

**JPWard and Associates, LLC**

**TERN BAY  
COMMUNITY DEVELOPMENT DISTRICT**

**REGULAR MEETING**

**AGENDA**

**May 10, 2016**

**Board of Supervisor's**

**Neale Montgomery, Chairperson  
Mark Gillis, Vice Chairman  
Richard Brylanski, Assistant Secretary  
Mark Card, Assistant Secretary  
Mike Dady, Assistant Secretary**

James P. Ward  
District Manager  
2041 N.E. 6th Terrace  
Wilton Manors, Florida 33305

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**[www.ternbaycdd.org](http://www.ternbaycdd.org)**



**Prepared by:  
JPWard and Associates, LLC  
TOTAL Commitment to Excellence**

# TERN BAY COMMUNITY DEVELOPMENT DISTRICT

May 3, 2016

Board of Supervisors  
Tern Bay Community Development District

Dear Board Members:

The Regular Meeting of the Board of Supervisors of the Tern Bay Community Development District will be held on **Tuesday, May 10, 2015 at 9:30 a.m.** at the **offices of Berntsson, Ittersagen, Gunderson & Wideikis, LLP, 18401 Murdock Circle, Suite C, Port Charlotte, Florida 33948.**

1. Call to Order & Roll Call
2. Consideration of Minutes
  - a) September 8, 2015 - Regular Meeting
3. Consideration of the Acceptance of the Audited Financial Statements for the Fiscal Year ended September 30, 2015..
4. Consideration of Resolution 2016-1 Approving the Proposed Budget for Fiscal Year 2016 and Setting a Public Hearing for ***Tuesday, August 9, 2016 at 9:30 A.M. at the offices of Berntsson, Ittersagen, Gunderson & Wideikis, LLP, 18401 Murdock Circle, Suite C, Port Charlotte, Florida 33948.***
5. Consideration of setting ***Tuesday, November 8, 2016 at 9:30 A.M. at the offices of Berntsson, Ittersagen, Gunderson & Wideikis, LLP, 18401 Burdock Circle, Suite C, Port Charlotte, Florida 33948,*** as the date, time and location for the upcoming landowner's election for three seats on the Board of Supervisor's.
6. Staff Reports
  - a) Attorney
  - b) Engineer
  - c) Manager
    - I. Field Management Report
    - II. Report on the Number of Registered Voters residing in the District
7. Supervisor's Requests and Audience Comments
8. Adjournment



*James P. Ward*  
*District Manager*

2041 NORTHEAST 6<sup>TH</sup> TERRACE  
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The second order of business is consideration of the minutes of the September 8, 2015 Regular meeting.

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The third order of business is acceptance of the audited financial statements for the fiscal year ended September 30, 2015. A representative of the Berger, Tooms, Elam & Frank will be available by phone during the meeting for a presentation of the audit and to answer any questions. The completed audit has been filed with the appropriate State Agencies.

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Next, the District's enabling legislation requires the District Manager to submit a Proposed Budget to the Board by June 15<sup>th</sup> of each year for your review and approval. The approval of the budget is only intended to permit the District to move through the process towards adopting the budget at a Public Hearing scheduled for the **Tuesday, August 9, 2016** meeting of the Board of Supervisor's.

The approval of the Budget does not bind the Board to any of the costs contained in the budget, any of the programs contained in the Budget and most importantly it does not bind the Board to any of the Assessment Rates contemplated as a result of the preparation of the Budget.

It does, however, set the maximum rate at which assessments may be levied at the proposed rate of \$168.19 (For FY 2016 - \$363.36 per unit for all units (plus \$0.00per unit for those units subject to the foreclosure action by the District).

The major change in procedure only on the Budget, is with the retention of professional consultants by the bondholder's those costs are no longer included in the CDD's budget, as they are being directed and paid by the bondholder's.

In FY 2012 the District set a Cap Rate which is a rate that the District could establish that would advise all property owner's of the maximum rate that the District could levy without having to send out mailed notices each year, as such, and for FY 2017 the proposed budget does not exceed the cap rate, and individual mailed notice will not be required for the Fiscal Year 2017 Public Hearing.

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The fifth order of business is to consider setting the Landowner's election. There are three Board terms who are set to expire – they are Seat 1 (Mr. Gillis), Seat 4 (Mr. Card) and Seat 5 (Mr. Dady). The statute requires to the Board to announce the date, time and location of the landowner's election ninety (90) days in advance of the meeting, and to provide the form of ballot, proxy and landowner's instructions. The landowner's meeting is recommended for Tuesday, November 8, 2016 at 9:30 A.M. at the offices of Berntsson, Ittersagen, Gunderson & Wideikis, LLP, 18401 Burdock Circle, Suite C, Port Charlotte, Florida 33948, Also, as required by law are the forms of ballot, proxy and landowner's instructions are enclosed.

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Under my report, is the statutory requirement that the District determine as of April 15<sup>th</sup> of each year the number of registered voter's residing with the District. The Statute provides that the Supervisor of Elections in the County where the District is located (Charlotte County) provides that information from the voter rolls of the County. The significance of the report is based on the transition date and number of qualified electors residing in the District which are enumerated in the Statute for the District to begin the



*James P. Ward*  
*District Manager*

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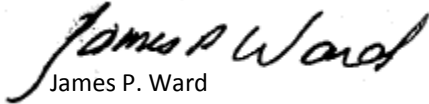
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transition from a landowner's election to a qualified elector based election. The two thresholds are six years from the date of establishment which for the District is September 15, 2004 and the second is at least 250 qualified electors. There is no required action of the Board for this item, it is provided as a matter of law and placed into the District's records.

The balance of the Agenda is standard in nature and I look forward to seeing you at the meeting, and if you have any questions and/or comments, please do not hesitate to contact me directly at (954) 658-4900.

Yours sincerely,  
Tern Bay Community Development District



James P. Ward  
District Manager  
Enclosures



*James P. Ward*  
*District Manager*

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**THE MINUTES OF MEETING  
TERN BAY COMMUNITY DEVELOPMENT DISTRICT**

The Regular Board Meeting of the Tern Bay Community Development District's Board of Supervisors was held on **Tuesday, September 8, 2015, at 9:00 a.m.**, at the **Offices of Berntsson, Ittersagen, Gunderson & Wideikis, LLP, 18401 Murdock Circle, Suite C, Port Charlotte, Florida 33948.**

**Present and constituting a quorum were:**

Neale Montgomery	Chairperson
Mark Gillis	Assistant Secretary
Mike Dady	Assistant Secretary

**Also present were:**

James Ward	District Manager
Scott Clark	District Counsel

**Audience:**

Ceil Fillenworth	Bill Karlen
Tom Fillenworth	Kathy Karlen

**1. Call to Order & Roll Call**

Mr. Ward called the meeting to order at 9:20 a.m., and roll call determined that all members of the Board were present with the exception of Supervisor Brylanski and Supervisor Card.

**2. Consideration of Minutes: May 12, 2015**

Mr. Dady commented that he had made a suggestion previously that the Minutes were looked at in terms of substantive comment rather than a verbatim format. Mr. Ward stated he would take care of it.

<b>On Motion was made by Mr. Dady and seconded by Mr. Gillis to accept the Meeting Minutes of May 12, 2015, and with all in favor the motion was approved.</b>
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**3 Consideration of Request for Proposals from Auditing Firms to perform Audits for the District for the period of September 30, 2013 through September 30, 2017 (a five year audit period).**

Mr. Ward stated that this item was re-bid and that two different firms than the ones who originally responded to it submitted responses this time: McDirmit Davis and Berger Toombs, both of which are good firms. He stated that he provided in the package a summary analysis of the fee schedule over the five year period. Ms. Montgomery stated that it looks like Berger Toombs has greater CDD experience and more experience in this area. Discussion ensued regarding the two firms' qualifications and their responses to the RFP.

**On Motion was made by Mr. Dady and seconded by Ms. Montgomery, to accept the Audit Services Proposal from Berger, Toombs, Elam, Gaines & Frank, and with all in favor the motion was approved.**

#### **4 Public Hearings**

##### **a) Fiscal Year 2016 Budget**

###### **I. Public Comment and Testimony**

**On Motion was made by Ms. Montgomery and seconded by Mr. Gillis to open the Public Hearing, and with all in favor was approved.**

Mr. Ward explained that this is the time for the public to present questions or comments regarding the budget. An audience member asked what amount of operating funds remain, with the monies being diminished this year. Mr. Ward stated that the overall cash position of the District as of the end of next year goes down to roughly \$670,000, but the budget as currently prepared does not include any of the operating expenses of a special purpose entity (SPE). He stated that if those numbers are paid from bond funds, which they generally are, the District will probably run out of money during the next fiscal year.

**On Motion was made by Ms. Montgomery and seconded by Mr. Gillis to close the Public Hearing, and with all in favor was approved.**

###### **II. Board Comment and Consideration**

Ms. Montgomery raised a question about the general engineering services, asking if it gets paid on a monthly basis regardless of work or does it get paid on time and materials. Mr. Ward stated that it gets paid on time and materials. Ms. Montgomery stated that since the governor declared a state of emergency there is another free time extension that can be requested, and suggested that the District ask for that additional time. Mr. Clark stated that the request has been made.

Mr. Dady commented that he feels perhaps the Ryan Golf proposed settlement should come back into the general fund CDD budget to set the record correctly on an accounting basis. He stated that if it was a construction account change order that is

now going to be paid, it could be paid from the construction account. Mr. Ward stated that normally he would put it in the budget because he does a requisition with the trustee for all of the operating expenses that run through the District's general fund. It was agreed that the Ryan Golf litigation line item (approximately \$175,000) be included in the 2016 budget.

- III. Consideration of Resolution 2015-4, adopting the Annual Appropriation and Budget for the Fiscal Year 2016.

**On Motion was made by Mr. Gillis and seconded by Ms. Montgomery to accept Resolution 2015-4 with the addition of the Ryan Golf litigation line item, and with all in favor the motion was approved.**

**b) Fiscal Year 2016 Imposing Special Assessments; Adopting An Assessment Roll and Approving the General Fund Special Assessment Methodology**

- I. Public Comment and Testimony

**On Motion was made by Ms. Montgomery and seconded by Mr. Gillis to open the Public Hearing, and with all in favor was approved.**

There was no public comment.

**On Motion was made by Ms. Montgomery and seconded by Mr. Dady to close the Public Hearing, and with all in favor the motion was approved.**

- II. Board Comment and Consideration

It was agreed that the attachments to the resolution would reflect the approximately \$175,000 in the budget for the Ryan Golf litigation.

- III. Consideration of Resolution 2015-5 Imposing Special Assessments, Adopting an Assessment Roll, and Approving the General Fund Special Assessment Methodology.

**On Motion was made by Mr. Gillis and seconded by Ms. Montgomery to approve Resolution 2015-5 as described above with the \$175,000 Ryan Golf line item to be reflected therein, and with all in favor the motion was approved.**

**5. Consideration Of Resolution 2015-6 Designating Dates, Time And Location For Regular Meetings Of The Board Of Supervisors Of The District.**

Mr. Ward reported that the dates, times and location of the Fiscal Year 2016 are scheduled the same as they are currently. Mr. Ward asked if the Board wanted to

discuss moving the start time back a half hour or an hour. Ms. Montgomery suggested 9:30 for start time.

**On Motion was made by Mr. Dady and seconded by Mr. Gillis to approve Resolution 2015-6 with the 9:30 amended time of commencement as described above, and with all in favor the motion was approved.**

## **6. Discussion of DRI/Development Order and Traffic Analysis**

Mr. Ward stated that the DRI/Development Order and Traffic Analysis was a holdover from last month, and that he has nothing more to add regarding same. Mr. Clark reported that the traffic model has been re-run with favorable results and that meetings and contact have been initiated with the review agencies to reinvigorate and re-start the process. He reiterated that the extension was requested per Governor's order.

## **7. Staff Reports**

### **a) District Attorney**

Mr. Clark provided an update on the SPE site, stating that a lawsuit was filed approximately six weeks ago against the tax collector and a tax certificate holder. He explained that at issue is about \$1.2 million worth of taxes on Parcel A, and it is the District's position that those taxes have expired. He stated that the taxes should be eliminated if they are not lawfully imposed.

Mr. Clark stated that another issue is that when Jim got the materials from the Property Appraiser to work on the Tax Roll, it was discovered that the Property Appraiser had not moved over the parcels that were foreclosed on into the name of the SPE. They have contacted the Property Tax Appraiser and the Attorney, but the Circuit Court Judge says that they hold title, so the District is encouraging them to voluntarily correct that, and that issue will continue to be pushed.

Mr. Clark stated that there are outstanding tax certificates on the platted lots, and the District has been contacted by an individual named Mike Averbach who is requesting estoppel information on the capital debt. Mr. Averbach said that he's put together a group and is proceeding to a tax deed auction. Discussion ensued regarding same.

### **b) District Engineer**

No report.

### **c) District Manager**

Mr. Ward stated that he has nothing further to report.



## **8. Supervisor's Requests**

Mr. Gillis asked for clarification regarding the CDD vs. the SPE. Mr. Ward explained that there is a finite set of funds in the District's accounts, and once those funds are exhausted there are no additional funds whatsoever for the District. Mr. Clark explained that the strategy of the SPE is to move the property off as quickly and sensibly as possible to another developer who would work with that. He noted that when that happens the District would most likely need and want to increase its budget and start providing more money for repair and future maintenance. Mr. Dady reported that efforts are underway to get another developer in.

Audience member Mr. Karlen stated that the homeowners have been waiting for seven to eight years, and asked what the District can do for the homeowners to assure that money will be available when repairs and maintenance issues arise. Mr. Ward explained that it has always been known that at some point that this day would come and, unfortunately, there is nothing really that can be done about it at this juncture. He said that the bondholder's retention of Lerner & Associates is favorable to try to get the project back on track, and the work that is being done in that regard is a good thing. He said the real estate market in Port Charlotte is tough, and everything is being done to reposition this project.

Mrs. Karlen inquired about the District going bankrupt. Mr. Dady stated that discussing bankruptcy is very premature and overly dramatic, explaining that the bondholders have a huge investment in this property and continue to be the largest taxpayer in the District deficit funding to see that things are turned around to the best ability possible. Mr. Dady reported that efforts are underway to do that. Mrs. Karlen stated that it is hard to feel hopeful because they are not part of the SPE and are not privy to what is happening. Mr. Ward agreed with Mr. Dady that it is premature to discuss that at this point in time. He stated that he feels the bondholders and Lerner are working extremely hard to try to solve a very difficult problem. Mrs. Karlen said it is scary for them because they are not informed as to the progress. Mr. Ward stated that it is most likely because a decision has not yet been made on how to resolve the problem. He stated that he recommends letting it play its course over the upcoming months.

Mr. Karlen asked what the consequence is for the bondholders if a bankruptcy occurs. Mr. Clark explained that ultimately the bond holder becomes a property owner subject to taxes and assessments and other things. He stated that there are very few districts where bond holders lost the property because it just did not make sense any more, but this certainly, in his opinion, would not be one of them. He stated that this bondholder has a huge investment and that even though he had the right to sweep the monies, he has stayed involved and is spending money on a consultant to try to find a solution.

Mrs. Karlen inquired as to why Burnt Store Road has been staked out with orange tape. Mr. Karlen asked if there has been a decision made with the road builder. Mr. Ward stated that he would ask Mr. Riley and get an answer.

## 9. Adjournment

**On Motion was made by Mr. Dady and seconded by Mr. Gillis to adjourn the meeting, and with all in favor was approved.**

The meeting was adjourned at 10:15 a.m.

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James Ward, Secretary

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Neale Montgomery, Chairperson

**Tern Bay Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2015**

**Tern Bay Community Development District**

**ANNUAL FINANCIAL REPORT**

Fiscal Year Ended September 30, 2015

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## **REPORT OF INDEPENDENT AUDITORS**

To the Board of Supervisors  
Tern Bay Community Development District  
Charlotte County, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Tern Bay Community Development District as of and for the year ended September 30, 2015, and the related notes to financial statements, which collectively comprise the Districts, 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Accounting 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 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 opinion.

To the Board of Supervisors  
Tern Bay Community Development District

### **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 Tern Bay Community Development District, as of September 30, 2015, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

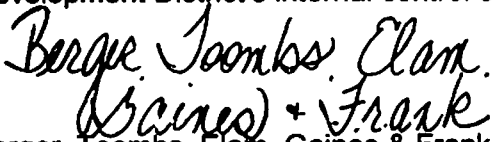
### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis 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 a report dated May 3, 2016 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. 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 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 Tern Bay Community Development District's internal control over financial reporting and compliance.



Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

May 3, 2016

**Tern Bay Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

Management's discussion and analysis of Tern Bay Community Development District (the "District") financial performance provides an objective and easily readable analysis of the District's financial activities. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The District's basic financial statements comprise three components; 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to financial statements*. The *Government-wide financial statements* present an overall picture of the District's financial position and results of operations. The *Fund financial statements* present financial information for the District's major funds. The *Notes to financial statements* provide additional information concerning the District's finances.

The *Government-wide financial statements* are the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental activities are primarily supported by special assessments.

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position is reported in three categories; 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Assets, liabilities, and net position are reported for all Governmental activities.

The **statement of activities** presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities. Governmental activities financed by the District include general government, physical environment and debt service.

*Fund financial statements* present financial information for governmental funds. These statements provide financial information for the major funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources.

**Tern Bay Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

*Fund financial statements* include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual** is provided for the District's General Fund. *Fund financial statements* provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses or to comply with legal requirements.

The *government-wide financial statements* and the *fund financial statements* provide different pictures of the District. The *government-wide financial statements* provide an overall picture of the District's financial standing. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets of the District, including land, infrastructure and improvements are reported in the **statement of net position**. All liabilities, including principal outstanding on bonds are included. The **statement of activities** includes depreciation on all long lived assets of the District, but transactions between the different functions of the District have been eliminated in order to avoid "doubling up" the revenues and expenses. The *fund financial statements* provide a picture of the major funds of the District. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as general obligation bonds, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, a reconciliation is provided from the *fund financial statements* to the *government-wide financial statements*.

*Notes to financial statements* provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District, investments of the District, capital assets and long-term debt are some of the items included in the *notes to financial statements*.

**Financial Highlights**

The following are the highlights of financial activity for the year ended September 30, 2015.

- ◆ The District's total liabilities exceeded total assets by \$(33,920,167) (net position).
- ◆ Governmental activities revenues totaled \$104,409 while governmental activities expenses totaled \$4,376,251.



**Tern Bay Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District**

The following schedule provides a summary of the assets, liabilities and net position of the District and is presented by category for comparison purposes.

**Net Position**

	<b>Governmental Activities</b>	
	<b>2015</b>	<b>2014</b>
Current assets	\$ 127,395	\$ 1,884,098
Restricted assets	1,423,703	-
Capital assets	<u>45,419,499</u>	<u>45,419,499</u>
Total Assets	<u>46,970,597</u>	<u>47,303,597</u>
Current liabilities	52,770,764	48,126,922
Non-current liabilities	<u>28,120,000</u>	<u>28,825,000</u>
Total Liabilities	<u>80,890,764</u>	<u>76,951,922</u> *
Net position - unrestricted	<u>(33,920,167)</u>	<u>(29,648,325)</u>
Total Net Position	<u><u>\$ (33,920,167)</u></u>	<u><u>\$ (29,648,325)</u></u> *

\* Restated.

The decrease in non-current liabilities was primarily related to current year principal payments.

The decrease in current assets and increase in restricted assets was related to a reclassification in the current year.

The increase in current liabilities is related to the nonpayment of the current year debt service requirements.

**Tern Bay Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District (Continued)**

The following schedule provides a summary of the changes in net position of the District and is presented by category for comparison purposes.

**Financial Activity**

	<b>Governmental Activities</b>	
	<b>2015</b>	<b>2014</b>
Program Revenues		
Charges for services	\$ 104,095	\$ 132,902
General Revenues		
Investment earnings	314	376
Total Revenues	<u>104,409</u>	<u>133,278</u>
Expenses		
General government	254,052	320,289
Physical environment	29,160	170,032
Culture and recreation	159,567	-
Interest on long-term debt	3,933,472	4,499,830 *
Total Expenses	<u>4,376,251</u>	<u>4,990,151</u>
Change in Net Position	(4,271,842)	(4,856,873)
Net Position - Beginning of Year	<u>(29,648,325)</u>	<u>(24,791,452) *</u>
Net Position - End of Year	<u><u>\$ (33,920,167)</u></u>	<u><u>\$ (29,648,325) *</u></u>

\* Restated.

The increase in interest is related to the nonpayment of the scheduled debt service payments.

The decrease in physical environment expenses is related to the reclassification of expenses.

**Tern Bay Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Capital Assets Activity**

The following schedule provides a summary of the District's capital assets activity as of September 30, 2015:

Description	Governmental Activities	
	2015	2014
Land	\$ 7,428,992	\$ 7,428,992
Construction in progress	37,990,507	37,990,507
Total Capital Assets	<u>\$45,419,499</u>	<u>\$45,419,499</u>

There was no capital asset activity in the current year.

**General Fund Budgetary Highlights**

The budget did not exceed governmental expenditures because landscaping costs and road repair expense were less than expected.

There were no amendments to the September 30, 2015 budget.

**Debt Management**

Governmental Activities debt includes the following:

- ◆ In May 2005, the District issued \$33,280,000 Series 200A-B Special Assessment Bonds. The Bonds were issued to finance the acquisition and construction of certain improvements within the District. The unmatured balance outstanding at September 30, 2015 is \$28,825,000.

**Tern Bay Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Economic Factors and Next Year's Budget**

Tern Bay Community Development District is an independent special district that is established pursuant to and governed by the provisions of Chapter 190, Florida Statutes. The District is governed by an elected Board of Supervisors which establishes policy and sets assessment rates. Assessment rates for fiscal year 2015 were established to provide for the operations of the District. Approximately 97% of the assessments levied by the District each year remain uncollected with no other revenue sources available to the District.

From 2008 onward, the District did not receive a majority of assessments attached to the land formerly owned by the Developer. As a result, the District has been unable to make any debt service payments since November 2008.

**Request for Information**

The financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need addition financial information, contact the Tern Bay Community Development District's management company, J P Ward and Associates, LLC, at 2041 Northeast 6<sup>th</sup> Terrace, Wilton Manors, Florida 33305, (954-658-4900), Jim Ward [jimward@jpwardassociates.com](mailto:jimward@jpwardassociates.com).

**Tern Bay Community Development District**  
**STATEMENT OF NET POSITION**  
**September 30, 2015**

	Governmental Activities	Component Unit
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 127,395	-
Total Current Assets	<u>127,395</u>	<u>-</u>
Non-current Assets:		
Restricted assets:		
Investments	1,423,703	-
Capital assets not being depreciated:		
Land	7,428,992	-
Land held for Sale	-	104,803,704
Construction in progress	37,990,507	-
Total Non-Current Assets	<u>46,843,202</u>	<u>104,803,704</u>
Total Assets	<u>46,970,597</u>	<u>104,803,704</u>
 Total Assets	 <u>46,970,597</u>	 <u>104,803,704</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable and accrued expenses	469,866	-
Accrued interest payable	4,971,396	-
Matured bonds payable	27,630,000	-
Matured interest payable	18,994,502	-
Bonds payable	705,000	-
Total Current Liabilities	<u>52,770,764</u>	<u>-</u>
Non-current liabilities:		
Bonds payable	28,120,000	-
Total Liabilities	<u>80,890,764</u>	<u>-</u>
<b>NET POSITION</b>		
Unrestricted	(33,920,167)	-
Reserved for component unit	-	104,803,704
Total Net Position	<u><u>\$ (33,920,167)</u></u>	<u><u>\$ 104,803,704</u></u>

See accompanying notes to financial statements.

**Tern Bay Community Development District**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2015**

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenues and Changes in Net Position Governmental Activities	Component Unit
Governmental Activities				
General government	\$ (254,052)	\$ 37,698	\$ (216,354)	\$ -
Physical environment	(29,160)	6,576	(22,584)	-
Culture and recreation	(159,567)	59,821	(99,746)	-
Interest on long-term debt	(3,933,472)	-	(3,933,472)	-
Total Governmental Activities	<u>\$ (4,376,251)</u>	<u>\$ 104,095</u>	<u>(4,272,156)</u>	<u>-</u>
<b>Component unit:</b>				
Tern Bay CDD Acquisitions, LLC	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
(199,492) General revenues:				
Investment earnings			314	586,379
Change in Net Position			(4,271,842)	586,379
Net Position - October 1, 2014			(29,648,325)	104,217,325
Net Position - September 30, 2015			<u>\$ (33,920,167)</u>	<u>\$ 104,803,704</u>

See accompanying notes to financial statements.

**Tern Bay Community Development District**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2015**

	General Fund	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 127,395	\$ -	\$ -	\$ 127,395
Investments	-	-	1,337,575	1,337,575
Due from other funds	-	146,950	3,551,167	3,698,117
Investments, at fair value	-	86,128	-	86,128
Total Assets	<u>\$ 127,395</u>	<u>\$ 233,078</u>	<u>\$ 4,888,742</u>	<u>\$ 5,249,215</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 21,252	\$ -	\$ 448,614	\$ 469,866
Due to other funds	3,698,117	-	-	3,698,117
Matured interest payable	-	18,994,502	-	18,994,502
Matured bonds payable	-	27,630,000	-	27,630,000
Total Liabilities	<u>3,719,369</u>	<u>46,624,502</u>	<u>448,614</u>	<u>50,792,485</u>
<b>FUND BALANCES</b>				
Restricted for capital project	-	-	4,440,128	4,440,128
Assigned:				
Unassigned	(3,591,974)	(46,391,424)	-	(49,983,398)
Total Fund Balances	<u>(3,591,974)</u>	<u>(46,391,424)</u>	<u>4,440,128</u>	<u>(45,543,270)</u>
Total Liabilities and Fund Balances	<u>\$ 127,395</u>	<u>\$ 233,078</u>	<u>\$ 4,888,742</u>	<u>\$ 5,249,215</u>

See accompanying notes to financial statements.

**Tern Bay Community Development District  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
September 30, 2015**

Total Governmental Fund Balances	\$ (45,543,270)
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets not being depreciated, land (\$7,428,992) construction in progress (\$37,990,507) used in governmental activities are not financial resources and therefore, are not reported at the fund statement level.	45,419,499
Long-term liabilities, including bonds payable (\$(28,825,000)) and due to developer (\$54,170)) are not due and payable in the current period and therefore, are not reported at the fund statement level.	(28,825,000)
Accrued interest expense for long-term debt is not a financial use and; therefore, is not reported at the funds statement level.	<u>(4,971,396)</u>
Net Position of Governmental Activities	<u><u>\$ (33,920,167)</u></u>

*See accompanying notes to financial statements.*



**Tern Bay Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2015**

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Special assessments	\$ 18,086	\$ 109,910	\$ -	\$ 127,996
Investment earnings	-	17	297	314
Total Revenues	<u>18,086</u>	<u>109,927</u>	<u>297</u>	<u>128,310</u>
Expenditures				
Current				
General government	254,052	-	-	254,052
Public Safety	29,160	-	-	29,160
Physical environment	159,567	-	-	159,567
Debt service				
Principal	-	24,300,000	-	24,300,000
Interest	-	2,792,463	-	2,792,463
Total Expenditures	<u>442,779</u>	<u>27,092,463</u>	<u>-</u>	<u>27,535,242</u>
Net change in fund balances	(424,693)	(26,982,536)	297	(27,406,932)
Fund Balances - October 1, 2014	<u>\$(3,167,281)</u>	<u>(19,408,888)</u>	<u>4,439,831</u>	<u>(18,136,338)</u>
Fund Balances - September 30, 2015	<u><u>\$ (3,591,974)</u></u>	<u><u>\$ (46,391,424)</u></u>	<u><u>\$4,440,128</u></u>	<u><u>\$(45,543,270)</u></u>

See accompanying notes to financial statements.

**Tern Bay Community Development District**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED September 30, 2015**

Net Change in Fund Balances - Total Governmental Funds	\$ (27,406,932)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Repayment of long-term liabilities are reported as expenditures in the governmental fund statement but such repayments reduce liabilities in the statement of net position.	24,300,000
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The deferred inflows of resources from prior year receivables is recognized as a decrease of revenue in the Statement of Activities, but is income for the governmental funds.	(23,901)
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In the Statement of Activities, interest is accrued on outstanding bonds; whereas in governmental funds, interest expenditures are reported when due. This is the change in accrued interest from the prior year.	<u>(1,141,009)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (4,271,842)</u></u>
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*See accompanying notes to financial statements.*

**Tern Bay Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -**  
**GENERAL FUND**  
**FOR THE YEAR ENDED September 30, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues				
Special assessments	\$ 535,075	\$ 535,075	\$ 18,086	\$ (516,989)
Total Revenues	<u>535,075</u>	<u>535,075</u>	<u>18,086</u>	<u>(516,989)</u>
Expenditures				
Current				
General government	193,775	193,775	254,052	(60,277)
Physical environment	33,800	33,800	29,160	4,640
Culture and recreation	<u>307,500</u>	<u>307,500</u>	<u>159,567</u>	<u>147,933</u>
Total Expenditures	<u>535,075</u>	<u>535,075</u>	<u>442,779</u>	<u>92,296</u>
Net change in fund balances	-	-	(424,693)	(609,285)
Fund Balances - October 1, 2014	<u>-</u>	<u>-</u>	<u>(3,167,281)</u>	<u>(3,167,281)</u>
Fund Balances - September 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,591,974)</u>	<u>\$ (3,776,566)</u>

*See accompanying notes to financial statements.*

**Tern Bay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

**1. Reporting Entity**

The Tern Bay Community Development District (the "District") was established on September 15, 2004 pursuant to Chapter 190, Florida Statutes (the "Act"), and by The Florida Land and Water Adjudicatory Commission Chapter 42VV-1.001-1.003. The Act provides among other things, the power to manage basic services for community development, the 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 a Board of Supervisors ("Board"), which is comprised of five members. The Supervisors are elected on an at large basis by 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.

The District does have a component unit that is not presented.

As required by GAAP, these financial statements present the Tern Bay Community Development District (the primary government) as a stand-alone government. The reporting entity for the District includes all functions of government in which the District's Board exercises oversight responsibility including, but not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based upon the application of the above-mentioned criteria as set forth by Tern Bay Community Development District Acquisitions, LLC, the Governmental Accounting Standards Board the District has identified component unit that is not presented.

**2. Measurement Focus and Basis of Accounting**

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

**Tern Bay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**a. Government-wide Financial Statements**

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include all the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities are supported by special assessments. Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the Statement of Activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

**b. Fund Financial Statements**

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

**Governmental Funds**

The District classifies fund balance according to Governmental Accounting Standards Board Statement 54 - Fund Balance Reporting and Governmental Fund Type Definitions. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

**Tern Bay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

The District has various policies governing the fund balance classifications.

**Nonspendable Fund Balance** – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

**Assigned Fund Balance** – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed. The assigned fund balances can also be assigned by the District's management company.

**Fund Balance Spending Hierarchy** - For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

**Tern Bay Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources are expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

Debt service expenditures are recorded only when payment is due.

**3. Basis of Presentation**

**a. Governmental Major Funds**

General Fund - The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

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 for the Series 2005 Bonds.

Capital Projects Fund - The Capital Projects Fund accounts for the financial resources to be used in the acquisition or construction of major infrastructure within the District financed with the Series 2005 Bonds.

**b. Non-current Governmental Assets/Liabilities**

GASB Statement 34 requires that non-current governmental assets, such as land and buildings, and non-current governmental liabilities, such as general obligation bonds, be reported in the governmental activities column in the government-wide Statement of Net Position.

**4. Assets, Deferred Outflow of Resources, Liabilities, and Net Position or Equity**

**a. Cash and Investments**

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

**Tern Bay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Deferred Outflow of Resources, Liabilities, and Net Position or Equity  
(Continued)**

**a. Cash and Investments (Continued)**

The District maintains deposits with “Qualified Public Depositories” as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities in accordance with collateral requirements determined by the State’s Chief Financial Officer. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories.

The District is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

**b. Restricted Assets**

Certain net positions of the District will be classified as restricted on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors. In a fund with both restricted and unrestricted net position, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

**c. Capital Assets**

Capital assets, which include infrastructure and construction in progress, are reported in governmental activities.

The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. The valuation basis for all assets is historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.



**Tern Bay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Deferred Outflow of Resources, Liabilities, and Net Position or Equity  
(Continued)**

**c. Capital Assets (Continued)**

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Equipment	10-20 years
Infrastructure	25 years

**d. 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 Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line or effective interest method. Bonds payable are reported net of these premiums or discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current period expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the 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.

**e. Budgets**

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190 and Section 200.065, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. Formal budgets are adopted for the general fund. The legal level of budgetary control is at the fund level. As a result, deficits in the budget columns of the accompanying financial statements may occur. All budgeted appropriations lapse at year end.

**Tern Bay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

“Total fund balances” of the District’s governmental funds (\$45,543,270) differs from “net position” of governmental activities (\$33,920,167) reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the Governmental Fund Balance Sheet. The effect of the differences is illustrated below.

**Capital related items**

When capital assets (improvements and infrastructure that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Position included those capital assets among the assets of the District as a whole.

Land	\$ 7,428,992
Construction in progress	<u>37,990,507</u>
Total	<u>\$ 45,419,499</u>

**Long-term debt transactions**

Long-term liabilities applicable to the District’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position. Balances at September 30, 2015 were:

Bonds payable	<u>\$ (28,825,000)</u>
---------------	------------------------

**Accrued interest**

Accrued liabilities in the Statement of Net Position differ from the amount reported in governmental funds due to the accrued interest on bonds and matured interest.

Accrued interest	<u>\$ (4,971,396)</u>
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**Tern Bay Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities**

The “net change in fund balances” for government funds (\$27,406,932) differs from the “change in net position” for governmental activities (\$(4,271,842)) reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

**Long-term debt transactions**

Repayment of long-term liabilities are reported as expenditures in the governmental fund statement but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities.

Debt principal maturities	<u>\$ 24,300,000</u>
---------------------------	----------------------

**Other debt transactions**

Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Net decrease in deferred inflow of resources	\$ (23,901)
Net increase in accrued interest payable	<u>(1,141,009)</u>
	<u>\$ (1,164,910)</u>

**NOTE C - CASH AND INVESTMENTS**

All deposits are held in qualified public depositories and are included on the accompanying balance sheet as cash and investments.

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk; however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2015, the District's bank balance was \$125,335 and the carrying value was \$127,395. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

**Tern Bay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE C - CASH AND INVESTMENTS (CONTINUED)**

Custodial Credit Risk – Deposits (Continued)

As of September 30, 2015, the District had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Managed Money Market account	N/A	<u>\$1,423,703</u>
Total		<u><u>\$1,423,703</u></u>

Investments

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes.

Interest Rate Risk

The District monitors investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's investments are limited by State statutory requirements. As of September 30, 2015, the District did not own any investments which were rated.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one issuer. 100% of the District's investments are invested in Managed Money Market accounts.

The types of deposits and investments and their level of risk exposure as of September 30, 2015 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary. In addition, the District has the ability to hold investments until its maturity date if the fair value is less than cost. The District's investments are recorded at fair value.

**Tern Bay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE D – CAPITAL ASSETS**

In 2005, the total projected cost of the infrastructure improvements was previously estimated at \$69.9 million, of which approximately \$47.5 million was to be funded with proceeds from Series 2005 bonds. The District does not currently have an estimated cost to complete the project. Any estimate would be subject to change based on the timing of when the project is to be completed as well as the cost associated with the ongoing deterioration of the existing infrastructure.

Additionally, any new developer may make changes to the project as it was originally planned. The District will convey certain infrastructure improvements to other governmental entities upon completion of the project.

The payments for certain prior year additions are being disputed by the District and are included in account payable on the Balance Sheet – Governmental Funds. The outcome of this dispute is uncertain at this time.

The following is a summary of changes in the capital assets for the year ended September 30, 2015.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b><u>Governmental Activities:</u></b>				
Capital assets not being depreciated				
Land	\$ 7,428,992	\$ -	\$ -	\$ 7,428,992
Infrastructure under construction	37,990,507	-	-	37,990,507
Total capital assets, not being depreciated	<u>45,419,499</u>	<u>-</u>	<u>-</u>	<u>45,419,499</u>
Governmental activities capital assets	<u>\$ 45,419,499</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,419,499</u>

**NOTE E – LONG-TERM DEBT**

The following is a summary of activity of the long-term debt of the District for the year ended September 30, 2015:

Long-term debt at October 1, 2014	\$ 53,125,000
Principal payments	<u>(24,300,000)</u>
Long-term debt at September 30, 2015	<u>\$ 28,825,000</u>

**Tern Bay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE E – LONG-TERM DEBT (CONTINUED)**

District debt is comprised of the following at September 30, 2015:

**Special Assessment Refunding Bond**

\$33,280,000 Series 2008 Term Bonds maturing through 2037, interest at 5.37%, collateralized by the pledged revenues of special assessments levied against the benefited property owners, payable May 1 and November 1. As of September 30, 2015, \$27,630,000 of matured bonds have not been paid.

\$ 28,825,000

**Bond**

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. The debt service reserve requirement has not been met for the fiscal year ended September 30, 2015.

The reserve account funds were substantially exhausted to fund the November 2008 bond payment and have not been replenished as of the date of this report. The use of reserve funds was a result of unpaid debt service assessments to the District which is indicative of the ongoing financial challenges of the District. After exhausting its reserve funds to pay the November 2008 bond interest payment, the District has failed to make any subsequent debt service payments. As a result, a debt service liability and accrued interest totaling approximately \$3.3 million and \$16.2 million, respectively, has been recorded in the accompanying Balance Sheet – Governmental Funds. Subsequent to the year ended September 30, 2015, the District failed to make the November 2015 debt service payment. The District was not in compliance with the requirements of the Bond indenture as of the date of this report.

Year Ending September 30,	Principal	Interest	Total
2016	\$ 705,000	\$ 1,549,344	\$ 2,254,344
2017	745,000	1,511,450	2,256,450
2018	785,000	1,471,406	2,256,406
2019	825,000	1,429,213	2,254,213
2020	870,000	1,384,869	2,254,869
2021-2025	5,135,000	6,168,081	11,303,081
2026-2030	6,725,000	4,626,531	11,351,531
2031-2035	8,800,000	2,607,950	11,407,950
2036-2037	4,235,000	344,537	4,579,537
Totals	<u>\$ 28,825,000</u>	<u>\$ 21,093,381</u>	<u>\$ 49,918,381</u>

**Tern Bay Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE F – SPECIAL ASSESSMENT REVENUES**

Special assessment revenues recognized for the 2014-2015 fiscal year were levied in July 2014. All assessments are collected by the Tax Collector and are due and payable on November 1. Per Section 197.162, Florida Statutes discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January and 1% in February. Assessments paid in March are without discount.

All unpaid assessments become delinquent as of April 1. Virtually all unpaid assessments are collected via the sale of tax certificates on, or prior to, June 1; therefore, there were no material assessments receivable at fiscal year end.

**NOTE G – RISK MANAGEMENT**

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

**NOTE H – PRIOR PERIOD ADJUSTMENT**

Net position, was restated as of October 1, 2014 to properly reflect accrued interest on matured debt service payments for prior periods as follows:

Net position, October 1, 2014 as previously reported	\$ (27,045,366)
Interest	<u>2,639,959</u>
Net position October 1, 2014, Restated	<u>\$ (29,684,325)</u>



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**INDEPENDENT AUDITOR'S 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  
Tern Bay Community Development District  
Charlotte County, Florida

We have audited, in accordance with the 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, the financial statements of Tern Bay Community Development District, as of and for the year ended September 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated May 3, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Tern Bay Community Development District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tern Bay Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Tern Bay Community Development 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



To the Board of Supervisors  
Tern Bay Community Development District  
Charlotte County, Florida

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Tern Bay Community Development 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, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*.

### **Prior Year Finding**

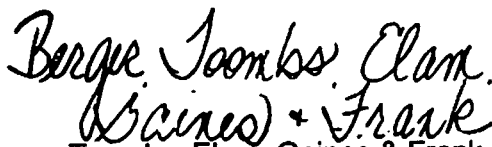
IC2009-01: The District is not in compliance with certain provisions of its Bond Indenture including those relating to 1) collecting assessments to provide payment of debt service, 2) maintaining adequate funds in debt service reserve accounts, and 3) making its semi-annual debt service principal and interest payments.

### **Response**

The District has been involved in the foreclosure process for several years in an effort to collect assessments. If successful, the collection of the assessments will allow the District to replenish the debt service reserve fund, make debt service payments when due and fund the operations of the District.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants  
Fort Pierce, Florida

May 3, 2016



Berger, Toombs, Elam,  
Gaines & Frank

Certified Public Accountants PL

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## MANAGEMENT LETTER

To the Board of Supervisors  
Tern Bay Community Development District  
Charlotte County, Florida

### Report on the Financial Statements

We have audited the financial statements of the Tern Bay Community Development District as of and for the year ended September 30, 2015, and have issued our report thereon dated May 3, 2016.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Florida Auditor General.

### Other Reports and Schedule

We have issued our Independent Auditor's 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* and our Independent Auditor's Report on an examination conducted in accordance with AICPA Professionals Standards, Section 601 regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated May 3, 2016, should be considered in conjunction with this Management Letter.

### Prior Audit Findings

Section 10.554(1)(i)1, Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Recommendation IC2009-01 was made in the preceding annual audit report and Independent Report on Internal Control over Financial Reporting and Compliance and other matters based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Corrective actions have not been taken address the finding, which was also included in the second preceding fiscal year audit report.

To the Board of Supervisors  
Tern Bay Community Development District

### **Financial Condition**

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or 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 meet conditions described in Section 218.503(1)(a), Florida Statutes. The District has not made any principal and interest payments since November 2008 through the date of this report as a result of a lack of funds. The financial emergency conditions met were a result of deteriorating financial conditions. Such deteriorating financial conditions are further discussed below. The District's response to these findings is presented on page 25.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures and as a result, it was determined that a deteriorating financial condition exists with respect to the District. As discussed in Note E to the financial statements, the Developer of Tern Bay has abandoned the development and the District. For the year ended September 30, 2015 and through the date of this report, the District did not receive any assessment amounts from the Developer or any other significant landowner and has not made any principal and interest payments since November 2008 through the date of this report. The District has initiated foreclosure on the property formerly owned by the Developer. 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.

### **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Tern Bay Community Development District for the fiscal year ended September 30, 2015, 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, 2015. In connection with our audit, we determined that these two reports were in agreement.

### **Other Matters**

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

To the Board of Supervisors  
Tern Bay Community Development District

**Purpose of this Letter**

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, the Board of Supervisors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Berger, Toombs, Elam,  
Gaines & Frank*  
Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

May 3, 2016



Berger, Toombs, Elam,  
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**INDEPENDENT ACCOUNTANT'S REPORT/COMPLIANCE  
WITH SECTION 218.415, FLORIDA STATUTES**

To the Board of Supervisors  
Tern Bay Community Development District  
Charlotte County, Florida

We have examined Tern Bay Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2015. Management is responsible for Tern Bay Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Tern Bay Community Development District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Tern Bay Community Development District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Tern Bay Community Development District's compliance with the specified requirements.

In our opinion, Tern Bay Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2015.

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

May 3, 2016

## **RESOLUTION 201-1**

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF TERN BAY COMMUNITY DEVELOPMENT DISTRICT APPROVING A PROPOSED BUDGET FOR FISCAL YEAR 2017 AND SETTING A PUBLIC HEARING THEREON PURSUANT TO FLORIDA LAW; PROVIDING FOR SEVERABILITY; PROVIDING FOR CONFLICT AND PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, the District Manager has heretofore prepared and submitted to the Board of Supervisors of Tern Bay Community Development District (the "Board") prior to June 15, 2016, a proposed Budget for Fiscal Year 2017; and

**WHEREAS**, the Board has considered the proposed Budget and desires to set the required public hearing thereon.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF TERN BAY COMMUNITY DEVELOPMENT DISTRICT:**

**SECTION 1.** That the foregoing whereas clauses are true and correct and incorporated herein as if written into this Section.

**SECTION 2.** The proposed Budget submitted by the District Manager for Fiscal Year 2017 and attached hereto as **Exhibit A** is hereby approved as the basis for conducting a public hearing to adopt said budget.

**SECTION 3.** A public hearing on said approved budget is hereby declared and set for the following date, hour and location:

<b>DATE:</b>	<b>Tuesday, August 9, 2016</b>
<b>HOUR:</b>	<b>9:30 A.M.</b>
<b>LOCATION:</b>	<b>Offices of Berntsson, Ittersagen, Gunderson &amp; Wideikis, LLP 18401 Murdock Circle, Suite C Port Charlotte Florida 33948</b>

**SECTION 4.** The District Manager is hereby directed to submit a copy of the proposed budget to Charlotte County at least 60 days prior to the hearing set above.

**SECTION 5.** Notice of this public hearing on the budget shall be published in a newspaper of general circulation in the area of the district once a week for two (2) consecutive weeks, except that the first publication shall not be fewer than 15 days prior to the date of the hearing. The notice shall further contain a designation of the day, time, and place of the public hearing. At the time and place designated in the notice, the Board shall hear all objections to the budget as proposed and may make such changes as the board deems necessary.

**SECTION 6.** If any one of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contract to the policy of express law, but not expressly prohibited or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way effect the validity of the other provisions hereof.

**SECTION 7.** That all Sections or parts of Sections of any Resolutions, Agreements or actions of the Board of Supervisor's in conflict are hereby repealed to the extent of such conflict.

**RESOLUTION 201-1**

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF TERN BAY COMMUNITY DEVELOPMENT DISTRICT APPROVING A PROPOSED BUDGET FOR FISCAL YEAR 2017 AND SETTING A PUBLIC HEARING THEREON PURSUANT TO FLORIDA LAW; PROVIDING FOR SEVERABILITY; PROVIDING FOR CONFLICT AND PROVIDING FOR AN EFFECTIVE DATE.**

**SECTION 8.** This Resolution shall take effect immediately upon adoption.

**PASSED AND ADOPTED** this 10<sup>th</sup> day of May, 2016

ATTEST:

**TERN BAY COMMUNITY DEVELOPMENT  
DISTRICT**

\_\_\_\_\_  
James P. Ward, Secretary

\_\_\_\_\_  
Neale Montgomery, Chairperson

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*JPWard and Associates LLC*

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*TOTAL Commitment to Excellence*

# *Tern Bay*

*Community Development District*

*Exhibit A*

*Proposed Budget*

*Fiscal Year 2017*





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*Tern Bay Community Development District*

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*Budget*

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*JPWard and Associates LLC*

*TOTAL Commitment to Excellence*

Tern Bay  
Community Development District  
General Fund - Budget  
Fiscal Year 2017

Description	Fiscal Year 2016 Adopted Budget	Actual at 03/31/2016	Anticipated Year End 09/30/16	Fiscal Year 2017 Budget	Proposed Reductions	Budget Items Charged to Foreclosure Units Only
<b>Revenues and Other Sources</b>						
Carryforward	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Interest Income - General Account	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Special Assessment Revenue					\$ -	N/A
Special Assessment - On-Roll	\$ 11,632	\$ 10,759	\$ 10,759	\$ 11,605	\$ (27)	N/A
Special Assessment - Off-Roll	\$ 500,873	\$ -	\$ -	\$ 310,148	\$ (190,725)	N/A
<b>Total Revenue &amp; Other Sources</b>	<b>\$ 512,505</b>	<b>\$ 10,759</b>	<b>\$ 10,759</b>	<b>\$ 321,753</b>	<b>\$ (190,752)</b>	<b>N/A</b>
<b>Appropriations and Other Uses</b>						
<b>Legislative</b>						
Board of Supervisor's Fees	\$ 6,000	\$ 1,080	\$ 3,000	\$ 6,000	\$ -	N/A
<b>Executive</b>						
Professional - Management	\$ 31,300	\$ 17,250	\$ 31,300	\$ 31,300	\$ -	N/A
<b>Financial and Administrative</b>						
Audit Services	\$ 6,000	\$ -	\$ 6,000	\$ 6,000	\$ -	N/A
Accounting Services	\$ 12,000	\$ 5,000	\$ 12,000	\$ 12,000	\$ -	N/A
Assessment Roll Services	\$ 9,000	\$ 5,000	\$ 9,000	\$ 9,000	\$ -	N/A
Arbitrage Rebate Fees	\$ 500	\$ 500	\$ 500	\$ 500	\$ -	N/A
<b>Other Contractual Services</b>						
Recording and Transcription	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Legal Advertising	\$ 2,500	\$ 112	\$ 2,500	\$ 2,500	\$ -	N/A
Trustee Services	\$ 3,500	\$ -	\$ 3,500	\$ 3,500	\$ -	N/A
Dissemination Agent Services	\$ 1,000	\$ -	\$ 1,000	\$ 1,000	\$ -	N/A
Bank Service Fees	\$ 300	\$ 210	\$ 500	\$ 500	\$ 200	N/A
<b>Travel and Per Diem</b>	\$ 1,000	\$ -	\$ -	\$ -	\$ (1,000)	
<b>Communications and Freight Services</b>						
Telephone	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Postage, Freight & Messenger	\$ 200	\$ 338	\$ 400	\$ 450	\$ 250	N/A
<b>Insurance</b>	\$ 8,900	\$ 8,604	\$ 8,604	\$ 8,900	\$ -	N/A
<b>Printing and Binding</b>	\$ 400	\$ -	\$ 100	\$ 200	\$ (200)	N/A
<b>Web Site Development</b>	\$ 800	\$ -	\$ 800	\$ 800	\$ -	N/A
<b>Office Supplies</b>	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
<b>Subscriptions and Memberships</b>	\$ 175	\$ 175	\$ 175	\$ 175	\$ -	N/A
<b>Legal Services</b>						
General Counsel	\$ 20,000	\$ 1,178	\$ 2,400	\$ 20,000	\$ -	N/A
Foreclosure Counsel	\$ 10,000	\$ 41,588	\$ 45,000	\$ -	\$ (10,000)	\$ -
Trustee Counsel	\$ 5,000	\$ -	\$ -	\$ -	\$ (5,000)	\$ -
Litigation - Ryan Golf	\$ 175,000	\$ 1,732	\$ 3,000	\$ -	\$ (175,000)	\$ -
Litigation - Property Appraiser	\$ -	\$ 2,556	\$ 6,000	\$ -	\$ -	
Land Use Counsel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Other General Government Services</b>						
Engineering Services - General	\$ 15,000	\$ 12,830	\$ 24,000	\$ 15,000	\$ -	\$ 15,000

Tern Bay  
Community Development District  
General Fund - Budget  
Fiscal Year 2017

Description	Fiscal Year 2016 Adopted Budget	Actual at 03/31/2016	Anticipated Year End 09/30/16	Fiscal Year 2017 Budget	Proposed Reductions	Budget Items Charged to Foreclosure Units Only
<b>Other Public Safety</b>						
Charlotte Cty Sheriff's Patrol	\$ 25,200	\$ 9,000	\$ 25,000	\$ 25,200	\$ -	N/A
Contingencies	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
<b>Wastewater Services</b>						
Electric Service	\$ 2,000	\$ 565	\$ 2,000	\$ 2,000	\$ -	N/A
<b>Stormwater Management Services</b>						
<b>Repairs &amp; Maintenance</b>						
Lake Banks/Outfall Control Structures	\$ 5,000	\$ -	\$ -	\$ 5,000	\$ -	N/A
<b>Aquatic Weed Control</b>						
Lake Spraying	\$ 3,500	\$ 1,841	\$ 3,500	\$ 3,500	\$ -	N/A
Lake Vegetation Removal	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Upland Monitoring & Maint	\$ 5,000	\$ -	\$ -	\$ 5,000	\$ -	N/A
<b>Other Physical Environment</b>						
<b>Professional Services</b>						
Field Manager Services	\$ 30,000	\$ 12,845	\$ 34,000	\$ 30,000	\$ -	N/A
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Contingencies	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
<b>Assessments - Charlotte County</b>	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
<b>Road &amp; Street Facilities</b>						
<b>Street Lights</b>						
Electric Service	\$ 9,500	\$ 4,577	\$ 9,500	\$ 9,500	\$ -	N/A
<b>Repairs &amp; Maintenance</b>	\$ 15,000	\$ 1,460	\$ 1,000	\$ 15,000	\$ -	N/A
<b>Economic Environment</b>						
Professional Services - Appraisal	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
<b>Landscaping Services</b>						
<b>Electric Service</b>	\$ 7,000	\$ 3,407	\$ 8,600	\$ 7,000	\$ -	N/A
<b>Repairs &amp; Maintenance</b>					\$ -	
Common Area Maintenance	\$ 60,000	\$ 18,376	\$ 60,000	\$ 60,000	\$ -	N/A
Material Replacement	\$ -	\$ -	\$ 7,500	\$ -	\$ -	N/A
Mulch Installation	\$ 10,300	\$ -	\$ 10,300	\$ 10,300	\$ -	N/A
Landscape Lighting	\$ 500	\$ -	\$ 500	\$ 500	\$ -	N/A

Tern Bay  
Community Development District  
General Fund - Budget  
Fiscal Year 2017

Description	Fiscal Year 2016 Adopted Budget	Actual at 03/31/2016	Anticipated Year End 09/30/16	Fiscal Year 2017 Budget	Proposed Reductions	Budget Items Charged to Foreclosure Units Only
<b>Irrigation System</b>						
<b>Pumps, Wells &amp; Line Distribution System</b>						
Routine Maintenance	\$ 30,000	\$ 1,186	\$ 30,000	\$ 30,000	\$ -	N/A
Well Testing/Meter Reading	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
<b>Line Distribution System</b>						
Routine Maintenance	\$ -	\$ -	\$ 250	\$ -	\$ -	N/A
<b>Other Fees and Charges</b>						
Discounts and Tax Collector Fees	\$ 931	\$ -	\$ 931	\$ 928	\$ (3)	N/A
<b>Total Appropriations</b>	<b>\$ 512,506</b>	<b>\$ 151,411</b>	<b>\$ 352,860</b>	<b>\$ 321,753</b>	<b>\$ (190,753)</b>	<b>\$ 15,000</b>

The expenses shown are only related to the on-going operations of the CDD and do not reflect any expenses for professional consultants retained directly by the bondholder.

Tern Bay  
Community Development District  
General Fund - Budget  
Fiscal Year 2017

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**Revenues and Other Sources**

<b>Carryforward</b>	\$	-
<b>Interest Income - General Account</b>	\$	-

**Appropriations**

**Legislative**

Board of Supervisor's	\$	6,000
The Board's fees are statutorily set at \$200 for each meeting of the Board of Supervisor's not to exceed \$4,800 for each Fiscal Year. The Budgeted amount reflects that the anticipated meetings for the District.		

**Executive**

Professional - Management	\$	31,300
The District retains the services of a professional management company - <b>JPWard and Associates, LLC</b> - which specializes in Community Development Districts. The firm brings a wealth of knowledge and expertise to Tern Bay.		

**Financial and Administrative**

Audit Services	\$	6,000
Statutorily required for the District to undertake an independent examination of its books, records and accounting procedures.		
Accounting Services	\$	12,000
To provide all of the required financial accounting functions for the District, including but not limited to such items as Budget preparation, establishing Government Fund Accounting System, prepare all required state reports, preparation of daily accounting services, such as bill payments, assessment collection receipts, financial statement preparation.		
Assessment Roll Services	\$	9,000
To provide for the on-going maintenance of the District's Assessment Rolls and Lien Book.		
Arbitrage Rebate Fees	\$	500
Federal Compliance - this fee is paid for an in-depth analysis of the District's earnings on all of the funds in trust for the benefit of the Bondholder's to insure that the earnings rate does not exceed the interest rate on the Bond's.		

**Other Contractual Services**

Recording and Transcription	\$	-
This line item has been deleted and incorporated into the Management Fee.		
Legal Advertising	\$	2,500
Trustee Services	\$	3,500
With the issuance of the District's Bonds, the District is required to maintain the accounts established for the Bond Issue with a bank that holds trust powers in the State of Florida. The primary purpose of the trustee is to safeguard the assets of the Bondholder's, to insure the timely payment of the principal and interest due on the Bonds, and to insure the investment of the funds in the trust are made pursuant to the requirements of the trust.		

**Tern Bay  
Community Development District  
General Fund - Budget  
Fiscal Year 2017**

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Dissemination Agent Services	\$ 1,000
With the issuance of the District's Bonds, the District is required to report on a periodic basis the same information that is contained in the Official Statement that was issued for the Bonds. These requirements are pursuant to requirements of the Securities and Exchange Commission and sent to national repositories.	
Bank Service Fees	\$ 500
<b>Travel and Per Diem</b>	\$ -
<b>Communications and Freight Services</b>	
Telephone	\$ -
Postage, Freight & Messenger	\$ 450
<b>Insurance</b>	\$ 8,900
<b>Printing and Binding</b>	\$ 200
<b>Web Site Development</b>	\$ 800
<b>Office Supplies</b>	\$ -
<b>Subscriptions and Memberships</b>	\$ 175
<b>Legal Services</b>	
General Counsel	\$ 20,000
The District's general council provides on-going legal representation relating to issues such as public finance, public bidding, rulemaking, open meetings, public records, real property dedications, conveyances and contracts. In this capacity, they provide services as "local government lawyers".	
Foreclosure Counsel	\$ -
The District is currently foreclosing on a majority of the land within the boundaries of District, due to the fact that the property owner's have not paid the District's general fund and debt service fund assessments since each was levied by the District. This process has been on-going for approximately eight (8) years, and we expect this process to continue during the Fiscal Year.	
<b>Other General Government Services</b>	
Engineering Services - General	\$ 15,000
The District's engineering firm provides a broad array of engineering, consulting and construction services, which assists the District in crafting solutions with sustainability for the long term interests of the Community while recognizing the needs of government, the environment and maintenance of the District's facilities.	

Tern Bay  
Community Development District  
General Fund - Budget  
Fiscal Year 2017

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Contingencies				\$	-
<b>Other Public Safety</b>					
Charlotte Cty Sheriff's Patrol					\$25,200
The District retain's an off-duty officer of the Charlotte County Sheriff's office to provide periodic nightttime patrols throughout the Community. The yearly hours are estimated at 750 hours per year.					
	<b>Yearly</b>	<b>Hourly</b>	<b>Total Cost</b>		
	<b>Hours</b>	<b>Rate</b>			
	560	\$45.00	\$25,200		
Contingencies				\$	-
<b>Wastewater Services</b>					
Electric Service				\$	2,000
FP&L Service to three (3) Lift Stations					
<b>Stormwater Management Services</b>					
<b>Repairs &amp; Maintenance</b>					
Lake Banks/Outfall Control Structures				\$	5,000
For wash-outs that may occur during the year (Anticipated one cleaning for FY 2016)					
Lake Spraying				\$	3,500
Lake Vegetation Removal				\$	-
Upland Monitoring & Maint				\$	5,000
In Fiscal Year 2011 the District requested and was granted an extention by the SWFWMD to provide the required monitoring reports on portions of the acres of wetlands of the District. This summer we will have an inspection, and further monitoring requirments will be determined at that time. As such, we recommend budgeting sufficient funds to carry out both the maintenance requirments and reporting requirements under the permit, if required.					

Tern Bay  
Community Development District  
General Fund - Budget  
Fiscal Year 2017

Description of Event		Amount
Ongoing Maintenance (two (2) Events Yearly		\$ 5,000
Monitoring Report SWFMD (if required)		\$ -
<b>Total:</b>		<b>\$ 5,000</b>
<b>Other Physical Environment</b>		
<b>Professional Services</b>		
Field Manager Services		\$ 30,000
The District retains the services of CAS Asset Management to provide a variety of services, including but not limited to coordination of on-site vendors, inspections of District Assets, etc.		
Insurance		
This line item has been deleted and incorporated into another Insurance line item as noted in this Budget.		
Contingencies		\$ -
To account for any unforeseen expenses during the Year.		
<b>Assessments - Charlotte County</b>		\$ -
Charlotte County levies a stormwater assessment on certain property in the County and the property owned by the District is subject to the Assessments.		
<b>Road &amp; Street Facilities</b>		
Street Lights		
Electric Service		\$9,500
The District has installed Street Lights in a portion of the Community, the lights are leased from Florida Power & Light and the District pays a monthly fee to amortize the cost of the system. In addition, the District pays FP&L for the associated electric use.		
Phase 1 - Lease Charges	\$6,500	
Phase 2 - Use Charges	\$3,000	
<b>Total</b>	<b>\$9,500</b>	
Repairs & Maintenance		\$ 15,000
Pavement Repairs	\$ 7,500	
This line item is for any miscellaneous road repairs required.		
Bridge Repairs	\$ 7,500	
The District owns four (4) wooden bridges, this covers cleaning and re-sealing.		
Economic Environment		
Professional Services - Appraisal		\$ -
In Fiscal Year 2011 the Bondholder's retained a firm to provide certain information related to the valuation of the Tern Bay property, which was paid for from Trust Funds. The District is unaware of any other work being undertaken by the Bondholder's, a line item budget for this service will not be utilized.		
<b>Landscaping Services</b>		
<b>Electric Service</b>		\$ 7,000
Florida Power & Light Costs associated with both the Pumps and Well system along with the Line Distribution System.		
<b>Repairs &amp; Maintenance</b>		
Common Area Maintenance		\$ 60,000
The District retains the services of a qualified landscape contractor to maintain certain landscaped area within the community.		
Material Replacement		\$ -
Mulch Installation		\$ 10,300
Landscape Lighting		\$ 500



Tern Bay  
Community Development District  
General Fund - Budget  
Fiscal Year 2017

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**Irrigation System**

**Pumps, Wells & Line Distribution System**

Routine Maintenance \$ 30,000

Well Testing/Meter Reading

This line item has been deleted and incorporated into the routine maintenance line item.

**Line Distribution System**

Routine Maintenance

This line item has been deleted and incorporated into the routine maintenance line item.

**Other Fees and Charges** \$ 928

Discounts and Tax Collector Fees

4% Discount permitted by law for early payment along with 2% each for the Tax Collector and  
Property Appraiser Fees.

**Total Appropriations:** \$ 321,753

**Tern Bay  
Community Development District**

**Debt Service Fund - Budget  
Fiscal Year 2017**

Description	Fiscal Year 2016 Adopted Budget	Actual at 03/31/2016	Anticipated Year End 09/30/16	Fiscal Year 2017 Budget
<b>Revenues and Other Sources</b>				
<b>Carryforward</b>	\$ -	\$ -	\$ -	
Deferred Cost Account	\$ -	\$ -	\$ -	
Prepayment Account	\$ -	\$ -	\$ -	\$ -
<b>Interest Income</b>	\$ -	\$ 15	\$ 30	\$ -
<b>Special Assessment Revenue</b>				
Special Assessment - On-Roll	\$ 93,649	\$ 86,696	\$ 86,696	\$ 93,961
Special Assessment - Off-Roll	\$ 3,344,543	\$ -	\$ -	\$ 2,170,006
<b>Total Revenue &amp; Other Sources</b>	<b>\$ 3,438,192</b>	<b>\$ 86,712</b>	<b>\$ 86,726</b>	<b>\$ 2,263,967</b>
<b>Appropriations</b>				
<b>Debt Service</b>				
<b>Principal Debt Service - Mandatory</b>				
Series 2005 A Bonds	\$ 630,000	\$ -	\$ -	\$ 745,000
Series 2005 B Bonds	\$ -	\$ -	\$ -	\$ -
<b>Principal Debt Service - Early Redemptions</b>				
Series 2005 A Bonds	\$ -	\$ -	\$ -	\$ -
<b>Interest Expense</b>				
Series 2005 A Bonds	\$ 1,618,950	\$ -	\$ -	\$ 1,511,450
Series 2005 B Bonds	\$ 1,181,750	\$ -	\$ -	\$ -
<b>Operating Transfers Out</b>				
Capital Projects Fund	\$ 93,649	\$ -	\$ -	\$ 93,961
<b>Other Fees and Charges</b>				
Discounts and Other Fees	\$ 7,492	\$ -	\$ -	\$ 7,517
<b>Total Appropriations</b>	<b>\$ 3,531,841</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,357,928</b>

**Tern Bay**  
**Community Development District**  
**Debt Service Schedule - Series 2005 A**

Description	Principal	Coupon Rate	Interest	Annual Debt Service
Par Debt Issued	\$ 33,280,000	5.375%		
11/1/2005			\$ 298,133.33	
5/1/2006	\$ -	5.375%	\$ 894,400.00	\$ 1,192,533
11/1/2006			\$ 894,400.00	
5/1/2007	\$ -	5.375%	\$ 894,400.00	\$ 1,788,800
11/1/2007			\$ 894,400.00	
5/1/2008	\$ 460,000	5.375%	\$ 894,400.00	\$ 2,248,800
11/1/2008			\$ 882,037.50	
5/1/2009	\$ 485,000	5.375%	\$ 882,037.50	\$ 2,249,075
11/1/2009			\$ 869,003.13	
5/1/2010	\$ 510,000	5.375%	\$ 869,003.13	\$ 2,248,006
11/1/2010			\$ 855,296.88	
5/1/2011	\$ 540,000	5.375%	\$ 855,296.88	\$ 2,250,594
11/1/2011			\$ 840,784.38	
5/1/2012	\$ 565,000	5.375%	\$ 840,784.38	\$ 2,246,569
11/1/2012			\$ 825,600.00	
5/1/2013	\$ 600,000	5.375%	\$ 825,600.00	\$ 2,251,200
11/1/2013			\$ 809,475.00	
5/1/2014	\$ 630,000	5.375%	\$ 809,475.00	\$ 2,248,950
11/1/2014			\$ 792,543.75	
5/1/2015	\$ 665,000	5.375%	\$ 792,543.75	\$ 2,250,088
11/1/2015			\$ 774,671.88	
5/1/2016	\$ 705,000	5.375%	\$ 774,671.88	\$ 2,254,344
11/1/2016			\$ 755,725.00	
5/1/2017	\$ 745,000	5.375%	\$ 755,725.00	\$ 2,256,450
11/1/2017			\$ 735,703.13	
5/1/2018	\$ 785,000	5.375%	\$ 735,703.13	\$ 2,256,406
11/1/2018			\$ 714,606.25	
5/1/2019	\$ 825,000	5.375%	\$ 714,606.25	\$ 2,254,213
11/1/2019			\$ 692,434.38	
5/1/2020	\$ 870,000	5.375%	\$ 692,434.38	\$ 2,254,869
11/1/2020			\$ 669,053.13	
5/1/2021	\$ 920,000	5.375%	\$ 669,053.13	\$ 2,258,106
11/1/2021			\$ 644,328.13	
5/1/2022	\$ 970,000	5.375%	\$ 644,328.13	\$ 2,258,656
11/1/2022			\$ 618,259.38	
5/1/2023	\$ 1,025,000	5.375%	\$ 618,259.38	\$ 2,261,519
11/1/2023			\$ 590,712.50	

**Tern Bay  
Community Development District  
Debt Service Schedule - Series 2005 A**

Description	Principal	Coupon Rate	Interest	Annual Debt Service
5/1/2024	\$ 1,080,000	5.375%	\$ 590,712.50	\$ 2,261,425
11/1/2024			\$ 561,687.50	
5/1/2025	\$ 1,140,000	5.375%	\$ 561,687.50	\$ 2,263,375
11/1/2025			\$ 531,050.00	
5/1/2026	\$ 1,205,000	5.375%	\$ 531,050.00	\$ 2,267,100
11/1/2026			\$ 498,665.63	
5/1/2027	\$ 1,270,000	5.375%	\$ 498,665.63	\$ 2,267,331
11/1/2027			\$ 464,534.38	
5/1/2028	\$ 1,340,000	5.375%	\$ 464,534.38	\$ 2,269,069
11/1/2028			\$ 428,521.88	
5/1/2029	\$ 1,415,000	5.375%	\$ 428,521.88	\$ 2,272,044
11/1/2029			\$ 390,493.75	
5/1/2030	\$ 1,495,000	5.375%	\$ 390,493.75	\$ 2,275,988
11/1/2030			\$ 350,315.63	
5/1/2031	\$ 1,575,000	5.375%	\$ 350,315.63	\$ 2,275,631
11/1/2031			\$ 307,987.50	
5/1/2032	\$ 1,665,000	5.375%	\$ 307,987.50	\$ 2,280,975
11/1/2032			\$ 263,240.63	
5/1/2033	\$ 1,755,000	5.375%	\$ 263,240.63	\$ 2,281,481
11/1/2033			\$ 216,075.00	
5/1/2034	\$ 1,850,000	5.375%	\$ 216,075.00	\$ 2,282,150
11/1/2034			\$ 166,356.25	
5/1/2035	\$ 1,955,000	5.375%	\$ 166,356.25	\$ 2,287,713
11/1/2035			\$ 113,815.63	
5/1/2036	\$ 2,060,000	5.375%	\$ 113,815.63	\$ 2,287,631
11/1/2036			\$ 58,453.13	
5/1/2037	\$ 2,175,000	5.375%	\$ 58,453.13	\$ 2,291,906
<b>Total:</b>	<b>\$ 33,280,000</b>		<b>\$ 37,612,996</b>	<b>\$ 70,892,996</b>

**Tern Bay  
Community Development District  
Debt Service Schedule - Series 2005 B**

Description	Mandatory Principal	Principal Pre- payments	Coupon Rate	Interest	Annual Debt Service
Par Debt Issued	\$ 24,660,000		5.000%		
11/1/2005				\$ 205,500.00	
5/1/2006	\$ -		5.000%	\$ 616,500.00	\$ 822,000
11/1/2006		\$ 695,000		\$ 616,500.00	
5/1/2007	\$ -	\$ 325,000	5.000%	\$ 599,125.00	\$ 1,215,625
11/1/2007		\$ 5,000		\$ 590,875.00	
5/1/2008	\$ -		5.000%	\$ 590,875.00	\$ 1,181,750
11/1/2008				\$ 590,875.00	
5/1/2009	\$ -		5.000%	\$ 590,875.00	\$ 1,181,750
11/1/2009				\$ 590,875.00	
5/1/2010	\$ -		5.000%	\$ 590,875.00	\$ 1,181,750
11/1/2010				\$ 590,875.00	
5/1/2011	\$ -		5.000%	\$ 590,875.00	\$ 1,181,750
11/1/2011				\$ 590,875.00	
5/1/2012	\$ -		5.000%	\$ 590,875.00	\$ 1,181,750
11/1/2012				\$ 590,875.00	
5/1/2013	\$ -		5.000%	\$ 590,875.00	\$ 1,181,750
11/1/2013				\$ 590,875.00	
5/1/2014	\$ -		5.000%	\$ 590,875.00	\$ 1,181,750
11/1/2014				\$ 590,875.00	
5/1/2015	\$ 24,660,000		5.000%	\$ 590,875.00	\$ 25,841,750
<b>Total:</b>	<b>\$ 24,660,000</b>	<b>\$ 1,025,000</b>		<b>\$ 11,491,625</b>	<b>\$ 36,151,625</b>

Tern Bay  
Community Development District  
Capital Projects Fund - Budget  
Fiscal Year 2017

Description	Fiscal Year 2016 Adopted Budget	Actual at 03/31/2016	Anticipated Year End 09/30/16	Fiscal Year 2017 Budget
<b>Revenues and Other Sources</b>				
<b>Carryforward</b>				
Construction Account	\$ 408,541	\$ -	\$ -	\$ 216,062
Working Capital Account	\$ -	\$ -	\$ -	\$ -
<b>Interest Income</b>				
Construction Account	\$ 125	\$ 183	\$ 200	\$ 125
Working Capital Account	\$ -	\$ 1	\$ -	\$ -
<b>Operating Transfers In</b>				
Debt Service Fund	\$ 93,208	\$ -	\$ -	\$ 93,961
<b>Total Revenue &amp; Other Sources</b>	<b>\$ 501,874</b>	<b>\$ 184</b>	<b>\$ 200</b>	<b>\$ 310,148</b>
<b>Appropriations and Other Uses</b>				
<b>Capital Outlay</b>				
<b>Construction In Progress</b>				
Engineering Services	\$ -	\$ -	\$ -	\$ -
Legal Services	\$ -	\$ -	\$ -	\$ -
Construction in Progress	\$ -	\$ -	\$ -	\$ -
<b>Operating Transfers Out</b>				
General Fund	\$ 527,444		\$ -	\$ 310,148
<b>Total Appropriations and Other Uses</b>	<b>\$ 527,444</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 310,148</b>

Tern Bay  
Community Development District  
  
Budget  
Fiscal Year 2017

Land Use	Lot Size	General Fund Units		General Fund Assessment Per Unit			Total General Fund Assessment			Total General Fund Assessment By Roll		
		All Units	Foreclosure Units	All Units	Foreclosure Units	Total General Fund	All Units	Foreclosure Units	Total General Fund	On-Roll	Off-Roll	Total
60'	Single Family 60'	231	199	\$ 168.19	\$ -	\$ 168.19	\$ 38,852.61	\$ -	\$ 38,852.61	\$ 5,382.18	\$ 33,470.43	\$ 38,852.61
75'	Single Family 75'	129	129	\$ 168.19	\$ -	\$ 168.19	\$ 21,696.91	\$ -	\$ 21,696.91	\$ -	\$ 21,696.91	\$ 21,696.91
CH	Coach Home	208	188	\$ 168.19	\$ -	\$ 168.19	\$ 34,984.17	\$ -	\$ 34,984.17	\$ 3,363.86	\$ 31,620.31	\$ 34,984.17
COM	Commercial Office	17		\$ 168.19	\$ -	\$ 168.19	\$ 2,859.28	\$ -	\$ 2,859.28	\$ 2,859.28	\$ -	\$ 2,859.28
FC	Fitness Center	1	1	\$ 168.19	\$ -	\$ 168.19	\$ 168.19	\$ -	\$ 168.19	\$ -	\$ 168.19	\$ 168.19
GC	Garden Condo	738	738	\$ 168.19	\$ -	\$ 168.19	\$ 124,126.52	\$ -	\$ 124,126.52	\$ -	\$ 124,126.52	\$ 124,126.52
GCC	Golf Course / Clubhouse	25	25	\$ 168.19	\$ -	\$ 168.19	\$ 4,204.83	\$ -	\$ 4,204.83	\$ -	\$ 4,204.83	\$ 4,204.83
HR	Hotel Rooms	60	60	\$ 168.19	\$ -	\$ 168.19	\$ 10,091.59	\$ -	\$ 10,091.59	\$ -	\$ 10,091.59	\$ 10,091.59
MC	Mid Rise Condo	504	504	\$ 168.19	\$ -	\$ 168.19	\$ 84,769.33	\$ -	\$ 84,769.33	\$ -	\$ 84,769.33	\$ 84,769.33
		<b>1913</b>	<b>1844</b>				<b>\$ 321,753.43</b>	<b>\$ -</b>	<b>\$ 321,753.43</b>	<b>\$ 11,605.32</b>	<b>\$ 310,148.10</b>	<b>\$ 321,753.43</b>

**Note:**

1. Commercial equals 1 unit per 1000 square feet.

Land Use	Lot Size	Debt Service Units		Debt Service Allocation by ERU Factor			Debt Service Fund Assessment Per Unit			Total Debt Service Fund Assessment			Total Debt Service Fund Assessment by Roll		
		Series A	Series B	ERU Factor	Total ERU's - Series A	Total ERU's - Series B	Series A	Series B	Total Debt Service Fund	Series A	Series B	Total Debt Service Fund	On-Roll	Off-Roll	Total
60'	Single Family 60'	231	199	1.00	231.00	199.00	\$ 1,402.40	\$ -	\$ 1,402.40	\$ 323,954.75	\$ -	\$ 323,954.75	\$ 44,876.85	\$ 279,077.90	\$ 323,954.75
75'	Single Family 75'	129	129	1.25	161.25	161.25	\$ 1,753.00	\$ -	\$ 1,753.00	\$ 226,137.24	\$ -	\$ 226,137.24	\$ -	\$ 226,137.24	\$ 226,137.24
CH	Coach Home	208	188	0.90	187.20	169.20	\$ 1,262.16	\$ -	\$ 1,262.16	\$ 262,529.56	\$ -	\$ 262,529.56	\$ 25,243.23	\$ 237,286.33	\$ 262,529.56
COM	Commercial Office	85	0	0.20	17.00	0.00	\$ 280.48	\$ -	\$ 280.48	\$ 23,840.83	\$ -	\$ 23,840.83	\$ 23,840.83	\$ -	\$ 23,840.83
FC	Fitness Center	1	1	2.00	2.00	2.00	\$ 2,804.80	\$ -	\$ 2,804.80	\$ 2,804.80	\$ -	\$ 2,804.80	\$ -	\$ 2,804.80	\$ 2,804.80
GC	Garden Condo	738	738	0.75	553.50	553.50	\$ 1,051.80	\$ -	\$ 1,051.80	\$ 776,229.23	\$ -	\$ 776,229.23	\$ -	\$ 776,229.23	\$ 776,229.23
GCC	Golf Course / Clubhouse	1	1	25.00	25.00	25.00	\$ 35,060.04	\$ -	\$ 35,060.04	\$ 35,060.04	\$ -	\$ 35,060.04	\$ -	\$ 35,060.04	\$ 35,060.04
HR	Hotel Rooms	60	60	0.15	9.00	9.00	\$ 210.36	\$ -	\$ 210.36	\$ 12,621.61	\$ -	\$ 12,621.61	\$ -	\$ 12,621.61	\$ 12,621.61
MC	Mid Rise Condo	504	504	0.85	428.40	428.40	\$ 1,192.04	\$ -	\$ 1,192.04	\$ 600,788.81	\$ -	\$ 600,788.81	\$ -	\$ 600,788.81	\$ 600,788.81
		<b>1957</b>	<b>1820</b>		<b>1614.35</b>	<b>1547.35</b>				<b>\$ 2,263,966.87</b>	<b>\$ -</b>	<b>\$ 2,263,966.87</b>	<b>\$ 93,960.90</b>	<b>\$ 2,170,005.97</b>	<b>\$ 2,263,966.87</b>

**INSTRUCTIONS RELATING TO LANDOWNERS' MEETING OF  
THE TERN BAY COMMUNITY DEVELOPMENT DISTRICT  
FOR THE ELECTION OF SUPERVISORS**

DATE OF LANDOWNERS' MEETING: **November 8, 2016**

TIME: **9:30 A.M..**

LOCATION: **Berntsson, Ittersagen, Gunderson & Wideikis, LLP, 18401 Burdock Circle, Suite C, Port Charlotte, Florida 33948**

Pursuant to Chapter 190, Florida Statutes, after a Community Development District ("District") has been established and the landowners have held their initial election, there shall be a subsequent landowners' meeting for the purpose of electing members of the Board of Supervisors every two years until the District qualifies to have its board members elected by the qualified electors of the district. The following instructions on how all landowners may participate in the election is intended to comply with Section 190.006(2)(b), Florida Statutes, as amended by Chapter 2004-353, Laws of Florida.

A landowner may vote in person at the Landowner's Meeting, or the landowner may nominate a proxy holder to vote at the meeting in place of the landowner. Whether in person or by proxy, each landowner shall be entitled to cast one vote per acre of land owned by him or her and located within the District, for each person that the landowner desires to elect to a position on the Board of Supervisors that is open for election for the upcoming term (three (3) seats on the Board will be up for election). A fraction of an acre shall be treated as one (1) acre, entitling the landowner to one vote with respect thereto. **Please note that a particular parcel of real property is entitled to only one vote for each eligible acre of land or fraction thereof; therefore, two or more people who own real property in common, that is one acre or less, are together entitled to only one vote for that real property.**

At the Landowners' Meeting, the first step is to elect a chair for the meeting, who may be any person present at the meeting. The landowners' shall also elect a secretary for the meeting who may be any person present at the meeting. The secretary shall be responsible for the minutes of the meeting. The chair shall conduct the nominations and the voting. If the chair is a landowner or proxy holder of a landowner, he or she may nominate candidates and make and second motions. Candidates must be nominated and then shall be elected by a vote of the landowners. Nominees may be elected only to a position on the Board of Supervisors that is open for election for the upcoming term. The two candidates receiving the highest number of votes shall be elected for a term of four (4) years. The remaining candidate receiving votes shall be elected for a term of two (2) years. The term of office for each successful candidate shall commence upon election.

A proxy is available upon request. To be valid, each proxy must be signed by one of the legal owners of the property for which the vote is cast and must contain the typed or printed name of the individual who signed the proxy; the street address, legal description of the property or tax parcel identification number; and the number of authorized votes. If the proxy authorizes more than one vote, each property must be listed and the number of acres of each property must be included. The signature on a proxy does not need to be notarized.



OFFICIAL BALLOT

TERN BAY  
COMMUNITY DEVELOPMENT DISTRICT  
CHARLOTTE COUNTY, FLORIDA  
LANDOWNERS MEETING – NOVEMBER 8, 2016

**For Election of (3 Supervisors):** The two (2) candidates receiving the highest number of votes will each receive a four (4) year term, and the remaining candidate shall receive a two (2) year term, with the term of office for each successful candidate commencing upon election.

The undersigned certifies that he/she/it is the fee simple owner of land, or the proxy holder for the fee simple owner of land, located within the Tern Bay Community Development District and described as follows:

**Property Description**

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[Insert above the street address of each parcel, the legal description of each parcel, or the tax identification number of each parcel. If more space is needed, identification of parcels owned may be incorporated by reference to an attachment hereto.]

I, \_\_\_\_\_, in my individual capacity as Landowner; or in my capacity as the proxy holder of \_\_\_\_\_, pursuant to the Landowners Proxy attached hereto, do cast my votes as follows:

	NAME OF CANDIDATE	NUMBER OF VOTES
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.		

Date: \_\_\_\_\_ Signed: \_\_\_\_\_

Printed Name: \_\_\_\_\_

NOTE: If the fee simple landowner is not an individual, and is instead a corporation, limited liability company, limited partnership or other entity, evidence that the individual signing on behalf of the entity has the authority to do so should be attached hereto. (e.g., bylaws, corporate resolution, etc.).

**LANDOWNER PROXY**

**TERN BAY  
COMMUNITY DEVELOPMENT DISTRICT  
LANDOWNERS MEETING – NOVEMBER 8, 2016**

KNOW ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints:

\_\_\_\_\_  
Proxy holder

For and on behalf of the undersigned to vote as proxy at the meeting of the Landowners of the Tern Bay Community Development District to be held **at Tuesday, November 8, 2016 at 9:30 A.M. at the offices of Berntsson, Ittersagen, Gunderson & Wideikis, LLP, 18401 Burdock Circle, Suite C, Port Charlotte, Florida 33948**, said meeting published in a newspaper in Charlotte County; and at any adjournments thereof, according to the number of acres of unplatted land and/or platted lots owned by the undersigned landowner which the undersigned would be entitled to vote if then personally present, upon any question, proposition, or resolution or any other matter or thing which may come before said meeting including, but not limited to, the election of members of the Board of Supervisors and may vote in accordance with their discretion on all matters not known or determined at the time of solicitation of this proxy, which may legally come before the meeting. Any proxy heretofore given by the undersigned for said meeting is hereby revoked. This proxy is to continue in force from the date hereof until the conclusion of the landowners meeting and any adjournment or adjournments thereof, but may be revoked at any time by notice thereof, in writing, filed with the Secretary of the Tern Bay Community Development District.

\_\_\_\_\_  
Signature and Date

\_\_\_\_\_  
Signature and Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

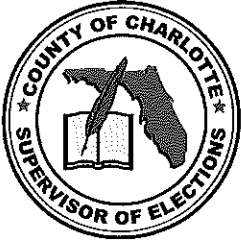
**Property Description**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Insert above the street address of each parcel, the legal description of each parcel, or the tax identification number of each parcel. If more space is needed, identification of parcels owned may be incorporated by reference to an attachment hereto.]

The number of authorized votes for this proxy is: \_\_\_\_\_

NOTE: If the fee simple landowner is not an individual, and is instead a corporation, limited liability company, limited partnership or other entity, evidence that the individual signing on behalf of the entity has the authority to do so should be attached hereto. (e.g., bylaws, corporate resolution, etc.).



CHARLOTTE COUNTY  
**Supervisor of Elections**

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**HON. PAUL A. STAMOULIS**

226 Taylor Street, Unit 120  
Punta Gorda, FL 33950  
(941) 833-5400

April 18, 2016

Mr. James P. Ward  
Chief Operating Officer  
Tern Bay CDD  
2041 NE 6 Terrace  
Wilton Manors, FL 33305

Dear Mr. Ward;

Per your request for the number of registered voters within Tern Bay Community Development District as of April 15, 2016, the number is 75.

Please do not hesitate to contact me if you require further assistance.

Sincerely,

A handwritten signature in cursive script, appearing to read "Vince Treppiedi".

Vincenza F. Treppiedi, MFCEP  
Qualifying Officer  
Vote By Mail Coordinator  
Representing the Office of  
Hon. Paul A. Stamoulis  
Supervisor of Elections  
Charlotte County, FL