

**MOODY RIVER ESTATES
COMMUNITY DEVELOPMENT
DISTRICT**

**REGULAR MEETING
AGENDA**

December 16, 2009

Moody River Estates Community Development District

6131 Lyons Road, Suite 100 • Coconut Creek, Florida 33073

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December 10, 2009

Board of Supervisors
Moody River Estates Community Development District

Dear Board Members:

The Regular Meeting of the Moody River Estates Community Development District's Board of Supervisors will be held on **Wednesday, December 16, 2009 at 2:00 p.m.**, at the **Candlewood Suites, 3626 Colonial Court, Fort Myers, Florida 33913**. The agenda is as follows:

1. Call to Order/Roll Call
2. Presentation of Audited Financial Report for Fiscal Year Ended September 30, 2008, Prepared by Grau & Associates
3. Consideration of **Resolution 2010-1**, Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2008
4. Discussion of Mood Litigation and Request for Attorney Client Strategy Session
5. Consideration of Agreement for Professional Engineering Services with Barraco and Associates, Inc.
6. Approval of **October 15, 2009** Regular Meeting Minutes
7. Other Business
8. Staff Reports
 - a. Attorney
 - b. Manager
 - i. Unaudited Financial Statements as of October 31, 2009
 - ii. **NEXT MEETING DATE: January 21, 2010 at 1:00 P.M.**
9. Audience Comments/Supervisors' Requests
10. Adjournment

The second and third orders of business deal with the Audited Financial Report for the Fiscal Year ended September 30, 2008, prepared by Grau & Associates, as well as the resolution accepting this report for the District's records. These items will be discussed at the meeting.

Should you have any questions and/or concerns, please contact me directly at 239-464-7114.

Sincerely,



Chesley E. Adams, Jr.
District Manager

CA:dg

For Board Members and Staff unable to attend in person, a toll-free call-in number of **1-888-354-0094** has been established.

Please input the conference ID of **8593810#**. You will be placed on hold until the moderator calls in and all parties are joined on the same line.

**MOODY RIVER ESTATES
COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2008**

**MOODY RIVER ESTATES COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Moody River Estates Community Development District
Lee County, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Moody River Estates Community Development District, Lee County, Florida (the "District") as of and for the fiscal year ended September 30, 2008, 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, 2008, 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 October 7, 2009, 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, and contracts, and agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

October 7, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Moody River Estates Community Development District, Lee County, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2008. 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 by \$(3,269,634) (deficit net assets). Of this amount unrestricted net assets were \$26,839 which may be used to meet the District's ongoing obligations.
- The change in the District's total net assets in comparison with the prior year was (\$886,988), a decrease. The majority of the decrease is attributable to the conveyance of capital assets to the District to others for ownership and maintenance. The key components of the District's net assets and change in net assets are reflected in the table in the government-wide financial analysis section.
- At September 30, 2008, the District's governmental funds reported combined ending fund balances of \$2,622,264, a decrease of (\$921,592) in comparison with the prior year. Of the total fund balance, \$2,595,425 is reserved for debt service and capital projects and \$26,839 is unreserved 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.

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 assessments. The District does not have any business-type activities. The governmental activities of the District include the general government (management) and maintenance functions.

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)

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 balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. 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 fund, debt service fund and capital projects fund, all of which 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.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided 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 by (\$3,269,634) at the close of the fiscal year ended September 30, 2008.

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.

An additional portion of the District's net assets represents resources that are subject to external restrictions on how they may be used. They are funds set aside for debt service under the Bond Indenture. 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,		2007 (restated)
	2008	
Assets, excluding capital assets	\$ 2,851,726	\$ 3,819,209
Capital assets, net of depreciation	4,499,598	4,614,277
Total assets	<u>7,351,324</u>	<u>8,433,486</u>
Liabilities, excluding long-term liabilities	240,943	282,009
Long-term liabilities	10,380,015	10,534,123
Total liabilities	<u>10,620,958</u>	<u>10,816,132</u>
Net Assets		
Invested in capital assets, net of related debt	(4,120,245)	(3,224,931)
Restricted for debt service	823,772	816,533
Unrestricted	26,839	25,752
Total net assets (deficit)	<u>\$ (3,269,634)</u>	<u>\$ (2,382,646)</u>

The District's net assets decreased by (\$886,988) during the fiscal year ended September 30, 2008. The majority of the decrease is attributable to the conveyance of capital assets to the District to others for ownership and maintenance.

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,		2007 (restated)
	2008	
Revenues:		
Program revenues	\$ 1,024,426	\$ 1,011,144
General revenues	3,054	13,020
Total revenues	<u>1,027,480</u>	<u>1,024,164</u>
Expenses:		
General government	238,351	160,436
Infrastructure and maintenance costs	1,105,440	119,897
Interest	570,677	578,813
Total expenses	<u>1,914,468</u>	<u>859,146</u>
Change in net assets	<u>\$ (886,988)</u>	<u>\$ 165,018</u>

Program revenues comprised primarily of assessments, increased by \$13,282 during the fiscal year. As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2008 was \$1,914,468.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (Continued)

The general fund is the operating fund of the District and includes all activities related to providing management and operating services.

In the table below we have presented the cost of the largest functions/programs as a percentage of total governmental funds.

	FOR THE FISCAL YEAR ENDED SEPTEMBER 30,			
	2008		2007	
General government	\$ 238,351	12%	\$ 160,436	18%
Capital outlay	990,761	51%	4,669	1%
Principal and interest on long-term debt	719,960	37%	722,985	81%
Total	<u>\$ 1,949,072</u>	<u>100%</u>	<u>\$ 888,090</u>	<u>100%</u>

As noted above, capital outlay and debt service comprise the majority of expenditures for total governmental activities for the current year and debt service for the prior year.

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. The general fund budget for the fiscal year ended September 30, 2008 was amended to increase appropriations and the use of funds by \$23,120, respectively. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2008.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2008, the District had \$4,814,037 invested in land and infrastructure. In the government-wide financial statements depreciation of \$314,439 has been taken, which resulted in a net book value of \$4,499,598. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2008, the District had \$10,405,000 in Bonds outstanding for its governmental activities, a decrease of approximately 1.5% from the prior year. No new debt was issued during the current year and the District had no immediate need to issue additional debt. More detailed information about the District's capital debt is presented in the notes of the financial statements.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, land owners, customers, 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 Moody River Estates Community Development District's Finance Department at 6131 Lyons Road, Suite 100, Coconut Creek, Florida, 33073.

**MOODY RIVER ESTATES COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008**

	Governmental Activities
ASSETS	
Cash	\$ 68,217
Assessments receivable	91,163
Restricted assets:	
Temporarily restricted	
Investments	2,471,882
Deferred charges	220,464
Capital assets:	
Nondepreciable	1,801,489
Depreciable, net	2,698,109
Total assets	7,351,324
LIABILITIES	
Accounts payable	8,998
Accrued interest payable	231,945
Non-current liabilities:	
Due within one year	165,000
Due in more than one year	10,215,015
Total liabilities	10,620,958
NET ASSETS	
Invested in capital assets, net of related debt	(4,120,245)
Restricted for debt service	823,772
Unrestricted	26,839
Total net assets (deficit)	\$ (3,269,634)

See notes to the financial statements

**MOODY RIVER ESTATES COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:				
Governmental activities:				
General government	\$ 238,351	\$ -	\$ -	(20,808)
Infrastructure and maintenance costs	1,105,440	-	64,264	(1,041,176)
Interest on long-term debt	570,677	27,944	-	171,942
Total governmental activities	1,914,468	27,944	64,264	(890,042)
General revenues:				
Unrestricted investment earnings				3,054
Total general revenues				3,054
Change in net assets				(886,988)
Net assets - beginning				(2,318,545)
Prior period adjustment - see Note 8				(64,101)
Net assets - as restated				(2,382,646)
Net assets - ending				\$ (3,269,634)

See notes to the financial statements

**MOODY RIVER ESTATES COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
ASSETS				
Cash	\$ 68,217	\$ -	\$ -	\$ 68,217
Investments	-	932,174	1,539,708	2,471,882
Due from other funds	-	48,199	-	48,199
Assessments receivable	15,819	75,344	-	91,163
Total assets	<u>\$ 84,036</u>	<u>\$ 1,055,717</u>	<u>\$ 1,539,708</u>	<u>\$ 2,679,461</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 8,998	\$ -	\$ -	\$ 8,998
Due to other funds	48,199	-	-	48,199
Total liabilities	<u>57,197</u>	<u>-</u>	<u>-</u>	<u>57,197</u>
Fund balances:				
Reserved for:				
Debt service	-	1,055,717	-	1,055,717
Capital projects	-	-	1,539,708	1,539,708
Unreserved, designated for:				
Subsequent year's budget	2,000	-	-	2,000
Unreserved, reported in:				
General fund	24,839	-	-	24,839
Total fund balances	<u>26,839</u>	<u>1,055,717</u>	<u>1,539,708</u>	<u>2,622,264</u>
Total liabilities and fund balances	<u>\$ 84,036</u>	<u>\$ 1,055,717</u>	<u>\$ 1,539,708</u>	<u>\$ 2,679,461</u>

See notes to the financial statements

**MOODY RIVER ESTATES COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008**

Fund balance - governmental funds		\$ 2,622,264
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 of the government as a whole.		
Cost of capital assets	4,814,037	
Accumulated depreciation	<u>(314,439)</u>	4,499,598
Bond issuance costs are not financial resources and, therefore are not reported as assets in the governmental funds. The statements of net assets includes these costs, net of amortization.		
Bond issue costs	248,392	
Accumulated amortization	<u>(27,928)</u>	220,464
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 statements.		
Accrued interest payable	(231,945)	
Bonds payable	(10,405,000)	
Bond discount, net of accumulated amortization	<u>24,985</u>	<u>(10,611,960)</u>
Net assets of governmental activities		<u>\$ (3,269,634)</u>

See notes to the financial statements

**MOODY RIVER ESTATES COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
REVENUES				
Assessments	\$ 217,543	\$ 714,675	\$ -	\$ 932,218
Interest and other revenue	3,054	27,944	64,264	95,262
Total revenues	<u>220,597</u>	<u>742,619</u>	<u>64,264</u>	<u>1,027,480</u>
EXPENDITURES				
Current:				
General government	238,351	-	-	238,351
Debt Service:				
Principal	-	155,000	-	155,000
Interest	-	564,960	-	564,960
Capital outlay	-	-	990,761	990,761
Total expenditures	<u>238,351</u>	<u>719,960</u>	<u>990,761</u>	<u>1,949,072</u>
Excess (deficiency) of revenues over (under) expenditures	(17,754)	22,659	(926,497)	(921,592)
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	34	34
Transfer out	-	(34)	-	(34)
Total other financing sources (uses)	<u>-</u>	<u>(34)</u>	<u>34</u>	<u>-</u>
Net change in fund balances	(17,754)	22,625	(926,463)	(921,592)
Fund balances - beginning	<u>44,593</u>	<u>1,033,092</u>	<u>2,466,171</u>	<u>3,543,856</u>
Fund balances - ending	<u>\$ 26,839</u>	<u>\$ 1,055,717</u>	<u>\$ 1,539,708</u>	<u>\$ 2,622,264</u>

See notes to the financial statements

**MOODY RIVER ESTATES COMMUNITY DEVELOPMENT DISTRICT
LEE 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, 2008**

Net change in fund balances - total governmental funds	\$ (921,592)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures, however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net assets.	990,761
Depreciation of capital assets is not recognized in the governmental fund statements but is reported as an expense in the statement of activities.	(119,951)
Conveyances of infrastructure improvements to other governments of previously capitalized capital assets is recorded as an expense in the statement of activities.	(985,489)
Amortization of premiums, discounts and deferred charges is not recognized statement of activities.	(9,172)
Repayments 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.	155,000
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.	3,455
Change in net assets of governmental activities	<u>\$ (886,988)</u>

See notes to the financial statements

**MOODY RIVER ESTATES COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Moody River Estates Community Development District ("District") was created on November 15, 2004 by Ordinance 04-20 of the Lee County, Florida, 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 purposes of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by the Board of Supervisors ("Board"), which is composed of five members. The Supervisors are elected by the owners of the property within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes. The District is economically dependent upon the Developers.

The Board has the responsibility for:

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

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

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 1 – 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 property within the District. Operating and maintenance assessments are based upon the adopted budget and levied annually at a public hearing of the District. Debt service assessments are levied when Bonds are issued and assessed and collected on an annual basis. The District may collect assessments directly or utilize the uniform method of collection under Florida Statutes. Direct collected assessments are due as determined by annual assessment resolution adopted by the Board of Supervisors. Assessments collected under the uniform method are mailed by the County Tax Collector on November 1 and due on or before March 31 of each year. Property owners may prepay a portion or all of the debt service assessments on their property subject to various provisions in the Bond documents.

Assessments and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been 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

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

Capital Projects Fund

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

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

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Assets or Equity

Restricted Assets

These assets represent cash and investments set aside pursuant to Bond covenants.

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 paragraph 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 allowed 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 are recorded as expenditures when consumed rather than when purchased.

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

Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Infrastructure	20 - 40

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Assets or Equity (Continued)

Deferred Charges

In a prior year, in connection with the issuance of certain debt, the District incurred costs totaling \$248,392. In the government-wide financial statements that amount has been capitalized and amortized over the estimated life of the Bonds. At September 30, 2008 the District reported accumulated amortization of \$27,928.

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 applicable premiums or discounts.

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

Fund Equity/Net Assets

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

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

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 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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 public 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 3 – CASH AND INVESTMENTS

Cash

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

Investments

The District’s investments were held as follows at September 30, 2008:

	<u>Fair Value</u>	<u>Credit Risk</u>	<u>Maturities</u>
Money Market Mutual Funds - First American Prime Obligations	\$ 2,471,882	S&P AAAM	Weighted average of the fund portfolio: 49 days
Total Investments	<u>\$ 2,471,882</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 money market mutual funds are not evidenced by securities that exist in physical or book entry form.

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 4 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at September 30, 2008 were as follows:

Fund	Receivable	Payable
General	\$ -	\$ 48,199
Debt service	48,199	-
Total	\$ 48,199	\$ 48,199

The outstanding balances between funds result primarily from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2008 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land	\$ 1,801,489	\$ -	\$ -	\$ 1,801,489
Total capital assets, not being depreciated	1,801,489	-	-	1,801,489
Capital assets, being depreciated				
Infrastructure - water control and other	3,007,276	990,761	(985,489)	3,012,548
Total capital assets, being depreciated	3,007,276	990,761	(985,489)	3,012,548
Less accumulated depreciation for:				
Infrastructure - water control and other	194,488	119,951	-	314,439
Total accumulated depreciation	194,488	119,951	-	314,439
Total capital assets, being depreciated, net	2,812,788	870,810	(985,489)	2,698,109
Governmental activities capital assets	\$ 4,614,277	\$ 870,810	\$ (985,489)	\$ 4,499,598

The infrastructure intended to serve the District has been estimated at a total cost of approximately \$13,400,000. The infrastructure will include stormwater management, sanitary sewer, water distribution systems, and land improvements. During the fiscal year ended September 30, 2008, water and sewer infrastructure of \$985,489 were completed and conveyed to the Lee County Utilities Department.

In connection with the 2005 project, the District established a deferred cost investment account reported in the capital projects fund. In the event there are excess 2005 reserves, they are to be transferred from the debt service to the capital projects fund and used to repay funds advanced for the project or for the purchase of additional components. However, if funds in the account are not needed for that purpose they are to be transferred to the debt service fund and used to redeem outstanding related debt. At September 30, 2008 there is a balance of \$27,096 in the deferred cost account. The District has not yet determined if a liability exists for deferred costs.

Subsequent to September 30, 2008, the District acquired a stormwater management system from the Colonial Homes, Inc. (the "Developer") for \$1,465,387. Any costs in excess of amounts available from the Bond proceeds will be funded by the Developer.

NOTE 6 – LONG-TERM LIABILITIES

On July 1, 2005, the District issued \$10,710,000 of Capital Improvement Revenue Bonds, Series 2005 due on May 1, 2036 with a fixed interest rate of 5.350%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is to be paid semiannually on each May 1 and November 1.

The Series 2005 Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are also 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.

See Note 12 - Subsequent Events for additional call amount subsequent to the fiscal 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 to pay for the infrastructure improvements 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 those requirements of the Bond Indenture at September 30, 2008. See Note 12 – Subsequent Events for an unscheduled draw on the reserve account.

Changes in long-term liability activity for the fiscal year ended September 30, 2008 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2005	\$ 10,560,000	\$ -	\$ (155,000)	\$ 10,405,000	\$ 165,000
Less: Original Issue Discount	(25,877)	-	892	(24,985)	-
Total	<u>\$ 10,534,123</u>	<u>\$ -</u>	<u>\$ (154,108)</u>	<u>\$ 10,380,015</u>	<u>\$ 165,000</u>

At September 30, 2008, the scheduled debt service requirements on the long-term debt were as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2009	\$ 165,000	\$ 556,534	\$ 721,534
2010	175,000	547,573	722,573
2011	185,000	538,210	723,210
2012	195,000	528,313	723,313
2013	205,000	517,880	722,880
2014-2018	1,200,000	2,413,118	3,613,118
2019-2023	1,570,000	2,054,935	3,624,935
2024-2028	2,045,000	1,586,810	3,631,810
2029-2033	2,680,000	975,305	3,655,305
2034-2036	1,985,000	215,605	2,200,605
Total	<u>\$ 10,405,000</u>	<u>\$ 9,934,281</u>	<u>\$ 20,339,281</u>

NOTE 7 – NET ASSET (DEFICIT)

The District has a government-wide net asset deficit of (\$3,269,634) as of September 30, 2008. There is no such deficit reflected in the governmental fund financial statements. The deficit in the government-wide statement of net assets primarily relates to the excess of the amount of long-term debt outstanding over the amount of capital assets, net of accumulated depreciation. In the current and prior years various infrastructure improvements necessary to complete the District were financed through the issuance of long-term debt and conveyed to other entities for maintenance. Those capital 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 8 – PRIOR PERIOD ADJUSTMENT

Assessment revenue of \$64,101, which was recorded in the prior fiscal year, was deemed uncollectable due to Developer related matters and changed circumstances on the further development of the Moody East parcels (See Note 12 for future adjustments). Accordingly, the District has restated program revenue and opening net assets in the government-wide financial statements. There is no restatement required in the fund financial statements.

NOTE 9 – DEVELOPER TRANSACTIONS

During the fiscal year ended September 30, 2008 the District acquired water and sewer infrastructure from the Developer for \$985,488. During the current year the District reimbursed the Developer \$35,455 for amounts over paid in the prior fiscal year. Subsequent to September 30, 2008 the District acquired a stormwater management system from the Developer for \$1,465,387. In addition, a portion of the assessments collected were from land which is owned by the Developer or related to tax certificate sales on the Moody East parcels. See Subsequent Events for additional information.

NOTE 10 – MANAGEMENT COMPANY

The District has contracted with Wrathell, Hart, Hunt and Associates to perform management advisory services, which include financial and accounting services. Certain employees of the management company also serve as officers of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

NOTE 11 – RISK MANAGEMENT

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

NOTE 12 – SUBSEQUENT EVENTS

Series 2005 Bonds

Subsequent to September 30, 2008 the District prepaid \$5,000 of the Series 2005 Bonds. The prepayment was an extraordinary mandatory redemption as outlined in the Bond Indenture.

Reserve Account

The District incurred unscheduled draws on Series 2005 Debt Service Reserves of \$29,688 in November 2008 and \$35,582 in May 2009, which results in a deficit in the reserve account. On July 17, 2009, the balance in debt service reserve account was replenished by the District, which satisfies the reserve requirement.

NOTE 12 – SUBSEQUENT EVENTS (Continued)

Developer Related Matters

Subsequent to September 30, 2008 the District made necessary corrections for assessment billings due to previous under and over assessments for particular parcels and due to the changed circumstances resulting from the lack of a second bond sale for infrastructure to serve the Moody East Parcels. As a result, the District concluded that approximately \$80,000 was under assessed to lands owned by the Developer and other land owners and that the parcels related to Moody East had been over assessed. As a result of this the District has adjusted the assessments related to the Moody East parcels for 2010 and future periods to adjust the amount previously over assessed. In addition, the \$80,000 amount has been withheld from an infrastructure acquisition request from the Developer in the amount of approximately \$1.5 million. However, the land owner of the Moody East parcels ("Mood Development Corp.") may sue the District based on accusation that land was improperly included within the District and that the benefit allocated to the land was not appropriate. In addition, the District collected tax certificate sales subsequent to year end related to the Moody East parcels of approximately \$90,000 which have been included as revenue for the fiscal year ended September 30, 2008. If it is determined in a court of law that the Moody East parcels did not benefit from the improvements or were included erroneously as part of the District then the assessment methodology may have to be corrected and the remaining land owners including the Developer may have their assessments increased in order to make up the difference. In addition, the District may have to refund assessments collected from the sale of tax certificates. The fiscal year ended September 30, 2010 assessments that relate to the Moody East parcels for both maintenance and operations and debt service has been estimated at \$43,770. The financial statements do not include any adjustments for this issue as the outcome is uncertain at this time.

**MOODY RIVER ESTATES COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Assessments	\$ 225,896	\$ 225,896	\$ 217,543	\$ (8,353)
Interest	5,950	5,950	3,054	(2,896)
Total revenues	<u>231,846</u>	<u>231,846</u>	<u>220,597</u>	<u>(11,249)</u>
EXPENDITURES				
Current:				
General government	235,846	258,966	238,351	20,615
Total expenditures	<u>235,846</u>	<u>258,966</u>	<u>238,351</u>	<u>20,615</u>
Excess (deficiency) of revenues over (under) expenditures	(4,000)	(27,120)	(17,754)	9,366
OTHER FINANCING SOURCES				
Use of funds	4,000	27,120	-	(27,120)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(17,754)	<u>\$ (17,754)</u>
Fund balance - beginning			<u>44,593</u>	
Fund balance - ending			<u>\$ 26,839</u>	

See notes to required supplementary information

**MOODY RIVER ESTATES COMMUNITY DEVELOPMENT DISTRICT
LEE 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. The general fund budget for the fiscal year ended September 30, 2008 was amended to increase appropriations and the use of funds by \$23,120, respectively. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2008.

**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
Moody River Estates Community Development District
Lee County, Florida

We have audited the financial statements of the governmental activities and each major fund and the aggregate remaining fund information of Moody River Estates Community Development District, Lee County, Florida ("District") as of and for the fiscal year ended September 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 7, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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, and 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 Moody River Estates Community Development District, Lee 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.

A handwritten signature in black ink, appearing to read "B. J. Cant".

October 7, 2009

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

To the Board of Supervisors
Moody River Estates Community Development District
Lee County, Florida

We have audited the accompanying basic financial statements of Moody River Estates Community Development District, Lee County, Florida ("District") as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated October 7, 2009.

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 State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In addition, we have issued our Report on Internal Control over Financial Reporting and Compliance and Other Matters dated October 7, 2009. Disclosures in that report should be considered in conjunction with this management letter.

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

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

This report is intended for the information of the management, Board of Supervisors of Moody River Estates Community Development District, Lee 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 Moody River Estates Community Development District, Lee 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.



October 7, 2009

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, 2007.

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, 2008.

4. Violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts 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, 2008.

5. For matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors, the following may be reported based on professional judgment:

- a. Violations of laws, regulations, and contracts or grant agreements, or abuse that have occurred, or are likely to have occurred.

- b. Control deficiencies that are not significant deficiencies, including, but not limited to:

1. Improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements).
2. Failures to properly record financial transactions.
3. Inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

REPORT TO MANAGEMENT (Continued)

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, 2008.

6. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.
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, 2008 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.

RESOLUTION 2010-1

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE MOODY RIVER ESTATES COMMUNITY DEVELOPMENT DISTRICT HEREBY ACCEPTING THE AUDITED FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

WHEREAS, the District's Auditor, Grau & Associates, has heretofore prepared and submitted to the Board, for accepting, the District's Audited Financial Report for Fiscal Year 2008;

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE MOODY RIVER ESTATES COMMUNITY DEVELOPMENT DISTRICT;

1. The Audited Financial Report for Fiscal Year 2008, heretofore submitted to the Board, is hereby accepted for Fiscal Year 2008, for the period ending September 30, 2008; and
2. A verified copy of said Audited Financial Report for Fiscal Year 2008 shall be attached hereto as an exhibit to this Resolution, in the District's "Official Record of Proceedings".

PASSED AND ADOPTED this ____ day of _____, 2009.

MOODY RIVER ESTATES COMMUNITY DEVELOPMENT DISTRICT

Secretary/Assistant Secretary

Chairperson/Vice Chairperson

AGREEMENT FOR PROFESSIONAL ENGINEERING SERVICES

THIS AGREEMENT FOR PROFESSIONAL ENGINEERING SERVICES (“Agreement”) is made and entered as of the ____ day of _____, 2009, by and between the **MOODY RIVER ESTATES COMMUNITY DEVELOPMENT DISTRICT** established pursuant to Chapter 190, Florida Statutes (“**District**”) and **BARRACO AND ASSOCIATES, INC.**, a Florida corporation (“**Engineer**”).

RECITALS

WHEREAS, District is a community development district established by Lee County Ordinance No. 04-20 in accordance with Chapter 190, Florida Statutes (2009); and,

WHEREAS, District desires to retain a District Engineer; and

WHEREAS, District formally issued a request for proposals for district engineering services; and

WHEREAS, the firm of Barraco and Associates, Inc. submitted a proposal and was chosen by the District as a reasonable and responsive vendor whose proposal was most advantageous to the District; and

WHEREAS, District desires to retain Engineer to perform such services and Engineer has agreed to perform said services on District’s behalf, all in accordance with the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, District and Engineer hereby agree as follows:

ARTICLE 1. RECITALS

The Recitals are incorporated herein by reference and made a part of this Agreement.

ARTICLE 2. METHOD OF AUTHORIZATION

Any additional services or projects not included within the scope of Article 3 shall be authorized in writing by District. The written authorization shall be incorporated in a work authorization that shall include the scope of work, compensation terms, and special provisions or conditions specific to the service or project being authorized. Authorization of services or projects under the contract, if any, shall be at the sole option of District’s Board of Supervisors (“Board”).

ARTICLE 3. SCOPE OF SERVICES

Engineer will provide general engineering services to District including:

1. Preparation of any necessary reports and applications;
2. Attendance at meetings of the Board;
3. Performance of any other duties related to the provision of infrastructure and services as requested by the Board, District Manager, or District Counsel.

Engineer shall prepare or cause to be prepared, or review construction drawings and specifications for the type of work as authorized by the Board. This may include, but not be limited to, rendering assistance in the drafting of forms, proposals and contracts, issuance of certificates of construction and payment, assisting and/or supervising the bidding processes, and any other activity required by the Board.

Engineer shall, when authorized by the Board, provide general services during the construction phase including, but not limited to:

1. Periodic visits to the site, or full time construction management services, as directed by District;
2. Processing of contractor's pay estimates;
3. Preparation of, and/or assistance with the preparation of, work authorizations, requisitions, change orders and acquisitions for review by the District Manager, District Counsel and the Board.
4. Final inspection and requested certificates for construction including the final certificate of construction;
5. Consultation and advice during construction, including performing all roles and actions required of any construction contract between District and any contractor(s) in which Engineer is named as owner's representative or "Engineer."
6. Any other Activity related to construction as authorized by the Board.

With respect to maintenance of the facilities, Engineer shall render such services as authorized by the Board.

ARTICLE 4. STANDARDS

The professional services to be provided by Engineer shall comply with all applicable laws, statutes, ordinances, codes, orders (including, without limitation, the PUD Ordinance), rules and regulations, shall be performed with the degree of care and diligence and in accordance with the professional standards of professional engineers practicing in the State of Florida. The services shall be performed within the standards of the industry. In the event of any conflict between the rules, regulations and ordinances promulgated by the various governmental authorities controlling construction of improvements, Engineer covenants and agrees that it will design such improvements in accordance with the standards of the industry.

ARTICLE 5. SCHEDULE

Engineer shall perform its obligations under this Agreement as expeditiously and efficiently as are consistent with professional skill and care and the orderly progress of the construction of the District's facilities and improvements to meet the project schedule developed by District and consistent with information provided to Engineer by District and applicable governmental agencies. Engineer agrees that all services shall be provided in such a manner as to meet District's reasonable expectation and to provide his best efforts to ensure the timely progression of the work being performed by the general contractor in connection with the improvements being constructed, subject to delays due to natural disasters, strikes or other circumstances over which Engineer had no control and which could not have been anticipated by Engineer with the exercise of reasonable diligence.

ARTICLE 6. PAYMENT

It is understood and agreed that the compensation to Engineer for engineering services shall be in accordance with this contract. At District's sole discretion, one of the following methods shall be utilized:

- A) Hourly Personnel Rates. For services or projects where the scope of services is not clearly defined, or recurring services, or other projects where District desires the use of hourly compensation rates, Engineer shall be compensated in accordance with the hourly rate schedule set forth in Exhibit A, attached hereto. The work to be performed under the hourly rate schedule shall be stipulated in a Work Authorization which defines the scope of services authorized.
- B) Lump-Sum Amount. The District and Engineer may mutually agree to a lump-sum amount for services to be rendered payable in proportion to the work accomplished. Such a lump-sum agreement shall be set forth in a separate writing approved by the Board. A lump-sum agreement may contain provisions which are different than the provisions contained herein and may be written to encompass the entire agreement of the parties for the particular scope of services defined in the lump-sum agreement.

- C) Application for Payment on Lump-Sum Contracts. The contract sum will be paid pursuant to applications for payment submitted by Engineer in a form acceptable to District, which applications for payment will show the percentage of completion of the particular projects based upon Engineer's estimate of the portion of the contract sum allocable to the labor, materials and equipment incorporated in the project during the period commencing on the date covered by the preceding application for payment (or the date of this Agreement if no payments have been made) and ending on the last day of the month for which the application for payment is made performed as of the date of the application for payment. All applications for payment must be formally approved by the Board prior to actual disbursement.
- D) Change in Scope of Services. In the event of a material change in the scope of the services to be provided by Engineer under this Agreement, Engineer shall continue to perform in accordance with the terms of this Agreement during the course of any good faith re-negotiation of Engineer's compensation hereunder.
- E) Truth in Negotiation Certificate. For any lump-sum agreement entered into between District and Engineer, over the threshold amount contained in §287.017 for Category Four, as amended, Engineer shall provide District with a truth-in-negotiation certificate stating that wage rates and other factual unit costs supporting the compensation are accurate, complete, and current at the time of contracting. The original contract price and any additions thereto will be adjusted to exclude any significant sums by which District determines the contract price was increased due to inaccurate, incomplete, or noncurrent wage rates and other factual unit costs. All such contract adjustments must be made within one (1) year following the end of the contract.

ARTICLE 7. REIMBURSABLE EXPENSES

Reimbursable expenses consist of actual expenditures made by Engineer, its employees, or its previously-approved consultants in the interest of the project for the incidental expenses listed as follows:

- A) Expenses of transportation and living when traveling in connection with the project, for long distance calls and facsimiles, expedited delivery fees, and fees paid for securing approval of authorities having jurisdiction over the project. All expenditures shall be made in accordance with Chapter 112, Florida Statutes (2009), as amended from time to time, and the District's travel policy.
- B) Expenses incurred in the reproduction, postage and handling of drawings and specifications except those used for in-house purposes.

ARTICLE 8. SPECIAL CONSULTANTS

Should a need arise for Engineer to retain special consultants, the terms and conditions of such retention, including but not limited to compensation and reimbursement issues, shall be negotiated by Engineer and District, and then reduced to a writing signed by Engineer and District's authorized representative.

ARTICLE 9. ACCOUNTING RECORDS

Records of Engineer pertaining only to those services provided to the District pursuant to this agreement shall be kept on a basis of generally accepted accounting principles and shall be available to District or its authorized representative for observation or audit at mutually agreeable times. In addition, Engineer acknowledges that the provisions of Articles 13 and 14 of this Agreement may apply to these records.

ARTICLE 10. REUSE OF DOCUMENTS

All documents including drawings, plans and specifications furnished by Engineer pursuant to this Agreement are instruments of service to be used by District. They are not intended or represented to be suitable for reuse by others or for extensions of the work for which they were provided or on any other project. All documents including drawings, plans and specifications furnished by Engineer to District are subject to reuse in accordance with §287.055(10).

ARTICLE 11. DISTRICT REVIEW

Notwithstanding anything to the contrary contained in this Agreement, District's review and approval of any and all documents or other matters required herein shall be for the purpose of providing Engineer with information as to District's objectives and goals with respect to the Services and not for the purpose of determining the accuracy and completeness of such documents, and shall in no way create any liability on the part of District for errors, inconsistencies or omissions in any such documents, nor shall any such review and approval alter Engineer's responsibilities hereunder with respect to such documents.

ARTICLE 12. CONTINGENT FEE PROHIBITED

Engineer acknowledges that it has not employed or retained any company or person, other than a bona fide employee working solely for Engineer, to solicit or secure this Agreement and that it has not paid or agreed to pay any person, company, corporation, individual, or firm, other than a bona fide employee working solely for Engineer, any fee, commission, percentage, gift, or other consideration contingent upon or resulting from the award or making of this Agreement.

ARTICLE 13. AUDIT

Engineer agrees that District or any of its duly authorized representatives shall, until the expiration of three years after expenditure of funds under this Agreement, have access to and the right to examine any books, documents, papers and records of Engineer involving only those transactions related to this Agreement and the District. Engineer agrees that payments made under this Agreement shall be subject to reduction for amounts charged thereto that are found on the basis of audit examination not to constitute allowable costs. All required records shall be maintained until an audit is completed and all questions arising there from are resolved, or as required by applicable Florida record retention laws, whichever occurs later.

ARTICLE 14. PUBLIC RECORDS

Engineer agrees and understands that Chapter 119, F.S., may be applicable to documents prepared in connection with work provided to District and agrees to cooperate with public record requests made thereunder. Engineer shall allow access to all documents, papers, letters, or other materials subject to the provisions of Chapter 119, F.S.

ARTICLE 15. EMPLOYMENT VERIFICATION

Engineer agrees that it shall bear the responsibility for verifying the employment status, under the Immigration Reform and Control Act of 1986, of all persons it employs in the performance of this Agreement.

ARTICLE 16. CARE OF THE PROPERTY

Engineer shall use all due care to protect the property of District, its residents and landowners from damage by Engineer or its employees. Engineer agrees to repair any damage resulting from Engineer's activities as soon as reasonably possible.

ARTICLE 17. INDEPENDENT CONTRACTOR

Engineer and District agree that Engineer is and shall remain at all times an independent contractor and shall not in any way claim or be considered an employee of District. Engineer shall not have authority to hire persons as employees of District.

ARTICLE 18. TERMINATION

Either party may terminate this Agreement for failure to perform in accordance with the terms of this Agreement or for any reason upon thirty (30) days written notice. At such time as Engineer receives notification of the intent of District to terminate the contract, Engineer shall

not perform any further services unless directed to do so by the Board. In the event of termination, Engineer will be paid for services actually rendered and reimbursable expenses actually incurred, to the date of Engineer's receipt of the notice of termination.

ARTICLE 19. INDEMNIFICATION

The Engineer shall be responsible for and shall indemnify the District against any and all losses arising out of any intentional or negligent acts, errors or omissions of Engineer or those of its agents, employees, or Consultants, in connection with the performance of the Services under this Agreement, and will be responsible for all costs, losses, or expenses (including attorney fees) arising out of such losses.

The Engineer shall indemnify and save harmless the District and all of its representatives, partners, and lenders, and all property owners in the District, from suits, actions, or claims and from any resulting costs, damages, expenses, or losses (including attorney fees), arising out of injuries or damage sustained by persons or property by intentional or negligent acts, errors or omissions of the Engineer or any Consultant or their employees, agents, or representatives. The Engineer shall require each Consultant to include these same indemnification provisions in their contracts with the Engineer.

The terms and provisions of this Article 16 shall survive the expiration or termination of this Agreement.

Engineer agrees and covenants that nothing herein shall constitute or be construed as a waiver of the District's limitations on liability pursuant to Section 768.28, F.S., or any other statute or law. Nothing in the Agreement shall inure to the benefit of any third party for the purpose of allowing any claim which would otherwise be barred by operation of law.

ARTICLE 20. INSURANCE

Engineer shall procure, at no expense to District, the insurance policies with coverage set forth below insuring Engineer and the Indemnitees, and shall maintain such coverage in full force and effect as specified herein. Engineer shall include District as an additional insured to the Professional Liability Insurance policy, the Comprehensive, or Commercial, General Liability Insurance policy, and the Comprehensive Automobile Liability Insurance policy, all described below by causing amendatory riders to be attached to such policies, and evidence thereof shall be endorsed by the insurer or the authorized agent of the insurer. The insurance coverage afforded under these policies shall be primary over any other valid and collectible insurance maintained by, or available to, the Indemnitees. The insurance specified below shall be placed with insurance companies reasonably acceptable to District. The Engineer is responsible for providing notice to the District at least thirty days prior to the cancellation, non-renewal, or material modification to any such policies. Upon request of District, Engineer shall promptly furnish District with certified copies of all insurance policies which name District as additional insured. Engineer shall not commence any services under this Agreement until such insurance is obtained.

- A) Professional Liability Insurance in the amount of One Million and No/100 Dollars (\$1,000,000.00), with a deductible no greater than Two Hundred Thousand and No/100 Dollars (\$200,000.00) covering bodily injury, personal injury, property damage, which Professional Liability Insurance shall be carried on a claims-made basis maintained in full force and effect for the term of this Agreement and for a period of four (4) years after the completion of any and all of Engineer's services hereunder. Any retroactive date or prior acts exclusion to which such coverage is subject shall pre-date both the date upon which any services hereunder are commenced and the date of this Agreement.

- B) Comprehensive, or Commercial, General Liability Insurance in the amount of One Million and No/100 Dollars (\$1,000,000.00) covering bodily injury and property damage coverage, premises operations, blanket contractual liability, broad form property damage coverage, personal and advertising injury, independent contractor's liability, mobile equipment, elevators, Districts and contractors' protective liability, damage from explosion, collapse and underground hazards (no "XCU" exclusions are acceptable) and cross-liability and severability of interest clauses, written on an occurrence basis. Additional insured endorsements under such policy of insurance shall be ISO Additional Insured Endorsement Form CG 20 10 11/85.

- C) Comprehensive Automobile Liability Insurance, including owned, hired and non-owned vehicles, if any, in the amount of One Million and No/100 Dollars (\$1,000,000.00) covering bodily injury, including personal injury resulting there from, and property damage.

- D) Worker's Compensation Insurance in strict accordance with Florida law, with an employer's liability coverage of at least:

Bodily injury by accident	\$1,000,000 each accident
Bodily injury by disease	\$1,000,000 each employee
Bodily injury by disease	\$1,000,000 policy limit

If Engineer fails to furnish and maintain insurance as required by this article, District may purchase such insurance on behalf of Engineer, and Engineer shall pay the cost thereof to District upon demand and shall furnish to District any information needed to obtain such insurance. Insurance policies set forth in this article shall be kept in full force and effect until the date of final payment to Engineer hereunder. Engineer and its sub-consultants shall provide District with a certificate evidencing compliance with the above terms and naming District as an additional insured. At no time shall Engineer be without insurance in the above amounts. In the event that Engineer retains sub-consultants to assist in services for District, such sub-consultants shall be required to abide by the terms of this article and provide the same type of insurance policies, the same coverage, and the same additional insureds as set forth in this article.

ARTICLE 21. ATTORNEY'S FEES AND COSTS

In the event either party hereto resorts to litigation or arbitration to enforce its rights hereunder, the prevailing party shall be entitled to recover from the non-prevailing party, all reasonable expenses and costs (including reasonable attorneys' fees) incurred in connection with such litigation (including appellate and bankruptcy proceedings).

ARTICLE 22. ASSIGNMENT

Engineer shall not assign, sublet or transfer any rights under or interest in this Agreement without the written consent of District. Any purported assignment by Engineer without the written consent of District shall be void.

ARTICLE 23. NOTICES

All notices, requests, consents and other communications under this Agreement ("Notices") shall be in writing and shall be delivered, mailed by First Class Mail, postage prepaid, or overnight delivery service, to the parties, as follows:

If to the District:

Moody River Estates Community Development
District
3434 Colwell Avenue, Suite 200
Tampa, Florida 33614
Attn: District Manager

With a copy to:

Hopping Green & Sams, P.A.
119 S. Monroe Street, Suite 300
Post Office Box 6526
Tallahassee, Florida 32314
Attn: Michael C. Eckert

If to Engineer:

Barraco and Associates, Inc.
Post Office Drawer 2800
Fort Myers, Florida 33902
Attn: Carl A. Barraco, President

Except as otherwise provided in this Agreement, any Notice shall be deemed received only upon actual delivery at the address set forth above. Notices delivered after 5:00 p.m. (at the place of delivery) or on a non-business day, shall be deemed received on the next business day. If any time for giving Notice contained in this Agreement would otherwise expire on a non-business day, the Notice period shall be extended to the next succeeding business day. Saturdays, Sundays, and legal holidays recognized by the United States government shall not be regarded as business days. Counsel for District and counsel for Engineer may deliver Notice on behalf of District and Engineer, respectively. Any party or other person to whom Notices are to be sent or copied may notify the other parties and addressees of any change in name or address to

which Notices shall be sent by providing the same on five (5) days written notice to the parties and addressees set forth herein.

ARTICLE 24. ARM'S LENGTH TRANSACTION

This Agreement has been negotiated fully between District and Engineer as an arm's length transaction. Both parties participated fully in the preparation of this Agreement and received the advice of counsel. In the case of a dispute concerning the interpretation of any provision of this Agreement, both parties are deemed to have drafted, chosen, and selected the language, and the doubtful language will not be interpreted or construed against either District or Engineer.

ARTICLE 25. THIRD PARTY BENEFICIARIES

This Agreement is solely for the benefit of District and Engineer and no right or cause of action shall accrue upon or by reason, to or for the benefit of any third party not a formal party to this Agreement. Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any person or corporation other than District and Engineer any right, remedy, or claim under or by reason of this Agreement or any of the provisions or conditions of this Agreement; and all of the provisions, representations, covenants, and conditions contained in this Agreement shall inure to the sole benefit of and shall be binding upon District and Engineer and their respective representatives, successors, and assigns.

ARTICLE 26. CONTROLLING LAW; JURISDICTION AND VENUE

This Agreement and its provisions shall be construed, interpreted, and controlled according to the laws of the State of Florida. Jurisdiction and venue for any proceeding with respect to this Agreement shall be in Lee County, Florida.

ARTICLE 27. SOVEREIGN IMMUNITY

Engineer agrees that nothing in this Agreement shall constitute or be construed as a waiver of District's limitations on liability contained in Section 768.28, Florida Statutes, as amended, or other statutes or law.

ARTICLE 28. HEADINGS FOR CONVENIENCE ONLY

The descriptive headings in this Agreement are for convenience only and shall not control nor affect the meaning or construction of any of the provisions of this Agreement.

ARTICLE 29. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be an original; however, all such counterparts together shall constitute, but one and the same instrument. Signature and acknowledgment pages, if any, may be detached from the counterparts and attached to a single copy of this document to physically form one document.

ARTICLE 30. SEVERABILITY

If any of the provisions of this Agreement or any paragraph or subparagraph of this Agreement shall be held invalid for any reason, the remainder of this Agreement or any such paragraph or subparagraph shall not be affected thereby and shall remain in full force and effect in accordance with its terms.

ARTICLE 31. EFFECTIVE DATE

This Agreement shall take effect upon execution by both District and Engineer.

ARTICLE 32. ENTIRE AGREEMENT

This Agreement represents the entire and integrated agreement between District and Engineer. This Agreement supersedes all prior negotiations, representations or agreements, either written or oral, between the parties hereto and may only be amended by written instrument signed by authorized representatives of Engineer and District.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have made and executed this Agreement as of the day and year first above written.

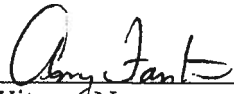
Signed, sealed and delivered

in the presence of:


**MOODY RIVER ESTATES
COMMUNITY DEVELOPMENT
DISTRICT**

Witness Name

Chairman



Witness Name

BARRACO AND ASSOCIATES, INC.,
a Florida corporation


Carl A. Barraco, P.E.
President

EXHIBIT A
HOURLY FEE SCHEDULE

RATE SCHEDULE

2009

SERVICES

Expert Witness	\$ 225.00	per hour
Senior Professional Engineer	\$ 175.00	per hour
Professional Engineer	\$ 140.00	per hour
Project Engineer	\$ 110.00	per hour
Professional Surveyor and Mapper	\$ 145.00	per hour
Project Surveyor	\$ 120.00	per hour
Senior Project Manager	\$ 140.00	per hour
Project Manager	\$ 110.00	per hour
Junior Project Manager	\$ 80.00	per hour
Principle Planner	\$ 140.00	per hour
Senior Planner	\$ 115.00	per hour
Planner	\$ 95.00	per hour
Landscape Designer	\$ 105.00	per hour
Senior Project Technician	\$ 120.00	per hour
Project Technician	\$ 90.00	per hour
Junior Project Technician	\$ 70.00	per hour
Senior Construction Observer	\$ 95.00	per hour
Construction Observer	\$ 78.00	per hour
Junior Construction Observer	\$ 60.00	per hour
Senior Project Services	\$ 80.00	per hour
Project Services	\$ 65.00	per hour
Junior Project Services	\$ 55.00	per hour
Two Man Survey Crew	\$ 125.00	per hour
Three Man Survey Crew	\$ 140.00	per hour
Four Man Survey Crew	\$ 165.00	per hour

REIMBURSABLE EXPENSES

Aerial photography, plotting, printing, delivery services

Cost plus 10%

39 from Atlas Design & Engineering, Inc., and Barraco and Associates, Inc., are behind the ranking
40 form.

41 Mr. Adams stated three (3) weeks ago, as a result of Heidt and Associates resigning as
42 District Engineer, the Board authorized Staff to publish a Request for Qualifications. He said
43 two (2) or three (3) weeks ago, the Board should have received copies of the two (2) responses
44 that were received, along with a ranking form. In order to get an idea of the type of firm, in the
45 RFQ, Staff asked for various disciplines within the firm, personnel size, location and a 255 form,
46 which provides the majority of that information. Mr. Adams added Barraco and Associates
47 provided some additional information with regard to their experience with communities and with
48 Community Development Districts and Atlas completed the 255 form. He stated hopefully, the
49 Board Members had an opportunity to review the proposals and have come to the meeting
50 prepared with their ranking of the two (2) firms.

51 Mr. Adams explained whoever is there will cumulatively come up with the ranking and
52 ask the Board to approve, by motion, ranking of the firms and then ask Staff to proceed with
53 final negotiation of a contract, which will include the financial considerations.

54 Mr. Eckert stated, the Board, in making its ranking, is required by District Rule 3.14A to
55 consider the following factors: the ability and adequacy of the professional personnel employed
56 by each Consultant; whether the Consultant is a certified minority business enterprise; each
57 Consultant's past performance; the willingness of each Consultant to meet time and budget
58 requirements; geographic location of each Consultant's headquarters, office and personnel, in
59 relation to the project; the recent current and projected workloads of each Consultant; the volume
60 of work previously awarded to each Consultant by the District. He said some of these factors
61 may not apply, but he wanted to remind the Board of what is in the Rules, in terms of factors
62 they can consider in determining the most qualified Consultant.

63 Mr. Adams asked if the Board has had an opportunity to complete their forms and Ms.
64 Crismond advised they were completing them now. She then stated they tallied the ranking
65 forms and Atlas has eight (8) and Barraco and Associates has four (4). Mr. Adams indicated
66 Barraco has the lower cumulative tally and, therefore, would be the first ranked firm. Ms.
67 Crismond responded affirmatively.

68 Mr. Adams asked for a motion to approve the ranking of the firms, with Barraco and
69 Associates ranked #1 and Atlas Engineering ranked #2 and to authorize Staff to conduct final

70 negotiations, prepare a final contract, starting with the #1 ranked firm and to bring it back for
71 final Board approval and execution by the Chair.

72

On MOTION by Ms. Mayer and seconded by Ms. Shea, with all in favor of approving the ranking of the firms, with Barraco and Associates, Inc., ranked #1 and Atlas Design Engineering, Inc., ranked #2 and authorizing Staff to conduct final negotiations, prepare a contract, starting with the #1 ranked firm, to be brought before the Board for final approval and execution by the Chair.

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THIRD ORDER OF BUSINESS

Approval of Minutes

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• **May 21, 2009 Regular Meeting**

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Ms. Crismond indicated the Attorney submitted some changes. On Page 1, Mike Eckert was not at the meeting. On Page 2, in the second paragraph, line 59, after “therefore, the”, we added “Operation and Maintenance” before “assessment”. Also, in the next paragraph, line 61, we added “Operation and Maintenance” before “assessment”. In the fourth paragraph, line 64, after “keeping the”, we added “Operation and Maintenance” before “assessment”. Immediately under that paragraph, we added, “Mr. Earlywine noted that, as discussed, this year the Districts will be collecting Debt Service assessments that should have been paid in previous years, but were not properly billed, so the amounts on the tax bills may appear higher for the Fiscal Years 2009 and 2010.” She then asked if there were any other corrections on page 2. There being none, she went on to Page 3 and indicated in the top Motion Box, we added, “On MOTION by Mr. Pye and seconded by Ms. Mayer, with all in favor of continuing to fund and balance the General Fund budget in order to maintain the Fiscal Year 2010 Operation and Maintenance Assessments”. There being no further corrections, Ms. Crismond called for a motion to approve the minutes, as corrected.

On MOTION by Ms. Mayer and seconded by Ms. Shea, with all in favor of approving the May 21, 2009 Regular Meeting Minutes, as corrected.

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105 • **August 20, 2009 Public Hearing and Regular Meeting**

106 Ms. Crismond presented the August 20, 2009 Public Hearing and Regular Meeting
107 Minutes.

108 Mr. Eckert stated when the Board is finished, he had several comments that he did not
109 provide to the District Manager in advance, even though the minutes were provided to him in
110 advance; because of the nature of the meeting, he wanted all the discussions regarding the
111 minutes to be on the record.

112 Ms. Crismond asked if anyone had any additions or corrections to the minutes. There
113 being none, Mr. Eckert stated, on Page 2, in the first paragraph in the motion box, the language
114 should be revised to reflect that the Board did not ratify Resolution 2009-2; he thinks they
115 adopted the new resolution, which reset the hearing. Resolution 2009-2 was the resolution that
116 originally set the hearing for the location it could not be held at. Mr. Adams agreed. Mr. Eckert
117 stated at the bottom of Page 2, the second line from the bottom, line 77, it is more appropriate
118 instead of “new” to say “Revised Supplemental Methodology”. He further stated, on Page 3, line
119 79, add “on-site” after “improvements”, as he feels the discussion was that there were no
120 improvements on that particular parcel, but there were improvements that the District has funded
121 that do benefit that land, so the word “on-site” should be added. He said in the next paragraph,
122 line 91, change the word “suffices” to “makes up”. Then in line 99, before \$200,000, it should
123 say “approximately”. He added on line 102, it should say “currently approximately” \$165,000,
124 because each year, that number changes. Finally, given the nature and the fact that there was an
125 attorney there that indicated that they may be filing suit against the District in some future time,
126 he suggested that the portion of the minutes from lines 120 through 157 be repeated verbatim,
127 instead of summarized; that would be more accurate, in the event this was ever an exhibit in a
128 court hearing. On Page 7, line 235, it should read “certain urban mixed-use CDDs;” because the
129 landowner control did not extend for all mixed-use CDDs.

130 There being no further corrections to the minutes, Ms. Crismond asked for a motion to
131 approve, as corrected.

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**On MOTION by Mr. Pye and seconded by Ms. Shea, with all
in favor of approving the August 20, 2009 Public Hearing and
Regular Meeting Minutes, as corrected.**

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137 **FOURTH ORDER OF BUSINESS** **Other Business**

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There being no Other Business, the next item followed.

141 **FIFTH ORDER OF BUSINESS** **Staff Reports**

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a. Attorney

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Mr. Eckert reported he has not received any Summons or Complaint, or anything of that nature, naming the District as a party to any litigation. Also, he advised the Board there is a mediation scheduled for October 29th, in relation to the litigation that is going on between Meritage, Colonial and Moody East. He advised he does not know the results or whether or not the mediation has occurred, but it was scheduled to be held in October.

149 **b. Manager**

150 **i. Unaudited Financial Statements as of August 31, 2009**

151 Ms. Crismond presented the Unaudited Financial Statements as of August 31, 2009.

152 **ii. Fiscal Year 2010 Meeting Schedule**

153 Ms. Crismond referred to the Fiscal Year 2010 Meeting Schedule and indicated she had
154 extra schedules available for distribution.

- **NEXT MEETING DATE: January 21, 2010 at 1:00 P.M.**

156 Ms. Crismond reminded the Board that the next meeting date is January 21, 2010 at 1:00
157 p.m.

159 **SIXTH ORDER OF BUSINESS** **Audience** **Comments/Supervisors'**
160 **Requests**

161
162 There being no Audience present, Ms. Crismond asked for any Supervisors' Requests.
163 There being none, the next item followed.

165 **SEVENTH ORDER OF BUSINESS** **Adjournment**

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167 Prior to adjournment, Mr. Eckert asked if the Board approved the meeting schedule at a
168 prior meeting. Ms. Crismond responded affirmatively.

169 There being no further business, all were in agreement with adjournment.

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On MOTION by Ms. Shea and seconded by Mr. Mayer, with all in favor, the meeting adjourned at 1:15 p.m.

Secretary/Assistant Secretary

Chairperson/Vice Chairperson

**MOODY RIVER ESTATES
COMMUNITY DEVELOPMENT DISTRICT
FINANCIAL STATEMENTS
UNAUDITED
OCTOBER 31, 2009**

**MOODY RIVER ESTATES
COMMUNITY DEVELOPMENT DISTRICT
BALANCE SHEET
OCTOBER 31, 2009**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
ASSETS				
Cash - SunTrust	\$ 55,568	\$ -	\$ -	\$ 55,568
Investments				
Revenue	-	398,206	-	398,206
Reserve	-	686,847	-	686,847
Prepayment	-	11,159	-	11,159
Deferred cost	-	28,306	-	28,306
Construction	-	-	291	291
Due from other funds				
General fund	-	899	-	899
Total assets	<u>\$ 55,568</u>	<u>\$ 1,125,417</u>	<u>\$ 291</u>	<u>\$ 1,181,276</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 5,473	\$ -	\$ -	\$ 5,473
Due to other funds				
Debt service fund	899	-	-	899
Total liabilities	<u>6,372</u>	<u>-</u>	<u>-</u>	<u>6,372</u>
Fund Balances:				
Reserved for:				
Debt service	-	1,125,417	-	1,125,417
Capital projects	-	-	291	291
Unreserved, reported in:				
Unreserved, undesignated	49,196	-	-	49,196
Total fund balances	<u>49,196</u>	<u>1,125,417</u>	<u>291</u>	<u>1,174,904</u>
Total liabilities and fund balances	<u>\$ 55,568</u>	<u>\$ 1,125,417</u>	<u>\$ 291</u>	<u>\$ 1,181,276</u>

**MOODY RIVER ESTATES
COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE PERIOD ENDED OCTOBER 31, 2009**

	Current Month	Year to Date	Budget	% of Budget
REVENUES				
Assessment levy	\$ -	\$ -	\$ 251,186	0%
Interest and miscellaneous	21	21	1,500	1%
Total revenues	<u>21</u>	<u>21</u>	<u>252,686</u>	0%
EXPENDITURES				
Professional & administrative				
Management fees	3,734	3,734	44,802	8%
Accounting services	729	729	8,742	8%
Audit	-	-	6,000	0%
Assessment roll services	1,073	1,073	12,875	8%
Arbitrage rebate calculations	-	-	1,750	0%
Dissemination agent fees	-	-	5,305	0%
Trustee fees	-	-	6,000	0%
Supervisor fees	861	861	6,459	13%
Legal	-	-	15,000	0%
Engineering	-	-	5,000	0%
Postage	-	-	1,250	0%
Telephone	42	42	500	8%
Insurance	5,000	5,000	5,150	97%
Printing & binding	92	92	1,100	8%
Legal advertising	-	-	1,500	0%
Other current charges	52	52	1,100	5%
Office supplies	-	-	500	0%
Annual district filing fee	-	-	175	0%
Contingency	-	-	20,000	0%
Total professional & administrative	<u>11,583</u>	<u>11,583</u>	<u>143,208</u>	8%
Water management				
Other contractual	-	-	50,000	0%
Utilities	-	-	47,000	0%
Aquascaping	-	-	10,000	0%
Total water management	<u>-</u>	<u>-</u>	<u>107,000</u>	0%
Other fees and charges				
Property appraiser	-	-	991	0%
Tax collector	-	-	1,487	0%
Total other fees and charges	<u>-</u>	<u>-</u>	<u>2,478</u>	0%
Total expenditures	<u>11,583</u>	<u>11,583</u>	<u>252,686</u>	5%
Excess/(deficiency) of revenues over/(under) expenditures	(11,562)	(11,562)	-	
Fund balance - beginning	60,758	60,758	27,828	
Fund balance - ending	<u>\$ 49,196</u>	<u>\$ 49,196</u>	<u>\$ 27,828</u>	

**MOODY RIVER ESTATES
COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUND SERIES 2005
FOR THE PERIOD ENDED OCTOBER 31, 2009**

	<u>Current Month</u>	<u>Year to Date</u>	<u>Budget</u>	<u>% of Budget</u>
REVENUES				
Assessment levy	\$ -	\$ -	\$ 814,498	0%
Total revenues	<u>-</u>	<u>-</u>	<u>814,498</u>	<u>0%</u>
EXPENDITURES				
Principal	-	-	175,000	0%
Principal prepayment	-	-	70,000	0%
Interest	-	-	547,573	0%
Total expenditures	<u>-</u>	<u>-</u>	<u>792,573</u>	<u>0%</u>
Excess/(deficiency) of revenues over/(under) expenditures	-	-	21,925	
Fund balance - beginning	<u>1,125,417</u>	<u>1,125,417</u>	<u>992,773</u>	
Fund balance - ending	<u>\$ 1,125,417</u>	<u>\$ 1,125,417</u>	<u>\$ 1,014,698</u>	

**MOODY RIVER ESTATES
COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND SERIES 2005
FOR THE PERIOD ENDED OCTOBER 31, 2009**

	<u>Current Month</u>	<u>Year to Date</u>
REVENUES	<u>\$ -</u>	<u>\$ -</u>
Total revenues	<u>-</u>	<u>-</u>
 EXPENDITURES	 <u>-</u>	 <u>-</u>
Total expenditures	<u>-</u>	<u>-</u>
 Excess/(deficiency) of revenues over/(under) expenditures	 - -	 - -
 Fund balance - beginning	 291	 291
Fund balance - ending	<u><u>\$ 291</u></u>	<u><u>\$ 291</u></u>