

**BELMONT
COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014**

**BELMONT COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Belmont Community Development District
Hillsborough County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Belmont Community Development District, Hillsborough County, Florida ("District") as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2014, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 6 – Long Term Liabilities and other referenced notes to the financial statements, the Developer failed to pay its share of assessments in the current and subsequent fiscal year. As a result, the Trustee did not receive sufficient payments from the District for payment of the November 2013 and May 2014 debt service on the Series 2006B Bonds when due. Subsequent to fiscal year end, the District did not make the November 2014 debt service payment due on the Series 2006B Bonds. However, on March 11, 2015, the District collected delinquent debt service assessments and paid the delinquent debt payments. The Developer owns a significant portion of land within the District and the District is economically dependent on the Developer.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the 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 the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated June 19, 2015, on our consideration of the District's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

June 19, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Belmont Community Development District, Hillsborough County, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2014. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The liabilities of the District exceeded its assets at the close of the most recent fiscal year resulting in a net position deficit balance of (\$5,297,121).
- The change in the District's total net position in comparison with the prior year was (\$592,344), an increase in the deficit. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2014, the District's governmental funds reported combined ending fund balance of (\$29,817), a decrease of (\$5,590,175) in comparison with the prior year. A portion of the fund balance is non-spendable for prepaid items and deposits, restricted for capital projects, unassigned general fund balance which is available for spending at the District's discretion and the remainder is unassigned deficit debt service fund balance.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as the introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund category, governmental funds.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Governmental Funds

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

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

The District maintains three individual governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and capital projects fund. All are considered to be major funds.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, liabilities exceeded assets at the close of the most recent fiscal year.

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

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

	NET POSITION	
	SEPTEMBER 30,	
	2014	2013
Assets, excluding capital assets	\$ 3,337,395	\$ 6,598,347
Capital assets, net of depreciation	16,928,989	12,969,114
Total assets	<u>20,266,384</u>	<u>19,567,461</u>
Liabilities, excluding long-term liabilities	1,934,607	644,357
Long-term liabilities	23,628,898	23,627,881
Total liabilities	<u>25,563,505</u>	<u>24,272,238</u>
Net position		
Net investment in capital assets	2,278,591	3,016,195
Restricted	-	558,648
Unrestricted	(7,575,712)	(8,279,620)
Total net position (deficit)	<u>\$ (5,297,121)</u>	<u>\$ (4,704,777)</u>

The District's net position decreased during the most recent fiscal year. The majority of the decrease is the result of the District not collecting assessments to make debt service payments.

Key elements of the change in net position are reflected in the following table:

	CHANGES IN NET POSITION	
	FOR THE FISCAL YEAR ENDED SEPTEMBER 30,	
	2014	2013
Revenues:		
Program revenues	\$ 1,739,816	\$ 5,596,742
General revenues	2,349	626
Total revenues	<u>1,742,165</u>	<u>5,597,368</u>
Expenses:		
General government	145,504	152,629
Maintenance and operations	908,642	804,284
Interest	1,280,363	1,438,447
Total expenses	<u>2,334,509</u>	<u>2,395,360</u>
Special item	-	8,105,000
Change in net position	<u>(592,344)</u>	<u>11,307,008</u>
Net position (deficit) - beginning, previously stated	(4,704,777)	(15,866,105)
Effect of adoption of GASB No. 65	-	(145,680)
Net position (deficit) - beginning, as restated	<u>(4,704,777)</u>	<u>(16,011,785)</u>
Net position (deficit) - ending	<u>\$ (5,297,121)</u>	<u>\$ (4,704,777)</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2014 was \$2,334,509. Program revenues, comprised primarily of assessments, decreased during the current fiscal year as a result of a decrease in prepaid assessments from the prior year. The majority of the change in expenses results from the decrease in interest due.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2014.

The variance between budgeted and actual general fund revenues for the current fiscal year is the result of the non-payment of a significant portion of the current fiscal year assessments by the Developer. The actual general fund expenditures for the current fiscal year were lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2014, the District had \$21,730,596 invested in infrastructure under construction and various infrastructure capital assets for its governmental activities. In the government-wide financial statements, depreciation of \$4,801,607 has been taken, which resulted in a net book value of \$16,928,989. More detailed information about the District's capital assets is presented in the notes to the financial statements.

As of September 30, 2014, the District had open contracts for various construction projects. The contracts totaled approximately \$5.1 million, of which approximately \$1 million was uncompleted at September 30, 2014.

Capital Debt

At September 30, 2014, the District had \$23,635,000 in Bonds outstanding for its governmental activities. As a result of nonpayment of assessments by the Original Developer, the District defaulted on the Series 2006B Bonds in a prior and the current fiscal year. More detailed information about the District's capital debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

As discussed in the notes to the basic financial statements, there were significant delinquent Developer assessments in the prior, current and subsequent fiscal years. As a result, subsequent to the end of the current fiscal year, the District did not make certain debt service payments on the Series 2006B Bonds when due. In March 2015, delinquent assessments were received and used to pay the outstanding interest amount. More detailed information about the District's capital debt is presented in the notes to the financial statements.

In addition, for the subsequent fiscal year, the District anticipates that the cost of general operations will increase.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide landowners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Belmont Community Development District's Finance Department at 3434 Colwell Avenue, Suite 200, Tampa, Florida 33614.

FINANCIAL STATEMENTS

**BELMONT COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

	Governmental Activities
ASSETS	
Cash	\$ 214,921
Investments	2,756
Assessments receivable	1,965,548
Prepaid expenses and deposits	10,222
Restricted assets:	
Investments	1,143,948
Capital assets:	
Nondepreciable	6,323,702
Depreciable, net	10,605,287
Total assets	20,266,384
 LIABILITIES	
Accounts payable	56,458
Contracts and retainage payable	450,125
Accrued interest payable	532,943
Due to Bondholders:	
Interest	895,081
Non-current liabilities:	
Due within one year	80,000
Due in more than one year	23,548,898
Total liabilities	25,563,505
 NET POSITION	
Net investment in capital assets	2,278,591
Unrestricted	(7,575,712)
Total net position (deficit)	\$ (5,297,121)

See notes to the financial statements

**BELMONT COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:				
Governmental activities:				
General government	\$ 145,504	\$ 145,504	\$ -	\$ -
Maintenance and operations	908,642	138,933	-	(769,709)
Interest on long-term debt	1,280,363	1,455,256	123	175,016
Total governmental activities	<u>2,334,509</u>	<u>1,739,693</u>	<u>123</u>	<u>(594,693)</u>
General revenues:				
Unrestricted investment earnings				65
Miscellaneous				2,284
Total general revenues				<u>2,349</u>
Change in net position				(592,344)
Net position (deficit) - beginning				(4,704,777)
Net position (deficit) - ending				<u>\$ (5,297,121)</u>

See notes to the financial statements

**BELMONT COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	Major Funds			Total Governmental Funds
	General	Debt Service Fund	Capital Projects Fund	
ASSETS				
Cash	\$ 214,921	\$ -	\$ -	\$ 214,921
Investments	2,756	581,883	562,065	1,146,704
Assessment receivable	283,723	1,681,825	-	1,965,548
Prepaid expenses and deposits	6,729	3,493	-	10,222
Total assets	<u>\$ 508,129</u>	<u>\$ 2,267,201</u>	<u>\$ 562,065</u>	<u>\$ 3,337,395</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 56,458	\$ -	\$ -	\$ 56,458
Contracts and retainage payable	-	-	450,125	450,125
Due to Bondholders	-	895,081	-	895,081
Total liabilities	<u>56,458</u>	<u>895,081</u>	<u>450,125</u>	<u>1,401,664</u>
Deferred Inflows of Resources:				
Unavailable revenue	283,723	1,681,825	-	1,965,548
Total deferred inflows of resources	<u>283,723</u>	<u>1,681,825</u>	<u>-</u>	<u>1,965,548</u>
Fund balances:				
Nonspendable:				
Prepaid items and deposits	6,729	3,493	-	10,222
Restricted for:				
Capital projects	-	-	111,940	111,940
Assigned to:				
Capital reserves	13,997	-	-	13,997
Unassigned	147,222	(313,198)	-	(165,976)
Total fund balances	<u>167,948</u>	<u>(309,705)</u>	<u>111,940</u>	<u>(29,817)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 508,129</u>	<u>\$ 2,267,201</u>	<u>\$ 562,065</u>	<u>\$ 3,337,395</u>

See notes to the financial statements

**BELMONT COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

Total fund balances - governmental funds		\$ (29,817)
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.</p>		
Cost of capital assets	21,730,596	
Accumulated depreciation	<u>(4,801,607)</u>	16,928,989
<p>Assets recorded in the governmental fund financial statements that are not available to pay for current period expenses are unavailable revenue in the governmental funds.</p>		
		1,965,548
<p>Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.</p>		
Accrued interest payable	(532,943)	
Bonds payable	<u>(23,628,898)</u>	<u>(24,161,841)</u>
Net position of governmental activities		<u>\$ (5,297,121)</u>

See notes to the financial statements

**BELMONT COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Major Funds			Total Governmental Funds
	General	Debt Service Fund	Capital Projects Fund	
REVENUES				
Assessments	\$ 284,437	\$ 466,130	\$ -	\$ 750,567
Interest	65	15	-	80
Miscellaneous revenue	2,284	108	-	2,392
Total revenues	<u>286,786</u>	<u>466,253</u>	<u>-</u>	<u>753,039</u>
EXPENDITURES				
Current:				
General government	140,265	5,239	-	145,504
Maintenance and operations	206,654	-	-	206,654
Debt service:				
Interest	-	1,329,193	-	1,329,193
Capital outlay	-	-	4,661,863	4,661,863
Total expenditures	<u>346,919</u>	<u>1,334,432</u>	<u>4,661,863</u>	<u>6,343,214</u>
Excess (deficiency) of revenues over (under) expenditures	(60,133)	(868,179)	(4,661,863)	(5,590,175)
Fund balances - beginning	<u>228,081</u>	<u>558,474</u>	<u>4,773,803</u>	<u>5,560,358</u>
Fund balances (deficit) - ending	<u>\$ 167,948</u>	<u>\$ (309,705)</u>	<u>\$ 111,940</u>	<u>\$ (29,817)</u>

See notes to the financial statements

**BELMONT COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

Net change in fund balances - total governmental funds	\$ (5,590,175)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is eliminated and capitalized as capital assets.	4,661,863
Depreciation of capital assets is not recognized in the governmental fund statements but is reported as an expense in the statement of activities.	(701,988)
Revenues in the statement of activities that do not provide current financial resources are unavailable and not reported as revenues in the fund financial statements.	989,126
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds. The details of the difference are as follows:	
Amortization of discount	(1,017)
The change in accrued interest on long-term liabilities between the current and prior fiscal year is recorded in the statement of activities but not in the fund financial statements.	<u>49,847</u>
Change in net position of governmental activities	<u><u>\$ (592,344)</u></u>

See notes to the financial statements

**BELMONT COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

Belmont Community Development District (the "District") was established on February 10, 2006 by Hillsborough County Ordinance 06-4, pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. The Act provides, among other things, the power to manage basic services for community development, 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 is governed by the Board of Supervisors ("Board"), which is composed of five members. The Supervisors are initially elected on an at large basis by landowners of the District. Ownership of land within the District entitles the owner to one vote per acre. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes. The District was originally developed by Belmont, LLC ("Original Developer"). In February 2010, the Original Developer conveyed, by quit claim deed, property owned within the District to Belmont Land Acquisition, LLC. In March 2010, the land was subsequently conveyed, by quit claim deed, to Belmont Real Estate, LLC (the "Developer"). As of September 30, 2014, two of the Board members are affiliated with the Developer.

The Board has the final responsibility for:

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment. (Operating-type special assessments for maintenance and debt service are treated as charges for services.); and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assessments

Assessments, including debt service assessments and operation and maintenance assessments, are non-ad valorem assessments imposed on all lands located within the District and benefited by the District's activities. Operation and maintenance assessments are levied by the District prior to the start of the fiscal year which begins October 1st and ends on September 30th. Operation and maintenance special assessments are imposed upon all benefitted lands in the District. Debt service special assessments are imposed upon certain lots and lands described in each resolution imposing the special assessment for each series of Bonds issued by the District. Certain debt service assessments are collected upon the closing of those lots subject to short term debt and are used to prepay a portion of the Bonds outstanding.

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

The District reports the following major governmental funds:

General Fund

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund

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

Capital Projects Fund

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

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity

Restricted Assets

These assets represent cash and investments set aside pursuant to Bond covenants or other contractual restrictions.

Deposits and Investments

The District's cash on hand and demand deposits are considered to be cash and cash equivalents.

The District has adopted a written investment policy, which complies with the requirements of Section 218.415 Florida Statutes. All investments comply with the requirements of the written investment policy. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury;
- e) Short-term Bond Funds.

In addition, surplus funds may be deposited into certificates of deposit which are insured. Any unspent proceeds are required to be held in investments as specified in the Bond Indenture.

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

Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Water management control	25
Security and landscaping	15

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the fund financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the Bonds using the straight line method. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

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

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s). For example, the District would record deferred outflows of resources on the statement of net position related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s). For example, when an asset is recorded in the governmental fund financial statements, but the revenue is unavailable, the District reports a deferred inflow of resources on the balance sheet until such times as the revenue becomes available.

Fund Equity/Net Position

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

The District can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts established by the Board of Supervisors that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Fund Equity/Net Position (Continued)

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

Other Disclosures

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 – BUDGETARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end.

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

- a) Each year prior to June 15, the District Manager submits to the District Board a proposed operating budget for approval for the fiscal year commencing on October 1.
- b) A public hearing is conducted to obtain comments.
- c) Prior to October 1, the budget is legally adopted by the District Board.
- d) All budget changes must be approved by the District Board, subject to the District's annual appropriation resolution.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

NOTE 4 – DEPOSITS AND INVESTMENTS

Deposits

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

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Investments

The District's investments were held as follows at September 30, 2014:

	Fair Value	Credit Risk	Maturities
US Bank Money Market Account - Managed	\$ 74,976	Not rated	N/A
First American Treasury Obligation CL Z	1,068,972	S&P AAAM	Weighted average of the fund portfolio: 14 days
Investment in Local Government Surplus Funds Trust Fund (Florida PRIME)	2,756	S&P AAAM	Weighted average of the fund portfolio: 39 days
	<u>\$ 1,146,704</u>		

Credit risk – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

Concentration risk – The District places no limit on the amount the District may invest in any one issuer, nor is it required to do so.

Interest rate risk – The District does not have a formal policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates, nor is it required to do so.

However, the Bond Indenture limits the type of investments held using unspent proceeds.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2014 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Infrastructure in progress	\$ 1,661,839	\$ 4,661,863	\$ -	\$ 6,323,702
Total capital assets, not being depreciated	<u>1,661,839</u>	<u>4,661,863</u>	<u>-</u>	<u>6,323,702</u>
Capital assets, being depreciated				
Water management control	12,192,672	-	-	12,192,672
Security and landscaping	3,214,222	-	-	3,214,222
Total capital assets, being depreciated	<u>15,406,894</u>	<u>-</u>	<u>-</u>	<u>15,406,894</u>
Less accumulated depreciation for:				
Water management control	(2,926,242)	(487,707)	-	(3,413,949)
Security and landscaping	(1,173,377)	(214,281)	-	(1,387,658)
Total accumulated depreciation	<u>(4,099,619)</u>	<u>(701,988)</u>	<u>-</u>	<u>(4,801,607)</u>
Total capital assets, being depreciated, net	<u>11,307,275</u>	<u>(701,988)</u>	<u>-</u>	<u>10,605,287</u>
Governmental activities capital assets, net	<u>\$ 12,969,114</u>	<u>\$ 3,959,875</u>	<u>\$ -</u>	<u>\$ 16,928,989</u>

NOTE 5 – CAPITAL ASSETS (Continued)

The original infrastructure intended to serve the District has been estimated at a total cost of approximately \$54,000,000. The infrastructure will include roadway improvements, stormwater management system, water and sewer system, parks and recreation facilities and irrigation and wetland mitigation improvements. A portion of the project costs was expected to be financed with the proceeds from the issuance of Bonds with the remainder to be funded by the Original Developer in accordance with a completion agreement. In a prior year, certain improvements were conveyed to the County for ownership and maintenance responsibilities. Furthermore, additional improvements may be conveyed to the County or other entities upon completion of the project.

In the prior fiscal year, the District amended its infrastructure improvement plan in conjunction with the issuance of the Series 2013A Bonds. The estimated cost of the Series 2013A project for Phase IB and Phase IC are approximately \$7,641,591, a portion of which will be financed by the Series 2013A Bonds. The remaining balance is expected to be funded by the Developer in accordance with acquisition and completion agreements executed in the prior fiscal year. During the current fiscal year, the District entered into a Construction Funding Agreement with the Developer. Under the agreement, the Developer agreed to advance certain funds to fund construction in anticipation of reimbursement from future Bond issuance. During the current fiscal year, there were no amounts received from the Developer related to the agreement.

Depreciation expense was charged to the maintenance and operations function.

NOTE 6 – LONG TERM LIABILITIES

Series 2006

On June 1, 2006, the District issued \$29,980,000 of Capital Improvement Revenue Bonds, Series 2006B. The Series 2006B Bonds are term Bonds originally due on November 1, 2014 with a fixed interest rate of 5.125%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is paid semiannually on each May 1 and November 1. Principal was originally due in one balloon payment on November 1, 2014, however, in the prior fiscal year, the Bond Indenture was amended to extend the maturity date to November 1, 2020.

The Series 2006B Bonds are not subject to optional redemption. The Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to 1) levy special assessments in annual amounts adequate to provide payment of debt service, and 2) to meet the reserve requirements.

Amendment to the Supplemental Trust Indenture

The Series 2006B Supplemental Trust Indenture was amended on January 29, 2009 as a result of the Original Developer not paying its share of the current year assessments. The amendment allows for the creation of a Default Expenditure Fund to be funded with monies held on deposit in the Reserve and Prepayment accounts. The amendment directed the Trustee to withdraw \$120,344 from the Prepayment Account and \$123,666 from the Reserve Account and deposit the monies into the Default Expenditure account to be used to pay certain operation and maintenance expenditures. In the event amounts are collected in excess of the non-paid assessments, the Prepayment account will be replenished.

NOTE 6 – LONG TERM LIABILITIES (Continued)

Amendment to the Supplemental Trust Indenture (Continued)

In the prior fiscal year, the District adopted Resolution 2013-02 which revised Resolution 2006-29, the final assessment resolution securing the Series 2006B Bonds, to allow for prepayments in kind of debt service special assessments by surrendering Series 2006B Bonds for cancellation. The District also adopted the First Amendment to the First Supplemental Indenture, dated March 1, 2013, which (i) reduced the Debt Service Reserve requirement to \$25,000; (ii) extended maturity of the Series 2006B Bonds from November 1, 2014 to November 1, 2020; and (iii) authorized the prepayment of debt service special assessment by the presentation and cancellation of Series 2006B Bonds. Subsequent to the adoption of the resolution, the Developer made an \$8,105,000 prepayment in kind, thereby cancelling those Bonds. The District was in compliance with the revised reserve requirements at September 30, 2014.

Events of Default and Use of Funds in the Trust Accounts

In June 2009, the District declared the occurrence of an event of default in accordance with the Bond Indenture. Additional Events of Default have occurred since then, as discussed in further detail above and in Note 14 – Subsequent Events. The occurrence of an event of default creates certain remedial rights and remedies in favor of the Trustee. Pursuant to the Indenture, the owners of at least fifty-one percent (51%) in aggregate principal amount of the Bonds then outstanding may direct the Trustee with regard to such rights and remedies following an event of default and upon provision of indemnity satisfactory to the Trustee and in accordance with provisions of the Indenture. Due to continued non-payment by the Original Developer and legal proceedings an additional \$214,878 was transferred from the Prepayment Account into the Default Expenditure account in a prior year to be used to pay certain operation and maintenance expenditures. In addition, during the previous and current fiscal years, respectively, approximately \$25,000 and \$39,000 in expenses was paid directly from the Revenue and Prepayment Trust Accounts. In the prior fiscal year, \$151,178 in construction expenditures were paid from the Series 2006B prepayment account. There were no such payments in the current fiscal year.

Series 2013A

In March 2013, the District issued \$6,170,000 in Capital Improvement Revenue Bonds Series 2013A with interest rates ranging from 5.5% to 6.5%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is paid semiannually on each May 1 and November 1, commencing on November 1, 2013. Principal is paid serially on November 1, commencing on November 1, 2014 through November 1, 2043.

The Series 2013 Bonds are not subject to optional redemption on or after November 1, 2033. The Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to 1) levy special assessments in annual amounts adequate to provide payment of debt service, and 2) to meet the reserve requirements. The District was in compliance with the requirements at September 30, 2014.

Long-term debt activity

Changes in long-term liability activity for the fiscal year ended September 30, 2014 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2006B	\$ 17,465,000	\$ -	\$ -	\$ 17,465,000	\$ -
Original issue discount	(7,119)	-	1,017	(6,102)	-
Series 2013	6,170,000	-	-	6,170,000	80,000
Total	<u>\$ 23,627,881</u>	<u>\$ -</u>	<u>\$ 1,017</u>	<u>\$ 23,628,898</u>	<u>\$ 80,000</u>

NOTE 6 – LONG TERM LIABILITIES (Continued)

Long-term debt activity (Continued)

At September 30, 2014, the scheduled debt service requirements on the long - term debt were as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest*	Total
2015	\$ 80,000	\$ 2,171,944	\$ 2,251,944
2016	85,000	1,272,325	1,357,325
2017	90,000	1,267,513	1,357,513
2018	95,000	1,262,425	1,357,425
2019	100,000	1,257,063	1,357,063
2020-2024	18,045,000	3,062,328	21,107,328
2025-2029	770,000	1,524,569	2,294,569
2030-2034	1,035,000	1,249,403	2,284,403
2035-2039	1,405,000	866,938	2,271,938
2040-2044	1,930,000	329,225	2,259,225
Total	<u>\$ 23,635,000</u>	<u>\$ 14,263,733</u>	<u>\$ 37,898,733</u>

*2015 balance includes the delinquent interest owed at September 30, 2014.

NOTE 7 – DEFICIT FUND EQUITY

The debt service fund had a deficit fund balance of (\$309,705) at September 30, 2014. The deficit will be covered by assessments collected in the subsequent period.

The District has a government-wide net position (deficit) of (\$5,297,119) as of September 30, 2014. The deficit primarily relates to capital outlay which has been financed through the issuance of long term debt but will not be owned or maintained by the District as discussed in Note 5 – Capital Assets.

NOTE 8 – DEVELOPER TRANSACTIONS

The Developer owns the majority of the land within the District, therefore assessments in the general and debt service funds include assessments levied on lands currently owned by the Developer.

The Original Developer did not make payments on its assessments for the 2009 to 2012 fiscal years when due. In a prior year, the District filed a foreclosure suit for collection of the unpaid assessments (the "Foreclosure"). During the pendency of the Foreclosure, the Trustee filed a declaratory judgment action seeking court direction on matters which substantially affected the Foreclosure. The District filed a summary judgment motion in the Foreclosure; however, the hearing on this motion was postponed pending the outcome of the declaratory judgment action. In a prior fiscal year, the Parties to the foreclosure suit and the declaratory judgment action formally resolved their disputes. In the prior fiscal year, the District collected prior years' past due assessments of \$5,169,479. However, direct billed fiscal year 2013 debt service assessments of \$840,912 and direct billed fiscal year 2014 assessments of \$283,723 and \$840,912 for operations and maintenance and debt service, respectively, were not paid during the current fiscal year. See Note 14 – Subsequent Events for additional information regarding delinquent assessments.

NOTE 8 – DEVELOPER TRANSACTIONS (Continued)

Acquisition and Completion Agreements

In March 2013, the District entered into an Acquisition Agreement with the Developer. In accordance with the agreement, the Developer agrees to contribute funds, improvements, real property, and/or work product equaling or exceeding \$1,906,761 in lieu of Series 2013A Assessments on certain property owned by the Developer. In addition, certain infrastructure for the Series 2013A Project in excess of this contribution amount will be acquired from the Developer. Furthermore, the Developer entered into a Completion Agreement, whereby the Developer agrees to complete any portion of the project not financed by the Series 2013A Bond proceeds and the contribution above and convey these assets to the District or such other appropriate unit of local government as is designated by the Engineer's Report or required by governmental regulation or development approval.

NOTE 9 – ASSESSMENTS

A significant portion of the assessments for the current fiscal year were delinquent. In addition to the current fiscal year assessments not received from the Developer as discussed in Note 8 – Developer Transactions, the District has a total of \$1,965,548 delinquent assessments of which \$1,124,635 pertains to the current fiscal year. This amount was not considered available to finance current year expenditures and has been reported as unavailable in the fund financial statements at September 30, 2014.

NOTE 10 – CONCENTRATION

The District's activity is dependent upon the continued involvement of the Developer, the loss of which could have a material adverse effect on the District's operations.

NOTE 11 – RELATED PARTIES

The District has contracted with a management company to perform management advisory services, which include financial and accounting advisory services. Certain employees of the management company also serve as officers (Board appointed non-voting positions) of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, and other administrative services.

The District's Series 2006 Bonds are owned by Belmont Investment Group, LLC which is a related entity of the Developer.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

As of September 30, 2014, the District had open contracts for various construction projects. The contracts totaled approximately \$5.1 million, of which approximately \$1 million remains uncompleted at year end.

NOTE 13 – RISK MANAGEMENT

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

NOTE 14 – SUBSEQUENT EVENTS

Assessments

Subsequent to fiscal year end, the District collected \$40,532 and \$1,681,824 from the Developer for past due operations and maintenance and debt service assessments, respectively. As of the report date, \$243,191 of the fiscal year 2014 assessments is still owed.

Scheduled Debt Service Payments

Subsequent to fiscal year end, the District did not collect Developer assessments for debt service, therefore the November 1, 2014 interest payment due on the Series 2006B Bonds was not made when due. The inability of the District to pay its debt service is considered an event of default.

Bond Payments

Subsequent to fiscal year end, the District received Developer assessments as noted above which were used to pay the delinquent debt service payments on the Series 2006B Bonds. The debt service obligations were made current on March of 2015 totaling \$1,247,041.

**BELMONT COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts <u>Original & Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Assessments	\$ 407,223	\$ 284,437	\$ (122,786)
Interest	-	65	65
Miscellaneous revenue	-	2,284	2,284
Total revenues	<u>407,223</u>	<u>286,786</u>	<u>(120,437)</u>
EXPENDITURES			
Current:			
General government	122,150	140,265	(18,115)
Maintenance and operations	<u>285,073</u>	<u>206,654</u>	<u>78,419</u>
Total expenditures	<u>407,223</u>	<u>346,919</u>	<u>60,304</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	(60,133)	<u>\$ (60,133)</u>
Fund balance - beginning		<u>228,081</u>	
Fund balance - ending		<u>\$ 167,948</u>	

See notes to required supplementary information

**BELMONT COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget for the General Fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2014.

The variance between budgeted and actual general fund revenues for the current fiscal year is the result of the non-payment of a significant portion of the current fiscal year assessments by the Developer. The actual general fund expenditures for the current fiscal year were lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.



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
Belmont Community Development District
Hillsborough 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 the governmental activities and each major fund of Belmont Community Development District, Hillsborough County, Florida ("District") as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated June 19, 2015, which includes an emphasis of matter paragraph.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 a 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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

June 19, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Supervisors
Belmont Community Development District
Hillsborough County, Florida

We have examined Belmont Community Development District, Hillsborough County, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2014. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the 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 the 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 the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2014.

This report 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, management, and the Board of Supervisors of Belmont Community Development District, Hillsborough County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

June 19, 2015



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

To the Board of Supervisors
Belmont Community Development District
Hillsborough County, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Belmont Community Development District, Hillsborough County, Florida ("District") as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated June 19, 2015, which includes an emphasis of matter paragraph.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 19, 2015, should be considered in conjunction with this management letter.

Purpose of this Letter

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

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

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, as applicable, management, and the Board of Supervisors of Belmont Community Development District, Hillsborough County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Belmont Community Development District, Hillsborough County, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

June 19, 2015

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

2013-01: Bondholder Consent

Current Status: Finding will not be repeated as no amounts were expended in the current year.

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2013, except as noted above.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2014.

3. 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.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2014.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.
5. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2014 financial audit report.
6. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
7. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2014. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.