

HARBOURAGE AT BRADEN RIVER
COMMUNITY DEVELOPMENT DISTRICT
MANATEE COUNTY, FLORIDA
FINANCIAL STATEMENTS

For The Fiscal Year Ended
September 30, 2013

SHINN & COMPANY LLC

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Harbourage at Braden River Community Development District
Manatee County, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Harbourage at Braden River Community Development District, Manatee County, Florida (the "District") as of and for the fiscal year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

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 Harbourage at Braden River Community Development District, Manatee County, Florida as of and for the fiscal year ended September 30, 2013 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Member

Private Companies Practice Section
American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

Emphasis of a Matter

During the fiscal year ended September 30, 2013, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASBS) No. 60, *Accounting and Financial Reporting for Service Concessions Arrangements*, GASBS No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and 34*, GASBS No. 62, *Codification of Accounting and Financial Reporting Contained in Pre-November 1989 FASB and AICPA Pronouncements*, GASBS No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, and GASBS No. 65, *Items Previously Reported as Assets and Liabilities*. As a result of the implementation of GASBS No. 65, the District reported a restatement for the change in accounting principle (See Note 9). The auditor's opinion was not modified with respect to the restatement. GASBS No. 60, 61, 62 and 63 did not have a material effect on the financial statements.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 7 and budgetary comparison information on page 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Shinn & Company LLC
CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2014
Bradenton, FL

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Harbourage at Braden River Community Development District, Manatee County, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2013. 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 assets of the District exceeded its liabilities at the close of the fiscal year ended September 30, 2013 by \$1,227,352 (net position). Of this amount, \$219,230 is unrestricted and may be used to meet the District's ongoing obligations.
- The change in District's net position was a decrease of \$20,776. Key elements of the District's net position and change in net position are reflected in the tables in the following section.
- At September 30, 2013 the District's governmental funds reported combined ending fund balances of \$455,902 an increase of \$19,542. Of the total fund balance, \$236,672 is restricted for debt service, and \$219,230 is unassigned fund balance available for spending at the District's discretion.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as the introduction to the District's 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 required 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 position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

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

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

The District maintains two 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 and debt service funds, both 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 position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets exceeded liabilities by \$1,227,352 and \$1,248,128, as restated (net position) at the close of the fiscal year ended September 30, 2013 and 2012, respectively.

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

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. They are funds set aside for debt service under the District's Bond Indentures. The remaining balance of unrestricted net position may be used to meet the District's other obligations.

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

	2013	Restated 2012
Assets, excluding capital assets	\$ 541,284	\$ 534,933
Capital assets, net of depreciation	<u>3,596,760</u>	<u>3,734,502</u>
Total assets	<u>4,138,044</u>	<u>4,269,435</u>
Liabilities, excluding long-term liabilities	225,692	236,307
Long-term liabilities	<u>2,685,000</u>	<u>2,785,000</u>
Total liabilities	<u>2,910,692</u>	<u>3,021,307</u>
Net position		
Net investment in capital assets	841,760	1,025,065
Restricted for debt service	166,362	183,972
Unrestricted	<u>219,230</u>	<u>39,091</u>
Total net position	<u>\$ 1,227,352</u>	<u>\$ 1,248,128</u>

At September 30, 2013, the District is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental activities. The same held true for the prior fiscal year.

The District's total net position decreased by \$20,776 and \$75,768 during the fiscal years ended September 30, 2013 and 2012, respectively. Key elements of the change in net position are reflected in the following table:

	2013	Restated 2012
Revenues:		
Program revenues	\$ 582,232	\$ 591,955
General revenues	295	298
Total revenues	<u>582,527</u>	<u>592,253</u>
Expenses:		
General government	88,454	121,592
Maintenance and operations	342,710	357,246
Interest	<u>172,139</u>	<u>189,183</u>
Total expenses	<u>603,303</u>	<u>668,021</u>
Change in net position	(20,776)	(75,768)
Net position, beginning	<u>1,248,128</u>	<u>1,323,896</u>
Net position, ending	<u>\$ 1,227,352</u>	<u>\$ 1,248,128</u>

The District's program revenues include assessments and developer contributions for the current and prior fiscal years. Program revenues remained fairly constant. Expenses decreased by approximately \$65,000 with interest expense decreasing per the debt maturity schedule, reduced maintenance and operations costs as well as decreased general administrative costs.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District's general fund 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,			
	2013		2012	
General government	\$ 88,454	20%	\$ 111,090	19%
Maintenance and operations	204,968	37%	237,535	41%
Interest and principal on long-term debt	<u>269,563</u>	<u>43%</u>	<u>233,560</u>	<u>40%</u>
Total	<u>\$ 562,985</u>	<u>100%</u>	<u>\$ 582,185</u>	<u>100%</u>

As noted above, maintenance and operations and interest and principal on long-term debt were the majority of expenditures for the current and prior years.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is at the fund level. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. There were no budget amendments during the current fiscal year. Assessment revenue was less than budget by approximately \$100 thousand, while maintenance and operations were less than budget by approximately \$150 thousand due to budget being based on a fuller built out District.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2013 and 2012, the District had \$4,841,350 and \$4,841,350, respectively, vested in land, infrastructure and machinery and equipment. Accumulated depreciation of \$1,244,590 and \$1,106,848, respectively have been taken in the entity-wide financial statements, which resulted in a net book value of \$3,596,760 and \$3,734,502, respectively. More detailed information about the District's capital assets is presented in Note 4 of the financial statements.

Debt

As of September 30, 2013 and 2012 the District had \$2,755,000 and \$2,850,000, respectively, in Bonds outstanding. A prepayment of \$30,000 was made in addition to the regularly scheduled required payment. No new debt was issued during the year and the District had no immediate need to issue additional debt. More detailed information about the District's long-term debt is presented in Note 5 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 Harbourage at Braden River Community Development District's Finance Department at 5800 Lakewood Ranch Boulevard, Sarasota, Florida 34240.

HARBOURAGE AT BRADEN RIVER
COMMUNITY DEVELOPMENT DISTRICT
MANATEE COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2013

	Major Funds		Total
	General	Debt Service	Governmental Funds
ASSETS			
Cash	\$ 218,847	\$ -	\$ 218,847
Investments	-	320,818	320,818
Accounts receivable	169	-	169
Deposits	1,450	-	1,450
Total assets	\$ 220,466	\$ 320,818	\$ 541,284
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued expenses	1,236	-	1,236
Due to developer	-	84,146	84,146
Total liabilities	1,236	84,146	85,382
Fund balances:			
Restricted for:			
Debt service	-	236,672	236,672
Unassigned in:			
General fund	219,230	-	219,230
Total fund balance	219,230	236,672	455,902
Total liabilities and fund balances	\$ 220,466	\$ 320,818	\$ 541,284

See notes to the financial statements.

HARBOURAGE AT BRADEN RIVER
COMMUNITY DEVELOPMENT DISTRICT
MANATEE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For The Fiscal Year Ended September 30, 2013

	Major Funds		
	General	Debt Service	Total Governmental Funds
REVENUES			
Assessments	\$ 332,703	\$ 235,636	\$ 568,339
Developer contributions	-	13,842	13,842
Interest income	295	51	346
Total revenues	332,998	249,529	582,527
EXPENDITURES			
Current:			
General government	88,454	-	88,454
Maintenance and operations	204,968	-	204,968
Debt service:			
Principal	-	95,000	95,000
Interest	-	174,563	174,563
Total expenditures	293,422	269,563	562,985
Excess (deficiency) of revenues over expenditures	39,576	(20,034)	19,542
Fund balances - beginning	179,654	256,706	436,360
Fund balances - ending	\$ 219,230	\$ 236,672	\$ 455,902

See notes to the financial statements.

HARBOURAGE AT BRADEN RIVER
 COMMUNITY DEVELOPMENT DISTRICT
 MANATEE COUNTY, FLORIDA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 For The Fiscal Year Ended September 30, 2013

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 19,542
Depreciation on capital assets is not recognized in the governmental fund statements but is reported as an expense in the statement of activities.	(137,742)
Repayment of long-term liabilities are reported as expenditures in the governmental fund statement but such repayments reduce liabilities in the statement of net assets and are eliminated in the statement of activities.	95,000
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.	<u>2,424</u>
Change in net position of governmental activities	<u>\$ (20,776)</u>

See notes to the financial statements.

HARBOURAGE AT BRADEN RIVER
COMMUNITY DEVELOPMENT DISTRICT
MANATEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Harbourage at Braden River Community Development District ("District") was created in August 2003 by Ordinance 03-43 of the Manatee 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 on an at large basis by the qualified electors of the owners of the property within the District. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes. All of the Board members are affiliated with Neal Communities ("Developer") at September 30, 2013. In addition, the Developer owns a portion of the land. Therefore the District is economically dependent on the Developer.

The Board has the final 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").

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 position 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.

HARBOURAGE AT BRADEN RIVER
COMMUNITY DEVELOPMENT DISTRICT
MANATEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deposits and Investments - continued

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

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 and an estimated useful life in excess of one year. 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:

Infrastructure	30 years
Machinery and equipment	5 years

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.

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 over the life of the Bonds. Bonds payable are reported net of premiums or discounts.

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

HARBOURAGE AT BRADEN RIVER
 COMMUNITY DEVELOPMENT DISTRICT
 MANATEE COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2013

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 legal level of budgetary control, the level at which expenditures may not exceed budget, is at the fund level. 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, 2013 was not amended.

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

- a) Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain comments.
- c) Prior to October 1, the budget is legally adopted by the District Board.
- d) All budget changes must be approved by the District Board.

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, 2013:

	<u>Fair Value</u>	<u>Credit Risk</u>	<u>Maturity</u>
Money Market Mutual Fund – First American Government Obligation Funds	\$ 320,818	S & P AAAm	Weighted average of the fund portfolio: 35 days

HARBOURAGE AT BRADEN RIVER
COMMUNITY DEVELOPMENT DISTRICT
MANATEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE 5 – LONG TERM LIABILITIES

On December 1, 2003 the District issued \$3,530,000 of Capital Improvement Revenue Bonds, Series 2003A. The Bonds are due May 1, 2034 with a fixed interest rate of 6.125%. 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, commencing May 1, 2004. Principal is paid annually through May 1, 2034.

The Series 2003A Bonds are subject to mandatory, optional and extraordinary mandatory redemption based on provisions in the Bond Indenture.

The Bond Indenture requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirement as defined in the Indenture. In addition, the Bond indenture has certain 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.

Changes in long-term liability activity for the fiscal year ended September 30, 2013 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
Series 2003A	\$ 2,850,000	\$ -	\$ 95,000	\$ 2,755,000	\$ 70,000

At September 30, 2013, the scheduled debt service requirements on the long-term debt were as follows:

Year ending September 30,	Governmental Activities		
	Principal	Interest	Total
2014	70,000	168,744	238,744
2015	75,000	164,456	239,456
2016	80,000	159,863	239,863
2017	80,000	154,963	234,963
2018	90,000	150,063	240,063
2019-2023	530,000	661,500	1,191,500
2024-2028	700,000	478,975	1,178,975
2029-2032	935,000	235,506	1,170,506
2033-2034	195,000	11,944	206,944
	<u>\$ 2,755,000</u>	<u>\$ 2,186,014</u>	<u>\$ 4,941,014</u>

HARBOURAGE AT BRADEN RIVER
COMMUNITY DEVELOPMENT DISTRICT
MANATEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE 6 – DEVELOPER AND RELATED TRANSACTIONS

Developer contributions reported in the debt service fund were \$13,842 for the fiscal year ended September 30, 2013.

In connection with the 2003 Bond issue and related project, the District will make provision for certain deferred costs as outlined in the Bond Indenture. As such the District established a deferred cost investment account in the debt service fund and transferred available funds from the debt service reserve investment account to the deferred cost account. During the fiscal year ended September 30, 2013, the District made no payments to the Developer leaving a payable balance of \$84,186 which is reflected in the accompanying financial statements as Due to Developer. In addition, the intention of the District is to continue paying the Developer as funds become available in the deferred cost account until the balance has been paid in full.

NOTE 7 – MANAGEMENT COMPANY

The District has contracted with a management company 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. The District paid \$19,198 in the current year for management consulting services.

NOTE 8 – 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 for the past three years.

NOTE 9 – PRIOR PERIOD ADJUSTMENT

The beginning net position was restated in the financial statements, as follows:

Net position, beginning of year	\$	1,376,472
Implementation of Governmental Accounting Standards Board Statement No. 65, adjustment was made to the government-wide financial statements to expense debt issuance costs.		<u>(128,344)</u>
Net position, beginning of year, restated	\$	<u>1,248,128</u>

HARBOURAGE AT BRADEN RIVER
COMMUNITY DEVELOPMENT DISTRICT
MANATEE COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2013

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 based on the modified accrual basis. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America.

The legal level of budgetary control, the level at which expenditures may not exceed budget, is at the fund level. 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, 2013 was not amended.

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

To the Board of Supervisors
Harbourage at Braden River Community Development District
Manatee County, Florida

We have audited the financial statements of the governmental activities and each major fund of Harbourage at Braden River Community Development District, Manatee County, Florida (the District") as of and for the fiscal year ended September 30, 2013, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 30, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However,

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- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been included in the notes to the basic financial statements.
- Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one of more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the District's 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.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Shinn & Company LLC
CERTIFIED PUBLIC ACCOUNTANTS

Bradenton, Florida
June 30, 2014