

BOARD OF SUPERVISOR'S

**HERITAGE HARBOUR SOUTH
COMMUNITY DEVELOPMENT DISTRICT**

**ADOPTED BUDGET
FISCAL YEAR 2011**

October 1, 2010 through September 30, 2011

Adopted on:

September 2, 2010

Board of Supervisor's

**Charles H. Faust Chairman
Anthony Burdett, Vice Chairman
Rosalie Ann Celio, Assistant Secretary
William Lee Bettes, Assistant Secretary
Joseph Jaudon, Assistant Secretary**

James P. Ward
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HERITAGE HARBOUR SOUTH COMMUNITY DEVELOPMENT DISTRICT

September 2, 2010

Board of Supervisors
Heritage Harbour South Community Development District

Dear Board Members:

I am pleased to enclose the Fiscal Year 2011 adopted Budget, which begins on October 1, 2010 and ends on September 30, 2011. This Budget is the culmination of work which began in March, 2010 with the authorization of the infrastructure report by Morris engineering and then by the Board, staff and residents of Heritage Harbour in identifying, analyzing and finally recommending cost effective solutions to the operations and maintenance responsibilities for our residents and it represents a significant departure from prior years, in that it assumes certain duties and responsibilities for the operations and maintenance of the District's Stormwater Management System from the Master Homeowner's Association, takes on the responsibility of restoring the Stormwater Management System to a condition that will help insure the safety and welfare of our residents and property owners well into the future and finally includes funding to continue negotiations with Aquaterra Utilities on the provision of re-use water to the residents of Heritage Harbour.

During Fiscal Year 2010, the Board of Supervisor's took on the responsibility of independently authorizing a report on the status of the assets that are currently being maintained by the Master Homeowner's Association, which report was an in-depth analysis to identify for the Board, if any, deficiencies in either the operations of the system or where renovations were required in the District's infrastructure. That report was presented to the Board of Supervisors at it's May, 2010 meeting, and the Adopted Budget for Fiscal Year 2011 has been updated to now include the Infrastructure Restoration Project and the associated responsibilities for maintaining the District's Stormwater Management System.

GENERAL FUND:

The General Fund, which in past years had included only the administrative operations of the District, now includes in this Adopted Budget for Fiscal Year 2011, the Infrastructure Restoration Project along with the annual operating requirements for the Stormwater System. As you read the Adopted Budget you will note that the reason there is a change in the Assessment rate for Fiscal Year 2011, is the inclusion of these new programs. Correspondingly, each property owner should also see a change in the Master Homeowner's Association Budget and certain sub-



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association Budgets to reflect the removal of the costs associated with the annual maintenance of the District's Stormwater System.

Next, the Board looked at three alternative mechanism's for levying assessments in the Community for these new programs. Ultimately, the assessment mechanism in this Adopted Budget utilizes a two tier approach, the first, where the administrative and financial expenditures for the District are spread equally across all units within the District and the second tier utilizes the concept of an equivalent residential unit factor (ERU) based on the capital assessment methodologies which assigned ERU factors to each product type in the District. Those factors are then applied to the number of residential units in each product type to obtain the total number of ERU's by product type and total number of ERU's in the District. There are two minor changes, the first is to update the Clubhouse/Commercial ERU assignment to 20 ERU's and the second is to establish an ERU value for the 85' Single Family Product line. This type of methodology along with the uniform assessment for all products have all been used by Districts throughout the State for a number of years and are well accepted forms of assessments.

The following chart outlines the ERU factors for each product type in the District.

Type of Unit	No. of Units or Sq. Ft.	ERU Factor		ERU Per Unit or Sq. Ft.		Total ERU's	
		Admin.	Operations	Admin.	Operations	Admin.	Operations
Single Family 55'	248	1	1	1	1	248	248
Single Family 65'	225	1	1.25	1	1.25	225	281.25
Single Family 80'	154	1	1.5	1	1.5	154	231
Single Family 85'	19	1	1.7	1	1.7	19	32.3
Stone Harbour Condo.	120	1	0.5	1	0.5	120	60
Twin Villa's	145	1	0.75	1	0.75	145	108.75
Club Home	36	1	0.75	1	0.75	36	27
Clubhouse (1)	20,000	1	1	1	1	20	20
Single Family 40'	245	1	0.4	1	0.4	245	98
Lighthouse Cove	255	1	0.33	1	0.33	255	84.15
Commercial (1)	20,000	1	1	1	1	20	20
Total:						1487	1210.45

Next, the following chart identifies the additions to the District's Adopted Budget along with the Budgeted Costs in the Master, Stoneybrook and Lighthouse Cove Association Budgets that can be removed, along with an estimate of the change in assessment rates that property owners pay to each entity.



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	FY 2011 CDD Budget Additions	Calendar 2011 HOA Budget(s) Reductions
1) Infrastructure Restoration Project Costs:		
a. Professional Fees:	\$ 23,700	None
b. Cost of Construction:	<u>\$119,250</u>	<u>None</u>
Total One-Time:	\$142,950	None
2) Aquaterra Re-use Agreement (legal services):	\$ 25,000	N/A
3) Maintenance Costs:		
a. Professional Fees:	\$ 56,100	by HOA Mgt. Co.
b. Re-use System Flushing/Valve Maint.	\$ 10,000	by Landscaping Co.
c. Lake Maintenance	\$ 42,000	\$166,000
d. Wetland and Conveyance Ditch Maint.	<u>\$ 30,000</u>	<u>In Item C</u>
Total Annual:	\$163,100	\$166,000

The overall dollar decrease for the various Homeowner Association's, is an estimate only, based on budget information. Additionally, once the Infrastructure Restoration Project is completed, the District's Assessment Rate will also see a corresponding decrease.

As you will note from the above chart, the HOA Management Companies are currently responsible for overseeing the performance of the various contractors associated with the Stormwater System, and any adjustments in the HOA management fee has not been factored into the above chart. Next, the contractor who maintains the irrigation system handles the flushing of the line distribution system and there is no cost breakdown for that project. The Master currently budgets \$60,000 per year for this maintenance and there are no costs for the irrigation line distribution system in the Stoneybrook Budget and the District does not have access to the Lighthouse Cove Budget. As such, any savings to the Master HOA from a reduction in the scope of service by the irrigation vendor is not included in the above chart.

Next, in the Master HOA Budget there is approximately \$10,000 in reserves for pavement resurfacing in Central Park. In the Morris Engineering report, a line item to resurface Central Park was included in the amount of \$12,500. This line item is not in the Adopted Budget and should be handled directly by the Master HOA. The Adopted Budget also does not include the \$10,000 line item from the Morris Engineering Report for the Sinkhole repairs in multiple locations along the roadways, this item should also be handled by the appropriate Association. Finally, the Street Sweeping program is not included in the budget as the preliminary estimates for that program are \$28,800 per year (reflects twice per month sweeping) and the service level is well above what is required in the Agreement with the Master HOA. The Master HOA



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Agreement requires twice per year, and once per month during periods of substantial building activity, and should also be implemented by the Master HOA in accordance with the Agreement.

The cost of the above operating programs in the Fiscal Year 2011 Adopted Budget cover approximately nine (9) months of service and anticipate that the District would assume these responsibilities on January 1, 2011. With the infrastructure restoration project, some programs are implemented at the conclusion of this project. The nine (9) months of service was utilized for two reasons, first the various Associations have budgeted funds to handle a majority of the maintenance items through December 31st and secondly the District receives a majority of assessment revenues in the later part of December which permits the District to insure that we will have adequate cash on hand to fund these programs.

Next, and as important is the funding and timing for the infrastructure restoration project. As you know we will go into the new Fiscal Year with a projected cash balance of approximately \$56,000, of which approximately \$30,000 will be needed to cover the basic administrative costs of the CDD through December 31st, with that, the balance of the cash can be used to prepare the bid specifications for this program and get contracts awarded, and which we could start work in mid-December, and payments to vendors would begin in January, 2011.

Beginning in Fiscal Year 2012, the District would be able to reduce the overall costs since the Infrastructure Restoration Project will be completed in Fiscal Year 2011. As we move into Fiscal Year 2012 we will however, need to be aware that the District's cash position may not be adequate to fund a full years operations for the first three months of the next Fiscal Year, and I have not included any planned increases in the District's cash position to fund a full year's operations. We will need insure that we maintain a tight reign on these new programs and apply savings where we can find them as we prepare more detailed specifications for these programs. We will insure that we will achieve savings wherever they can be achieved.

Finally, I am sure the estimates for these programs will probably change once we complete the specifications and have vendors provide quotes for this work. I would not be surprised at substantial changes (both up and down) as we move through this process, since it is difficult to estimate with reasonable accuracy the cost of programs without having specifications prepared. I do however feel confident that the overall Budget will be sufficient for all the programs that have been added for Fiscal Year 2011.

DEBT SERVICE FUNDS

In the Debt Service Fund of the Series 2002 Bonds, the assessment rate change is due the fact that earnings on these bond funds are essentially non-existent currently. The changes are between \$3.00 and \$7.00 per unit (yearly), exclusive of the Clubhouse. The District's projected Fund Balance at September 30, 2010 is \$830,921 and of that amount \$754,953 is restricted,



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leaving an excess of \$75,968, which is not recommend to be utilized to offset the assessment rate for Fiscal Year 2011.

In the Debt Service Fund of the Series 2003 Bonds, the District's projected Fund Balance at September 30, 2010 is \$218,382 and there is a restricted amount of \$222,458. Although slightly under funded, I have not Adopted increasing the Assessment Levy for Fiscal Year 2011 to cover the small shortfall, due to the fact that the primary consideration in the beginning part of Fiscal Year 2011 is payment of the November 1, 2010 interest payment and the District is correctly funded to meet that required payment. The Budget has been prepared to fully cover the principal and interest due on the Bonds for Fiscal Year 2011, excluding any earnings on the bond funds and is the reason you will see a slight increase in the Assessment Levy and corresponding Assessment Rates for this Fund. The changes are between \$7.00 and \$8.00 per unit (yearly), exclusive of the undeveloped Commercial Parcel.

ASSESSMENT COMPARISON

The following two charts will provide the Board with an analysis of the assessment rate for the two separate tiers, administrative and financial along with the renovation and operations projects, and finally an overall comparison for all funds for Fiscal Year 2011.

Type of Unit	Fiscal Year 2011 Assessment by Type of Unit			Total Assessments
	Admin.	Operations	Total	
Single Family 55'	\$ 64.63	\$ 274.26	\$ 338.89	\$ 84,045.07
Single Family 65'	\$ 64.63	\$ 342.83	\$ 407.46	\$ 91,677.86
Single Family 80'	\$ 64.63	\$ 411.39	\$ 476.02	\$ 73,307.53
Single Family 85'	\$ 64.63	\$ 466.25	\$ 530.88	\$ 10,086.64
Stone Harbour Condo.	\$ 64.63	\$ 137.13	\$ 201.76	\$ 24,211.18
Twin Villa's	\$ 64.63	\$ 205.70	\$ 270.33	\$ 39,197.22
Club Home	\$ 64.63	\$ 205.70	\$ 270.33	\$ 9,731.72
Clubhouse (1)	\$ 1,292.57	\$ 5,485.26	\$ 6,777.83	\$ 6,777.83
Single Family 40'	\$ 64.63	\$ 109.71	\$ 174.33	\$ 42,711.72
Lighthouse Cove	\$ 64.63	\$ 90.51	\$ 155.14	\$ 39,559.46
Commercial (1)	\$ 1,292.57	\$ 5,485.26	\$ 6,777.83	\$ 6,777.83
			Total:	\$428,084.06



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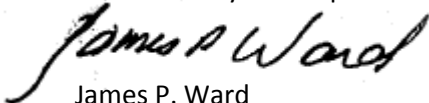
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Assessment Comparison - Combined All Funds					
Description of Unit		Fiscal Year			Total Dollar Change
		2010	2011		
Type	Units	Rate/Unit	Rate/Unit		
Single Family 55'	248	\$ 591.39	\$ 871.27	\$	279.88
Single Family 65'	225	\$ 764.39	\$ 1,114.07	\$	349.68
Single Family 80'	154	\$ 937.39	\$ 1,356.88	\$	419.49
Single Family 85'	19	\$ 1,100.77	\$ 1,576.28	\$	475.51
Stone Harbour Condo.	120	\$ 399.17	\$ 540.55	\$	141.38
Twin Villa's	145	\$ 500.09	\$ 710.75	\$	210.66
Club Home	36	\$ 500.09	\$ 710.75	\$	210.66
Clubhouse	1	\$ 53,461.84	\$ 59,357.26	\$	5,895.42
Single Family 40'	245	\$ 445.79	\$ 566.37	\$	120.58
Lighthouse Cove	255	\$ 349.79	\$ 449.16	\$	99.37
Commercial	1	\$ 6,735.80	\$ 12,388.81	\$	5,653.01

Once again, it has been my personal pleasure to work with the Board and residents which culminated in the adoption of the Fiscal Year 2011 Budget that recognizes the accomplishments of the District over the past year and moves the District's programs to a new and better level in the coming Fiscal Year.

Yours sincerely,
Heritage Harbour South
Community Development District



James P. Ward
District Manager
Enclosure



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District Manager

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**Heritage Harbour South
Community Development District**

**General Fund - Adopted Budget
Fiscal Year 2011**

Description	Fiscal Year 2010 Adopted Budget	Actual at 03/31/10	Anticipated Year End 09/30/10	Fiscal Year 2011 Adopted Budget
Revenues and Other Sources				
Carryforward	\$ 31,410	\$ -	\$ -	\$ -
Miscellaneous Revenue	\$ -	\$ -	\$ -	\$ -
Interest Income - General Account	\$ 400	\$ 178	\$ 400	\$ 400
Special Assessment Revenue				
Special Assessment - Uniform Method	\$ 93,369	\$ 77,749	\$ 93,369	\$ 428,084
Total Revenue & Other Sources	\$ 125,179	\$ 77,927	\$ 93,769	\$ 428,484
Expenditures and Other Uses				
Legislative				
Board of Supervisor's Fees	\$ 7,000	\$ 3,800	\$ 7,000	\$ 7,200
Board of Supervisor's - FICA	\$ 600	\$ 291	\$ 536	\$ 560
Executive				
Executive Salaries	\$ 13,125	\$ 6,563	\$ 13,125	\$ 21,125
Executive Salaries - FICA	\$ 1,004	\$ 502	\$ 1,004	\$ 1,604
Executive Salaries - Insurance	\$ 2,000	\$ 818	\$ 1,600	\$ 1,725
Financial and Administrative				
Audit Services	\$ 6,800	\$ 6,800	\$ 6,800	\$ 6,800
Accounting Services	\$ 8,160	\$ 4,225	\$ 10,000	\$ 8,100
Assessment Roll Preparation	\$ -	\$ -	\$ -	\$ -
Arbitrage Rebate Fees	\$ 3,500	\$ 2,500	\$ 2,500	\$ 1,000
Other Contractual Services				
Recording and Transcription	\$ 4,200	\$ 1,424	\$ 3,000	\$ 3,000
Legal Advertising	\$ 1,800	\$ 966	\$ 2,100	\$ 2,100
Trustee Services	\$ 14,400	\$ 5,500	\$ 12,400	\$ 6,000
Dissemination Agent Services	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Bank Service Fees	\$ 400	\$ 212	\$ 425	\$ 425
Travel and Per Diem				
	\$ -	\$ -	\$ -	\$ -
Communications and Freight Services				
Telephone	\$ 50	\$ -	\$ -	\$ -
Postage, Freight & Messenger	\$ 400	\$ 989	\$ 1,000	\$ 1,000
Rentals and Leases				
Computer Services	\$ 5,700	\$ 2,850	\$ 5,700	\$ 5,700
Equipment, Staging Services	\$ -	\$ -	\$ 1,500	\$ -
Insurance				
	\$ 5,250	\$ 5,000	\$ 5,000	\$ 5,000
Printing and Binding				
	\$ 250	\$ 505	\$ 950	\$ 1,000
Office Supplies				
	\$ 125	\$ 13	\$ 75	\$ 50
Subscriptions and Memberships				
	\$ 175	\$ 175	\$ 175	\$ 175
Legal Services				
General Counsel	\$ 24,800	\$ 11,125	\$ 33,000	\$ 4,800
Other General Government Services				
Engineering Services - General	\$ 2,500	\$ 1,125	\$ 2,400	\$ 2,400
Engineering Services - HOA Review	\$ 14,400	\$ -	\$ 9,800	\$ 7,700
Contingencies	\$ -	\$ -	\$ -	\$ -
Re-Use Agreement - Aquaterra				
Legal Services				
General Counsel	\$ -	\$ -	\$ -	\$ 25,000

**Heritage Harbour South
Community Development District**

**General Fund - Adopted Budget
Fiscal Year 2011**

Description	Fiscal Year 2010 Adopted Budget	Actual at 03/31/10	Anticipated Year End 09/30/10	Fiscal Year 2011 Adopted Budget
Infrastructure Renovation Project				
Re-use Water Line Distribution System				
Repairs and Maintenance	\$ -	\$ -	\$ -	\$ 10,250
Flood Control/Stormwater Management				
Professional Services	\$ -	\$ -	\$ -	\$ 23,700
Repairs and Maintenance	\$ -	\$ -	\$ -	\$ 105,000
Road and Street Facilities				
Repairs and Maintenance	\$ -	\$ -	\$ -	\$ 4,000
Infrastructure Annual On-going Maintenance Services				
Re-use Water Line Distribution System				
Repairs and Maintenance	\$ -	\$ -	\$ -	\$ 10,000
Flood Control/Stormwater Management				
Professional Services	\$ -	\$ -	\$ -	\$ 56,100
Repairs and Maintenance	\$ -	\$ -	\$ -	\$ 75,000
Other Charges				
Discounts, Property Appraiser and Tax Collector Charges	\$ 6,540	\$ -	\$ 6,540	\$ 29,970
Total Expenditures and Other Uses	\$ 125,179	\$ 57,383	\$ 128,630	\$ 428,484
Net Increase/(Decrease) in Fund Balance	\$ -	\$ 20,544	\$ (34,861)	\$ -
Fund Balance - Beginning (Audited)	\$ 112,342	\$ 90,981	\$ 90,981	\$ 56,120
Fund Balance - Ending (Projected)		\$ 111,525	\$ 56,120	\$ 56,120

Assessment Comparison			
	Units	Rate/Unit	Rate/Unit
Single Family 55'	248	\$ 62.79	\$ 338.89
Single Family 65'	225	\$ 62.79	\$ 407.46
Single Family 80'	154	\$ 62.79	\$ 476.02
Single Family 85'	19	\$ 62.79	\$ 530.88
Stone Harbour Condo.	120	\$ 62.79	\$ 201.76
Twin Villa's	145	\$ 62.79	\$ 270.33
Club Home	36	\$ 62.79	\$ 270.33
Clubhouse (1)	20	\$ 1,255.80	\$ 6,777.83
Single Family 40'	245	\$ 62.79	\$ 174.33
Lighthouse Cove	255	\$ 62.79	\$ 155.14
Commercial (1)	20	\$ 1,255.80	\$ 6,777.83

(1) Number in Equivalent Residential Units

**Heritage Harbour South
Community Development District
General Fund - Adopted Budget
Fiscal Year 2011**

Revenues and Other Sources

Carryforward	\$	-
Interest Income - General Account	\$	400

The District's operating account will earn interest on its funds. This amount reflects the anticipated earnings.

Appropriations

Legislative

Board of Supervisor's Fees	\$	7,760
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The Board's fees are statutorily set at \$200 for each meeting of the Board of Supervisor's not to exceed \$4,800 for each Fiscal Year. The Budgeted amount reflects nine (9) anticipated meetings for the District.

Executive

Executive Salaries and Benefits	\$	24,466
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The District has one employee - that is the District Manager who handles the daily activities of the District, and which is shared with other CDD's. The only change in the proposed salary is for the preparation of the Assessment Rolls and General Fund Methodology. This was included in the Assessment Roll Service line item for Fiscal Year 2010, and the work was performed by the District Manager without compensation. The insurance is shared with other CDD's and is this District's anticipated cost.

	<u>Proposed</u>	<u>FY 2010</u>	
Base Salary	\$ 13,125	\$ 13,125	
Assessment Rolls	\$ 8,000	\$ 8,000	Same amount included in Separate Line Item in FY 2010
FICA	\$ 1,616	\$ 1,004	
Insurance	\$ 1,725	\$ 2,000	
Total:	<u>\$ 24,466</u>	<u>\$ 24,129</u>	

Financial and Administrative

Audit Services	\$	6,800
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Statutorily required for the District to undertake an independent examination of its books, records and accounting procedures.

Accounting Services	\$	8,100
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For the Maintenance of the District's books and records on a daily basis.

Assessment Roll Preparation	\$	-
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For the preparation by the Financial Advisor of the Methodology for the General Fund and the Assessment Rolls including transmittal to the Manatee County Property Appraiser. Moved to Executive Salary and Benefits line item.

Arbitrage Rebate Fees	\$	1,000
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For required Federal Compliance - this fee is paid for an in-depth analysis of the District's earnings on all of the funds in trust for the benefit of the Bondholder's to insure that the earnings rate does not exceed the interest rate on the Bond's.

Other Contractual Services

Recording and Transcription	\$	3,000
Legal Advertising	\$	2,100
Trustee Services	\$	6,000

With the issuance of the District's Bonds, the District is required to maintain the accounts established for the Bond Issue with a bank that holds trust powers in the State of Florida. The primary purpose of the trustee is to safeguard the assets of the Bondholder's, to insure the timely payment of the principal and interest due on the Bonds, and to insure the investment of the funds in the trust are made pursuant to the requirements of the trust.

**Heritage Harbour South
Community Development District
General Fund - Adopted Budget
Fiscal Year 2011**

Dissemination Agent Services	\$	2,000
<p>With the issuance of the District's Bonds, the District is required to report on a periodic basis the same information that is contained in the Official Statement that was issued for the Bonds. These requirements are pursuant to requirements of the Securities and Exchange Commission and sent to national repositories.</p>		
Bank Service Fees	\$	425
Travel and Per Diem	\$	-
Communications and Freight Services		
Telephone	\$	-
Postage, Freight & Messenger	\$	1,000
Rentals and Leases		
Computer Services	\$	5,700
<p>The District maintains all of it's Public Records, including all of it's programs for accounting and the administration of the District in a secure Category 5 Facility with constant redundancy of the system. The fee includes the yearly hardware and annual software licenses to maintain the District's records.</p>		
Insurance	\$	5,000
Printing and Binding	\$	1,000
Office Supplies	\$	50
Subscriptions and Memberships	\$	175
Legal Services		
General Counsel	\$	4,800
<p>The District's general counsel who is an independent contractor represents the Board by: reviewing agendas, back-up materials and otherwise preparing for Board Meetings, attending all Board Meetings. Additionally, the attorney remains current on all applicable federal, state and local laws, rules, ordinances, attorney general opinions and case determinations which affect the client.</p>		
Other General Government Services		
Engineering Services - General	\$	2,400
<p>The District's engineering firm provides a broad array of engineering, consulting and construction services, which assists the District in crafting solutions with sustainability for the long term interests of the Community while recognizing the needs of government, the environment and maintenance of the District's facilities.</p>		
Engineering Services - HOA Review	\$	7,700
<p>The District's currently has an agreement with the Master HOA who provides maintenance for the assets owned by the District. In accordance with that agreement there are certain obligations that require the Master HOA to meet certain maintenance standards outlined in the Agreement. For Fiscal Year 2011, the annual inspection estimate is \$7,700.</p>		
Contingencies	\$	-
Re-Use Agreement - Aquaterra		
Legal Services	\$	-
General Counsel	\$	25,000
<p>The District is currently negotiating an agreement with Aquaterra Utilities, Inc. This budgeted item is to provide sufficient funds for the District to continue those negotiations with Aquaterra.</p>		

**Heritage Harbour South
Community Development District
General Fund - Adopted Budget
Fiscal Year 2011**

Infrastructure Renovation Project

For Fiscal Year 2011 this Department is being established to identify the projects and costs associated with the periodic renewal of existing District infrastructure and is based on a comprehensive report prepared for the District for the assets currently being maintained by the Heritage Harbour Master Association. Renewal of District facilities can be expected to occur periodically.

Re-use Water Line Distribution System

Repairs and Maintenance \$ 10,250

Description of Item	Budget
Install locks on all Irrigation Controls and Electrical Boxes	\$ 250
Irrigation Valve Rehabilitation, including cleaning, re-painting, re-tapping.	\$ 10,000
Total:	<u>\$ 10,250</u>

Flood Control/Stormwater Management

Professional Services \$ 23,700

Description of Item	Budget
Infrastructure Specifications and Contract Review/Analysis	\$ 6,700
Services During Construction	\$ 17,000
Total:	<u>\$ 23,700</u>

This service will include the preparation of specifications, tabulation of vendor quotes, preparation of vendor purchase orders/contracts, along with the on-going coordination with the selected contractor to review field work and ensure vendor's compliance with project specifications. Additionally, this includes review/recommendations for payment of vendor pay applications.

Repairs and Maintenance \$ 105,000

Description of Item	Budget
Repair damaged control structures in lakes and wetlands	\$ 4,500
Remove over-grown vegetation and siltation around discharge location within wetlands.	\$ 10,000
Remove sediment from inlets and Mitered Pipe Ends (184 Structures)	\$ 65,000
Mark pipe ends for future identifications	\$ 1,500
Trash removal from inlets	\$ 5,000
Repair erosion around weir structures	\$ 15,000
Repair and stabilize lake bank wash-outs	\$ 4,000
Total:	<u>\$ 105,000</u>

Road and Street Facilities

Repairs and Maintenance \$ 4,000

Description of Item	Budget
Remove and replace broken sidewalk sections	\$ 1,000
Repair broken and sunken curb sections	\$ 3,000
Total:	<u>\$ 4,000</u>

Heritage Harbour South
Community Development District
General Fund - Adopted Budget
Fiscal Year 2011

Infrastructure Annual On-going Maintenance Services

For Fiscal Year 2011 this department is being established to identify the on-going maintenance responsibilities and resources required to adequately maintain certain assets of the District. Currently these assets are being maintained by the Heritage Harbour Master Association and this Budget contemplates that the District will assume the maintenance responsibilities beginning January 1, 2011 and the expenses identified in the Budget cover nine (9) months of the District's Fiscal Year 2011. Beginning in Fiscal Year 2010, which begins on October 1, 2011 the District will budget for a full year's operations. The District contemplates that the Master Homeowner's Association will continue to maintain the balance of the District infrastructure, including but not limited to landscaping street signs marks etc

Re-use Water Line Distribution System

Repairs and Maintenance \$ 10,000

Description of Item	Budget
Line Distribution System Flushing - Periodic - Starting March, 2011	\$ 10,000
Total:	\$ 10,000

This item includes semi-annual valve maintenance which exercises the valve and includes cleaning the valve box to ensure proper functionality, which is important to maintain in the event of a line break or system damage. The flushing program will consist of monthly flushing of the transmission lines by use of the existing irrigation blow-off valves which will help to reduce the amount of debris and material within the pipes that could damage or clog the system.

Flood Control/Stormwater Management

Professional Services \$ 56,100

Description of Item	Budget
Infrastructure Specifications and Contract Review/Analysis	\$ 11,100
Services During Construction	\$ 45,000
Total:	\$ 56,100

This service will include the preparation of specifications, tabulation of vendor quotes, preparation of vendor purchase orders/contracts, along with the on-going coordination with the selected contractor to review field work and ensure vendor's compliance with project specifications. Additionally, this includes review/recommendations for payment of vendor pay applications.

Repairs and Maintenance \$ 75,000

Description of Item	Budget
Lake maintenance	\$ 45,000
Wetland and conveyance ditch maintenance	\$ 30,000
Total:	\$ 75,000

This item includes the maintenance of the District's stormwater control lakes on monthly basis from the fall to springtime and bi-weekly in the summer months. Additionally, this includes the mowing of the conveyance ditch, along with maintenance of the District's wetlands, wetland buffers, mitigation areas, including exotic and nuisance species removal through physical and chemical means one time during the Fiscal Year.

Other Charges

Discounts, Property Appraiser and Tax Collector Charges \$ 29,970

4% Discount permitted by Law for early payment and 3% Tax Collector and Property Appraiser Charges

Total Appropriations: \$ 428,496

**Heritage Harbour South
Community Development District**

**Debt Service Fund - Series 2002 A Bonds - Adopted Budget
Fiscal Year 2011**

Description	Fiscal Year 2010 Adopted Budget	Actual at March 31, 2010	Anticipated Year End 09/30/10	Fiscal Year 2011 Adopted Budget
Revenues and Other Sources				
Carryforward	\$ 15,000	\$ -	\$ -	\$ -
Interest Income	\$ -	\$ -	\$ -	\$ -
Special Assessment Revenue				
Special Assessment - Uniform Method	\$ 612,634	\$ 569,750	\$ 595,000	\$ 617,016
Special Assessment - Prepaid A	\$ -	\$ -	\$ -	\$ -
Total Revenue & Other Sources	\$ 627,634	\$ 569,750	\$ 595,000	\$ 617,016
Expenditures and Other Uses				
Debt Service				
Principal Debt Service - Mandatory				
Series 2002 A Bonds	\$ 120,000	\$ -	\$ 120,000	\$ 125,000
Principal Debt Service - Early Redemptions				
Series 2002 A Bonds	\$ -	\$ -	\$ -	\$ -
Interest Expense				
Series 2002 A Bonds	\$ 464,750	\$ 232,213	\$ 464,426	\$ 448,825
Other Charges				
Discounts, Property Appraiser and Tax Collector Charges	\$ 42,884	\$ -	\$ 41,944	\$ 43,191
Total Expenditures and Other Uses	\$ 627,634	\$ 232,213	\$ 626,370	\$ 617,016
Net Increase/(Decrease) in Fund Balance	\$ -	\$ 337,537	\$ (31,370)	\$ -
Fund Balance - Beginning (Unaudited)	\$ 844,805	\$ 862,291	\$ 862,291	\$ 830,921
Fund Balance - Ending (Projected)		\$ 1,199,828	\$ 830,921	\$ 830,921
Restricted Fund Balance:				
Reserve Account Requirement			\$ 534,603	
Restricted for November 1, 2011 Interest Payment			\$ 220,350	
Total - Restricted Fund Balance:			\$ 754,953	

Assessment Comparison			
	Units	Rate/Unit	Rate/Unit
Single Family 55'	248	\$ 528.60	\$ 532.38
Single Family 65'	224	\$ 701.60	\$ 706.62
Single Family 80'	152	\$ 874.60	\$ 880.85
Single Family 85'	19	\$ 1,037.98	\$ 1,045.41
Stone Harbour Condo.	120	\$ 336.38	\$ 338.79
Twin Villa's	145	\$ 437.30	\$ 440.42
Club Home	36	\$ 437.30	\$ 440.42
Clubhouse (1)	1	\$ 52,206.04	\$ 52,579.43

(1) One Unit is 15 Equivalent Residential Units for Debt

**Heritage Harbour South
Community Development District**

**Debt Service Fund - Series 2002 A Bonds - Adopted Budget
Fiscal Year 2011**

Description	Principal	Coupon Rate	Interest	Fiscal Year Annual Debt Service
Principal Balance - October 1, 2009	\$ 7,025,000	6.50%		
11/1/2010			\$ 224,412.50	
5/1/2011	\$ 125,000	6.50%	\$ 224,412.50	\$ 573,825
11/1/2011			\$ 220,350.00	
5/1/2012	\$ 135,000	6.50%	\$ 220,350.00	\$ 575,700
11/1/2012			\$ 215,962.50	
5/1/2013	\$ 145,000	6.50%	\$ 215,962.50	\$ 576,925
11/1/2013			\$ 211,250.00	
5/1/2014	\$ 155,000	6.50%	\$ 211,250.00	\$ 577,500
11/1/2014			\$ 206,212.50	
5/1/2015	\$ 165,000	6.50%	\$ 206,212.50	\$ 577,425
11/1/2015			\$ 200,850.00	
5/1/2016	\$ 175,000	6.50%	\$ 200,850.00	\$ 576,700
11/1/2016			\$ 195,162.50	
5/1/2017	\$ 185,000	6.50%	\$ 195,162.50	\$ 575,325
11/1/2017			\$ 189,150.00	
5/1/2018	\$ 200,000	6.50%	\$ 189,150.00	\$ 578,300
11/1/2018			\$ 182,650.00	
5/1/2019	\$ 210,000	6.50%	\$ 182,650.00	\$ 575,300
11/1/2019			\$ 175,825.00	
5/1/2020	\$ 225,000	6.50%	\$ 175,825.00	\$ 576,650
11/1/2020			\$ 168,512.50	
5/1/2021	\$ 240,000	6.50%	\$ 168,512.50	\$ 577,025
11/1/2021			\$ 160,712.50	
5/1/2022	\$ 255,000	6.50%	\$ 160,712.50	\$ 576,425
11/1/2022			\$ 152,425.00	
5/1/2023	\$ 275,000	6.50%	\$ 152,425.00	\$ 579,850
11/1/2023			\$ 143,487.50	
5/1/2024	\$ 290,000	6.50%	\$ 143,487.50	\$ 576,975
11/1/2024			\$ 134,062.50	
5/1/2025	\$ 310,000	6.50%	\$ 134,062.50	\$ 578,125
11/1/2025			\$ 123,987.50	
5/1/2026	\$ 335,000	6.50%	\$ 123,987.50	\$ 582,975
11/1/2026			\$ 113,100.00	
5/1/2027	\$ 355,000	6.50%	\$ 113,100.00	\$ 581,200
11/1/2027			\$ 101,562.50	
5/1/2028	\$ 380,000	6.50%	\$ 101,562.50	\$ 583,125

**Heritage Harbour South
Community Development District**

**Debt Service Fund - Series 2002 A Bonds - Adopted Budget
Fiscal Year 2011**

Description	Principal	Coupon Rate	Interest	Fiscal Year Annual Debt Service
11/1/2028			\$ 89,212.50	
5/1/2029	\$ 405,000	6.50%	\$ 89,212.50	\$ 583,425
11/1/2029			\$ 76,050.00	
5/1/2030	\$ 430,000	6.50%	\$ 76,050.00	\$ 582,100
11/1/2030			\$ 62,075.00	
5/1/2031	\$ 460,000	6.50%	\$ 62,075.00	\$ 584,150
11/1/2031			\$ 47,125.00	
5/1/2032	\$ 490,000	6.50%	\$ 47,125.00	\$ 584,250
11/1/2032			\$ 31,200.00	
5/1/2033	\$ 525,000	6.50%	\$ 31,200.00	\$ 587,400
11/1/2033			\$ 14,137.50	
5/1/2034	\$ 560,000	6.50%	\$ 14,137.50	\$ 588,275
Principal Balance - September 30, 2011	\$ 6,905,000			

**Heritage Harbour South
Community Development District**

**Debt Service Fund - Series 2003 A Bonds - Adopted Budget
Fiscal Year 2011**

Description	Fiscal Year 2010 Adopted Budget	Actual at March 31, 2010	Anticipated Year End 09/30/10	Fiscal Year 2011 Adopted Budget
Revenues and Other Sources				
Carryforward	\$ 143,079	\$ -	\$ -	\$ -
Interest Income	\$ -	\$ -	\$ -	\$ -
Special Assessment Revenue				
Special Assessment - Uniform Method	\$ 172,516	\$ 146,629	\$ 172,516	\$ 176,634
Prepayment Revenue				
Series 2003 A Bonds	\$ -	\$ -	\$ -	\$ -
Total Revenue & Other Sources	\$ 315,595	\$ 146,629	\$ 172,516	\$ 176,634

Expenditures and Other Uses

Debt Service

Principal Debt Service - Mandatory

Series 2003 A Bonds \$ 35,000 \$ - \$ 30,000 \$ 35,000

Principal Debt Service - Early Redemptions

Series 2003 A Bonds \$ - \$ - \$ - \$ -

Interest Expense

Series 2003 A Bonds \$ 131,440 \$ 65,720 \$ 131,440 \$ 129,270

Operating Transfers Out

\$ 137,079 \$ 137,079 \$ 137,079 \$ -

Other Charges

Discounts, Property Appraiser and Tax
Collector Charges

\$ 12,076 \$ - \$ 12,076 \$ 12,364

Total Expenditures and Other Uses \$ **315,595** \$ **202,799** \$ **310,595** \$ **176,634**

Net Increase/(Decrease) in Fund Balance

\$ - \$ (56,170) \$ (138,079) \$ -

Fund Balance - Beginning (Unaudited)

\$ 364,083 \$ 356,461 \$ 356,461 \$ 218,382

Fund Balance - Ending (Projected)

\$ **300,291** \$ **218,382** \$ **218,382**

Restricted Fund Balance:

Reserve Account Requirement \$ 158,908

Restricted for November 1, 2011 Interest Payment \$ 63,550

Total - Restricted Fund Balance: \$ **222,458**

Assessment Comparison

	Units	Rate/Unit	Rate/Unit
Single Family 40'	245	\$ 383	\$ 392.03
Lighthouse Cove	255	\$ 287	\$ 294.02
Commercial (1)	1	\$ 5,480	\$ 5,610.98
(1) One Unit is 5 Equivalent Residential Units for Debt			

**Heritage Harbour South
Community Development District**

**Debt Service Fund - Series 2003 A Bonds - Adopted Budget
Fiscal Year 2011**

Description	Principal	Coupon Rate	Interest	Annual Debt Service
Principal Balance - October 1, 2009	\$ 2,120,000	6.20%		
11/1/2010			\$ 64,635.00	
5/1/2011	\$ 35,000	6.20%	\$ 64,635.00	\$ 164,270
11/1/2011			\$ 63,550.00	
5/1/2012	\$ 40,000	6.20%	\$ 63,550.00	\$ 167,100
11/1/2012			\$ 62,310.00	
5/1/2013	\$ 40,000	6.20%	\$ 62,310.00	\$ 164,620
11/1/2013			\$ 61,070.00	
5/1/2014	\$ 45,000	6.20%	\$ 61,070.00	\$ 167,140
11/1/2014			\$ 59,675.00	
5/1/2015	\$ 45,000	6.20%	\$ 59,675.00	\$ 164,350
11/1/2015			\$ 58,280.00	
5/1/2016	\$ 50,000	6.20%	\$ 58,280.00	\$ 166,560
11/1/2016			\$ 56,730.00	
5/1/2017	\$ 50,000	6.20%	\$ 56,730.00	\$ 163,460
11/1/2017			\$ 55,180.00	
5/1/2018	\$ 55,000	6.20%	\$ 55,180.00	\$ 165,360
11/1/2018			\$ 53,475.00	
5/1/2019	\$ 60,000	6.20%	\$ 53,475.00	\$ 166,950
11/1/2019			\$ 51,615.00	
5/1/2020	\$ 65,000	6.20%	\$ 51,615.00	\$ 168,230
11/1/2020			\$ 49,600.00	
5/1/2021	\$ 65,000	6.20%	\$ 49,600.00	\$ 164,200
11/1/2021			\$ 47,585.00	
5/1/2022	\$ 70,000	6.20%	\$ 47,585.00	\$ 165,170
11/1/2022			\$ 45,415.00	
5/1/2023	\$ 75,000	6.20%	\$ 45,415.00	\$ 165,830
11/1/2023			\$ 43,090.00	
5/1/2024	\$ 80,000	6.20%	\$ 43,090.00	\$ 166,180
11/1/2024			\$ 40,610.00	
5/1/2025	\$ 85,000	6.20%	\$ 40,610.00	\$ 166,220
11/1/2025			\$ 37,975.00	
5/1/2026	\$ 90,000	6.20%	\$ 37,975.00	\$ 165,950
11/1/2026			\$ 35,185.00	
5/1/2027	\$ 95,000	6.20%	\$ 35,185.00	\$ 165,370
11/1/2027			\$ 32,240.00	
5/1/2028	\$ 105,000	6.20%	\$ 32,240.00	\$ 169,480
11/1/2028			\$ 28,985.00	

**Heritage Harbour South
Community Development District**

**Debt Service Fund - Series 2003 A Bonds - Adopted Budget
Fiscal Year 2011**

Description	Principal	Coupon Rate	Interest	Annual Debt Service
5/1/2029	\$ 110,000	6.20%	\$ 28,985.00	\$ 167,970
11/1/2029			\$ 25,575.00	
5/1/2030	\$ 115,000	6.20%	\$ 25,575.00	\$ 166,150
11/1/2030			\$ 22,010.00	
5/1/2031	\$ 125,000	6.20%	\$ 22,010.00	\$ 169,020
11/1/2031			\$ 18,135.00	
5/1/2032	\$ 135,000	6.20%	\$ 18,135.00	\$ 171,270
11/1/2032			\$ 13,950.00	
5/1/2033	\$ 140,000	6.20%	\$ 13,950.00	\$ 167,900
11/1/2033			\$ 9,610.00	
5/1/2034	\$ 150,000	6.20%	\$ 9,610.00	\$ 169,220
11/1/2034			\$ 4,960.00	
5/1/2035	\$ 160,000	6.20%	\$ 4,960.00	\$ 169,920
Principal Balance - September 30, 2011	\$ 2,085,000			

**Heritage Harbour South
Community Development District**

**Capital Projects Fund - Series 2003 A Bonds - Adopted Budget
Fiscal Year 2011**

Description	Fiscal Year 2010 Adopted Budget	Actual at March 31, 2010	Anticipated Year End 09/30/10	Fiscal Year 2011 Adopted Budget
Revenues and Other Sources				
Carryforward	\$ (124,579)	\$ -	\$ -	\$ -
Interest Income	\$ -	\$ -	\$ -	\$ -
Operating Transfers In				
From Debt Service Fund	\$ 137,079	\$ 137,079	\$ 137,079	\$ -
Prepayment Revenue				
Series 2003 A Bonds	\$ -	\$ -	\$ -	\$ -
Total Revenue & Other Sources	\$ 12,500	\$ 137,079	\$ 137,079	\$ -
Expenditures and Other Uses				
Flood Control - Stormwater Management				
Engineering Services	\$ 12,500	\$ 9,758	\$ 9,758	\$ -
Legal Services	\$ -	\$ -	\$ -	\$ -
Operating Transfers Out	\$ -	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	\$ 12,500	\$ 9,758	\$ 9,758	\$ -
Net Increase/(Decrease) in Fund				
Balance	\$ -	\$ 127,321	\$ 127,321	\$ -
Fund Balance - Beginning (Unaudited)	\$ -	\$ -	\$ -	\$ 127,321
Fund Balance - Ending (Projected)	\$ -	\$ 127,321	\$ 127,321	\$ 127,321

**Heritage Harbour South
Community Development District**

**Assessment Levy - Summary of All Funds
Fiscal Year 2011**

Assessment Comparison - General Fund				
		Fiscal Year		
		2010		2011
Description of Unit		Total Dollar		
Type	Units	Rate/Unit	Rate/Unit	Change
Single Family 55'	248	\$ 62.79	\$ 338.89	\$ 276.10
Single Family 65'	225	\$ 62.79	\$ 407.46	\$ 344.67
Single Family 80'	154	\$ 62.79	\$ 476.02	\$ 413.23
Single Family 85'	19	\$ 62.79	\$ 530.88	\$ 468.09
Stone Harbour Condo.	120	\$ 62.79	\$ 201.76	\$ 138.97
Twin Villa's	145	\$ 62.79	\$ 270.33	\$ 207.54
Club Home	36	\$ 62.79	\$ 270.33	\$ 207.54
Clubhouse	20	\$ 1,255.80	\$ 6,777.83	\$ 5,522.03
Single Family 40'	245	\$ 62.79	\$ 174.33	\$ 111.54
Lighthouse Cove	255	\$ 62.79	\$ 155.14	\$ 92.35
Commercial	20	\$ 1,255.80	\$ 6,777.83	\$ 5,522.03

Assessment Comparison - Debt Service Fund				
		Fiscal Year		
		2010		2011
Description of Unit		Total Dollar		
Type	Units	Rate/Unit	Rate/Unit	Change
Single Family 55'	248	\$ 528.60	\$ 532.38	\$ 3.78
Single Family 65'	225	\$ 701.60	\$ 706.62	\$ 5.02
Single Family 80'	154	\$ 874.60	\$ 880.85	\$ 6.25
Single Family 85'	19	\$ 1,037.98	\$ 1,045.41	\$ 7.43
Stone Harbour Condo.	120	\$ 336.38	\$ 338.79	\$ 2.41
Twin Villa's	145	\$ 437.30	\$ 440.42	\$ 3.12
Club Home	36	\$ 437.30	\$ 440.42	\$ 3.12
Clubhouse	1	\$ 52,206.04	\$ 52,579.43	\$ 373.39
Single Family 40'	245	\$ 383.00	\$ 392.03	\$ 9.03
Lighthouse Cove	255	\$ 287.00	\$ 294.02	\$ 7.02
Commercial	1	\$ 5,480.00	\$ 5,610.98	\$ 130.98

Assessment Comparison - Combined All Funds				
		Fiscal Year		
		2010		2011
Description of Unit		Total Dollar		
Type	Units	Rate/Unit	Rate/Unit	Change
Single Family 55'	248	\$ 591.39	\$ 871.27	\$ 279.88
Single Family 65'	225	\$ 764.39	\$ 1,114.07	\$ 349.68
Single Family 80'	154	\$ 937.39	\$ 1,356.88	\$ 419.49
Single Family 85'	19	\$ 1,100.77	\$ 1,576.28	\$ 475.51
Stone Harbour Condo.	120	\$ 399.17	\$ 540.55	\$ 141.38
Twin Villa's	145	\$ 500.09	\$ 710.75	\$ 210.66
Club Home	36	\$ 500.09	\$ 710.75	\$ 210.66
Clubhouse	1	\$ 53,461.84	\$ 59,357.26	\$ 5,895.42
Single Family 40'	245	\$ 445.79	\$ 566.37	\$ 120.58
Lighthouse Cove	255	\$ 349.79	\$ 449.16	\$ 99.37
Commercial	1	\$ 6,735.80	\$ 12,388.81	\$ 5,653.01