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July 21, 2016

Mr. Alan Baldwin  
Harmony Community Development District  
c/o Severn Trent Management Services  
210 N. University Dr., Ste. 702  
Coral Springs, FL 33071

**\$13,945,000 Harmony Bay Community Development District (Osceola County, Florida)  
Capital Improvement Revenue Refunding Bonds, Series 2014**

Dear Mr. Baldwin:

Attached you will find our arbitrage rebate report for the above-referenced issue for the annual period ended June 29, 2016. This report indicates that there is no cumulative rebate liability as of June 29, 2016.

The next annual arbitrage rebate report date is June 29, 2017. If you have any questions or comments, please do not hesitate to contact me at (850) 754-0311 or by email at liscott@llstax.com.

Sincerely,

*Linda L. Scott*  
Linda L. Scott, CPA

cc: Ms. Leanne Duffy, US Bank, Jacksonville, FL.

## ***Harmony Community Development District***

***\$13,945,000 Harmony Community Development District  
(Osceola County, Florida) Capital Improvement Revenue  
Refunding Bonds, Series 2014***

***For the period ended June 29, 2016***



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Mr. Alan Baldwin  
Harmony Community Development District  
c/o Severn Trent Management Services  
210 N. University Dr., Ste. 702  
Coral Springs, FL 33071

Re: \$13,945,000 Harmony Community Development District (Osceola County, Florida) Capital Improvement Revenue Refunding Bonds, Series 2014 ("Bonds")

Harmony Community Development District ("Client") has requested that we prepare certain computations related to the above-described Bonds for the period ended June 29, 2016 ("Computation Period"). The scope of our engagement consisted of the preparation of computations to determine the Rebate Requirement for the Bonds for the Computation Period as described in Section 148(f) of the Internal Revenue Code of 1986, as amended ("Code"), and this report is not to be used for any other purpose.

In order to prepare these computations, we were provided by the Client with and have relied upon certain closing documents for the Bonds and investment earnings information on the proceeds of the Bonds during the Computation Period. The attached schedule is based upon the aforementioned information provided to us. The assumptions and computational methods we used in the preparation of the schedule are described in the Summary of Notes, Assumptions, Definitions and Source Information. A brief description of the schedule is also attached.

The results of our computations indicate a negative Cumulative Rebate Requirement of \$(141,474.43) at June 29, 2016. As such, no amount must be on deposit in the Rebate Fund, nor remitted to the United States Government.

As specified in the Federal Tax Certificate, the calculations have been performed based upon a Bond Yield of 5.3264%. Accordingly, we have not recomputed the Bond Yield.

The scope of our engagement was limited to the preparation of a mathematically accurate Rebate Requirement for the Bonds for the Computation Period based on the information provided to us. The Rebate Requirement has been determined as described in the Code, and regulations promulgated thereunder ("Regulations"). We have no obligation to update this report because of events occurring, or information coming to our attention, subsequent to the date of this report.

*LLS Tax Solutions Inc.*

# **SUMMARY OF NOTES, ASSUMPTIONS, DEFINITIONS, SOURCE INFORMATION, AND DESCRIPTION OF SCHEDULE**

Harmony Community Development District

July 21, 2016

\$13,945,000 (Osceola County, Florida) Capital Improvement Revenue Refunding Bonds, Series 2014

For the period ended June 29, 2016

## **NOTES AND ASSUMPTIONS**

1. The issue date of the Bonds is June 30, 2014.
2. The end of the first Bond Year for the Bonds is June 29, 2015.
3. Computations of yield are based upon a 27-day month, a 360-day year and semiannual compounding.
4. We have assumed that the only funds and accounts relating to the Bonds that are subject to rebate under Section 148(f) the Code are shown in the attached schedule
5. For investment cash flow purposes, all payments and receipts are assumed to be paid or received, respectively, as shown in the attached schedule. In determining the Rebate Requirement for the Bonds, we have relied on information provided by you without independent verification, and we can therefore express no opinion as to the completeness or suitability of such information for such purposes. In addition, we have undertaken no responsibility to review the tax exempt status of interest on the Bonds.
6. We have assumed that the purchase and sale prices of all investments as represented to us are at fair market value, exclusive of brokerage commissions, administrative expenses, or similar expenses, and representative of arms' length transactions that did not artificially reduce the Rebate Requirement for the Bonds, and that no "prohibited payments" occurred and no "imputed receipts" are required with respect to the Bonds.
7. Ninety percent (90%) of the Rebate Requirement as of the next "computation date" ("Next Computation Date") is due to the United States Treasury not later than 60 days thereafter ("Next Payment Date"). (An issuer may select any date as a computation date, as long as the first computation date is not later than five years after the issue date, and each subsequent computation date is no more than five years after the previous computation date.) No other payment of rebate is required prior to the Next Payment Date. The Rebate Requirement as of the Next Computation Date will not be the Rebate Requirement reflected herein, but will be based on future computations that will include the period ending on the Next Computation Date. If all of the Bonds are retired prior to what would have been the Next Computation Date, one hundred percent (100%) of the unpaid Rebate Requirement computed as of the date of retirement will be due to the United States Treasury not later than 60 days thereafter.
8. For purposes of determining what constitutes an "issue" under Section 148(f) of the Code, we have assumed that the Bonds constitute a single issue and are not required to be aggregated with any other bonds.

**SUMMARY OF NOTES, ASSUMPTIONS, DEFINITIONS, SOURCE INFORMATION, AND DESCRIPTION OF SCHEDULE**

Harmony Community Development District

July 21, 2016

\$13,945,000 (Osceola County, Florida) Capital Improvement Revenue Refunding Bonds, Series 2014

For the period ended June 29, 2016

**NOTES AND ASSUMPTIONS (cont'd)**

9. The accrual basis of accounting has been used to calculate earnings on investments. Earnings accrued but not received at the last day of the Computation Period are treated as though received on that day. For investments purchased at a premium or a discount (if any), amortization or accretion is included in the earnings accrued at the last day of the Computation Period. Such amortization or accretion is computed in such a manner as to result in a constant rate of return for such investment. This is equivalent to the "present value" method of valuation that is described in the Regulations.
10. No provision has been made in this report for any debt service fund. Under Section 148(f)(4)(A) of the Code, a "bona fide debt service fund" for public purpose bonds issued after November 10, 1988 is not subject to rebate if the average maturity of the issue of bonds is at least five years and the rates of interest on the bonds are fixed at the issue date. It appears and has been assumed that the debt service fund allocable to the Bonds qualifies as a bona fide debt service fund, and that this provision applies to the Bonds.
11. The 2014 Bonds are being issued for the purposes of together with other legally available monies of the District: (i) defeasing and refunding all of the District's outstanding Capital Improvement Revenue Bonds, Series 2001 (the "2001 Bonds" or the "Refunded Bonds"), (ii) paying certain costs associated with the issuance of the 2014 Bonds, and (iii) making a deposit into the 2014 Reserve Account for the benefit of all of the 2014 Bonds.

**SUMMARY OF NOTES, ASSUMPTIONS, DEFINITIONS, SOURCE INFORMATION, AND DESCRIPTION OF SCHEDULE**

Harmony Community Development District

July 21, 2016

\$13,945,000 (Osceola County, Florida) Capital Improvement Revenue Refunding Bonds, Series 2014

For the period ended June 29, 2016

**DEFINITIONS**

1. *Bond Year*: Each one-year period that ends on the day selected by the Client. The first and last Bond Years may be shorter periods.
2. *Bond Yield*: The yield that, when used in computing the present value (at the issue date of the Bonds) of all scheduled payments of principal and interest to be paid over the life of the Bonds, produces an amount equal to the Issue Price.
3. *Allowable Earnings*: The amount that would have been earned if all nonpurpose investments were invested at a rate equal to the Bond Yield, which amount is determined under a future value method described in the Regulations.
4. *Computation Date Credit*: A credit allowed by the Regulations as a reduction to the Rebate Requirement on certain prescribed dates.
5. *Rebate Requirement*: The excess of actual earnings over Allowable Earnings and Computation Date Credits.
6. *Issue Price*: Generally, the initial offering price at which a substantial portion of the Bonds is sold to the public. For this purpose, 10% is a substantial portion.

**SUMMARY OF NOTES, ASSUMPTIONS, DEFINITIONS, SOURCE INFORMATION, AND DESCRIPTION OF SCHEDULE**

Harmony Community Development District

July 21, 2016

\$13,945,000 (Osceola County, Florida) Capital Improvement Revenue Refunding Bonds, Series 2014

For the period ended June 29, 2016

**SOURCE INFORMATION**

Bonds

Source

Closing Date

Federal Tax Certificate

Bond Yield

Federal Tax Certificate

Investments

Source

Principal and Interest Receipt Amounts  
and Dates

Trust Statements

Investment Dates and Purchase Prices

Trust Statements

**SUMMARY OF NOTES, ASSUMPTIONS, DEFINITIONS, SOURCE INFORMATION, AND  
DESCRIPTION OF SCHEDULE**

Harmony Community Development District

July 21, 2016

\$13,945,000 (Osceola County, Florida) Capital Improvement Revenue Refunding Bonds, Series 2014

For the period ended June 29, 2016

**DESCRIPTION OF SCHEDULE**

**SCHEDULE 1 - REBATE REQUIREMENT CALCULATION**

Schedule 1 sets forth the amount of interest receipts and gains/losses on sales of investments and the calculation of the Rebate Requirement.



\$13,945,000 HARMONY COMMUNITY DEVELOPMENT DISTRICT (OSCEOLA COUNTY, FLORIDA)  
CAPITAL IMPROVEMENT REVENUE REFUNDING BONDS SERIES 2014

SCHEDULE 1 - REBATE REQUIREMENT CALCULATION

6 / 30 / 2014 ISSUE DATE  
6 / 30 / 2014 BEGINNING OF COMPUTATION PERIOD  
6 / 29 / 2016 COMPUTATION DATE

DATE	FUND/ACCOUNT	INVESTMENT VALUE AT COMPUTATION DATE	EARNINGS ON INVESTMENTS	OTHER DEPOSITS (WITHDRAWALS)	FUTURE VALUE AT BOND YIELD 5.3264%	ALLOWABLE EARNINGS
6 / 30 / 2014	INITIAL DEPOSIT		0.00	12,745,235.03	14,156,099.98	1,410,864.95
6 / 30 / 2014	ESCROW FUND		0.00	1,415,518.75	1,572,213.06	156,694.31
6 / 30 / 2014	ESCROW FUND		0.00	3,005.67	3,338.39	332.72
6 / 30 / 2014	ESCROW FUND		0.00	505,406.28	561,353.46	55,947.18
7 / 30 / 2014	ESCROW FUND		0.00	(14,669,165.72)	(16,221,788.00)	(1,552,622.28)
7 / 30 / 2014	ESCROW FUND		0.00	(0.01)	(0.01)	0.00
		0.00	0.00	0.00	71,216.88	71,216.88
6 / 30 / 2014	INITIAL DEPOSIT		0.00	135,050.07	149,999.77	14,949.70
6 / 30 / 2014	COST OF ISSUANCE FUND		0.00	(1,800.00)	(1,999.26)	(199.26)
6 / 30 / 2014	COST OF ISSUANCE FUND		0.00	(37,000.00)	(41,095.81)	(4,095.81)
6 / 30 / 2014	COST OF ISSUANCE FUND		0.00	(31,500.00)	(34,986.97)	(3,486.97)
6 / 30 / 2014	COST OF ISSUANCE FUND		0.00	(33,500.00)	(37,208.36)	(3,708.36)
6 / 30 / 2014	COST OF ISSUANCE FUND		0.00	(5,250.00)	(5,831.16)	(581.16)
6 / 30 / 2014	COST OF ISSUANCE FUND		0.00	(2,500.00)	(2,776.74)	(276.74)
7 / 1 / 2014	COST OF ISSUANCE FUND		0.00	(250.00)	(277.63)	(27.63)
7 / 3 / 2014	COST OF ISSUANCE FUND		0.00	(6,061.94)	(6,730.03)	(668.09)
7 / 7 / 2014	COST OF ISSUANCE FUND		0.00	(12,500.00)	(13,869.53)	(1,369.53)
7 / 17 / 2014	COST OF ISSUANCE FUND		0.00	(1,250.00)	(1,384.93)	(134.93)
8 / 1 / 2014	COST OF ISSUANCE FUND		0.03	0.00	0.00	0.00
9 / 2 / 2014	COST OF ISSUANCE FUND		0.02	0.00	0.00	0.00
9 / 4 / 2014	COST OF ISSUANCE FUND		0.00	(73.50)	(80.88)	(7.38)
9 / 5 / 2014	COST OF ISSUANCE FUND		0.00	0.05	0.06	0.01
9 / 5 / 2014	COST OF ISSUANCE FUND		0.00	(0.05)	(0.06)	(0.01)
9 / 11 / 2014	COST OF ISSUANCE FUND		0.00	(3,364.68)	(3,698.60)	(333.92)
		0.00	0.05	(0.05)	59.87	59.92
6 / 30 / 2014	INITIAL DEPOSIT		0.00	607,312.50	674,540.44	67,227.94
7 / 1 / 2014	RESERVE FUND		0.10	0.00	0.00	0.00
7 / 2 / 2014	RESERVE FUND		0.00	(0.10)	(0.11)	(0.01)
8 / 1 / 2014	RESERVE FUND		3.11	0.00	0.00	0.00
8 / 4 / 2014	RESERVE FUND		0.00	(3.11)	(3.44)	(0.33)

\$13,945,000 HARMONY COMMUNITY DEVELOPMENT DISTRICT (OSCEOLA COUNTY, FLORIDA)  
CAPITAL IMPROVEMENT REVENUE REFUNDING BONDS SERIES 2014

SCHEDULE 1 - REBATE REQUIREMENT CALCULATION

6 / 30 / 2014      ISSUE DATE  
6 / 30 / 2014      BEGINNING OF COMPUTATION PERIOD  
6 / 29 / 2016      COMPUTATION DATE

DATE	FUND/ACCOUNT	INVESTMENT VALUE AT COMPUTATION DATE	EARNINGS ON INVESTMENTS	OTHER DEPOSITS (WITHDRAWALS)	FUTURE VALUE AT BOND YIELD 5.3264%	ALLOWABLE EARNINGS
9 / 2 / 2014	RESERVE FUND		3.11	0.00	0.00	0.00
9 / 3 / 2014	RESERVE FUND		0.00	(3.11)	(3.42)	(0.31)
10 / 1 / 2014	RESERVE FUND		3.01	0.00	0.00	0.00
10 / 2 / 2014	RESERVE FUND		0.00	(3.01)	(3.30)	(0.29)
11 / 3 / 2014	RESERVE FUND		3.11	0.00	0.00	0.00
11 / 4 / 2014	RESERVE FUND		0.00	(3.11)	(3.39)	(0.28)
12 / 1 / 2014	RESERVE FUND		3.01	0.00	0.00	0.00
12 / 2 / 2014	RESERVE FUND		0.00	(3.01)	(3.27)	(0.26)
1 / 2 / 2015	RESERVE FUND		3.11	0.00	0.00	0.00
1 / 5 / 2015	RESERVE FUND		0.00	(3.11)	(3.36)	(0.25)
2 / 2 / 2015	RESERVE FUND		3.11	0.00	0.00	0.00
2 / 3 / 2015	RESERVE FUND		0.00	(3.11)	(3.35)	(0.24)
3 / 2 / 2015	RESERVE FUND		2.81	0.00	0.00	0.00
3 / 3 / 2015	RESERVE FUND		0.00	(2.81)	(3.01)	(0.20)
4 / 1 / 2015	RESERVE FUND		3.11	0.00	0.00	0.00
4 / 2 / 2015	RESERVE FUND		0.00	(3.11)	(3.32)	(0.21)
5 / 1 / 2015	RESERVE FUND		3.01	0.00	0.00	0.00
5 / 4 / 2015	RESERVE FUND		0.00	(3.01)	(3.20)	(0.19)
6 / 1 / 2015	RESERVE FUND		3.11	0.00	0.00	0.00
6 / 2 / 2015	RESERVE FUND		0.00	(3.11)	(3.29)	(0.18)
7 / 1 / 2015	RESERVE FUND		3.01	0.00	0.00	0.00
7 / 2 / 2015	RESERVE FUND		0.00	(3.01)	(3.17)	(0.16)
8 / 3 / 2015	RESERVE FUND		3.11	0.00	0.00	0.00
8 / 4 / 2015	RESERVE FUND		0.00	(3.11)	(3.26)	(0.15)
9 / 1 / 2015	RESERVE FUND		3.11	0.00	0.00	0.00
9 / 2 / 2015	RESERVE FUND		0.00	(3.11)	(3.25)	(0.14)
10 / 1 / 2015	RESERVE FUND		3.01	0.00	0.00	0.00
10 / 2 / 2015	RESERVE FUND		0.00	(3.01)	(3.13)	(0.12)
11 / 2 / 2015	RESERVE FUND		3.11	0.00	0.00	0.00
11 / 3 / 2015	RESERVE FUND		0.00	(3.11)	(3.22)	(0.11)

\$13,945,000 HARMONY COMMUNITY DEVELOPMENT DISTRICT (OSCEOLA COUNTY, FLORIDA)  
CAPITAL IMPROVEMENT REVENUE REFUNDING BONDS SERIES 2014

SCHEDULE 1 - REBATE REQUIREMENT CALCULATION

6 / 30 / 2014 ISSUE DATE  
6 / 30 / 2014 BEGINNING OF COMPUTATION PERIOD  
6 / 29 / 2016 COMPUTATION DATE

DATE	FUND/ACCOUNT	INVESTMENT VALUE AT COMPUTATION DATE	EARNINGS ON INVESTMENTS	OTHER DEPOSITS (WITHDRAWALS)	FUTURE VALUE AT BOND YIELD 5.3264%	ALLOWABLE EARNINGS
12 / 1 / 2015	RESERVE FUND		3.01	0.00	0.00	0.00
12 / 2 / 2015	RESERVE FUND		0.00	(3.01)	(3.10)	(0.09)
1 / 4 / 2016	RESERVE FUND		23.05	0.00	0.00	0.00
1 / 5 / 2016	RESERVE FUND		0.00	(23.05)	(23.64)	(0.59)
2 / 1 / 2016	RESERVE FUND		62.57	0.00	0.00	0.00
2 / 2 / 2016	RESERVE FUND		0.00	(62.57)	(63.93)	(1.36)
3 / 1 / 2016	RESERVE FUND		84.38	0.00	0.00	0.00
3 / 2 / 2016	RESERVE FUND		0.00	(84.38)	(85.83)	(1.45)
4 / 1 / 2016	RESERVE FUND		99.03	0.00	0.00	0.00
4 / 4 / 2016	RESERVE FUND		0.00	(99.03)	(100.27)	(1.24)
5 / 2 / 2016	RESERVE FUND		37.25	0.00	0.00	0.00
5 / 3 / 2016	RESERVE FUND		0.00	(37.25)	(37.56)	(0.31)
6 / 2 / 2016	RESERVE FUND		52.30	0.00	0.00	0.00
6 / 3 / 2016	RESERVE FUND		0.00	(52.30)	(52.50)	(0.20)
		<u>607,312.50</u>	<u>410.65</u>	<u>606,901.85</u>	<u>674,121.12</u>	<u>67,219.27</u>
		<u>607,312.50</u>	<u>410.70</u>	<u>606,901.80</u>	<u>745,397.87</u>	<u>138,496.07</u>
	ACTUAL EARNINGS		410.70			
	ALLOWABLE EARNINGS		<u>138,496.07</u>			
	REBATE REQUIREMENT		(138,085.37)			
	FUTURE VALUE OF 6/29/2015 COMPUTATION DATE CREDIT		(1,739.06)			
	COMPUTATION DATE CREDIT		<u>(1,650.00)</u>			
	CUMULATIVE REBATE REQUIREMENT		<u>(141,474.43)</u>			