45 to 60 minutes. There are 32 zones per controller trying to get all that water in, so there is a lot of water going out. It was very dry in January and February.

Mr. Walls asked are there wireless receivers on these meters?

Mr. Haskett stated yes.

Mr. Walls stated I noticed Toho was in the neighborhoods a month or two ago. They spray painted all the meters and looked like they were installing something.

Mr. Berube stated we have been wireless for a long time.

Mr. Walls stated I was just wondering. Ms. Kassel is right that there was this huge increase.

Ms. Kassel stated I think there is something going on and I do not know what.

Mr. LeMenager stated what is funny and perverse about this. For the first year ever, we did not hear a lot of moaning in February about how brown the place was getting. There is a reason. If you want to defeat Mother Nature and make everything nice and green, you will need to use too much water, which is what we do. I thought I was going to get through a whole year without making my famous speech that the natural color of Florida in winter is brown. If we try to defeat that, we are going to spend a lot more on water. That is really what is happening because we had a really dry winter.

Mr. Berube stated considering all this, we are still \$3,000 below the budgeted amount for water and sewer.

Mr. LeMenager stated that is correct.

Ms. Kassel stated if it is just because the sensors were saying we needed more water and we used more water, that is fine. It just seemed odd that all of a sudden we are more than double what we spent last year.

Mr. Nicholas stated that is a good point. I think Mr. Gologowski is a good candidate to call the people at Toho and ask them to come out and perform a free audit to help us answer that question. I think they could do that for us, and it is part of their service for

big customers. It is worth having that answer, even if it is something really common sense, like the usage changed. At least we will know.

Ms. Kassel stated exactly, especially if there are constraints on watering.

Mr. Nicholas stated they will do that for us. We can call customer service and provide them with some data and ask them to tell us what is going on.

Mr. Berube stated my point of view on this is, as long as we do not have water going into the ground through leaks, and I doubt that we do because Mr. Druckenmiller is on top of things, I am fine spraying water above the ground on the green plant material. I think we would notice leaks.

Mr. Nicholas stated I have not analyzed the bills or the kind of growth you are referencing, but the District now has a dedicated irrigation technician who is checking lines and making sure everything is running. Some of that will have an impact on the water bills.

Ms. Kassel stated of course it will, and if that is the reason for the increase, that is fine. We are now doing the appropriate thing and we were not previously. I just noted this pattern, and we should find out if it is something that is good or bad.

Mr. Nicholas stated I think it is worth looking into.

Mr. Berube stated in a short period of time, we will receive another set of invoices and we will be able to see if this trend is continuing. Hopefully Toho will be able to come out and perform an analysis. I noticed the same thing, but I attributed it to dryness and the fact that we are spraying water on the landscaping to make it green, which results in a cost.

Mr. Nicholas stated we can also look at the flow meters on the golf course, which is a big user, and the well water and things like that to see if there is any difference from last year. I do not know the answer to that, and there very well might be a difference. There are big swings from season to season.

On MOTION by Ms. Kassel, seconded by Mr. LeMenager, with all in favor, unanimous approval was given to the invoices, as discussed.
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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 thank you for keeping up the communication log.

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.

EIGHTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Qualls stated we have finalized the closing for the Lakeshore Park improvements. That was all taken care of.

Ms. Kassel asked are we now closing that capital account or will it remain open?

Mr. Nicholas stated there is some money left in that account still, a couple thousand dollars.

Mr. Moyer stated we are close enough that Mr. Boyd can certify that the project is complete, which means I can close the trust account and we will transfer that money in accordance with the trust indenture. If it has a couple thousand dollars, that money may go to the redemption account, but there is no sense in continuing with fees on that account for that amount of money.

Mr. Berube stated we have some ongoing landscaping being done in that area, which is outside the project.

Mr. Walls stated it can be included as part of the project.

Mr. Berube asked can we use the balance in that account for the landscaping?

Ms. Kassel asked can we use it for the new swing set?

Mr. Boyd stated it is an improvement, and it can be called a capital improvement.

Mr. Berube stated we will spend more than is in the account on the irrigation package, the trees and the other landscaping that is going in that area.

Mr. Moyer stated as long as Mr. Boyd says it is part of the project, then we are fine.

Mr. Berube stated it is definitely part of the project.

Mr. Boyd stated as long as it is for a capital improvement, that is what that money is for.

Mr. Walls asked can we put that money toward the irrigation?

Mr. Berube stated yes, we have irrigation and landscaping being installed as part of that project, so we should use that money on these items. That way we will not spend it on something else and it is easy to track.

Mr. Moyer stated that is a good idea.

Mr. Berube stated I will let staff work on that as the bills are received.

Mr. LeMenager stated I like using it for the irrigation because that is clearly in the scope of the project.

Mr. Berube asked do we have an idea how much the landscaping package will cost?

Mr. Golgowski stated it was already accommodated in the budget for the project, and it has already been paid for.

Mr. Berube stated then the only addition we will have is irrigation.

Mr. Golgowski stated that is correct.

Mr. Berube stated based on what I have seen for the irrigation extension, we will need a couple thousand dollars.

B. Engineer

i. Reserve Study

Mr. Boyd stated Ms. Brenda Burgess sent an email on this item, but I also have copies to distribute. I have been able to work up some information related to a reserve-type study. As we started to look at what we have and what we are building, we found we actually did this about three years ago. I took what we prepared three years ago and updated it, although there are some things that I discussed with Mr. Golgowski that we probably need to add to this report. This is not a true reserve study. It is a framework to give you an idea of how much needs to be going into the reserve account. Sidewalks are quantified at the bottom, and that probably should not be a reserve item. It is an ongoing maintenance item. You are not going to replace all the sidewalks ten years from now.

Ms. Kassel stated we need something like the dock, which is not on here.

Mr. Boyd stated that is correct. Mr. Golgowski and I discussed that we need to add the dock, as well as the boats because those probably will be replaceable items.

Ms. Kassel stated that is correct, as well as all the weather stations and those kinds of items.

Mr. Boyd stated that is correct; the Maxicom components can be a replacement cost above and beyond normal maintenance.

Ms. Kassel stated there are a number of these items that have useful lives of 20 to 30 years, which seems excessive to me. For example, the fountain shows a useful life of 20 years, but we have already had to replace some major components of the fountain.

Mr. Berube stated that is correct, but that is not because it wore out. That was due to a failure, part of which was covered by insurance. The sump pump failed and it flooded. It

did not wear out in that case; something went wrong. Ms. Kassel is correct that we spent a lot of money on it, but this report contemplates things that are going to wear out due to wear and tear from the sun and other conditions.

Ms. Kassel stated that was one example. Another is the pool decking. Are we not about to replace the pool decking?

Mr. Berube stated I had the same question. This report shows a resurface on the pool of 20 years, but clearly that will not work.

Ms. Kassel stated there are a lot of items that seem to have too long of a useful life.

Mr. Berube stated this is not to argue with you, but rather than redoing the whole report, if we think this is twice as long as it should be, then we double the number in the bottom corner.

Ms. Kassel stated correct, but I am saying to the engineer that if he is updating this reserve study, then he should adjust it and send us a new one so we know what we are dealing with.

Mr. Boyd stated I will update the report with all the things that we have discussed, and I will filter back through the useful life timeframe.

Mr. Berube stated I think what Ms. Kassel is requesting, and what I would also like, give us the bad news now. If that means we need to put aside \$100,000 annually instead of \$52,000, that is fine. Tell us that and let us make that decision.

Mr. Boyd stated that is the challenge in updating the frequencies because it will impact the numbers.

Ms. Kassel stated we know that, but that is the purpose of this report.

Mr. Farnsworth asked how pessimistic do we want the engineer to be in his estimates?

Mr. Berube stated pessimistic.

Ms. Kassel stated we want him to be conservative, not too optimistic.

Mr. Farnsworth stated that will end up being very expensive.

Mr. Berube stated I understand that.

Ms. Kassel stated I would rather have the money and not need it so we can spend it on something else, than to need it and not have it.

Mr. Boyd stated some of these items will be replaced a little sooner than might be projected, and some of these might have a useful life that goes well beyond these numbers. We will try to average those out a little.

Mr. LeMenager stated it is a nice theoretical discussion, considering we put zero into reserves this year. That means we are \$50,000 short for this year. I appreciate Mr. Boyd updating this report. The thing that concerned me was there was nothing concerning timing. How much do we have in reserves now, \$250,000?

Mr. Moyer stated \$135,000.

Mr. LeMenager stated that is a couple years' worth, but clearly a lot of these items are well past their useful life and some will be 10 years old pretty soon.

Mr. Boyd stated we already had an alley refurbishment three years ago.

Mr. Moyer stated we also did a pool refurbishment.

Mr. LeMenager stated I know we have done a few things, but that seems to be what is lacking. But that addresses my point that there is nothing in the report with respect to timing. When do we expect to do some of these things? The report gives us a nice ballpark number that we should be putting \$50,000 into reserves annually, which is the number we had in mind for the past couple years. We also need to look at the report to say in 2018, we will probably spend money on these certain items at the respective dollar amounts. This is a ballpark estimate, and there is nothing wrong with that.

Mr. Berube stated consider that we funded the pool resurfacing last year out of our regular budget. We did not use any reserve monies for that at all. If I recall, we also funded the alley resurfacing from our regular budget, as well.

Mr. Boyd stated that is correct and that is something to keep in mind that part of the maintenance budget covers some of these items already.

Mr. Berube stated it all depends on how much money do we want to spend for Mr. Boyd to provide a spreadsheet that folds out 10 sheets long with great detail that we really do not need.

Mr. LeMenager we do need something that says what level we need to have the reserve at, and I think we are all in agreement that \$135,000 is probably not enough, and where do we need to be. Do we need to get to a point where we have \$500,000 in reserves and we know pretty much that will put us in an equilibrium state where we will be spending some of that each year and putting enough back in?

Mr. Berube stated I do not think we have ever spent anything from reserves.

Mr. Walls stated I think our reserves are at a very good level right now. This report looks at replacing everything we own, which is a worst-case scenario. We are maintaining these facilities, which extends the useful life. We are replacing some of these items from the operating budget. It is great if we can set aside \$50,000 annually, but we do not need it. We need reserves to fix the things that need to be fixed right away when something bad happens. A lot of these items do not need to be fixed right away. If a fountain gets broken and we do not have the money to fix it, then we do not fix it. For things that are issues that cause public safety problems, like sidewalks that are bad, then we want to set aside money for that and fix those things. I think this is a good starting point. I want to see the list of things, which is important to me. As long as we know we have these facilities and are maintaining them, at some point when we need to replace it, then we can set aside money for that. I think where we are now is a very good place in terms of dollars.

Mr. LeMenager asked based on what?

Mr. Berube stated based on past experience.

Mr. Walls stated based on the fact that we have not used any of those dollars.

Mr. LeMenager stated the community only now is starting to get old and starting to fall apart.

Mr. Walls stated that is correct, and we will need to replace things in the future. I am saying that we have money set aside for that, and we have room in the operating budget to pay for some of them. Mr. Boyd does good work, but I do not want to spend a lot of money for a more detailed report.

Mr. LeMenager stated clearly, if we do a formal reserve study, it will cost a lot more.

Mr. Berube stated Mr. Boyd can add the things we already discussed that are not included on the spreadsheet, maybe rethink the lifespan knowing we resurfaced one pool already at 10 years. There is another pool coming up, which is currently shown at 20 years, so that can be reduced.

Ms. Kassel stated there are a number of items where the useful life can be reduced.

Mr. Berube stated I also think the wooden bridges are anticipated at 20 years, and I think that should be reduced.

Mr. Boyd stated I actually show them at 25 years.

Mr. Berube stated we need to reduce that lifespan because they are wood.

Mr. Boyd stated you are maintaining them over time. After a period of time—20 or 25 years—the piles have to be replaced, so we would anticipate replacing the whole bridge at that time.

Ms. Kassel stated but we are looking to replace the dock at 10 years.

Mr. Boyd stated that is due to heavy storm damage over time.

Mr. Berube stated we are always going to have storms.

Ms. Kassel stated we may have that same scenario again.

Mr. Berube stated we are not arguing with Mr. Boyd. I would rather have the bottom number be higher for the worst-case scenario, rather than a best-case estimate so that we do not have a problem in the future. That is my opinion and where I think we all are going. Let us make sure we are adequately prepared. We do not want to have to impose a special assessment.

Mr. Boyd stated I will review it and update it.

Mr. Moyer stated your budget this year will be pretty challenging.

Mr. Berube stated yes, we know.

Ms. Kassel stated instead of budgeting for reserves, we simply used what we did not spend last year and pushed that to reserves.

Mr. LeMenager stated our reserves did not change. The amount we are keeping in reserves is exactly the same as we kept in reserves last year.

Mr. Walls stated there is a healthy level of unassigned fund balance, also.

Ms. Kassel stated it goes into the same fund balance.

Mr. Walls stated it is still a reserve.

Mr. Berube stated we are not going broke.

Mr. LeMenager stated I do not think we are going broke. I think we actually share something in terms of not wanting to go to the voters and ask for increased assessments in case something happens.

Mr. Berube stated no, we do not want to do that. I will remind everyone that I suggested we increase assessments 1% last year, and everyone else objected.

Mr. LeMenager stated I agreed with you.

Mr. Berube stated we are getting very tight where the budget will have an equilibrium where it is a flat line. We need to remember that a 1% increase generates \$40,000 for that

budget, at an average cost to the home owners of \$30. It is a pretty good trade considering the level of services that we want to continue. It is something to consider with the upcoming budget cycle. I am not saying we should raise assessments. I am just offering things to be considered. It is good management to be sure you do not have to worry about fixing things and buying things as needed.

ii. Neighborhood G

Mr. Boyd stated Neighborhood G was completed several years ago. The CDD has been operating and maintaining the stormwater system well, and there are no issues there. I recently discovered that SFWMD does not have on file the paperwork saying that the CDD is maintaining that stormwater system. I completed the paperwork that just needs the Chairman's signature. I will submit that to SFWMD and this will bring their records up to date. This is primarily a housekeeping item

Mr. Moyer asked is this a standard letter?

Mr. Berube stated this involves the ponds and the underground system.

Mr. Boyd stated yes. It lets SFWMD know who is maintaining the system in case they want to make contact with the maintenance entity.

NINTH ORDER OF BUSINESS

Supervisor Requests

Mr. Farnsworth stated I spoke with one of the crew members from Davey, and they indicated they are the ones who take care of the fire ants. They have not addressed all of them.

Ms. Kassel stated the ants are on the move with all the rain we have had.

Mr. Farnsworth stated I have checked the area across the street in front of my house. Some of them have been taken care of, but there are three hills that are still pretty active. I just wanted to mention that. My second item is about the dog park area, and I have not been back there today to check. Outside the fence is the trash can that at one time had a ribbon around it. It is off its pegs. The bolts are supposed to hold it down, but someone has picked it up and set it off the pegs.

Mr. Haskett stated we will get it taken care of.

Ms. Kassel asked has there been any vandalism recently?

Mr. Haskett stated not until Mr. Farnsworth mentioned about the trash can.

Mr. Farnsworth stated it does not look like they destroyed anything. They just picked it up and set it off the mounts.

Mr. Walls stated when I was at the amphitheater for the Relay for Life, there were some ant beds around the seating area. Mr. Druckenmiller was kind enough to come out and take care of them because we had a lot of people out there with kids getting into them. I appreciate that.

Mr. Berube stated a couple weeks ago, I was at the pool and there was a significant number of people there. The security system went down and locked everyone in. When that gate locks, you cannot get out. I happened to be there and knew who to call. Within 10 minutes or so, the situation was resolved with the assistance of both Mr. Calabro and Mr. Druckenmiller. It is conceivable there could be another situation like that where people are locked in, and it could be a safety consideration. I can imagine if people get locked in there, someone will kick down the gate or some other damage. It would seem to be as simple as shutting down power to that system to get the gate to release. Can we do something with some sort of an emergency override within that enclosure, where you can shut off the power without getting into a locked room and unplugging it? I would make that request for both facilities.

Mr. LeMenager asked if we have a button like that, what is to prevent people from pushing the button to let all their friends in? That defeats the purpose of having the card access system. Mr. Berube was there and knew the people to call. It seems to me the simple solution is to post the names and numbers who to call in an emergency if there is any system failure.

Mr. Berube stated that will also work, as long as someone is here.

Mr. Haskett stated I did research it, and the reason it happened is a default in the program. If the gate is held open for an extended period of time, which it had been, it will fault out, locking people in and keeping people out. The goal is for people to keep the gate closed pursuant to health code and not keep it propped open.

Mr. Berube stated initially when we discussed this, there was going to be an alarm or a bell as part of the system, so when the gate is held open for 30 or 60 seconds, a bell was going to ring or something was going to happen. Up until now, we have not needed that, but we had one instance recently. Has anyone thought about the next step is to prevent someone from holding the gate open?

Mr. Haskett stated I discussed it with the staff. Their goal is to keep an eye on the gate all the time. It seems that it happens during reserved events, so we now put on the application that you cannot leave the gate propped open or it will default and lock.

Mr. Berube stated I was there for a party. It was not the group I was with, but there was another group on the other side, and I watched them prop it open Sunday afternoon. I did not even think about the gate defaulting like that. I knew what was going on since they had people coming and going the whole time, mostly non-residents. When the gate locked up, then it dawned on me that is probably why it happened. I probably should have said something earlier. It is a little bit of a problem which is easily avoided. I am just looking for a situation around it. Maybe we do not need to address it or maybe we do.

Mr. LeMenager stated put up a little sign. Mr. Berube made the comment earlier that you cannot control stupid.

Mr. Berube stated that is correct; you cannot fix stupid. People do not know the repercussions of propping the door open, and there is not a sign there. Most of the signs have faded, so if we are going to redo some of them and refresh them, this would be another one that says not to hold the gate open.

Mr. Haskett stated I will also look into the alarm that was adaptable to it, and maybe that will help.

Mr. Berube stated maybe an override will prevent that from happening.

Mr. LeMenager stated include on the sign that if they leave the gate open too long, they run the risk of being locked in and unable to get out. That tends to focus the mind.

Mr. Berube asked did someone repaint the gate today?

Mr. Haskett stated yes.

Mr. Berube stated that worked well except there was no sign for wet paint, and there are a lot of new fingerprints in the wet paint.

Mr. Haskett stated it apparently did not dry as fast as the label said it would.

TENTH ORDER OF BUSINESS

Adjournment

The next regular meeting is scheduled for Thursday, May 30, 2013, at 9:00 a.m.

The meeting adjourned at 7:35 p.m.

Fourth Order of Business

4A.



MAINTENANCE REPORT

CUSTOMER Harmony Ponds DATE 4-26-2013

BTC ACCOUNT NO. 581-01

BIOLOGIST / TECHNICIAN Jon Avance/ Scott Etes

TREATMENT SERVICES

POND SITE INSPECTED	EMERG. VEG.	SUBMERG. VEG.	FLOATING VEG.	ALGAE	AQUASTAR	AQUATHOL k	COPPER SULFATE	CUTRINE	POND DYE	REWARD	SONAR	WEEDAR	OTHER
3,21,2,4	x				x							x	
20,23,22				x				x		x			
29,1,5,19				x				x		x			
9 (irrigation)													
6,7,8				x				x		x			
10,18,16				x				x		x			
17,16,11				x				x		x			
13,12,14				x				x		x			
15,24,34				x				x		x			

TARGETED VEGETATION Torpedo Grass, Primrose Willow, Cat-Tails, Algae

ADDITIONAL NOTES / CONCERNS All monthly Ponds treated for any invasive vegetation.

Old world Climbing fern was treated from airboat around buck lake dock.

Will treat any remaining Climbing fern or water hyacinth around boat dock on our next visit in two weeks.

Orlando Office
2002 E Robinson St
Orlando FL 32803

Vero Beach Office
1717 Indian River Blvd
Suite 201
Vero Beach FL 32960

Jacksonville Office
2036 Forbes St
Jacksonville FL 32204

Tampa Office
333 Falkenburg Rd N
Suite A 128
Tampa FL 33619

Key West Office
1107 Key Plaza
Suite 259
Key West FL 33040

Aquatic & Land
Management Operations
3825 Rouse Rd
Orlando FL 32817

Native Plant Nursery
DCC Farms
8580 Bunkhouse Rd
Orlando FL 32832

407.894.5969
877.894.5969
407.894.5970 fax

Key West

Vero Beach

Orlando

Jacksonville

Tampa



MAINTENANCE REPORT

CUSTOMER Harmony DATE 5-14-2013

BTC ACCOUNT NO. 581-01

BIOLOGIST / TECHNICIAN Jon Avance

TREATMENT SERVICES

POND SITE INSPECTED	EMERG. VEG.	SUBMERG. VEG.	FLOATING VEG.	ALGAE	AQUASTAR	AQUATHOL k	COPPER SULFATE	CUTRINE	POND DYE	REWARD	SONAR	WEEDAR	OTHER
20,4,2	x				x							x	
21,3	X				x							x	
1,5,6,7	x				x							x	
9(irrigation)													
8,19	x				x							x	
10,18,17	x				x							x	
16,11,14	x				x							x	
15,13,12	x				x							x	
29,22,23	x				x							x	
24	x				x							x	

TARGETED VEGETATION Torpedo Grass, Primrose willow, Penny Wort.

ADDITIONAL NOTES / CONCERNS All ponds treated for torpedo grass and other invasive vegetation.

Treated buck lake boat dock for water hyacinth and torpedo grass as well as the mouth of pine needle trail.

All out fall structure were treated for any invasive vegetation

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4B.

The Davey Tree Expert Company
Harmony Community Development District
Landscape Maintenance
Monthly Summary

May 2013

General:

Concerns expressed in the April Board meeting have been duly noted and addressed. We have met separately with Board President Steve Berube to discuss and have addressed these items. Additionally, to prevent any back slide on the progress made throughout the community we are implementing an internal inspection process that will more effectively monitor, identify, and address routine and non-routine service tasks and issues that may develop.

We share the Board's and Resident's goals with regard to the landscape and appreciate any and all input we can receive to improve on the delivery of our services. Should anyone have any questions, comments, or concerns please do not hesitate to contact me at your convenience.

- Garth Rinard, Branch Manager ph. 407-566-2114

4.1 Turf

4.1.1 Mowing - Mowing was completed throughout common and park locations on a bi-weekly basis in April/ May as follows:

Week ending 4/27/13

Week ending 5/04/13

Week ending 5/11/13

Week ending 5/18/13

Mowing is scheduled for the balance of May as follows:

Week ending 05/25/13

4.1.2 Edging (same as above, see 4.1.1)

4.1.3 Trimming (same as above, see 4.1.1)

4.1.4 Disease/ Weed Control

a. No disease concerns at this time.

b. Spot treat applications for dollarweed along Cat Brier, Schoolhouse Rd., and Harmony Square

c. Spot treat grassy weeds in Dog Park (Cat Brier)

- 4.1.5 Fertilization
 - a. Turf fertilization scheduled for week of 5/27/13.
- 4.1.6 Pest Control
 - a. Pest activity minimal.
 - b. Ant treatments on-going.
- 4.1.7 pH Adjustment
- 4.1.8 Other:
 - a. Sod repair Lakeshore Park, Cat Brier, and Schoolhouse Rd.

4.2 Sports Turf

- 4.2.1 Mowing
 - a. Mowing shifted to twice weekly. Mowing is being completed with a rotary style mower, mulching deck, at a 1” cutting height.
 - b. Mowing activity shifted to morning hours as requested.
- 4.2.2 Insecticides
 - a. No insect concerns/ activity at this time.
- 4.2.3 Herbicides
 - a. Turf weed applications remain on cycle. Applications completed week of 4/15/13, 5/13/13. Rainfall has had some diminishing effect on chemical. Next application the week of 5/20/13 at reduced rate returning to three week cycle thereafter.
- 4.2.4 Fungicide
 - b. No disease concerns at this time
- 4.2.5 Fertilization
 - a. Granular application of 24-0-11 completed the week of 05/20/13. Next scheduled application the week of 6/17/13.
- 4.2.6 pH Adjustment

4.3 Shrub/Ground Cover Care

- 4.3.1 Annuals
 - a. General policing and weeding of bedding areas.
- 4.3.2 Pruning
 - a. General trimming and pruning throughout all locations of the community.

- 4.3.3 Weeding
 - a. Weed control cycling through property covering hardscape and open bedding areas throughout community and 192. On-going basis.
 - b. Hand weeding to maintain aesthetics within ornamentals and ground covers being supplemented with selective herbicides.
- 4.3.4 Fertilization
 - a. Supplemental fertilization in select locations for select material incorporated into detail crew sectional detailing schedules.
 - a. Azalea supplements – all locations
 - b. Knock-out Roses – all locations
- 4.3.5 Pest and Disease Control
 - a. No pest or disease concerns at this time.
- 4.3.6 Mulching
 - a. Mulch installation, Cherry Brown, completed.
 - b. Playground mulch completed.
 - c. Touch-up mulch Lakeshore tree wells.
- 4.3.7 pH Adjustment

4.4 Tree Care

- 4.4.1 Pruning
 - a. Elevation/ canopy work in progress:
 - a. E. Five Oaks Drive
 - b. Cat Brier
 - c. Lakeshore
 - d. Schoolhouse
 - e. Five Oaks Dr. – Cat Brier turnabout
 - f. Ashley Park/ Square
 - g. Estates (selected trees)
 - b. General sucker removal throughout.
- 4.4.2 Tree Basins
 - a. Mulch removal/ install – completed.
 - b. Cleaned and re-established tree wells along Cupseed.
- 4.4.3 Fertilizer
 - a. Swim Club palm fertilizer including micro-nutrient treatments.
- 4.4.4 Pest Control
 - a. No pest concerns at this time

- 4.4.5 Mulch
 - a. Note section 4.4.2

- 4.4.6 pH Adjustment

4.5 Irrigation

- 4.5.1 General Requirements
 - a. Materials supplied for collateral head damage resulting from mowing operations.
 - b. Hand water tree transplants and new landscape material in Lakeshore Park.
- 4.5.2 Monitoring
- 4.5.3 Valve/ Valve Boxes

4.6 Litter Removal

- 4.6.1 Landscaped Area
 - a. Mowing, detail , weed crew and Supervisor responsibility on a daily basis.
- 4.6.2 Sidewalks
 - a. Mowing, detail, weed crew, and Supervisor responsibility on a daily basis.
- 4.6.3 Trash Receptacles
 - a. Cleaning and pest control scheduled bi-weekly.
- 4.6.4 Streets
 - a. Mowing, detail, weed crew, and Supervisor responsibility on a daily basis

4.7 District/ District Manager Awareness

5.0 Unscheduled Maintenance and Repairs

- 5.1.1 General
 - a. None noted at this time.
- 5.2.1 Damaged Facilities
- 5.2.2 Damaged Irrigation System Repairs
 - a. Reference section 4.5.1 above
- 5.3.1 Emergency Repairs
- 5.4.1 Unscheduled Maintenance

6.0 Other – Proposals, Work Orders

- 6.1 Proposals
 - a. West entrance landscaping completed.

- b. Oak tree transplants (Phase II) from OUC buffer - completed. Also included trees from nursery/ holding area.
- c. Proposal for Class I pruning of street trees submitted. Scheduled to begin the week of 12/10/12 with completion projected end of December. Canopy/ elevation work in progress in advance of pruning.
- d. Proposal for landscape renovations at Lakeshore turn-about submitted. Projected to begin the week of 12/26/12 provided suitable material (Butterfly bush) is located and secured. Pending material.

Note: Discussed at January meeting and decided to table this proposal re-directing approved funds to other areas of the property. Proposal pending.

5/1/13 – Met with Kerul Kassel to discuss ideas, suggestions, and recommendations to this proposal. Proposal development continues and incorporating these ideas and suggestions.

- e. Proposal for the installation of replacement and new trees along Cupseed.

4C.

4Ci.

THE TOWN OF HARMONY

District Dock & Maintenance Activities Report

April 16, 2013 – May 15, 2013

Boat Maintenance

- Large Pontoon Boat placed in service.
- Removed and inspected all propellers (weekly). Fishing line removed from small & large pontoons, no damage noted.
- Boat Dock – Daily safety check. Monitoring structural unit connections.
- Small Pontoon taken to Advanced Marine for service. Holes found in pontoons. Expected to be placed in service May 22-23.
- Sailboat – Jib damaged during storm event. Out of Service. Sailboat taken to Lake Fairview Marina for repairs and maintenance. Should be in service by May 31.

Buck Lake Activities

- Boat Orientation held at the Enrichment Center 4/27 & 5/11, 10 attended.

Facility / Park Maintenance Activities

- Routine cleaning activities – Including restrooms, trash and doggie potty removal.
- Inspected facilities for cleanliness and/or damage after each scheduled event.
- Swing Set Project @ Dog Park – Equipment Delivered 5/16. Site work complete. Swing install scheduled for 5/24.
- LSP Irrigation Extension- All landscaped areas are irrigated. Project completion scheduled for 5/23.

Irrigation Maintenance

- Continue to replace broken and clogged irrigation heads and routine maintenance activities.

4Cii.

HARMONY CDD

Boat Reservations - April--May 2013

Date	Resident	Time	M-W-Th	F-S-S	Total Passengers	20' Pontoon	16' Pontoon	18' Bass	14' Fishing	Sail Boat	Canoes	Kayaks	COMMENTS	PHONE
4/13/2013	Giovani Sensat	10--2:00 PM		x	4		x							786-436-3191
4/13/2013	Don Rice	11--2:00 PM		x	2			x					UNSCHEDULED	
4/13/2013	David Weatherly	3--5:00 PM		x			x						CANCELLED	407-433-3857
4/14/2013	Don Rice	8--12:30 PM		x	2			x						
4/14/2013	Thomas Belieff	8--12:30 PM		x	1		x							
4/14/2013	Jill Toomey	1--5:00 PM											CANCELLED	407-433-9030
4/15/2013	Ramsey Frost	8--10:30 AM	x		2		x							407-319-1944
4/17/2013	Don Rice	8--12:00 PM	x		2			x						
4/17/2013	Jim Herring	8--12:00 PM	x		2		x							321-402-1639
4/18/2013	Thomas Belieff	7:30--10:30 AM	x		1			x						
4/19/2013	Jim Herring	8--1:00 PM			2			x						
4/19/2013	Jim Bell	9--11:00 AM		x	4		x							228-222-7369
4/20/2013	Thomas Belieff	7:30--10:30 AM		x	2			x						
4/21/2013	Thomas Belieff	8--12:00 PM		x	1		x						UNSCHEDULED	
4/21/2013	Tim Flowers	11--3:00 PM											CANCELLED	321-446-2356
4/21/2013	Don Rice	7:30--11:30 AM		x	2			x						321-402-1639
4/24/2013	Don Rice	7:30--11:30 AM	x		2			x						
4/24/2013	Jim Herring	7:30--11:30 AM	x		2		x							
4/24/2013	Thomas Belieff	7:30--10:30 AM	x		1				x					
4/24/2013	Mike Hubbard	12:30--3:00 PM	x		5		x							651-303-4883
4/26/2013	Thomas Belieff	7:30--10:30 AM		x	1			x						
4/27/2013	Thomas Belieff	7:30--10:00 AM		x	1			x						
4/27/2013	BOAT CLASS	10--1:00PM				x								
4/27/2013	John Hutchinson	8--12:00 PM		x	3	x								850-686-9261
4/27/2013	Michael Goodhue	8--12:00 PM											CANCELLED	
4/28/2013	Alan Santa Cruz	1--5:00 PM											PAUL SICK	407-715-1957
4/28/2013	Don Rice	7:30--11:30 AM											PAUL SICK	321-402-1639
4/29/2013	Jim Herring	8--12:00 PM	x		2			x						
5/1/2013	Don Rice	7:30--11:30 AM	x		3	x								
5/3/2013	Joe Murray	8--12:00 PM		x	3	x								407-766-5054
5/4/2013	Thomas Belieff	7:30--10:30 AM		x	2			x						
5/4/2013	Michael Goodhue	9--12:00 PM		x	2				x				UNSCHEDULED	
5/4/2013	Natalia Jarquin	2:30--5:00 PM		x	2	x							1/2 Late--No Call	786-543-5216
5/4/2013	Raul Velez	2--5:00 PM											No Call No Show	407-941-4245
5/5/2013	Thomas Belieff	7:30--11:30 AM											WIND ADVISORY	
5/5/2013	Gustav Erikson	8--12:00 PM											WIND ADVISORY	401-837-1842
5/5/2013	Don Rice	7:30--11:30 AM											WIND ADVISORY	
5/5/2013	Ray Walls	7:30--11:30 AM											No Boats Available	
5/8/2013	Don Rice	7:30--11:30 AM	x		2			x						304-281-0010
5/8/2013	Jerry Campbell	8--12:00 PM	x		3	x								407-593-2806
5/10/2013	Zach Mulharen	9--1:00PM		x		x								407-873-5136
5/10/2013	John Hutchinson	1--5:00 PM		x				x						850-686-9261
5/11/2013	BOAT CLASS	10--1:00 PM		x		x								
5/11/2013	Thomas Belieff	7:30--10:30 AM		x	1			x						
5/11/2013	Kody Kasper	12--2:00 PM		x	2	x								407-572-7052
5/11/2013	Scott Toomey	12--4:00 PM		x	5			x						407-709-7017
5/12/2013	Thomas Belieff	7:30--10:30 AM		x	2			x						

5/12/2013	Don Rice	7:30--11:30 AM											CANCELLED	
5/12/2013	Manuel Lora	10--1:00 PM		x	6	x								319-331-6057
5/12/2013	Tim Wilson	2--4:00 PM		x	6	x								321-473-3642
5/13/2013	Don Rice	7:30--12:00 PM	x		3			x						
5/13/2013	Rachel Garwood	8--9:30 AM	x		3						x			407-438-1823
5/13/13/	Justin Helton	8:30--10:00 AM	x		4	x								
5/15/2013	Joe Murray	8--12:00 PM	x		6	x								936-645-1778
5/15/2013	Don Rice	7:30--11:30 AM			2							x		
5/15/2013	Jill Toomey	9--1:00 PM	x		4			x						407-433-9030
5/16/2013	Joe Murray	8--11:45 AM	x		5	x								936-645-1778
5/16/2013	Bryan Deschamps	8:30--11:00 AM											No Show	724-272-9191
5/18/2013	John Hutchinson	8--12:30 PM		x	4	x								850-686-9261
5/18/2013	Grace Anthony	2--4:45 PM		x	8	x								
5/18/2013	Thomas Belieff	7:30--11:00 AM		x	2			x						407-921-0989
5/19/2013	Don Rice	7:30--11:30 AM		x	1			x						304-281-0010
5/19/2013	Ray Walls	8--12:00 PM		x	5	x								
5/19/2013	Zach Mulharen												Wanted Pontoon N/A	
5/19/2013	Manuel Lora												Wanted boat/weekend	
5/20/2013	Joe Sobehart	8--12:00 AM	x		2	x								412-780-1383
5/20/2013	Rachel Garwood	8--12:00 PM	x		4						x			407-483-1823
			20	30	136	18	9	21	3	0	0	7		
Buck Lake is closed on Tuesdays.														
					Last Month	144	Total Passengers		136					
						50	Total Trips		50					

Fifth Order of Business

Irrigation Use Update

At the April CDD meeting a question was raised as to why water use, not necessarily cost but gallons used, was higher in February of 2013 compared to the same months in 2012. A review of records showed this to be true for the highest volume irrigation zones in Harmony's parks, as the following table shows.

Water Meter	Feb 2012 (TGals/Day)	Feb 2013 (TGals/Day)	Mar 2012 (TGals/Day)	Mar 2013 (TGals/Day)
784380 0 Five Oaks Dr	6.65	9.74	4.58	8.40
784390 0 Schoolhouse Rd Pk	2.17	4.81	1.84	5.93
784410 0 Cat Brier Trl	12.90	26.62	9.81	24.83
784420 0 Harmony Sq Dr west	6.21	13.19	5.65	15.93
784430 0 Harmony Sq Dr East	9.14	13.23	7.23	14.00
785210 0 Five Oaks Dr RM	5.00	10.29	3.74	10.03
812210 3300 Schoolhouse Rd	7.93	9.66	6.56	11.73
855740 0 Schoolhouse & Cupseed	3.88	7.97	2.87	6.07
903780 6900 E Irlo Bronson Hwy	8.83	16.90	7.42	13.83
846710 Harmony Sq Dr/192	4.26	7.03	3.39	8.50
948250 7300 Five Oaks Dr	8.62	19.07	8.52	21.47
948380 7500 Five Oaks Dr	8.62	17.07	7.65	16.77
1125108 3200 Schoolhouse Rd	8.41	15.07	6.88	14.37

Several factors could have influenced this:

Rainfall

The community irrigation system relies on rainfall as the first source of irrigation water, supplementing it with Toho water only to the extent that it provides what's needed to refill a root zone "bank." As shown in the attached rainfall reports for Feb and Mar of both years, in 2012 we had 5.29" of rain over the two months while in 2013 the total was only 1.83" with most of that coming in the middle of February. More irrigation water was needed in 2013 to make up the deficit.

Central controller settings

In January adjustments were made to various settings in the central controller to increase the amount of water being distributed to keep the turf and landscape in top looking condition during the winter months. An outside review of these settings was requested in May and

adjustments were made to bring these settings back in line with seasonal conditions and expectations.

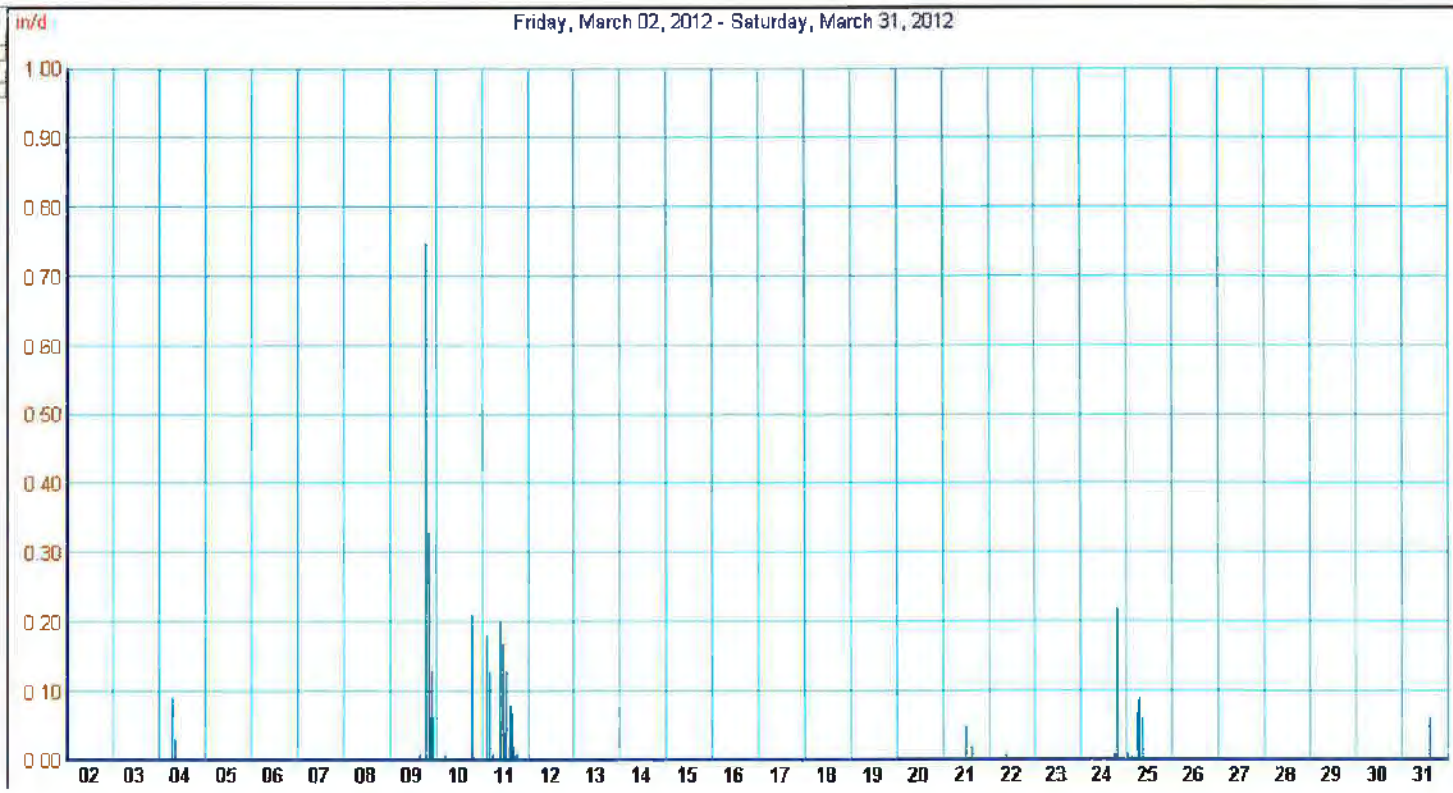
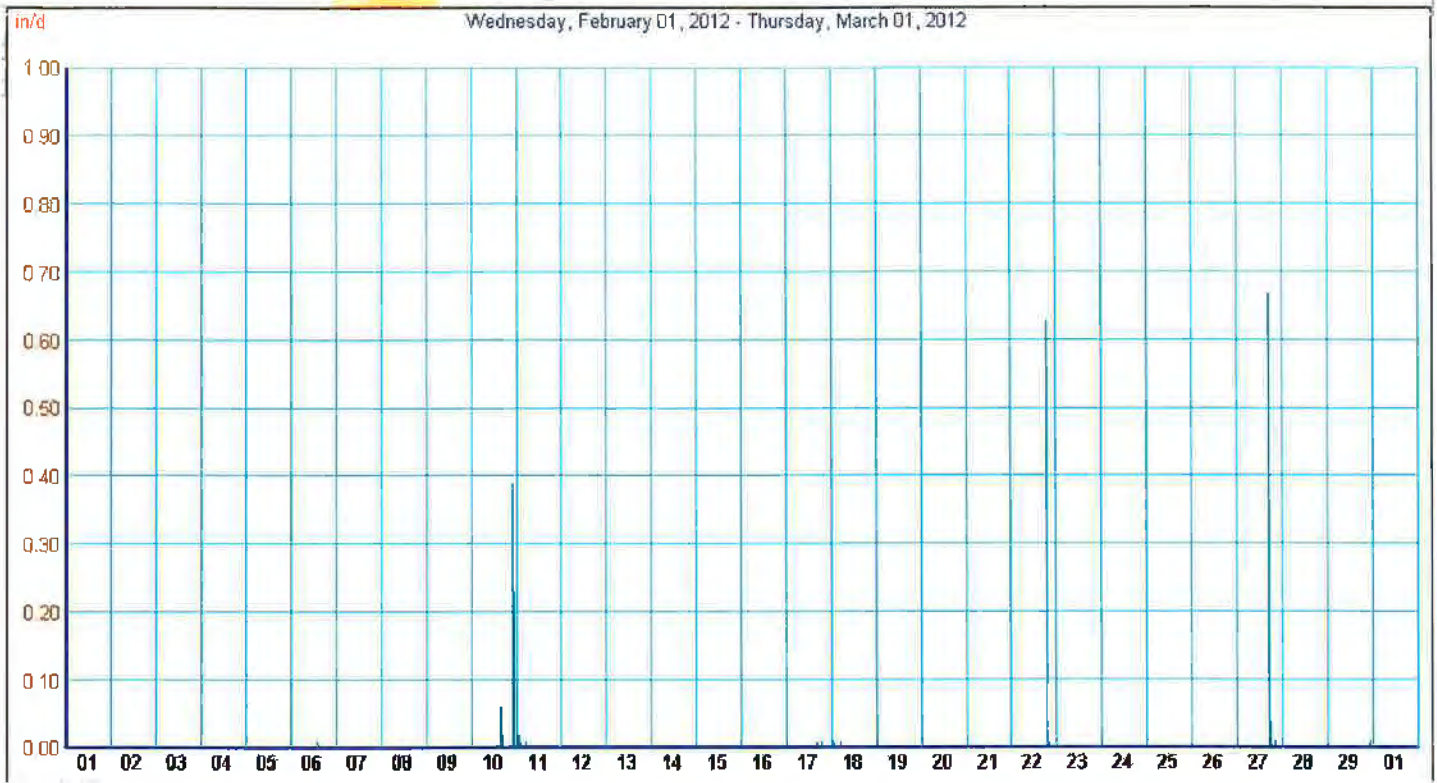
Meter inaccuracies or leaks

The Toho Water Authority was asked to check records for their parts of the distribution system to see if any irregularities showed up that would indicate meter problems. As nearly all meters were showing higher readings for the two months and no leaks were detected, it was unlikely that it was a meter issue but more of something on the demand side. Toho expanded their review from a two month comparison to the first several months of 2012 and the first months of 2013 and found that on all meters checked the irrigation runtimes were considerably longer this year.

Conclusion

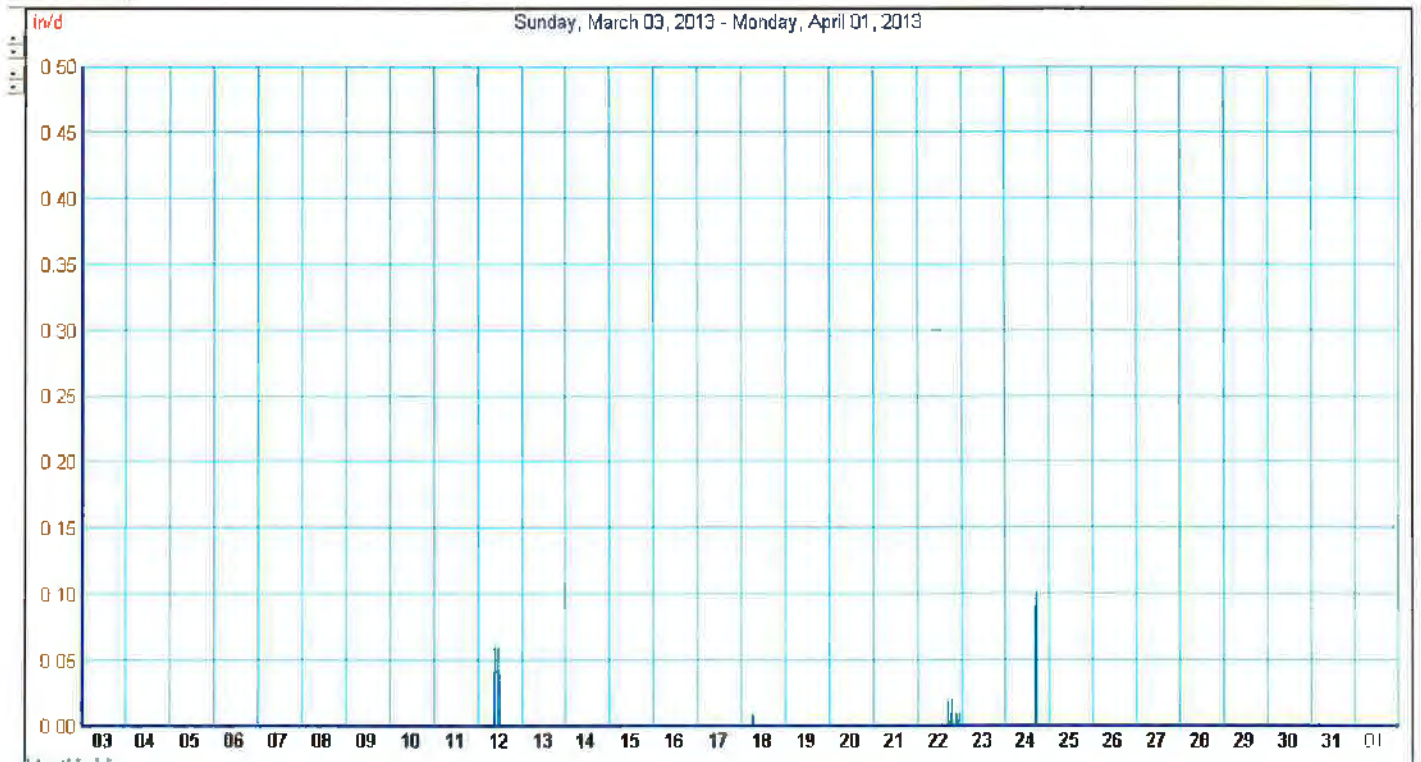
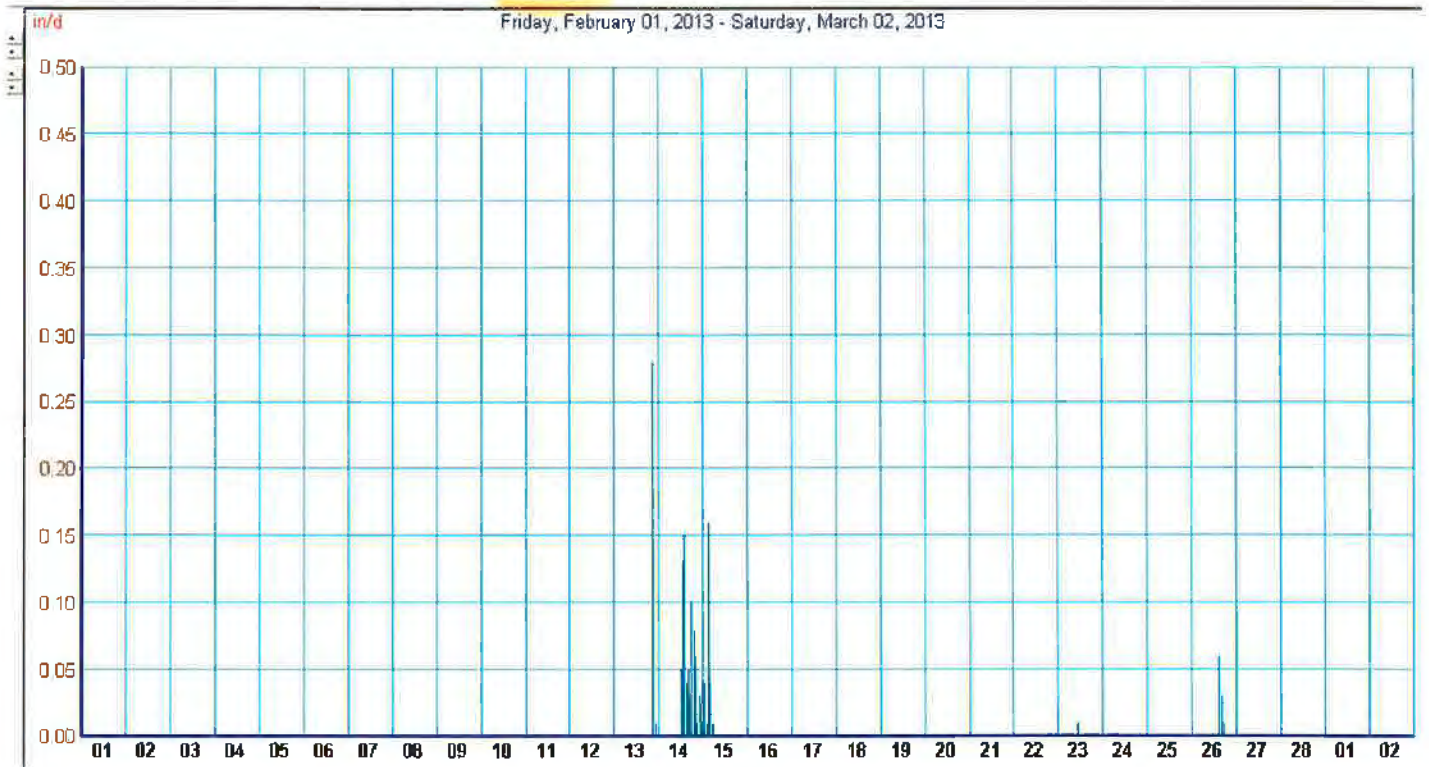
Though lack of rain was definitely a factor this year and makes direct year to year comparisons for water use a little tough, perhaps a larger factor was that the system was directed to increase the amount of irrigation applied in an effort to maintain a fresh look to the parks throughout the winter. Following the results of an audit of the system settings, adjustments have been made that should bring application rates back in line with seasonal conditions and get future water use closer to historical patterns.

2/1 - 3/31 2012 RAINFALL 5.29''



2/1-4/1

2013 RAINFALL 1.83"



Sixth Order of Business

6A.

HARMONY
Community Development District

Annual Operating and Debt Service Budget
Fiscal Year 2014

Version 1 - Proposed Budget
(Printed on 5/20/13)

Prepared by:



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Harmony
Community Development District

Budget Overview
Fiscal Year 2014

Harmony

Community Development District

General Fund Budget Overview FY 2014

Below are some highlights on the proposed budget for FY 2014. Overall, the expenditures budgeted in this version is approximately 5.8% higher than last's budgeted amount.

Revenue

- Assessments increased primarily due to an increase in field management expenditures.

Administration

- Insurance increased by 15% to cover the market price at this point.

Field

- ProfServ-Field Management increased from \$119,000 to \$205,000.

Landscape

- The landscape contract changed from Luke Brothers to The Davey Tree Expert Company which has reduced the entire contract amount by approximately \$10,000.

Utility

- OUC General Electricity increased approximately 3%.
- KUA Water and Sewer charges increased approximately 5%.
- OUC Streetlight Electricity increased approximately 2%.

Operation & Maintenance

- Misc-contingency was reduced from prior year to lower the overall budgeted assessments.

Harmony
Community Development District

Operating Budget
Fiscal Year 2014

Summary of Revenues, Expenditures and Changes in Fund Balances
Fiscal Year 2014 Proposed Budget

ACCOUNT DESCRIPTION	ACTUAL	ADOPTED	ACTUAL	PROJECTED	TOTAL	ANNUAL
	FY 2012	BUDGET FY 2013	THRU APR-2013	MAY - SEP-2013	PROJECTED FY 2013	BUDGET FY 2014
REVENUES						
Interest - Investments	\$ 3,421	\$ 2,501	\$ 1,721	\$ 1,229	\$ 2,950	\$ 2,500
Interest - Tax Collector	134	-	65	-	65	-
Special Assmnts- Tax Collector	622,472	602,370	571,082	31,288	602,370	637,868
Special Assmnts- CDD Collected	913,955	884,442	515,924	368,518	884,442	936,562
Special Assmnts- Discounts	(11,952)	(24,095)	(13,518)	-	(13,518)	(25,515)
Other Miscellaneous Revenues	1,511	-	1,872	-	1,872	-
TOTAL REVENUES	1,529,541	1,465,218	1,077,146	401,036	1,478,182	1,551,415
EXPENDITURES						
<i>Administrative</i>						
P/R-Board of Supervisors	10,200	11,200	5,400	4,000	9,400	11,200
FICA Taxes	780	857	413	306	719	857
ProfServ-Arbitrage Rebate	1,200	1,200	600	600	1,200	1,200
ProfServ-Dissemination Agent	500	500	500	-	500	500
ProfServ-Engineering	4,742	5,000	1,423	1,423	2,846	5,000
ProfServ-Legal Services	35,666	25,000	16,816	12,011	28,827	25,000
ProfServ-Mgmt Consulting Serv	48,184	55,984	20,026	4,750	24,776	55,984
ProfServ-Property Appraiser	-	779	-	-	-	779
ProfServ-Special Assessment	11,822	11,822	11,822	-	11,822	11,822
ProfServ-Trustee	9,186	10,800	10,748	-	10,748	10,800
Auditing Services	7,500	8,000	6,000	1,250	7,250	7,250
Communication - Telephone	239	380	5	245	250	380
Postage and Freight	1,108	1,200	430	770	1,200	1,200
Insurance - General Liability	23,262	26,751	27,431	-	27,431	31,546
Printing and Binding	6,770	5,000	1,951	3,049	5,000	5,000
Legal Advertising	1,592	500	159	1,341	1,500	500
Misc-Assessmnt Collection Cost	7,522	12,047	11,151	626	11,777	12,757
Misc-Contingency	228	500	214	286	500	500
Office Supplies	797	1,000	244	756	1,000	1,000
Annual District Filing Fee	175	175	175	-	175	175
Total Administrative	171,473	178,695	115,508	31,413	146,921	183,450
<i>Field</i>						
ProfServ-Field Management	107,860	119,113	40,688	19,698	60,386	205,000
Total Field	107,860	119,113	40,688	19,698	60,386	205,000

Summary of Revenues, Expenditures and Changes in Fund Balances
Fiscal Year 2014 Proposed Budget

ACCOUNT DESCRIPTION	ACTUAL	ADOPTED	ACTUAL	PROJECTED	TOTAL	ANNUAL
	FY 2012	BUDGET FY 2013	THRU APR-2013	MAY - SEP-2013	PROJECTED FY 2013	BUDGET FY 2014
Landscape						
R&M-Grounds	29,539	29,994	12,560	8,971	21,531	21,531
R&M-Irrigation	29,074	20,000	2,423	2,423	4,846	20,000
R&M-Tree Trimming Services	13,000	15,000	-	15,000	15,000	15,000
R&M-Trees and Trimming	17,587	19,115	11,602	8,287	19,889	19,889
R&M-Turf Care	276,952	248,001	141,631	101,165	242,796	242,796
R&M-Shrub Care	107,059	107,540	64,041	45,743	109,784	109,784
Miscellaneous Services	18,654	23,000	2,411	10,000	12,411	23,000
Total Landscape	491,865	462,650	234,668	191,590	426,258	452,000
Utilities						
Electricity - General	20,160	30,000	17,533	12,524	30,057	31,000
Electricity - Streetlighting	377,961	389,000	221,023	157,874	378,897	400,555
Utility - Water & Sewer	102,793	105,000	59,806	42,719	102,525	110,000
Total Utilities	500,914	524,000	298,362	213,116	511,478	541,555
Operation & Maintenance						
Contracts-Lake and Wetland	26,780	25,000	9,156	6,540	15,696	25,000
Communication - Telephone	4,637	6,000	2,576	1,875	4,451	6,000
Utility - Refuse Removal	-	2,000	1,491	1,065	2,556	2,000
R&M-Common Area	19,014	18,800	15,253	15,253	30,506	18,800
R&M-Equipment	16,081	15,000	6,292	4,494	10,786	15,000
R&M-Pools	58,929	57,000	44,411	11,400	55,811	57,000
R&M-Roads & Alleyways	4,041	5,000	122	3,878	4,000	5,000
R&M-Sidewalks	82	4,000	-	4,000	4,000	4,000
R&M-Parks & Amenities	5,204	8,500	430	4,570	5,000	8,500
R&M-Hardscape Cleaning	2,836	5,000	2,836	-	2,836	5,000
Misc-Contingency	13,316	19,960	5,558	3,970	9,528	4,000
Misc-Security Enhancements	2,358	2,500	2,227	475	2,702	2,500
Cap Outlay - Other	30,263	12,000	1,070	10,930	12,000	12,000
Impr - Park	-	-	-	-	-	4,610
Cap Outlay - Vehicles	7,323	-	-	-	-	-
Total Operation & Maintenance	190,864	180,760	91,422	68,450	159,872	169,410
TOTAL EXPENDITURES	1,462,976	1,465,218	780,648	524,267	1,304,915	1,551,415
Excess (deficiency) of revenues						
Over (under) expenditures	66,565	-	296,498	(123,231)	173,267	-
OTHER FINANCING SOURCES (USES)						
Sale of General Capital Assets	-	-	577	-	577	-
TOTAL OTHER SOURCES (USES)	-	-	577	-	577	-
Net change in fund balance	66,565	-	297,075	(123,231)	173,844	-
FUND BALANCE, BEGINNING	644,605	711,170	711,170	-	711,170	885,014
FUND BALANCE, ENDING	\$ 711,170	\$ 711,170	\$ 1,008,245	\$ (123,231)	\$ 885,014	\$ 885,014

Exhibit "A"
 Allocation of Fund Balances

AVAILABLE FUNDS

	<u>Amount</u>
Beginning Fund Balance - Fiscal Year 2014	\$ 885,014
Net Change in Fund Balance - Fiscal Year 2014	-
Reserves - Fiscal Year 2014 Additions	-
Total Funds Available (Estimated) - 9/30/2014	885,014

ALLOCATION OF AVAILABLE FUNDS

Assigned Fund Balance

Operating Reserve - First Quarter Operating Capital	387,854 ⁽¹⁾
Reserves - Insurance	50,000 ⁽²⁾
Reserves - Renewal & Replacement	185,000 ⁽³⁾
Subtotal	<u>622,854</u>
Total Allocation of Available Funds	<u>622,854</u>

Total Unassigned (undesignated) Cash	<u>\$ 262,160</u>
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Notes

- (1) Represents approximately 3 months of operating expenditures
- (2) Represents deductibles for Liability and Property insurance
- (3) Represents annual amount of approximate 10 year plan (until 2020) for renewal and replacement

Budget Narrative
Fiscal Year 2014

REVENUES

Interest-Investments

The District earns interest on its operating accounts.

Special Assessments-Tax Collector

The District will levy a Non-Ad Valorem assessment on all the assessable property within the District in order to pay for the operating expenditures during the Fiscal Year. The collection will be provided by the Tax Collector pursuant to Selection 197.3632, Florida Statutes, which is the Uniform Collection Methodology.

Special Assessment – CDD Collected (Maintenance)

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

Special Assessments-Discounts

Per Section 197.162, Florida Statutes, discounts are allowed for early payment of assessments only when collected by the Tax Collector. The budgeted amount for the fiscal year is calculated at 4% of the anticipated Non-Ad Valorem assessments.

EXPENDITURES

Administrative

P/R-Board of Supervisors

Chapter 190 of the Florida Statutes allows for members of the Board of Supervisors to be compensated \$200 per meeting at which they are in attendance. The amount for the Fiscal Year is based upon four supervisors attending 12 meetings and 2 workshops.

FICA Taxes

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

Professional Services – Arbitrage Rebate

The District will contract with an independent certified public accountant to annually calculate the District's Arbitrage Rebate Liability on the Series of Benefit Special Assessment Bonds. The budgeted amount for the fiscal year is based on signed engagement letters for each Bond series at \$600 each.

Professional Services – Dissemination Agent

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

Professional Services-Engineering

The District's engineer, Boyd Civil Engineering, Inc., will be providing general engineering services to the District, i.e., attendance and preparation for monthly Board meetings, review of invoices, preparation of requisitions., etc.

Professional Services-Legal Services

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

Budget Narrative
Fiscal Year 2014

EXPENDITURES

Administrative (continued)

Professional Services-Management Consulting Services

The District receives Management, Accounting and Administrative services as part of a Management Agreement with Severn Trent Management Services, Inc. The budgeted amount for the fiscal year is based on the contracted fees outlined in Exhibit "A" of the Management Agreement. No increase is expected for FY2014.

Contract -Severn Trent Management Services	\$55,984
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Professional Services - Special Assessment (Advisor)

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

Professional Services -Property Appraiser

The Property Appraiser provides the District with a listing of the legal description of each property parcel within the District boundaries, and the names and addresses of the owners of such property. The District reimburses the Property Appraiser for necessary administrative costs incurred to provide this service. The FY2013 budget for property appraiser costs was based on a unit price per parcel. In prior years, this cost was included in Misc.-Assessment Collection Cost.

Professional Services- Trustee

The District pays US Bank an annual fee for trustee services on the Series 2001 and Series 2004 Bonds. The budgeted amount for the fiscal year is \$4,500 for each series plus any out-of-pocket expenses.

Auditing Services

The District is required to conduct an annual audit of its financial records by an Independent Certified Public Accounting Firm. The budgeted amount for the fiscal year is based on contracted fees from an existing engagement letter with Grau & Associates.

Communication-Telephone

Telephone and fax transmission expenditures.

Postage and Freight

Actual postage and/or freight used for District mailings including agenda packages, vendor checks and other correspondence.

Insurance-General Liability

The District's General Liability & Public Officials Liability Insurance policy is with Public Risks Insurance Agency. They specialize in providing insurance coverage to governmental agencies. The budgeted amount allows for a projected increase in the premium.

Printing and Binding

Copies used in the preparation of agenda packages, required mailings, and other special projects.

Legal Advertising

The District is required to advertise various notices for monthly Board meetings and other public hearings in the Orlando Sentinel.

Budget Narrative
Fiscal Year 2014

EXPENDITURES

Administrative (continued)

Miscellaneous-Assessment Collection Costs

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

Miscellaneous -Contingency

This includes monthly bank charges and any other miscellaneous expenses that may be incurred during the year.

Office Supplies

Supplies used in the preparation and binding of agenda packages, required mailings, and other special projects.

Annual District Filing Fee

The District is required to pay an annual fee of \$175 to the Department of Community Affairs.

Field

Professional Services – Field Management \$205,000

Project Manager will provide onsite field operations management and supervisory services, including oversight of all District contractors providing services including landscape, hardscape, stormwater/ponds, etc. Field services provided for within this scope include community boat operations, facility and common area maintenance and irrigation.

Landscape

Contracts-Ground \$21,531

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

New Contract (Davey Tree)	\$11,692
New Contract (Davey Tree)	\$9,839
Unscheduled maintenance – Added to Misc Services	

R&M-Irrigation \$20,000

Purchase of irrigation supplies. Unscheduled maintenance consists of major repairs and replacement of system components.

Unscheduled maintenance/repair of Weather Station	\$1,400
Unscheduled maintenance/repair of lines	\$3,000
Irrigation supplies	\$15,600

Budget Narrative
Fiscal Year 2014

EXPENDITURES

Landscape (continued)

Contracts –Trees Canopy Trimming **\$15,000**
Scheduled maintenance consists of canopy trimming for trees above the 10-foot height level, and consulting with a certified arborist.

Contracts –Trees Canopy Trimming **\$15,000**
Scheduled maintenance consists of canopy trimming for trees above the 10-foot height level, and consulting with a certified arborist.

Contracts –Trees and Trimming **\$19,889**
Scheduled maintenance consists of pruning, maintaining tree basins and fertilizing trees below the 10-foot height level.

New Contract (Davey Tree) \$19,889
Unscheduled maintenance – Added to Misc Services

Contracts -Turf Care **\$242,796**
Scheduled maintenance consists of mowing, edging, blowing, fertilizing, and applying pest and disease control chemicals to turf within Harmony CDD. Unscheduled maintenance consists of replacement to any damaged areas.

New Contract (Davey Tree)- \$242,796
Unscheduled maintenance – Added to Misc Services

R&M-Shrub Care **\$109,784**
Scheduled maintenance consists of pruning, mulching, fertilizing, applying pest and disease control chemicals, and providing weed control and debris removal to Shrubs within the District. Unscheduled maintenance consists of repairs and replacement to any damaged areas.

New Contract (Davey Tree) \$109,784
Unscheduled maintenance – Added to Misc Services

Miscellaneous Services **\$23,000**
Unscheduled or one-time landscape maintenance expenses for other areas within the District that are not listed in any other budget category.

Utility

Electricity - General **\$31,000**
Electricity for accounts with Orlando Utilities Commissions for the swim club, parks, and irrigation. Fees are based on historical costs for metered use.

Electricity - Streetlighting **\$400,555**
Contract to lease light-poles and fixtures for all street lighting within the District, as per agreement with the Orlando Utilities Commission. Fees are based on historical costs.

Budget Narrative
Fiscal Year 2014

EXPENDITURES

Utility (continued)

Utility - Water & Sewer **\$110,000**

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

Operation & Maintenance

Contracts-Lake and Wetland **\$25,000**

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

Existing Contract (Bio-Tech Consulting)	\$15,696
Unscheduled maintenance	\$9,304

Communication – Telephone **\$6,000**

Telephone expenses for the dockmaster and assistant and the irrigation line for the computerized Maxicom irrigation system.

Utility - Refuse Removal **\$2,000**

Scheduled maintenance consists of trash disposal. Unscheduled maintenance consists of replacement or repair of dumpster.

R&M-Common Area **\$18,800**

- Benches: Unscheduled maintenance consists of replacing damaged benches and purchasing benches for added areas
- Miscellaneous cleaning supplies, light bulbs, and other supplies used throughout the District.
- Other miscellaneous common area expense not provided in other line items. It is anticipated some items originally installed in 2003 will need to be replaced in FY 2014, including trash cans, doggie pots, and hardscape elements located within the neighborhood pocket parks.

R&M-Equipment **\$15,000**

Supplies, maintenance and equipment needed for the boats.

Boat Operation, supplies and maintenance	\$7,000
Repairs and system upgrade	\$6,000
Miscellaneous	\$2,000

R&M-Pools **\$57,000**

This includes monthly pool service and any repairs and maintenance for the Swim Club Ashley Park pools and Lakeshore Park Splash Pad that may be incurred during the year by the District, including repair and replacement of pool furniture, shades, safety equipment, etc. Supplies for the pool and fountains such as chemicals and chlorine are provided by Spies Pool LLC. Various pool licenses and permits required for the pools are based on historical expenses.

Contract (Robert's Pool Service)	\$15,360
Repair/replace Swim Club Pool Heater Unit # 2	\$20,000
Supplies	\$9,840
Licenses	\$1,050
Unscheduled Maintenance	\$10,750

Budget Narrative
Fiscal Year 2014

EXPENDITURES

Operation & Maintenance (continued)

R&M Roads and Alleyways **\$5,000**
 Unscheduled maintenance of alleyways. Operation & Maintenance (continued)

R&M Sidewalks **\$4,000**
 Unscheduled maintenance consists of grinding uneven areas and replacement of concrete sidewalk. Pressure washing areas within the District as needed.

R&M Parks and Facilities **\$8,500**
 Maintenance or repairs to the basketball courts and athletic fields, cleaning of basketball court, dog parks and all miscellaneous park areas.

Lakeshore Park	\$6,500
Dog Parks	\$1,000
Miscellaneous Park Areas	\$1,000

R&M-Hardscape Maintenance **\$5,000**
 Scheduled maintenance consists of pressure washing PVC fencing, bridges, and pavilions, restrooms and other Hardscape. Unscheduled maintenance consists of repairs and replacement of damaged areas, including columns.

Misc-Contingency **\$4,000**
 The fiscal year contingency represents the potential excess of unscheduled maintenance expenses not included in budget categories or not anticipated in specific line items.

Misc-Security Enhancement **\$2,500**
 Represents costs to update and improve security within the District. (Gates, camera's etc.) Unscheduled maintenance; includes repair or replacement of damaged cameras and any required upgrades.

Capital – Outlay **\$12,000**
 The District will replace existing equipment or purchase new equipment for District facilities

Improvement Park **\$ 4,610**
 The District will improve bridges, boardwalks& structures, benches and trashcans and furnishing.

Harmony
Community Development District

Debt Service Budgets

Fiscal Year 2014

Summary of Revenues, Expenditures and Changes in Fund Balances
Fiscal Year 2014 Proposed Budget

<u>ACCOUNT DESCRIPTION</u>	<u>ACTUAL</u>	<u>ADOPTED</u>	<u>ACTUAL</u>	<u>PROJECTED</u>	<u>TOTAL</u>	<u>ANNUAL</u>
	<u>FY 2012</u>	<u>BUDGET</u>	<u>THRU</u>	<u>MAY -</u>	<u>PROJECTED</u>	<u>BUDGET</u>
		<u>FY 2013</u>	<u>APR-2013</u>	<u>SEP-2013</u>	<u>FY 2013</u>	<u>FY 2014</u>
REVENUES						
Interest - Investments	\$ 957	\$ 800	\$ 484	\$ 484	\$ 968	\$ 500
Special Assmnts- Tax Collector	1,031,779	1,050,511	995,021	54,516	1,049,537	1,049,873
Special Assmnts- Prepayment	16,668	-	6,715	-	6,715	-
Special Assmnts- CDD Collected	432,192	439,182	439,182	-	439,182	439,551
Special Assmnts- Discounts	(19,810)	(42,021)	(23,553)	-	(23,553)	(41,995)
TOTAL REVENUES	1,461,786	1,448,472	1,417,849	55,000	1,472,849	1,447,930
EXPENDITURES						
<i>Administrative</i>						
Misc-Assessmnt Collection Cost	12,467	21,010	19,429	1,090	20,519	20,997
Total Administrative	12,467	21,010	19,429	1,090	20,519	20,997
<i>Debt Service</i>						
Principal Debt Retirement	325,000	350,000	-	350,000	350,000	375,000
Principal Prepayments	30,000	-	20,000	-	20,000	-
Interest Expense	1,097,288	1,072,638	536,319	535,594	1,071,913	1,045,813
Total Debt Service	1,452,288	1,422,638	556,319	885,594	1,441,913	1,420,813
TOTAL EXPENDITURES	1,464,755	1,443,648	575,748	886,684	1,462,432	1,441,810
Excess (deficiency) of revenues						
Over (under) expenditures	(2,969)	4,824	842,101	(831,684)	10,417	6,120
OTHER FINANCING SOURCES (USES)						
Contribution to (Use of) Fund Balance	-	4,824	-	-	-	6,120
TOTAL OTHER SOURCES (USES)	-	4,824	-	-	-	6,120
Net change in fund balance	(2,969)	4,824	842,101	(831,684)	10,417	6,120
FUND BALANCE, BEGINNING	1,767,616	1,764,647	1,764,647	-	1,764,647	1,775,064
FUND BALANCE, ENDING	\$ 1,764,647	\$ 1,769,471	\$ 2,606,748	\$ (831,684)	\$ 1,775,064	\$ 1,781,184

AMORTIZATION SCHEDULE

Period Ending	Balance	Coupon Rate	Principal	Interest	Annual Debt Service
11/1/2013	\$14,425,000.00	7.250%		\$522,906.25	
5/1/2014	\$14,050,000.00	7.250%	\$375,000.00	\$522,906.25	\$1,420,812.50
11/1/2014	\$14,050,000.00	7.250%		\$509,312.50	
5/1/2015	\$13,650,000.00	7.250%	\$400,000.00	\$509,312.50	\$1,418,625.00
11/1/2015	\$13,650,000.00	7.250%		\$494,812.50	
5/1/2016	\$13,220,000.00	7.250%	\$430,000.00	\$494,812.50	\$1,419,625.00
11/1/2016	\$13,220,000.00	7.250%		\$479,225.00	
5/1/2017	\$12,755,000.00	7.250%	\$465,000.00	\$479,225.00	\$1,423,450.00
11/1/2017	\$12,755,000.00	7.250%		\$462,368.75	
5/1/2018	\$12,260,000.00	7.250%	\$495,000.00	\$462,368.75	\$1,419,737.50
11/1/2018	\$12,260,000.00	7.250%		\$444,425.00	
5/1/2019	\$11,725,000.00	7.250%	\$535,000.00	\$444,425.00	\$1,423,850.00
11/1/2019	\$11,725,000.00	7.250%		\$425,031.25	
5/1/2020	\$11,150,000.00	7.250%	\$575,000.00	\$425,031.25	\$1,425,062.50
11/1/2020	\$11,150,000.00	7.250%		\$404,187.50	
5/1/2021	\$10,535,000.00	7.250%	\$615,000.00	\$404,187.50	\$1,423,375.00
11/1/2021	\$10,535,000.00	7.250%		\$381,893.75	
5/1/2022	\$9,880,000.00	7.250%	\$655,000.00	\$381,893.75	\$1,418,787.50
11/1/2022	\$9,880,000.00	7.250%		\$358,150.00	
5/1/2023	\$9,175,000.00	7.250%	\$705,000.00	\$358,150.00	\$1,421,300.00
11/1/2023	\$9,175,000.00	7.250%		\$332,593.75	
5/1/2024	\$8,415,000.00	7.250%	\$760,000.00	\$332,593.75	\$1,425,187.50
11/1/2024	\$8,415,000.00	7.250%		\$305,043.75	
5/1/2025	\$7,600,000.00	7.250%	\$815,000.00	\$305,043.75	\$1,425,087.50
11/1/2025	\$7,600,000.00	7.250%		\$275,500.00	
5/1/2026	\$6,725,000.00	7.250%	\$875,000.00	\$275,500.00	\$1,426,000.00
11/1/2026	\$6,725,000.00	7.250%		\$243,781.25	
5/1/2027	\$5,785,000.00	7.250%	\$940,000.00	\$243,781.25	\$1,427,562.50
11/1/2027	\$5,785,000.00	7.250%		\$209,706.25	
5/1/2028	\$4,780,000.00	7.250%	\$1,005,000.00	\$209,706.25	\$1,424,412.50
11/1/2028	\$4,780,000.00	7.250%		\$173,275.00	
5/1/2029	\$3,700,000.00	7.250%	\$1,080,000.00	\$173,275.00	\$1,426,550.00
11/1/2029	\$3,700,000.00	7.250%		\$134,125.00	
5/1/2030	\$2,545,000.00	7.250%	\$1,155,000.00	\$134,125.00	\$1,423,250.00
11/1/2030	\$2,545,000.00	7.250%		\$92,256.25	
5/1/2031	\$1,310,000.00	7.250%	\$1,235,000.00	\$92,256.25	\$1,419,512.50
11/1/2031	\$1,310,000.00	7.250%		\$47,487.50	
5/1/2032	\$0.00	7.250%	\$1,310,000.00	\$47,487.50	\$1,404,975.00
Total			\$14,425,000.00	\$12,592,162.50	\$27,017,162.50

Summary of Revenues, Expenditures and Changes in Fund Balances
Fiscal Year 2014 Proposed Budget

<u>ACCOUNT DESCRIPTION</u>	<u>ACTUAL</u> <u>FY 2012</u>	<u>ADOPTED</u> <u>BUDGET</u> <u>FY 2013</u>	<u>ACTUAL</u> <u>THRU</u> <u>APR-2013</u>	<u>PROJECTED</u> <u>MAY -</u> <u>SEP-2013</u>	<u>TOTAL</u> <u>PROJECTED</u> <u>FY 2013</u>	<u>ANNUAL</u> <u>BUDGET</u> <u>FY 2014</u>
REVENUES						
Interest - Investments	\$ 3,778	\$ 2,000	\$ 179	\$ 179	\$ 358	\$ 100
Net Incr (Decr) In FMV-Invest	(2,765)	-	-	-	-	-
Special Assmnts- CDD Collected	1,197,400	1,219,938	714,296	505,642	1,219,938	1,221,130
TOTAL REVENUES	1,198,413	1,221,938	714,475	505,821	1,220,296	1,221,230
EXPENDITURES						
<i>Debt Service</i>						
Principal Debt Retirement	245,000	255,000	-	255,000	255,000	275,000
Interest Expense	985,500	968,963	484,481	484,481	968,963	951,750
Total Debt Service	1,230,500	1,223,963	484,481	739,481	1,223,963	1,226,750
TOTAL EXPENDITURES	1,230,500	1,223,963	484,481	739,481	1,223,963	1,226,750
Excess (deficiency) of revenues Over (under) expenditures	(32,087)	(2,025)	229,994	(233,660)	(3,667)	(5,520)
OTHER FINANCING SOURCES (USES)						
Contribution to (Use of) Fund Balance	-	(2,025)	-	-	-	(5,520)
TOTAL OTHER SOURCES (USES)	-	(2,025)	-	-	-	(5,520)
Net change in fund balance	(32,087)	(2,025)	229,994	(233,660)	(3,667)	(5,520)
FUND BALANCE, BEGINNING	1,401,937	1,369,850	1,369,850	-	1,369,850	1,366,184
FUND BALANCE, ENDING	\$ 1,369,850	\$ 1,367,825	\$ 1,599,844	\$ (233,660)	\$ 1,366,184	\$ 1,360,664

AMORTIZATION SCHEDULE

DATE	BALANCE	RATE	PRINCIPAL	INTEREST	TOTAL
11/1/2013	\$ 14,100,000	6.75%	\$ -	\$ 475,875.00	
5/1/2014	\$ 14,100,000	6.75%	\$ 275,000.00	\$ 475,875.00	\$ 1,226,750.00
11/1/2014	\$ 13,825,000	6.75%	\$ -	\$ 466,593.75	
5/1/2015	\$ 13,825,000	6.75%	\$ 290,000.00	\$ 466,593.75	\$ 1,223,187.50
11/1/2015	\$ 13,535,000	6.75%	\$ -	\$ 456,806.25	
5/1/2016	\$ 13,535,000	6.75%	\$ 310,000.00	\$ 456,806.25	\$ 1,223,612.50
11/1/2016	\$ 13,225,000	6.75%	\$ -	\$ 446,343.75	
5/1/2017	\$ 13,225,000	6.75%	\$ 330,000.00	\$ 446,343.75	\$ 1,222,687.50
11/1/2017	\$ 12,895,000	6.75%	\$ -	\$ 435,206.25	
5/1/2018	\$ 12,895,000	6.75%	\$ 355,000.00	\$ 435,206.25	\$ 1,225,412.50
11/1/2018	\$ 12,540,000	6.75%	\$ -	\$ 423,225.00	
5/1/2019	\$ 12,540,000	6.75%	\$ 380,000.00	\$ 423,225.00	\$ 1,226,450.00
11/1/2019	\$ 12,160,000	6.75%	\$ -	\$ 410,400.00	
5/1/2020	\$ 12,160,000	6.75%	\$ 405,000.00	\$ 410,400.00	\$ 1,225,800.00
11/1/2020	\$ 11,755,000	6.75%	\$ -	\$ 396,731.25	
5/1/2021	\$ 11,755,000	6.75%	\$ 435,000.00	\$ 396,731.25	\$ 1,228,462.50
11/1/2021	\$ 11,320,000	6.75%	\$ -	\$ 382,050.00	
5/1/2022	\$ 11,320,000	6.75%	\$ 460,000.00	\$ 382,050.00	\$ 1,224,100.00
11/1/2022	\$ 10,860,000	6.75%	\$ -	\$ 366,525.00	
5/1/2023	\$ 10,860,000	6.75%	\$ 495,000.00	\$ 366,525.00	\$ 1,228,050.00
11/1/2023	\$ 10,365,000	6.75%	\$ -	\$ 349,818.75	
5/1/2024	\$ 10,365,000	6.75%	\$ 525,000.00	\$ 349,818.75	\$ 1,224,637.50
11/1/2024	\$ 9,840,000	6.75%	\$ -	\$ 332,100.00	
5/1/2025	\$ 9,840,000	6.75%	\$ 560,000.00	\$ 332,100.00	\$ 1,224,200.00
11/1/2025	\$ 9,280,000	6.75%	\$ -	\$ 313,200.00	
5/1/2026	\$ 9,280,000	6.75%	\$ 595,000.00	\$ 313,200.00	\$ 1,221,400.00
11/1/2026	\$ 8,685,000	6.75%	\$ -	\$ 293,118.75	
5/1/2027	\$ 8,685,000	6.75%	\$ 635,000.00	\$ 293,118.75	\$ 1,221,237.50
11/1/2027	\$ 8,050,000	6.75%	\$ -	\$ 271,687.50	
5/1/2028	\$ 8,050,000	6.75%	\$ 680,000.00	\$ 271,687.50	\$ 1,223,375.00
11/1/2028	\$ 7,370,000	6.75%	\$ -	\$ 248,737.50	
5/1/2029	\$ 7,370,000	6.75%	\$ 730,000.00	\$ 248,737.50	\$ 1,227,475.00
11/1/2029	\$ 6,640,000	6.75%	\$ -	\$ 224,100.00	
5/1/2030	\$ 6,640,000	6.75%	\$ 775,000.00	\$ 224,100.00	\$ 1,223,200.00
11/1/2030	\$ 5,865,000	6.75%	\$ -	\$ 197,943.75	
5/1/2031	\$ 5,865,000	6.75%	\$ 825,000.00	\$ 197,943.75	\$ 1,220,887.50
11/1/2031	\$ 5,040,000	6.75%	\$ -	\$ 170,100.00	
5/1/2032	\$ 5,040,000	6.75%	\$ 880,000.00	\$ 170,100.00	\$ 1,220,200.00
11/1/2032	\$ 4,160,000	6.75%	\$ -	\$ 140,400.00	
5/1/2033	\$ 4,160,000	6.75%	\$ 940,000.00	\$ 140,400.00	\$ 1,220,800.00
11/1/2033	\$ 3,220,000	6.75%	\$ -	\$ 108,675.00	
5/1/2034	\$ 3,220,000	6.75%	\$ 1,000,000.00	\$ 108,675.00	\$ 1,217,350.00
11/1/2034	\$ 2,220,000	6.75%	\$ -	\$ 74,925.00	
5/1/2035	\$ 2,220,000	6.75%	\$ 1,070,000.00	\$ 74,925.00	\$ 1,219,850.00
11/1/2035	\$ 1,150,000	6.75%	\$ -	\$ 38,812.50	
5/1/2036	\$ 1,150,000	6.75%	\$ 1,150,000.00	\$ 38,812.50	\$ 1,227,625.00
			\$ 14,100,000.00	\$ 14,046,750.00	\$ 28,146,750.00

Budget Narrative
Fiscal Year 2014

REVENUES

Interest-Investments

The District earns interest income on its trust accounts with US Bank.

Special Assessments-Tax Collector

The District will levy a Non-Ad Valorem assessment on all the assessable property within the District in order to pay for the debt service expenditures during the Fiscal Year. The collection will be provided by the Tax Collector pursuant to Selection 197.3632, Florida Statutes, which is the Uniform Collection Methodology.

Special Assessment – CDD Collected (Maintenance)

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

Special Assessments-Discounts

Per Section 197.162, Florida Statutes, discounts are allowed for early payment of assessments only when collected by the Tax Collector. The budgeted amount for the fiscal year is calculated at 4% of the anticipated Non-Ad Valorem assessments.

EXPENDITURES

Administrative

Miscellaneous-Assessment Collection Cost

The District reimburses the Osceola Tax Collector for her or his necessary administrative costs. Per the Florida Statutes, administrative costs shall include, but not be limited to, those costs associated with personnel, forms, supplies, data processing, computer equipment, postage, and programming. The District also compensates the Tax Collector for the actual cost of collection or 2% on the amount of special assessments collected and remitted, whichever is greater. The FY2014 budget for collection costs was based on a maximum of 2% of the anticipated assessment collections.

Principal Debt Retirement

The District pays regular principal payments annually in order to pay down/retire the debt service.

Interest Expense

The District pays interest expense on the debt service bonds twice a year.

Harmony
Community Development District

Supporting Budget Schedules
Fiscal Year 2014

HARMONY
Community Development District

2013-2014 Non-Ad Valorem Assessment Summary

Platted			O & M			Debt Service			Total			Units
Neighborhood	Lot Type	Lot Width	2014 O & M Assessment	2013 O & M Assessment	% Change (Decrease) Increase	2014 Debt Service Assessment	2013 Debt Service Assessment	% Change (Decrease) Increase	2014 Total Assessment	2013 Total Assessment	% Change (Decrease) Increase	
A-1	MF	n/a	\$ 403.71	\$ 381.24	5.89%	\$ 689.55	\$ 688.88	0.10%	\$ 1,093.26	\$ 1,070.12	2.16%	186
B	B	80	\$ 1,276.26	\$ 1,205.23	5.89%	\$ 2,179.90	\$ 2,177.77	0.10%	\$ 3,456.15	\$ 3,383.00	2.16%	9
	C	65	\$ 1,036.96	\$ 979.25	5.89%	\$ 1,771.17	\$ 1,769.44	0.10%	\$ 2,808.12	\$ 2,748.69	2.16%	25
	E	52	\$ 829.57	\$ 783.40	5.89%	\$ 1,416.93	\$ 1,415.55	0.10%	\$ 2,246.50	\$ 2,198.95	2.16%	35
	G	42	\$ 670.04	\$ 632.75	5.89%	\$ 1,144.45	\$ 1,143.33	0.10%	\$ 1,814.48	\$ 1,776.08	2.16%	22
	H	35	\$ 558.36	\$ 527.29	5.89%	\$ 953.70	\$ 952.77	0.10%	\$ 1,512.07	\$ 1,480.06	2.16%	15
C-1	B	80	\$ 1,255.29	\$ 1,185.43	5.89%	\$ 2,144.08	\$ 2,141.98	0.10%	\$ 3,399.37	\$ 3,327.41	2.16%	10
	C	65	\$ 1,019.92	\$ 963.16	5.89%	\$ 1,742.06	\$ 1,740.36	0.10%	\$ 2,761.98	\$ 2,703.52	2.16%	30
	E	52	\$ 815.94	\$ 770.53	5.89%	\$ 1,393.65	\$ 1,392.29	0.10%	\$ 2,209.59	\$ 2,162.82	2.16%	35
	G	42	\$ 659.03	\$ 622.35	5.89%	\$ 1,125.64	\$ 1,124.54	0.10%	\$ 1,784.67	\$ 1,746.89	2.16%	30
	H	35	\$ 549.19	\$ 518.63	5.89%	\$ 938.03	\$ 937.12	0.10%	\$ 1,487.22	\$ 1,455.74	2.16%	12
C-2	B	80	\$ 1,305.32	\$ 1,232.68	5.89%	\$ 2,229.54	\$ 2,227.36	0.10%	\$ 3,534.86	\$ 3,460.04	2.16%	4
	C	65	\$ 1,060.57	\$ 1,001.55	5.89%	\$ 1,811.50	\$ 1,809.73	0.10%	\$ 2,872.07	\$ 2,811.28	2.16%	14
	E	52	\$ 848.46	\$ 801.24	5.89%	\$ 1,449.20	\$ 1,447.78	0.10%	\$ 2,297.66	\$ 2,249.02	2.16%	13
	G	42	\$ 685.29	\$ 647.16	5.89%	\$ 1,170.51	\$ 1,169.36	0.10%	\$ 1,855.80	\$ 1,816.52	2.16%	31
	H	35	\$ 571.08	\$ 539.30	5.89%	\$ 975.42	\$ 974.47	0.10%	\$ 1,546.50	\$ 1,513.77	2.16%	25
D-1	B	80	\$ 1,348.59	\$ 1,273.54	5.89%	\$ 2,303.44	\$ 2,301.19	0.10%	\$ 3,652.02	\$ 3,574.72	2.16%	9
	C	65	\$ 1,095.73	\$ 1,034.75	5.89%	\$ 1,871.54	\$ 1,869.71	0.10%	\$ 2,967.27	\$ 2,904.46	2.16%	20
	E	52	\$ 876.58	\$ 827.80	5.89%	\$ 1,497.23	\$ 1,495.77	0.10%	\$ 2,373.81	\$ 2,323.57	2.16%	6
D-2	E	n/a	\$ 801.07	\$ 756.49	5.89%	\$ 1,368.26	\$ 1,366.93	0.10%	\$ 2,169.34	\$ 2,123.42	2.16%	11
E	Custom	n/a	\$ 2,137.41	\$ 2,018.47	5.89%	\$ 3,650.78	\$ 3,647.22	0.10%	\$ 5,788.20	\$ 5,665.69	2.16%	51
G	E	52	\$ 964.90	\$ 911.20	5.89%	\$ 1,648.08	\$ 1,646.47	0.10%	\$ 2,612.98	\$ 2,557.67	2.16%	62
	G	42	\$ 779.34	\$ 735.97	5.89%	\$ 1,331.14	\$ 1,329.84	0.10%	\$ 2,110.48	\$ 2,065.81	2.16%	85
	H	35	\$ 649.45	\$ 613.31	5.89%	\$ 1,109.28	\$ 1,108.20	0.10%	\$ 1,758.73	\$ 1,721.51	2.16%	39
Unplatted												
A-2	MF		\$ 357.03	\$ 337.16	5.89%	\$ 609.82	\$ 609.23	0.10%	\$ 966.85	\$ 946.39	2.16%	44
H-1/H-2	MF		\$ 613.71	\$ 579.55	5.89%	\$ 1,048.23	\$ 1,047.21	0.10%	\$ 1,661.94	\$ 1,626.76	2.16%	222
F	MF		\$ 474.55	\$ 448.14	5.89%	\$ 810.55	\$ 809.76	0.10%	\$ 1,285.11	\$ 1,257.91	2.16%	120
M	MF		\$ 231.47	\$ 218.59	5.89%	\$ 395.37	\$ 394.98	0.10%	\$ 626.84	\$ 613.57	2.16%	120
I/J	TBD		\$ 480.32	\$ 453.59	5.89%	\$ 820.41	\$ 819.61	0.10%	\$ 1,300.74	\$ 1,273.21	2.16%	600
K	TBD		\$ 442.23	\$ 417.62	5.89%	\$ 755.35	\$ 754.61	0.10%	\$ 1,197.58	\$ 1,172.23	2.16%	220
L	TBD		\$ 473.86	\$ 447.49	5.89%	\$ 809.37	\$ 808.58	0.10%	\$ 1,283.23	\$ 1,256.07	2.16%	180
Comm	Comm		\$ 27,062.89	\$ 25,556.84	5.89%	\$ 46,224.41	\$ 46,179.26	0.10%	\$ 73,287.29	\$ 71,736.10	2.16%	7.58
Office	Office		\$ 94,041.75	\$ 88,808.32	5.89%	\$ 160,626.76	\$ 160,469.90	0.10%	\$ 254,668.51	\$ 249,278.22	2.16%	26.34
TC	Town Center		\$ 108,001.63	\$ 101,991.34	5.89%	\$ 184,470.75	\$ 184,290.60	0.10%	\$ 292,472.38	\$ 286,281.93	2.16%	30.25
GC	Golf Course (1)											

Note 1: As per report: \$60,919.52, gross is \$64,808

Total Units 2,349.17

6B.

RESOLUTION 2013-04

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE HARMONY COMMUNITY DEVELOPMENT DISTRICT APPROVING THE BUDGET FOR FISCAL YEAR 2014 AND SETTING A PUBLIC HEARING THEREON PURSUANT TO FLORIDA LAW

WHEREAS, the District Manager has heretofore prepared and submitted to the Board a proposed operating and/or debt service budget for Fiscal Year 2014; a copy of which is attached hereto, and

WHEREAS, the Board of Supervisors has considered said proposed budget and desires to set the required public hearing thereon;

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE HARMONY COMMUNITY DEVELOPMENT DISTRICT;

1. The budget proposed by the District Manager for Fiscal Year 2014 is hereby approved as the basis for conducting a public hearing to adopt said budget.
2. A public hearing on said approved budget is hereby declared and set for the following date, hour and place:

Date: Thursday, August 29, 2013

Hour: 6:00 p.m.

Place: 7251 Five Oaks Drive
Harmony, Florida

Notice of this public hearing shall be published in the manner prescribed in Florida Law.

Adopted this 30th day of May, 2013.

Steve Berube
Chairman

Gary L. Moyer
Secretary

Seventh Order of Business

7A.

Harmony Community Development District
Summary Sheet for Auditing Proposals

Firm Name ⁽¹⁾	Ability of Personnel (30 points)	Proposer's Experience (20 points)	Understanding of Scope of Work (10 points)	Ability to Furnish the Required Services (20 points)	Price (20 points)
Berger, Toombs, Elam, Gaines, & Frank	Firm has 58 years of experience. Work performed from Fort Pierce office. References, resumes, peer review and professional organizations/ associations provided in proposal.	Providing auditing services for over 50 CDDs throughout Florida; other clients include cities and counties. Experience includes over 300 CDDs, and over 800 municipalities, counties and other governmental entities.	The proposal demonstrated a clear understanding of the scope of CDD audits.	Professional staff of 27; 11 with experience serving governmental entities. Firm has 5 partners and 1 principal. Disaster Recovery Plan addressed. Firm supports ongoing training of staff (CPEs).	FY13-\$5,975**
Brimmer, Burek & Keelan, LLP	Founded in 1961, the company's governmental practice team is among the elite class of industry-focused experts with high standards of practice in audit, accounting, and quality control.	Throughout the past 20 years, the firm has provided audit services to governmental special districts, specifically in the Tampa Bay area.	The proposal demonstrated a clear understanding of the scope of CDD audits.	The proposal indicated the audit engagement would involve the partner and one staff member.	FY13 - \$6,100 FY14 - \$6,300 FY15 - \$6,500 ----- Total - \$18,900
Carr, Riggs & Ingram, LLC	Established in 1997 with roots going back to 1972. Over 35 years of governmental auditing experience in Florida. Ranked 29th largest accounting firm in US. Membership in 9 professional organizations. Provided references, team profiles & peer review.	Providing auditing services for over 70 special purpose developments in AL and FL including over 65 Florida CDDs. Other clients include school districts, utility districts, fire districts and multiple cities and counties.	Proposal included a four stage (risk-based) approach to the audit process and demonstrated a clear understanding of the scope of CDD audits.	Audit engagement team – 7 member professional staff & 3 partners. 31 offices in seven states with a support staff of over 800 employees (7 CPAs on staff). Firm supports ongoing training of staff (CPEs).	FY13 - \$5,000 FY14 - \$5,100 FY15 - \$5,200 ----- Total - \$15,300
Grau & Associates	Established in 1978; offices in Boca Raton and Tampa. Membership in 6 professional governmental and accounting organizations. Provided references, team profiles and peer review.	Providing auditing services for over 250 special districts throughout Florida. Last year, performed in excess of 19,000 hours of services for Public Sector. 100% of work is either audit or work related to government and non-profit entities.	Proposal included a three phase approach to the audit process and demonstrated a clear understanding of the scope of CDD audits.	Professional staff of 12 including 2 partners and 10 professionals (9 CPAs on staff). Firm provides in-house training (CPEs). Disaster recovery plan addressed.	FY13 - \$4,500 FY14 - \$4,700 FY15 - \$4,900 ----- Total - \$14,100

** The fees for fiscal years 2014 and 2015 will be agreed upon separately.

Notes

(1) Firms are listed alphabetically.

Harmony Community Development District
Ranking Sheet for Auditing Proposals

Firm Name ⁽¹⁾	Ability of Personnel (30 points)	Proposer's Experience (20 points)	Understanding of Scope of Work (10 points)	Ability to Furnish the Required Services (20 points)	Price (20 points)
McDimit Davis & Company, LLC	Organized in the State of Florida in August 1984 and serves Central Florida from its centrally located office in Orlando, Florida. Firm has over 28 years of experience. Proposal includes references, peer review, profiles and memberships in several professional accounting organizations.	Currently providing auditing services to 56 CDDs and 12 other governmental entities. Assisted 9 governmental entities in receiving the GFOA "Certificate of Achievement for Excellence in Financial Reporting".	Proposal provided detailed approach to audit process. The proposal demonstrated a clear understanding of the scope for CDD audits.	Professional staff of 22 including 4 partners and 3 managers. Two partners, Elden McDimit and Kelly Leary, will supervise the audit. Firm supports ongoing training of staff (CPEs).	FY13 - \$4,900 FY14 - \$5,000 FY15 - \$5,100 ----- Total - \$15,000
Stroemer & Company, PA	Firm has been practicing in the area for over 20 years; offices in Fort Myers and Aventura. Membership in 5 professional governmental and accounting organizations. Provided references, team profiles and peer review.	Their government client list (past and present) includes auditing services for 17 governmental entities.	The proposal demonstrated a clear understanding of the scope of CDD audits	The professional staff to be assigned to this audit would be one partner, one manager, and two auditors.	FY13 - \$7,350 FY14 - \$7,350 FY15 - \$7,350 ----- Total - \$22,050
Stuart Angelo & Company, P.A CPAs	The firm was formed in 1987, located in Tampa Florida. They are members for the AICPA and FICPA, and have been providing auditing services to governmental entities for over 25 years.	The firm's staff is in compliance with the GASB standards stringent requirements for continuing professional education.	The proposal demonstrated a clear understanding of the scope of CDD audits.	The professional staff to be assigned to this audit would be two CPAs and a staff accountant.	FY13 - \$7,250 FY14 - \$7,500 FY15 - \$7,750 ----- Total - \$22,500

** The fees for fiscal years 2014 and 2015 will be agreed upon separately.

Notes

(1) Firms are listed alphabetically.

Harmony Community Development District
 Ranking Sheet for Auditing Proposals

Firm Name ⁽¹⁾	Ability of Personnel (30 points)	Proposer's Experience (20 points)	Understanding of Scope of Work (10 points)	Ability to Furnish the Required Services (20 points)	Price (20 points)	Total Score (100 points)	Ranking
Berger, Toombs, Elam, Gaines, & Frank							
Brimmer, Burek & Keelan, LLP							
Carr, Riggs & Ingram, LLC							
Grau & Associates							
McDermitt Davis & Company, LLC							
Stroemer & Company, PA							
Stuart Angelo & Company, P.A CPAs							

Notes

(1) Firms are listed alphabetically.

Eighth Order of Business

8A.

Harmony
Community Development District

Financial Report

April 30, 2013

Prepared by



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Harmony
Community Development District

Financial Statements

(Unaudited)

April 30, 2013

Balance Sheet
April 30, 2013

ACCOUNT DESCRIPTION	GENERAL FUND	2001 DEBT SERVICE FUND	2004 DEBT SERVICE FUND	2004 CAPITAL PROJECTS FUND	TOTAL
ASSETS					
Cash - Checking Account	\$ 297,453	\$ -	\$ -	\$ -	\$ 297,453
Cash On Hand/Petty Cash	500	-	-	-	500
Accounts Receivable	20,550	-	-	-	20,550
Assessments Receivable	147,407	-	-	-	147,407
Interest/Dividend Receivables	2,795	-	-	-	2,795
Investments:					
Certificates of Deposit - 36 Months	127,778	-	-	-	127,778
Money Market Account	531,708	-	-	-	531,708
Construction Fund	-	-	-	3,393	3,393
Prepayment Account	-	8,221	3,229	-	11,450
Reserve Fund	-	1,415,519	857,096	-	2,272,615
Revenue Fund	-	1,353,781	739,519	-	2,093,300
TOTAL ASSETS	\$ 1,128,191	\$ 2,777,521	\$ 1,599,844	\$ 3,393	\$ 5,508,949
LIABILITIES					
Accounts Payable	\$ 57,398	\$ -	\$ -	\$ -	\$ 57,398
Accrued Expenses	41,875	-	-	-	41,875
Accrued Taxes Payable	122	-	-	-	122
Deferred Revenue	20,550	170,773	-	-	191,323
TOTAL LIABILITIES	119,945	170,773	-	-	290,718
FUND BALANCES					
Restricted for:					
Debt Service	-	2,606,748	1,599,844	-	4,206,592
Capital Projects	-	-	-	3,393	3,393
Assigned to:					
Operating Reserves	366,305	-	-	-	366,305
Reserves-Renewal & Replacement	185,000	-	-	-	185,000
Reserves - Self Insurance	50,000	-	-	-	50,000
Unassigned:	406,941	-	-	-	406,941
TOTAL FUND BALANCES	\$ 1,008,246	\$ 2,606,748	\$ 1,599,844	\$ 3,393	\$ 5,218,231
TOTAL LIABILITIES & FUND BALANCES	\$ 1,114,546	\$ 2,777,521	\$ 1,599,844	\$ 3,393	\$ 5,495,304

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Period Ending April 30, 2013

ACCOUNT DESCRIPTION	ANNUAL ADOPTED BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	VARIANCE (\$) FAV(UNFAV)
REVENUES				
Interest - Investments	\$ 2,501	\$ 1,456	\$ 1,722	\$ 266
Interest - Tax Collector	-	-	65	65
Special Assmnts- Tax Collector	602,370	602,370	571,082	(31,288)
Special Assmnts- CDD Collected	884,442	515,928	515,924	(4)
Special Assmnts- Discounts	(24,095)	(24,095)	(13,518)	10,577
Other Miscellaneous Revenues	-	-	1,872	1,872
TOTAL REVENUES	1,465,218	1,095,659	1,077,147	(18,512)
EXPENDITURES				
Administration				
P/R-Board of Supervisors	11,200	6,400	5,400	1,000
FICA Taxes	857	488	413	75
ProfServ-Arbitrage Rebate	1,200	1,200	600	600
ProfServ-Dissemination Agent	500	500	500	-
ProfServ-Engineering	5,000	2,919	1,423	1,496
ProfServ-Legal Services	25,000	14,419	16,816	(2,397)
ProfServ-Mgmt Consulting Serv	55,984	32,655	20,026	12,629
ProfServ-Property Appraiser	779	779	-	779
ProfServ-Special Assessment	11,822	11,822	11,822	-
ProfServ-Trustee	10,800	10,800	10,748	52
Auditing Services	8,000	8,000	6,000	2,000
Communication - Telephone	380	224	5	219
Postage and Freight	1,200	700	430	270
Insurance - General Liability	26,751	26,751	27,431	(680)
Printing and Binding	5,000	2,919	1,951	968
Legal Advertising	500	295	159	136
Misc-Assessmnt Collection Cost	12,047	12,047	11,151	896
Misc-Contingency	500	295	214	81
Office Supplies	1,000	581	244	337
Annual District Filing Fee	175	175	175	-
Total Administration	178,695	133,969	115,508	18,461
Field				
ProfServ-Field Management	119,113	69,483	40,688	28,795
Total Field	119,113	69,483	40,688	28,795

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Period Ending April 30, 2013

ACCOUNT DESCRIPTION	ANNUAL ADOPTED BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	VARIANCE (\$) FAV(UNFAV)
Landscape				
R&M-Grounds	29,994	17,500	12,560	4,940
R&M-Irrigation	20,000	11,669	2,423	9,246
R&M-Tree Trimming Services	15,000	8,750	-	8,750
R&M-Trees and Trimming	19,115	11,151	11,602	(451)
R&M-Turf Care	248,001	144,669	141,631	3,038
R&M-Shrub Care	107,540	62,732	64,041	(1,309)
Miscellaneous Services	23,000	13,418	2,411	11,007
Total Landscape	462,650	269,889	234,668	35,221
Utilities				
Electricity - General	30,000	17,500	17,533	(33)
Electricity - Streetlighting	389,000	226,915	221,023	5,892
Utility - Water & Sewer	105,000	61,250	59,806	1,444
Total Utilities	524,000	305,665	298,362	7,303
Operation & Maintenance				
Contracts-Lake and Wetland	25,000	13,622	9,156	4,466
Communication - Telephone	6,000	3,500	2,576	924
Utility - Refuse Removal	2,000	1,169	1,491	(322)
R&M-Common Area	18,800	10,969	15,253	(4,284)
R&M-Equipment	15,000	8,750	6,292	2,458
R&M-Pools	57,000	33,250	44,411	(11,161)
R&M-Roads & Alleyways	5,000	2,919	122	2,797
R&M-Sidewalks	4,000	2,331	-	2,331
R&M-Parks & Amenities	8,500	4,956	430	4,526
R&M-Hardscape Cleaning	5,000	2,912	2,836	76
Misc-Contingency	19,960	11,645	5,558	6,087
Misc-Security Enhancements	2,500	1,460	2,227	(767)
Cap Outlay - Other	12,000	6,000	1,070	4,930
Total Operation & Maintenance	180,760	103,483	91,422	12,061
TOTAL EXPENDITURES	1,465,218	882,489	780,648	101,841
Excess (deficiency) of revenues				
Over (under) expenditures	-	213,170	296,499	83,329

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Period Ending April 30, 2013

ACCOUNT DESCRIPTION	ANNUAL ADOPTED BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	VARIANCE (\$) FAV(UNFAV)
OTHER FINANCING SOURCES (USES)				
Sale of General Capital Assets	-	-	577	577
TOTAL FINANCING SOURCES (USES)	-	-	577	577
Net change in fund balance	\$ -	\$ 213,170	\$ 297,076	\$ 83,906
FUND BALANCE, BEGINNING (OCT 1, 2012)	711,170	711,170	711,170	
FUND BALANCE, ENDING	\$ 711,170	\$ 924,340	\$ 1,008,246	

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Period Ending April 30, 2013

ACCOUNT DESCRIPTION	ANNUAL ADOPTED BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	VARIANCE (\$) FAV(UNFAV)
REVENUES				
Interest - Investments	\$ 800	\$ 469	\$ 484	\$ 15
Special Assmnts- Tax Collector	1,050,511	1,050,511	995,021	(55,490)
Special Assmnts- Prepayment	-	-	6,715	6,715
Special Assmnts- CDD Collected	439,182	316,172	439,182	123,010
Special Assmnts- Discounts	(42,021)	(42,021)	(23,553)	18,468
TOTAL REVENUES	1,448,472	1,325,131	1,417,849	92,718
EXPENDITURES				
Administration				
Misc-Assessmnt Collection Cost	21,010	21,010	19,429	1,581
Total Administration	21,010	21,010	19,429	1,581
Debt Service				
Principal Debt Retirement	350,000	-	-	-
Principal Prepayments	-	-	20,000	(20,000)
Interest Expense	1,072,638	536,319	536,319	-
Total Debt Service	1,422,638	536,319	556,319	(20,000)
TOTAL EXPENDITURES	1,443,648	557,329	575,748	(18,419)
Excess (deficiency) of revenues Over (under) expenditures	4,824	767,802	842,101	74,299
OTHER FINANCING SOURCES (USES)				
Contribution to (Use of) Fund Balance	4,824	-	-	-
TOTAL FINANCING SOURCES (USES)	4,824	-	-	-
Net change in fund balance	\$ 4,824	\$ 767,802	\$ 842,101	\$ 74,299
FUND BALANCE, BEGINNING (OCT 1, 2012)	1,764,647	1,764,647	1,764,647	
FUND BALANCE, ENDING	\$ 1,769,471	\$ 2,532,449	\$ 2,606,748	

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Period Ending April 30, 2013

ACCOUNT DESCRIPTION	ANNUAL ADOPTED BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	VARIANCE (\$) FAV(UNFAV)
REVENUES				
Interest - Investments	\$ 2,000	\$ 1,162	\$ 179	\$ (983)
Special Assmnts- CDD Collected	1,219,938	-	714,296	714,296
TOTAL REVENUES	1,221,938	1,162	714,475	713,313
EXPENDITURES				
Debt Service				
Principal Debt Retirement	255,000	-	-	-
Interest Expense	968,963	484,482	484,481	1
Total Debt Service	1,223,963	484,482	484,481	1
TOTAL EXPENDITURES	1,223,963	484,482	484,481	1
Excess (deficiency) of revenues Over (under) expenditures	(2,025)	(483,320)	229,994	713,314
OTHER FINANCING SOURCES (USES)				
Contribution to (Use of) Fund Balance	(2,025)	-	-	-
TOTAL FINANCING SOURCES (USES)	(2,025)	-	-	-
Net change in fund balance	\$ (2,025)	\$ (483,320)	\$ 229,994	\$ 713,314
FUND BALANCE, BEGINNING (OCT 1, 2012)	1,369,850	1,369,850	1,369,850	
FUND BALANCE, ENDING	\$ 1,367,825	\$ 886,530	\$ 1,599,844	

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Period Ending April 30, 2013

ACCOUNT DESCRIPTION	ANNUAL ADOPTED BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	VARIANCE (\$) FAV(UNFAV)
REVENUES				
Interest - Investments	\$ -	\$ -	\$ 21	\$ 21
TOTAL REVENUES	-	-	21	21
EXPENDITURES				
Construction In Progress				
Construction in Progress	-	-	59,465	(59,465)
Total Construction In Progress	-	-	59,465	(59,465)
TOTAL EXPENDITURES	-	-	59,465	(59,465)
Excess (deficiency) of revenues Over (under) expenditures	-	-	(59,444)	(59,444)
Net change in fund balance	\$ -	\$ -	\$ (59,444)	\$ (59,444)
FUND BALANCE, BEGINNING (OCT 1, 2012)	-	-	62,837	
FUND BALANCE, ENDING	\$ -	\$ -	\$ 3,393	

Notes to the Financial Statements
April 30, 2013

General Fund

▶ **Assets**

- **Cash and Investments** - See Cash and Investment Report on page 14 for further details.
- **Accounts Receivable** - Reimbursement for legal fees and estoppel letter correction fees related to FY2006 Delinquent Assessments.
- **Assessments Receivable** - Birchwood Acres for O&M assessments - March and April 2013.

▶ **Liabilities**

- **Accounts Payable** - Expenditures paid in May 2013.
- **Accrued Expenses** - Expenditures accrued for April 2013.

City of St. Cloud Electricity - General - 4/5/13 - 5/5/13	\$ 2,500
City of St. Cloud Streetlighting - 4/7/13 - 5/5/13	31,615
Bio-Tech Consulting Inc-Lake and Wetland - March and April	2,616
Young Van Assenderp, P.A - March	2,816
Young Van Assenderp, P.A - April	2,329
Total	\$ 41,875

- **Accrued Taxes Payable** - Board FICA taxes due to the IRS.
- **Deferred Revenue - General Fund** -Deferred legal expenses and estoppel letter correction regarding the delinquent assessments matter.

Debt Service Funds

▶ **Assets**

- **Cash and Investments** - See Cash and Investment Report on page 14 for further details.

Capital Project Funds

▶ **Assets**

- **Cash and Investments** - See Cash and Investment Report on page 14 for further details.

Miscellaneous Notes

- Based on the letter dated February 2012, the District was reimbursed for the delinquent FY2006 assessments by reducing the monthly invoice for administrative management fee by \$1,300 through January 2013. In addition, any legal fees incurred by the
- ▶ District relating to the FY2006 delinquent assessments, will also be reimbursed by monthly deductions of \$986 beginning in February 2013 and ending in November 2013. In April the estoppel letter correction expenses will be reimbursed by monthly deductions of \$2,729 ending in September 2013. Please refer to schedule on page 16 for further explanation.
 - ▶ In November 2012, the District received a refund of \$4,350 from the City of St. Cloud for all of the electric utility deposits held by the OCU.

Notes to the Financial Statements
April 30, 2013

General Fund

Financial Overview / Highlights

- ▶ The Non-Ad Valorem assessments collection are at 95% compared to last year at 94%.
- ▶ Total general fund expenditures are at approximately 88% of the YTD (prorated) budget. Significant variances are explained below.

Variance Analysis (Rev and Expenditures)

Account Name	YTD Budget	Actual YTD	Variance (%) Fav (Unfav)	Explanation
Revenues				
Other Miscellaneous Revenues	\$ -	\$ 1,872	n/a	Line item includes: Reimbursement to the District from resident for a damaged tree - \$565, fees for replacement key cards for security gate - \$20 and PGIT- Insurance claim reimbursement for the damaged fountain - \$1,277.
Expenditures				
<u>Administration</u>				
ProfServ - Management Consulting Services	\$32,655	\$20,026	61%	Under Budget: As part of an agreement on February 2012 to reimburse the District the FY2006 Outstanding O&M Assessments the monthly invoice will show a reduction of \$1,300 beginning April 2012 through January 2013. Remaining balance was reduced in March \$872.
ProfServ - Trustee	\$10,800	\$10,748	100%	Under Budget: Annual fee for Series 2001and 2004. Paid in full.
Insurance - General Liability	\$26,751	\$27,431	103%	Over Budget: Public Risk Agency - Paid in Full for FY2013. Unfavorable variance due to a higher premium from a new insurance carrier.
Misc-Assessmnt Collection Cost	\$12,047	\$11,151	93%	Under Budget: Administrative and collection costs from Osceola County Tax Collector. Unfavorable variance due to timing of budget allocation.
<u>Field</u>				
ProfServ-Field Management	\$69,483	\$40,688	59%	Under Budget: Payroll and overhead costs for full-time field manager/dockmaster and assistant to the field manager as of April 2013. Monthly invoice amount (not including overtime) is \$9,726. Variance is due to credit of \$2,571.86, \$2,944.53, and \$976.51 for open positions from Sept-Nov and \$400 credit for overtime billed double on the October and November invoice. See page 16 for further details.

Notes to the Financial Statements
April 30, 2013

Account Name	YTD Budget	YTD Actual	Variance (%) Fav (Unfav)	Explanation
Expenditures - (continued)				
<u>Landscape</u>				
R&M - Grounds	\$17,500	\$12,560	72%	The Davey Tree Expert Compay monthly fee to maintain ground cover and plant annuals within District.
R&M - Trees & Trimming	\$8,750	\$0	0%	No invoices billed ytd. This budget is for canopy trimming for trees above the 10-foot height level.
R&M-Trees Trimming Services	\$11,151	\$11,602	104%	Over Budget: The Davey Tree Expert Company monthly maintenace agreement for pruning and maintaining tree below the 10-foot height level. \$1,657.
R&M-Turf Care	\$144,669	\$141,631	98%	Under Budget: The Davey Tree Expert Company monthly maintenace agreement \$20,233.
R&M-Shrub Care	\$62,732	\$64,041	102%	Over Budget: The Davey Tree Expert Company monthly maintenace agreement \$9,149.
Miscellaneous Services	\$13,418	\$2,411	18%	The Davey Tree Expert Company fees for landscape renovation, damage tree replacemet and sod replacement.
<u>Operation & Maintenance</u>				
Contracts-Lake and Wetland	\$13,622	\$9,156	67%	Bio-Tech Consulting monthly fees of \$1,308.
Utility - Refuse Removal	\$1,169	\$1,491	128%	Over Budget: Invoice from Waste Management Services for service through April 2013. Unfavorable variance due to higher costs than anticipated.
R&M-Common Area (District Facilities)	\$10,969	\$15,253	139%	Over Budget: District facility's expenditures; various invoices from Grainger, Northern Tool & Equipment and Home Depot. Unfavorable variance due invoices from Propet for Dogi-Pot liners purchased in Oct & Nov - \$3,827.
<u>Operation & Maintenance (continued)</u>				
R&M-Pools	\$33,250	\$44,411	134%	Over Budget: Unfavorable variance due to invoice to recycle chairs, lounges and tables.
Cap Outlay - Other	\$6,000	\$1,070	18%	Invoice from Dock-Ters Marine Construction for repairs to the floating dock.

Notes to the Financial Statements
April 30, 2013

Account Name	YTD Budget	YTD Actual	Variance (%) Fav (Unfav)	Explanation
Expenditures - (continued)				
<u>Other Financing Sources (Uses)</u>				
Sale of General Capital Assets	\$0	\$577	n/a	Sale of the Solar Boat.

Debt Service Fund Series 2001

Account Name	YTD Budget	YTD Actual	Variance (%) Fav (Unfav)	Explanation
Revenues				
Interest - Investments	\$ 469	\$ 484	103%	Interest earned on investment accounts
Special Assmnts - Tax Collector	\$1,050,511	\$ 995,021	95%	Non-Ad Valorem assessment collected by the tax collector on all the platted parcel.
Special Assmts - CDD Collected	\$ 439,182	\$ 439,182	100%	Non-Ad Valorem assessments collected semi-annually by the District on all the un-platted parcels.

Debt Service Fund Series 2004

Account Name	YTD Budget	YTD Actual	Variance (%) Fav (Unfav)	Explanation
Revenues				
Interest - Investments	\$ 1,162	\$ 179	15%	Interest earned on investment accounts
Special Assmts - CDD Collected	\$ -	\$ 714,296	n/a	Non-Ad Valorem assessments collected semi-annually by the District on all the un-platted parcels.

Miscellaneous Notes

- ▶ Principal prepayments for were made in November for Series 2001 - \$20,000.

Harmony
Community Development District

Supporting Schedules

April 30, 2013

Non-Ad Valorem Special Assessments
Osceola County Tax Collector - Monthly Collection Report
For the Fiscal Year Ending September 30, 2013

Date Received	Net Amount Received	Discount/ (Penalties) Amount	Collection Cost	Gross Amount Received	Allocation by Fund		
					General Fund Assessments	Series 2001 Debt Service Fund Assessments	
ASSESSMENTS LEVIED FY 2013					\$ 1,651,907	\$ 602,370	\$ 1,049,537
Allocation %					100%	36.47%	63.53%
11/08/12	\$ 1,824	\$ 108	\$ 37	\$ 1,970	\$ 718	\$ 1,251	
11/23/12	77,094	3,278	1,573	81,945	29,882	52,064	
12/07/12	677,330	28,798	13,823	719,951	262,531	457,420	
12/20/12	81,675	3,327	1,667	86,669	31,604	55,065	
01/11/13	20,358	672	415	21,446	7,820	13,626	
02/08/13	31,506	782	643	32,930	12,008	20,922	
03/08/13	11,993	124	245	12,361	4,507	7,854	
04/08/13	596,671	(18)	12,177	608,830	222,011	386,819	
TOTAL	\$ 1,498,451	\$ 37,071	\$ 30,581	\$ 1,566,103	\$ 571,082	\$ 995,021	
% COLLECTED					95%	95%	95%
TOTAL OUTSTANDING					\$ 85,804	\$ 31,289	\$ 54,516

Note (1) Difference with Budget is due to prepayments of assessments.

Harmony

Community Development District

Non-Ad Valorem Special Assessments - District Collected
Monthly Collection Report
For the Fiscal Year Ending September 30, 2013

Date Received	Net Amount Received	Discount/ (Penalties) Amount	Collection Cost	Gross Amount Received	Allocation by Fund		
					General Fund	Series 2001 Debt Service Fund	Series 2004 Debt Service Fund
DISTRICT COLLECTED ASSESSMENTS LEVIED FY 2013				\$ 2,543,562	\$ 884,442	\$ 439,182	\$ 1,219,938
Allocation %				52%	35%	17%	48%
10/31/12	\$ 73,703	\$ -	\$ -	\$ 73,703	\$ 73,703	\$ -	\$ -
10/31/12	312,188			312,188	-	312,188	-
12/02/12	73,703	-	-	73,703	73,703	-	-
12/08/12	73,703	-	-	73,703	73,703	-	-
01/25/13	73,703	-	-	73,703	73,703	-	-
02/28/13	73,703	-	-	73,703	73,703	-	-
03/13/13	73,703	-	-	73,703	73,703	-	-
04/30/13	73,703	-	-	73,703	73,703	-	-
4/30/13 (1)	126,994	-	-	126,994	-	126,994	-
04/30/13	714,296	-	-	714,296	-	-	714,296
TOTAL	\$ 1,669,402	\$ -	\$ -	\$ 1,669,402	\$ 515,924	\$ 439,182	\$ 714,296
% COLLECTED				65.63%	58.33%	100.00%	58.55%
TOTAL OUTSTANDING				\$ 874,160	\$ 368,518	\$ -	\$ 505,642

Note (1) - Received \$297,767.21 due to timing of budget allocation, \$170K were deferred to FY 2014.

Harmony
Community Development District

Cash and Investment Report
April 30, 2013

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%/0.10% (1)	\$292,342
Checking Account	BankUnited	Business Checking Account	n/a	n/a	\$1,000
Checking Account	CenterState Bank	Business Checking Account	n/a	0.25%	\$4,111
Subtotal					\$297,453
Cash On Hand		Petty Cash	n/a	n/a	\$500
Certificate of Deposit	CenterState Bank	36 month CD	7/6/2014	1.25%	\$127,778
Money Market Account	CenterState Bank	Money Market Account	n/a	0.10%	\$328,047
Money Market Account	Florida Shores Bank	Money Market Account	n/a	0.50%	\$102,252
Money Market Account	BankUnited	Money Market Account	n/a	0.45%	\$101,409
Subtotal					\$531,708

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%	\$8,221
Series 2001 Reserve Fund	US Bank	US Bank Open-Ended Commercial Paper	n/a	0.15%	\$1,415,519
Series 2001 Revenue Fund	US Bank	US Bank Open-Ended Commercial Paper	n/a	0.15%	\$1,353,781
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%	\$857,096
Series 2004 Revenue Fund	US Bank	US Bank Open-Ended Commercial Paper	n/a	0.15%	\$739,519
Series 2004 Construction Fund	US Bank	US Bank Open-Ended Commercial Paper	n/a	0.15%	\$3,393
Subtotal					\$4,380,758
Total					\$5,338,197

Notes

(1) The Operating Account at CenterState Bank is a combination of Business Checking and Money Market.
The different yields reflects the interest rate in each account, respectively.

Monthly Debit Card Purchases
April 30, 2013

Date	Vendor	Description	Amount
4/4/2013	North South Supply Inc	Irrigation supplies	37
4/5/2013	Amera Tail Inc	Utility Trailer	500
4/5/2013	St. Cloud Cycle Inc	Repair/maintenance of bobcat utility vehicle	405
4/16/2013	Amera Tail Inc	Utility Trailer	500
4/16/2013	Sunoco	Fuel	91

Total \$ 1,533

**Schedule of Reimbursement
April 30, 2013**

FY 2006 Assessments to be reimbursed as per letter on February 2012.	\$	13,872
Legal Fees associated to FY2006 assessments.	\$	9,863
Estoppel letter correction.	\$	16,374
Total to be Reimbursed		\$ 40,109

Date	Invoice #	Amount Deducted	
4/30/2012	2060210	\$ 1,300	(1)
5/31/2012	2060668	1,300	
6/30/2012	2061502	1,300	
7/31/2012	2061972	1,300	
8/31/2012	2062526	1,300	
9/30/2012	2062902	1,300	
10/31/2012	2063701	1,300	
11/30/2012	2064255	1,300	
12/31/2012	2064800	1,300	
1/31/2013	2065232	1,300	
2/28/2013	2065906	986	(2)
3/19/2013	2066207	872	(3)
3/19/2013	2066207	986	(2)
4/19/2013	2066783	986	(2)
4/19/2013	2066783	2,729	(4)
Total		\$ 19,559	
Outstanding Balance		\$ 20,549.77	

Note 1 - Invoice from STS Management Services will be reduced \$1,300 until January 2013 for the FY2006 assessments.

Note 2 - Invoice from STS Management Services will be reduced \$986 until November 2013 for the legal fees associated to FY 2006 assessments.

Note 3 - A credit of \$872 was applied in March 2013 for the final amount of the FY2006 assessments.

Note 4 - Invoice from STS Management Services will be reduced \$2,729 until September 2013 for the estoppel letter correction associated to FY 2006 assessments..

HARMONY

Community Development District

STS invoice Summary

Billing Month	Invoice #	Management Fees (4)	Field Services (1)	Overtime (2)	Misc. Reimb. (3)	Assessment Services	Total
October	#2063701	4,665.33	4,409.69	611.18	366.97	0.00	10,053.17
November	#2064255	4,665.33	6,981.55	945.04	468.96	0.00	13,060.88
December	#2064800	3,365.33	4,864.38	0.00	1,076.66	0.00	9,306.37
December	#2064801	0.00	0.00	0.00	0.00	11,822.00	11,822.00
December	0-1216	(1,300.00)	0.00	(200.00)	0.00	0.00	(1,500.00)
December	CR2064255-1	(1,300.00)	0.00	(200.00)	0.00	0.00	(1,500.00)
January	#2065232	3,365.33	5,840.89	820.52	419.67	0.00	10,446.41
February	#2065906	3,679.33	5,840.89	775.39	347.21	0.00	10,642.82
March	#2066207	1,935.33	5,840.89	727.54	0.00	0.00	8,503.76
April	#2066783	950.38	0.00	786.27	128.45	0.00	1,865.10
Total		20,026.36	33,778.29	4,265.94	2,807.92	11,822.00	72,700.51

Avg Monthly Amount Invoiced	2,860.91	4,825.47	609.42	401.13	985.17	8,696.93
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Monthly Amount Budgeted	4,665.33	9,726.06	200.00	631.67	985.17	16,208.23
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Difference	\$ 1,804.42	\$ 4,900.59	\$ (409.42)	\$ 230.54	\$ -	\$ 7,511.30
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Notes

- 1.) The Field Services line item was credited \$2,571.86, \$2,944.53, and \$976.51 for open positions from Sept-Nov.
- 2.) Overtime was credited \$400 for being billed double on the October and November invoice for Field Services.
- 3.) The Miscellaneous Reimbursable line item was billed to recover postage, copies, office supplies, and phone charges.
- 4.) The March Management Fees include a credit for final amount of \$872 for reimbursement of FY2006 assessments.

8C.

HARMONY CDD LOG

DATE	CONCERN	LOCATION	ACTION TAKEN	STATUS	NAME	PHONE
3/19/2013	Unhappy with requirements of obtaining card		Resident Complied with Rules Card Issued	TH	Roy Walbridge	407-498-2335
4/8/2013	Ant mounds	Large and small dog parks	Davey Treated for Ants	TH	Kerul Kassel	201-406-0244
4/8/2013	Trash in pond	By large dog park	Davey removed trash	TH	Kerul Kassel	
4/17/2013	Large water leak	Behind Market place parking lot	Corrected	TH		
4/29/2013	Stop sign fell off post	Pond Pine/Schoolhouse road	County Road & Bridge will repair	Corrected TH	Kerul Kassel	
5/8/2013	Damage to playground equipment	Lakeshore Park	Hazzard removed, replacement ordered	TH	Ray Walls	
5/13/2013	Underage persons driving bikes into pool	Ashley Park Pool	Unable to Identify individual	TH	Ray Walls	
5/13/2013	Broken irrigation	Ashley Park Pool	Scheduled for repair	TH	Chad	407-506-6328

8D.

Harmony CDD
Website Statistics as of May 20, 2013
(counter setup March 25, 2011)

OVERVIEW

• Total Visitors:	6,025	• Visitors, April:	499
• Total Page Views:	53,174	• Page Views, April:	2,998
• Total Spiders:	36,622	• Visitors, May:	259
• Total Feeds:	1,657	• Page Views, May:	1,370

OPERATING SYSTEMS

• Windows XP:	12,451	• MAC OS X Snow Leopard:	920
• Windows 7:	7,748	• Android Linux:	748
• Windows Vista:	1,848	• iPad:	675
• iPhone:	1,185	• Windows 2000:	529
• Windows Server 2003:	931	• Windows NT 4:	455

BROWSERS

• Mozilla:	19,677	• Google Chrome:	3,055
• Internet Explorer 6:	5,265	• Internet Explorer 7:	3,030
• Internet Explorer 8:	4,059	• Internet Explorer 9:	2,579
• Firefox:	3,992	• Firefox 3:	1,962
• Safari:	3,316	• Opera:	1,036

SEARCH ENGINES

• Google:	1,327	• Search	2
• Yahoo:	97	• Incredimail	1
• Yandex:	88	• Dogpile	1
• Ask:	9		

TOP PAGES

• Home:	12,847	• /Public-Records/Agendas:	1,483
• /robots.txt	7,875	• About Harmony:	1,027
• District-Facilities/Ponds:	1,718		

TOP DAYS

• February 20, 2013	410	• June 12, 2012	322
• June 27, 2012	392	• May 7, 2012	307
• December 5, 2012	339	• April 4, 2012	289

TOP DAYS -- Unique Visitors

• June 30, 2011	70	• November 1, 2012	66
• March 10, 2013	69	• March 2, 2013	62
• March 4, 2013	68	• February 17, 2013	54

TOP DAYS -- Page Views

• June 27, 2012	340	• March 30, 2013	229
• December 5, 2012	271	• April 21, 2013	214
• March 2, 2013	250	• June 12, 2012	208

LAST PAGES

<u>Date</u>	<u>Page</u>	<u>OS</u>	<u>Browser</u>
• May 20, 2013	/District-Facilities/Ponds		Mozilla
• May 20, 2013	/District-Facilities/Ponds		Mozilla
• May 20, 2013	/About-Harmony	Windows Vista	Internet Explorer 9
• May 20, 2013	/%3Fpage_id%3D175		Mozilla
• May 20, 2013	Home	Mac OS X Lion	Safari
• May 20, 2013	/Recreational-Facilities	iOS 6	Safari
• May 20, 2013	/Recreational-Facilities	Android Linux 2	Safari Mobile 3
• May 20, 2013	/Recreational-Facilities	Android Linux 2	Safari Mobile 3
• May 20, 2013	Home	Android Linux 2	Safari Mobile 3
• May 20, 2013	Public Records	Linux	Mozilla

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

• Harmony CDD	386	• harmony community school florida	7
• harmonycdd.org	166	• admin@harmonycdd.org	7
• harmony community development district	100	• harmony+cdd.org	7
• harmony fl cdd	63	• harmony, fl cdd	7
• www.harmonycdd.org	46	• harmony cdd celebration	6
• harmony florida cdd	37	• boat dock	6
• harmonycdd	25	• harmony golf preserve notice of interest 2012	6
• Harmony logo	19	• cache:6MgNJJuCPNAoJ:www.harmonycdd.org/harmony fl cdd	5
• cdd stories	12	• harmony community water problems	5
• cdd harmony florida	10		
• cdd harmony	8		

8E.

**HARMONY
COMMUNITY DEVELOPMENT DISTRICT
OSCEOLA COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2012**

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

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INDEPENDENT AUDITOR'S REPORT

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

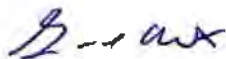
We have audited the accompanying financial statements of the governmental activities and each major fund of Harmony Community Development District, Osceola County, Florida (the "District") as of and for the fiscal year ended September 30, 2012, which collectively comprise the District's basic financial 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, 2012, 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 May 22, 2013, 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 should be considered in 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.


May 22, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Harmony Community Development District, Osceola County, Florida's ("District") financial performance provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2012. 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 deficit net asset balance of \$(10,520,133).
- The change in the District's total net assets in comparison with the prior fiscal year was \$240,050, 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, 2012, the District's governmental funds reported combined ending fund balances of \$3,908,503, an increase of \$21,675 in comparison with the prior year. Of the total fund balance, a portion is nonspendable for prepaid items and deposits, restricted for debt service and capital projects, assigned for operating reserves, renewal and replacement and insurance, and the remainder is unassigned fund balance 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 capital projects 2004 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

NET ASSETS SEPTEMBER 30,		
	2012	2011
Assets, excluding capital assets	\$ 4,812,084	\$ 4,535,161
Capital assets, net of depreciation	15,091,289	15,485,337
Total assets	<u>19,903,373</u>	<u>20,020,498</u>
Liabilities, excluding long-term liabilities	1,273,506	1,030,681
Long-term liabilities	29,150,000	29,750,000
Total liabilities	<u>30,423,506</u>	<u>30,780,681</u>
Net Assets		
Invested in capital assets, net of related debt	(13,531,067)	(13,715,922)
Restricted for debt service	2,283,829	2,301,272
Unrestricted	727,105	654,467
Total net assets (deficit)	<u>\$ (10,520,133)</u>	<u>\$ (10,760,183)</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,		
	2012	2011
Revenues:		
Program revenues	\$ 4,211,491	\$ 4,265,587
General revenues	12,866	5,749
Total revenues	<u>4,224,357</u>	<u>4,271,336</u>
Expenses:		
General government	201,603	185,315
Maintenance and operations	1,538,236	1,546,921
Parks and recreation	158,168	158,581
Interest	2,086,300	2,128,031
Total expenses	<u>3,984,307</u>	<u>4,018,848</u>
Change in net assets	240,050	252,488
Net assets (deficit), beginning	(10,760,183)	(11,012,671)
Net assets (deficit), ending	<u>\$ (10,520,133)</u>	<u>\$ (10,760,183)</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2012 was \$3,984,307. The costs of the District's activities were primarily funded by program revenues. Program revenues are comprised primarily of assessments. The majority of the decrease in program revenues is the result of a decrease in prepaid assessment revenues. In total, expenses decreased from the prior fiscal year. The majority of the change in expenses results from a decrease in irrigation maintenance and repairs and interest expense. Based on the amortization schedules of the Bonds, as the balance outstanding of the Bonds decreases over time, the portion of each debt service payment allocated to principal increases accordingly thereby decreasing the amount allocated to interest.

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, 2012.

The variance between budgeted and actual general fund revenues for the 2012 fiscal year is as a result of lot owners not taking advantage of the discounts, resulting in higher than anticipated revenues. Also, miscellaneous revenues were higher than anticipated. The actual general fund expenditures for the current 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, 2012, the District had \$17,406,043 invested in land, land improvements, infrastructure, recreation areas and facilities, and equipment for its governmental activities. In the government-wide financial statements depreciation of \$2,314,754 has been taken, which resulted in a net book value of \$15,091,289. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2012, the District had \$29,150,000 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 YEAR'S BUDGET

During the current fiscal year, the District entered into an agreement with the Developer whereby the District will contribute funds held on deposit in the construction trust account toward an infrastructure improvement project that started soon after the current fiscal year end.

For the subsequent fiscal year, the District anticipates that the cost of 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, 2012**

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 1,317,793
Investments	127,778
Accounts receivable	15,935
Interest receivable	2,231
Due from other governments	12,519
Prepays	831
Deposits	4,350
Restricted assets:	
Investments	2,865,840
Deferred charges	464,807
Capital assets:	
Nondepreciable	8,543,600
Depreciable, net	6,547,689
Total assets	19,903,373
 LIABILITIES	
Accounts payable	110,651
Accrued interest payable	850,667
Deferred revenue	312,188
Non-current liabilities:	
Due within one year	605,000
Due in more than one year	28,545,000
Total liabilities	30,423,506
 NET ASSETS	
Invested in capital assets, net of related debt	(13,531,067)
Restricted for debt service	2,283,829
Unrestricted	727,105
Total net assets (deficit)	\$ (10,520,133)

See notes to the financial statements

**HARMONY COMMUNITY DEVELOPMENT DISTRICT
OSCEOLA COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

<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	\$ 201,603	\$ 201,603	\$ -	\$ -	\$ -
Maintenance and operations	1,538,236	1,338,807	-	30	(199,399)
Parks and recreation	158,168	-	10,853	-	(147,315)
Interest on long-term debt	2,086,300	2,658,229	1,969	-	573,898
Total governmental activities	3,984,307	4,198,639	12,822	30	227,184
General revenues:					
Unrestricted investment earnings					3,555
Miscellaneous					9,311
Total general revenues					12,866
Change in net assets					240,050
Net assets (deficit) - beginning					(10,760,183)
Net assets (deficit) - ending					\$ (10,520,133)

See notes to the financial statements

**HARMONY COMMUNITY DEVELOPMENT DISTRICT
OSCEOLA COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012**

	Major Funds			Total Governmental Funds	
	General	Debt Service 2001	Debt Service 2004		Capital Projects 2004
ASSETS					
Cash and equivalents	\$ 682,252	\$ 130,203	\$ 505,338	\$ -	\$ 1,317,793
Investments	127,778	1,938,779	864,224	62,837	2,993,618
Accounts receivable	15,935	-	-	-	15,935
Interest receivable	1,863	81	287	-	2,231
Due from other governments	4,747	7,772	-	-	12,519
Prepays	831	-	-	-	831
Deposits	4,350	-	-	-	4,350
Total assets	<u>\$ 837,756</u>	<u>\$ 2,076,835</u>	<u>\$ 1,369,849</u>	<u>\$ 62,837</u>	<u>\$ 4,347,277</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 110,651	\$ -	\$ -	\$ -	\$ 110,651
Deferred revenue	15,935	312,188	-	-	328,123
Total liabilities	<u>126,586</u>	<u>312,188</u>	<u>-</u>	<u>-</u>	<u>438,774</u>
Fund balances:					
Nonspendable for prepaids and deposits	5,181	-	-	-	5,181
Restricted for:					
Debt service	-	1,764,647	1,369,849	-	3,134,496
Capital projects	-	-	-	62,837	62,837
Assigned to:					
Operating reserve	350,000	-	-	-	350,000
Renewal and replacement	185,000	-	-	-	185,000
Insurance	50,000	-	-	-	50,000
Unassigned	120,989	-	-	-	120,989
Total fund balances	<u>711,170</u>	<u>1,764,647</u>	<u>1,369,849</u>	<u>62,837</u>	<u>3,908,503</u>
Total liabilities and fund balances	<u>\$ 837,756</u>	<u>\$ 2,076,835</u>	<u>\$ 1,369,849</u>	<u>\$ 62,837</u>	<u>\$ 4,347,277</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, 2012**

Fund balance - governmental funds		\$ 3,908,503
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	17,406,043	
Accumulated depreciation	<u>(2,314,754)</u>	15,091,289
Assets that are not available to pay for current-period expenditures are deferred in the fund statements.		
		15,935
Bond issue costs are not financial resources and, therefore are not reported as assets in the governmental funds. The statement of net assets includes these costs, net of amortization.		
Bond issue costs	633,823	
Accumulated amortization	<u>(169,016)</u>	464,807
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	(850,667)	
Bonds payable	<u>(29,150,000)</u>	<u>(30,000,667)</u>
Net assets of governmental activities		<u>\$ (10,520,133)</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, 2012**

	Major Funds			Capital Projects 2004	Total Governmental Funds
	General	Debt Service 2001	Debt Service 2004		
REVENUES					
Assessments	\$ 1,524,475	\$ 1,460,829	\$ 1,197,400	\$ -	\$ 4,182,704
Interest	3,555	957	1,012	30	5,554
Developer contributions	10,853	-	-	-	10,853
Other revenues	9,311	-	-	-	9,311
Total revenues	<u>1,548,194</u>	<u>1,461,786</u>	<u>1,198,412</u>	<u>30</u>	<u>4,208,422</u>
EXPENDITURES					
Current:					
General government	189,135	12,468	-	-	201,603
Maintenance and operations	1,196,401	-	-	-	1,196,401
Parks and recreation	33,418	-	-	-	33,418
Debt Service:					
Principal	-	355,000	245,000	-	600,000
Interest	-	1,097,288	985,500	-	2,082,788
Capital outlay	72,537	-	-	-	72,537
Total expenditures	<u>1,491,491</u>	<u>1,464,756</u>	<u>1,230,500</u>	<u>-</u>	<u>4,186,747</u>
Excess (deficiency) of revenues over (under) expenditures	56,703	(2,970)	(32,088)	30	21,675
Fund balances - beginning	<u>654,467</u>	<u>1,767,617</u>	<u>1,401,937</u>	<u>62,807</u>	<u>3,886,828</u>
Fund balances - ending	<u>\$ 711,170</u>	<u>\$ 1,764,647</u>	<u>\$ 1,369,849</u>	<u>\$ 62,837</u>	<u>\$ 3,908,503</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, 2012**

Net change in fund balances - total governmental funds	\$	21,675
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.		72,537
Revenues in the statement of activities that do not provide current financial resources are deferred and not reported as revenues in the fund financial statements.		15,935
Depreciation of capital assets is not recognized in the governmental fund statements but is reported as an expense in the statement of activities.		(466,585)
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.		600,000
Governmental funds report the effect of issuance 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.		17,615
Change in net assets of governmental activities	\$	<u>240,050</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 acquisition, construction, maintenance, operation and financing 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. These powers include, but are not limited to:

1. To determine, order, levy, impose, collect, and enforce special assessments.
2. Approve the budget for the ensuing fiscal year submitted to the Board by the District Manager.
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. To finance, fund, plan, establish, acquire, construct or reconstruct, enlarge or extend, equip, operate, and maintain District systems, facilities, and basic infrastructure.

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 noticed 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. For assessments billed and collected by the District, there are no discounts to date authorized by the District. 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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 governmental 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Assets or Equity (Continued)

Capital Assets (Continued)

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	25 - 30

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 over the estimated life of the Bonds. At September 30, 2012, the District reported accumulated amortization of \$169,016.

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 non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The District can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (motion) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (motion) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Assignments are established by the Board of Supervisors of the District and are generally temporary.

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Assets or Equity (Continued)

Fund Equity/Net Assets (Continued)

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

Deposits

The District's cash balances, including the certificate of deposits 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.

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Investments

The District's investments were held as follows at September 30, 2012:

	Fair Value	Credit Risk	Maturities
US Bank N.A. Int Bearing Commercial Paper	\$ 568,399	S&P A-1+	10/1/2012
Flagstar Bank Certificate of Deposit	65,054	N/A	10/12/2012
US Bank N.A. Int Bearing Commercial Paper	2,232,387	S&P A-1+	2/1/2013
Centerstate Bank Certificate of Deposit	127,778	N/A	7/6/2014
	<u>\$ 2,993,618</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 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 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2012 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
Total capital assets, not being depreciated	<u>8,543,600</u>	<u>-</u>	<u>-</u>	<u>8,543,600</u>
Capital assets, being depreciated				
Infrastructure	5,005,805	23,646	-	5,029,451
Recreational facilities	3,720,505	30,715	-	3,751,220
Equipment	63,596	18,176	-	81,772
Total capital assets, being depreciated	<u>8,789,906</u>	<u>72,537</u>	<u>-</u>	<u>8,862,443</u>
Less accumulated depreciation for:				
Infrastructure	1,319,326	334,699	-	1,654,025
Recreational facilities	500,788	124,750	-	625,538
Equipment	28,055	7,136	-	35,191
Total accumulated depreciation	<u>1,848,169</u>	<u>466,585</u>	<u>-</u>	<u>2,314,754</u>
Total capital assets, being depreciated, net	<u>6,941,737</u>	<u>(394,048)</u>	<u>-</u>	<u>6,547,689</u>
Governmental activities capital assets, net	<u>\$ 15,485,337</u>	<u>\$ (394,048)</u>	<u>\$ -</u>	<u>\$ 15,091,289</u>

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to function/program as follows:

Maintenance and operations	\$	341,835
Parks and recreation		124,750
Total depreciation expense	\$	<u>466,585</u>

During the current fiscal year, the District entered into an agreement with the Developer whereby the District will contribute \$62,000 toward a Park Improvements Project that will commence in the subsequent fiscal year. The District will use the funds held on deposit in the Series 2004 Construction Account. Upon the completion of the project, the Developer will convey to the District all of its right, title and interest in and to the Improvements. As of the report date, the District has not remitted the amount to the Developer.

NOTE 6 – 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, 2012 as the District collected prepaid assessments from lot owners and prepaid \$30,000 of the Bonds. See Note 12 for additional call amounts 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, 2012.

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, 2012.

NOTE 6 – LONG TERM LIABILITIES (Continued)

Long-term debt activity

Changes in long-term liability activity for the fiscal year ended September 30, 2012 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2001	\$ 15,150,000	\$ -	\$ 355,000	\$ 14,795,000	\$ 350,000
Series 2004	14,600,000	-	245,000	14,355,000	255,000
Total	\$ 29,750,000	\$ -	\$ 600,000	\$ 29,150,000	\$ 605,000

At September 30, 2012, the scheduled debt service requirements on the long - term debt were as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2013	\$ 605,000	\$ 2,041,600	\$ 2,646,600
2014	650,000	1,999,013	2,649,013
2015	690,000	1,953,263	2,643,263
2016	740,000	1,904,688	2,644,688
2017	795,000	1,852,588	2,647,588
2018 - 2022	4,915,000	8,338,288	13,253,288
2023 - 2027	6,920,000	6,341,838	13,261,838
2028 - 2032	9,675,000	3,537,750	13,212,750
2033 - 2036	4,160,000	725,625	4,885,625
Total	\$ 29,150,000	\$ 28,694,653	\$ 57,844,653

NOTE 7 – DEVELOPER AND RELATED TRANSACTIONS

The Developer (Harmony Development Co., LLC) and related entities own a portion of raw land within the District; therefore, revenues in the general and debt service funds include non ad-valorem assessments billed by the District on lots owned by the Developer and related entities. Developer and related assessment revenue for the fiscal year ended September 30, 2012 totaled \$1,149,509 for the general fund. For debt service, Developer and related assessment revenue for the fiscal year ended September 30, 2012 was \$2,032,779 for both the Series 2001 and 2004 Bonds.

In addition, during the current fiscal year the Developer reimbursed the District \$10,853 for the purchase of a modular play unit for the District.

NOTE 8 – CONCENTRATION

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 NET ASSETS

The District has a government-wide net asset deficit balance of (\$10,530,986) as of September 30, 2012. There is no such deficit reflected in the governmental fund statements. In a prior year, certain assets were financed through the issuance of long-term debt but were conveyed to other entities for ownership and maintenance. Those capitals assets are not included in the assets of the District; however, the long-term debt associated with those assets remains a liability of the District.

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 to manage the works of the District. The management company provides management services, including, but not limited to: 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 EVENTS

Bond Payments

Subsequent to year end, the District prepaid \$20,000 of the Series 2001 Bonds. The prepayment was an extraordinary mandatory redemption as outlined in the Bond Indenture.

Assessments

Subsequent to year end, it was discovered that certain lot owners had not been billed accurately with regard to payoff amounts for the Series 2001 Bonds. As a result, approximately \$16,000 remains outstanding on these lots. The management company has agreed to pay the District the amount during fiscal year 2013.

**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, 2012**

	Budgeted Amounts Original & Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Assessments - Tax collector	\$ 597,572	\$ 610,520	\$ 12,948
Assessments - District collected	913,955	913,955	-
Developer contribution	-	10,853	10,853
Interest and other revenues	1,500	12,866	11,366
Total revenues	1,513,027	1,548,194	35,167
EXPENDITURES			
Current:			
General government	185,856	189,135	(3,279)
Maintenance and operations	1,228,671	1,196,401	32,270
Parks and recreation	83,500	33,418	50,082
Capital outlay	15,000	72,537	(57,537)
Total expenditures	1,513,027	1,491,491	21,536
Excess (deficiency) of revenues over (under) expenditures	\$ -	56,703	\$ 56,703
Fund balance - beginning		654,467	
Fund balance - ending		\$ 711,170	

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, 2012.

The variance between budgeted and actual general fund revenues for the 2012 fiscal year is as a result of lot owners not taking advantage of the discounts, resulting in higher than anticipated revenues. Also, miscellaneous revenues were higher than anticipated. The actual general fund expenditures for the current year were lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.



**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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 22, 2013. 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

Management of the District is responsible for establishing and maintaining effective 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.


May 22, 2013



**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, 2012, and have issued our report thereon dated May 22, 2013.

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; and Chapter 10.550, Rules of the Florida Auditor General. 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 based on an audit of the financial statements performed in accordance with *Government Auditing Standards* dated May 22, 2013. 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.**

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. This letter is intended for the information and use 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.


May 22, 2013

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, 2011.

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, 2012.

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, 2012.

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, 2012.

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, 2012 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.

8F.



MARY JANE ARRINGTON
OSCEOLA COUNTY SUPERVISOR OF ELECTIONS

April 19, 2013

Ms. Rosemary B. Hodza
Manager, Records Administration
Severn Trent Management Services
210 N. University Drive
Suite 702
Coral Springs, FL 33071

RE: Harmony Community Development District – Registered Voters

Dear Ms. Hodza:

Thank you for your e-mail dated April 19, 2013 requesting confirmation of the number of registered voters within the Harmony Community Development District as of April 15, 2013.

The number of registered voters for the Harmony CDD is seven hundred twelve (712) as of April 15, 2013.

If I can be of further assistance please contact me at 407.742.6000.

Respectfully yours,

A handwritten signature in black ink, appearing to read "Vickie Johnson", with a long horizontal flourish extending to the right.

Vickie Johnson
Supervisor of Elections

8G.



Katrina S. Scarborough, CFA, CCF, MCF

Osceola County Property Appraiser

May 7, 2013

Severn Trent Management Services
c/o Luvina Lacap
210 N. University Drive, Suite 702
Coral Springs, FL 33071

Re: Harmony Community Development District (Harmony CDD)

Dear Ms. Lacap,

The Harmony CDD declared its intent to use the uniform method of collecting non-ad valorem assessment as authorized by section 197.3631, Florida Statutes (2012), pursuant to the method provided for in sections 197.3632 and 197.3635, Florida Statutes (2012).

Section 197.3632(2), Florida Statutes (2012) requires that a written agreement be entered into between the Harmony CDD and the Property Appraiser providing for reimbursement by the Harmony CDD of the necessary administrative costs incurred by the Property Appraiser under section 197.3632. There will be a one time set up fee of \$200.00 along with a yearly administration fee. The yearly administration fee will be determined once the assessment roll has been certified and the total costs are determined; this yearly costs may not exceed 2% of your total collections. Based on last year's costs, your costs should be considerably less than the 2% amount. You will be billed quarterly starting October 1, 2013.

The Osceola County Property Appraiser's Office is working in conjunction with Osceola County Special Assessments Department therefore; all of your contact information and deadlines will remain intact.

Enclosed with this letter are two signed copies of an agreement between the Harmony CDD and the Property Appraiser. Please sign both of them and keep one copy for your records and return the other one to the Property Appraiser's Office at 2505 East Irlo Bronson Memorial Hwy., Kissimmee, FL 34744.

Should you have any questions regarding this matter, please contact Kenny Pennington in my office at (407) 742-5000 or by email at kpen@property-appraiser.org.

Sincerely,

A handwritten signature in black ink that reads "Katrina S. Scarborough".

Katrina S. Scarborough, CFA, CCF, MCF

www.property-appraiser.org

AGREEMENT

THIS AGREEMENT is made and entered into this 8th day of May 2013, by and between the Harmony Community Development District (Harmony CDD), and **Katrina S. Scarborough, Osceola County Property Appraiser** (Property Appraiser), who understand and agree as follows:

WITNESSETH

Whereas, the Harmony CDD has declared its intent to use the uniform method of collecting non-ad valorem assessment as authorized by section 197.3631, Florida Statutes (2012), pursuant to the method provided for in sections 197.3632 and 197.3635, Florida Statutes (2012).

Whereas, section 197.3632(2), Florida Statutes (2012), requires that a written agreement be entered into between the Harmony CDD and Property Appraiser providing for reimbursement by the Harmony CDD of the necessary administrative costs incurred by the Property Appraiser under section 197.3632.

Now Therefore, the parties agree that:

1. The Property Appraiser shall perform those services specified in section 197.3632, to be performed by a property appraiser for the benefit of the Harmony CDD. In performing those services, the Property Appraiser may obtain the assistance of Osceola County.

2. The Harmony CDD shall reimburse the Property Appraiser for all necessary administrative costs incurred providing such services, including any administrative costs incurred by Osceola County at the request of the Property Appraiser as set forth in section 197.3632(2).

3. Administrative costs shall include, but not be limited to, those costs associated with personnel, forms, supplies, data processing, computer equipment, postage, and programming as prescribed in section 197.3632(2). The Harmony CDD also agrees to hold the Property Appraiser harmless for any and all costs, court costs, and attorney's fees resulting from or arising from any and all challenges, both administrative and judicial, which the Property Appraiser may be required to defend involving the imposition and/or levy of non-ad valorem assessment. All such administrative costs and additional costs, court costs, and attorney's fees incurred by the Property Appraiser in both administrative and judicial challenges shall be paid to the Property Appraiser within fifteen (15) days of the presentment of a statement or invoice setting forth the amount due and the reason therefore.

4. This Agreement is the minimum necessary to implement the law and will be amended as necessary from time to time to clarify or supplement the provisions hereof.

5. The parties hereto agree that the Property Appraiser, by executing this Agreement and agreeing to assist the Harmony CDD in the collection of non-ad valorem assessments, does not warrant either the legal efficacy or validity of any levies made by the Harmony CDD as non-ad valorem assessments, or the correctness of the amount of the levy or charge imposed against the parcels of property to be subject to the levy, or any individual parcel subject to said levy.

6. The parties agree that any errors made in the amount of the levy or imposition or any other errors of omission or commission regardless of the nature or cause of same, shall be processed and corrected exclusively and solely by the Harmony CDD and that the Property Appraiser shall not be responsible for same. The parties further agree that all requests or claims made by any affected property owner for correction shall be processed exclusively by

the Harmony CDD and shall be filed with the Harmony CDD, or its designee, provided that its designee shall not be the Property Appraiser.

7. The term of this Agreement shall commence with the 2013 non-ad valorem assessment rolls of the Harmony CDD and shall continue and extend uninterrupted from year to year from the effective date as indicated below unless a notice of discontinuance shall be issued by any party. A notice of discontinuance shall be in writing and shall be delivered not less than ninety (90) days in advance of the commencement of the next fiscal year of the Harmony CDD save and except during those years when the Harmony CDD in timely fashion notifies the Tax Collector and the Property Appraiser that it needs to collect and enforce the assessment pursuant to other provisions of law.

8. The parties to this Agreement agree to consult and cooperate as necessary and practical for the efficient and timely listing, preparation, submissions, certification, collection and enforcement against delinquencies of the Harmony CDD non-ad valorem or special assessment rolls and levies, including provision by the Harmony CDD to the other parties of any staff assistance reasonably necessary and required to effect the purposes of this Agreement.

9. The parties shall perform all their obligations under this Agreement in accordance with good faith and prudent practice.

10. This Agreement constitutes the entire agreement between the parties with respect to the subject matter contained herein and may not be amended, modified or discontinued, unless otherwise provided in this Agreement, except in writing and signed by all the parties hereto. Should any provision of this Agreement be declared to be invalid, the remaining provisions of this Agreement shall remain in full force and effect, unless such

provision found to be invalid alter substantially the benefits of the Agreement for either of the parties or renders the statutory and regulatory obligations unperformable.

11. This Agreement shall be governed by the laws of the State of Florida.

12. Written notice shall be given to the parties at the following address, or such other place or person as each of the parties shall designate by similar notice:

a. Harmony CDD: _____

b. Property Appraiser: 2505 E. Irlo Bronson Memorial Highway
Kissimmee, Florida 34744-4909

In Witness Whereof the parties have hereunto set their hand and seals and such of them as are corporations have caused these presents to be signed by their duly authorized officers.

ATTEST:

Harmony CDD

By: _____

As authorized for execution by the _____ of the Harmony CDD at its _____ regular meeting

WITNESSES:

[Signature]
J. Hoodyear

OSCEOLA COUNTY PROPERTY APPRAISER

[Signature]
Katrina S. Scarborough, Osceola County Property Appraiser

Ninth Order of Business

9A.

**PARTICIPATING ADDENDUM
UNDER THE
WESTERN STATES CONTRACTING ALLIANCE
WIRELESS COMMUNICATION SERVICES AND EQUIPMENT
BID NUMBER RFP: #1907**

PARTICIPANT: Harmony Community Development District

This Participating Addendum (the "PA") is made this _____ day of _____, 2012 (the "PA Effective Date"), between Harmony Community Development District ("Participant"), and AT&T Mobility National Accounts LLC ("Contractor") (Participant and Contractor are, at times, referred to individually as a "Party" or together as the "Parties").

Section 1. Recitals.

1.1 Contractor and the State of Nevada, acting through its Department of Administration, Purchasing Division, and the participating members of the Western States Contracting Alliance ("WSCA"), and the NASPO Cooperative, are parties to that certain WSCA contract #1907, dated March 15, 2012 (the "Contract" or "Master Service Agreement").

1.2 Participant wants to participate in the Contract pursuant to the terms and conditions of the PA.

Section 2. Agreement. In consideration of the recitals set forth in §1 above, which are hereby re-stated and agreed to by the Parties, and for valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties, Participant and Contractor hereby agree to the terms and conditions of the PA (the Contract and the PA, together with all valid purchase orders submitted to Contractor by Participating Entity, collectively, the "Agreement"). Unless otherwise defined, capitalized terms in the PA have the meanings ascribed to them in the Contract.

Section 3. Authorized Participating Entities. Participant hereby designates

Harmony Community Development District

as the only authorized Participating Entity(ies) under the Agreement.

Section 4. Purchase Orders. Participating Entity(ies) must issue purchase orders hereunder that reference both Master Service Agreement #1907 and the PA. Upon issuance of any such valid purchase order, Participating Entity will be bound by the terms and conditions of the Agreement including, without limitation, the obligation to pay Contractor for Service, Equipment, and related products provided. Notwithstanding the foregoing, any purchase order submitted that does not properly reference the Contract number and/or the PA may be accepted, at Contractor's sole discretion, if Contractor can reasonably ascertain that such purchase order was properly authorized and intended for use with the PA. In such instances, the corresponding purchase order will be similarly valid and binding. Except as expressly provided in the Agreement, terms and conditions inconsistent with, contrary or in addition to the terms and conditions of the Agreement will not be added to or incorporated into the Agreement by any purchase order; and any such attempts to add or incorporate such terms and conditions are hereby rejected. The terms and conditions of the Agreement will prevail and govern in the case of any such inconsistent or additional terms.

Section 5. Primary Contacts.

Participant:

Name:
Title:
Address:

Telephone:
Fax Number:
E-Mail:

Lead State:

Name: Teri Smith
Title: Purchasing Officer
Address: 515 E. Musser St., Suite 300
Carson City, NV 89701
Telephone: 775-684-0178
Fax Number: 775-684-0188
E-Mail: tsmith@admin.nv.gov

Contractor Account Team:

Name:
Title:
Address:

Telephone:
Fax Number:
E-Mail:

Contractor Main:

Name: Twila Lively
Title: Manager, Sales Operations
Address: 2600 Camino Road
San Ramon, CA 94583
Telephone: (925) 487-9945
Fax Number: (925) 261-2155
E-Mail: twilalively@att.com

Section 6. Authority. By signing below, the corresponding Party's representative represents that he or she is duly authorized by Contractor or Participant, as applicable, to execute the PA on behalf of the respective Party, and that the Contractor and Participant agree to be bound by the provisions hereof. In addition, Participant represents that it has received the requisite approvals from the applicable Chief Procurement Official and WSCA to participate in the Agreement.

Section 7. Miscellaneous.

7.1 American Recovery and Reinvestment Act of 2009 ("ARRA"). Each Participating Entity is responsible for informing Contractor in writing prior to ARRA funds being used for a purchase or purchases under the Contract. If and when Contractor is so notified, Contractor will comply with the data element and reporting obligations (as currently defined in Federal Register Vol 74 #61, Pages 14824-14829, or subsequent changes or modifications to these requirements as published by the Federal OMB) that are legally required of vendors as providers of goods and services to recipients or sub-recipients of ARRA funds. Contractor will provide the required report, if any, to the Participating Entity with an invoice presented for payment. With respect to ARRA and the Agreement, Contractor is not a sub-contractor, recipient, sub-recipient or sub-grantee, but simply a vendor, as defined in the OMB guidelines. Contractor assumes no responsibilities under ARRA beyond those required of a vendor.

7.2 Employee Benefit Program. Participating Entity(ies) will participate with Contractor in efforts to obtain eligible Employees' participation in the Employee Benefit Program.

Section 8. Notice of Administration Fees. All Participating Entities are hereby on notice of the following charges being paid by Contractor under the Contract.

- **WSCA Fees.** Contractor is being charged a WSCA Administration Fee of 1/10th of 1% (one-tenth of one percent) of the Total Wireless Spend, pursuant to the schedule of payments set forth in the Contract.

Section 9. Order of Precedence. The Parties acknowledge and agree that in the event of a conflict between the terms contained in the various documents comprising the Agreement, the following order of precedence will control: (a) the PA; (b) the Master Service Agreement; and (c) any valid purchase order

issued in connection therewith. This section specifically supersedes any order of precedence provisions set forth elsewhere in the Agreement.

Section 10. Entire Agreement. The Agreement sets forth the entire agreement between the Parties with respect to its subject matter, and it supersedes all previous communications, representations or agreements, whether oral or written, with respect thereto.

IN WITNESS WHEREOF, the Parties have executed the PA as of the PA Effective Date.

By: _____
 , duly authorized

Name: _____

Title: _____

Date: _____

AT&T MOBILITY NATIONAL ACCOUNTS LLC

By: _____
 , duly authorized

Name: Roland Saenz

Title: Director Contracts

Date: _____