

**BELMONT
COMMUNITY
DEVELOPMENT
DISTRICT**

FINANCIAL STATEMENTS

Year Ended September 30, 2015

BELMONT COMMUNITY DEVELOPMENT DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Belmont Community Development District

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*, as of and for the year ended September 30, 2015, 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

The District's 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 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 principles 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.

MCDIRMIT DAVIS & COMPANY, LLC

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TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

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, 2015, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance 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's discussion and analysis starting on page 3, 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 March 7, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

McDiarmid Davis & Company, LLC

Orlando, Florida
March 7, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of *Belmont Community Development District*, Hillsborough County, Florida's (the "District") financial accomplishments provide an overview of the District's financial activities for the year ended September 30, 2015. Please read it in conjunction with the District's Independent Auditor's Report, financial statements and accompanying notes.

This information is being presented to provide additional information regarding the activities of the District and to meet the disclosure requirements of Government Accounting Standards Board Statement (GASB) No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued June 1999.

Financial Highlights

- The liabilities of the District exceeded its assets at September 30, 2015 by \$7,943,207, a decrease in net position of \$2,646,086 in comparison with the prior year.
- At September 30, 2015, the District's governmental funds reported fund balances of \$1,594,683, an increase of \$1,624,500 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to *Belmont Community Development District's* financial statements. The District's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements.

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 of the District's assets, deferred outflows and liabilities, with the difference 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 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 general government, physical environment and culture and recreation related functions.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Fund Financial Statements

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

Governmental Funds - 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

Notes to 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

Statement of Net Position - The District's net position was \$(7,943,207) at September 30, 2015. The analysis that follows focuses on the net position of the District's governmental activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-Wide Financial Analysis (Continued):

	<u>Statement of Net Position</u>	
	September 30, 2015	September 30, 2014
Assets, excluding capital assets	\$ 1,659,086	\$ 3,337,395
Capital Assets, net of depreciation	14,543,135	16,928,989
Total assets	<u>16,202,221</u>	<u>20,266,384</u>
Liabilities, excluding long-term liabilities	595,513	1,934,607
Long-term Liabilities	23,549,915	23,628,898
Total liabilities	<u>24,145,428</u>	<u>25,563,505</u>
Net Position:		
Net investment in capital assets	1,873,657	2,278,591
Restricted for debt service	633,927	-
Restricted for capital projects	868	-
Unrestricted	<u>(10,451,659)</u>	<u>(7,575,712)</u>
Total net position	<u>\$ (7,943,207)</u>	<u>\$ (5,297,121)</u>

The following is a summary of the District's governmental activities for the fiscal years ended September 30, 2015 and 2014.

	<u>Changes in Net Position Year ended September 30,</u>	
	2015	2014
Revenues:		
Program revenues	\$ 2,041,826	\$ 1,739,816
General revenues	288	2,349
Total revenues	<u>2,042,114</u>	<u>1,742,165</u>
Expenses:		
General government	145,646	145,504
Maintenance and operations	3,318,910	908,642
Culture and recreation	43,179	-
Interest on long-term debt	1,180,465	1,280,363
Total expenses	<u>4,688,200</u>	<u>2,334,509</u>
Change in net position	(2,646,086)	(592,344)
Net position - beginning	<u>(5,297,121)</u>	<u>(4,704,777)</u>
Net position - ending	<u>\$ (7,943,207)</u>	<u>\$ (5,297,121)</u>

As noted above and in the statement of activities, the cost of all governmental activities during the year ended September 30, 2015 was \$4,688,200. The majority of these costs are maintenance and operations along with interest on long-term debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis of the Government's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At September 30, 2015, the District's governmental funds reported combined ending fund balances of \$1,594,683. Of this total, \$31,079 is nonspendable, \$1,404,083 is restricted and the remainder of \$159,521 is unassigned.

The fund balance of the general fund increased \$19,159 due to increased assessment revenue. The debt services fund balance increased \$1,716,413 due to an increased assessment revenue. The capital projects fund balance decreased \$111,072 due to capital outlay expenditures.

General Fund Budgetary Highlights

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget to actual comparison for the general fund, including the original budget and final adopted budget, is shown on page 12. 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 is at the fund level.

Capital Asset and Debt Administration

Capital Assets - At September 30, 2015, the District had \$14,543,135 invested in infrastructure. More detailed information about the District's capital assets is presented in the notes to financial statements.

Capital Debt - At September 30, 2015, the District had \$23,555,000 in bonds outstanding. More detailed information about the District's capital debt is presented in the notes to financial statements.

Requests for Information

If you have questions about this report or need additional financial information, contact *Belmont Community Development District's* Finance Department at 3434 Colwell Avenue, Suite 200, Tampa, Florida, 33614.

FINANCIAL STATEMENTS

BELMONT COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF NET POSITION

September 30, 2015

	Governmental Activities
Assets:	
Cash	\$ 186,214
Investments	135
Due from developer	878,487
Prepaid costs	28,889
Deposits	2,190
Restricted assets:	
Temporarily restricted investments	563,171
Capital Assets:	
Capital assets not being depreciated	734,792
Capital assets being depreciated, net	<u>13,808,343</u>
Total assets	<u>16,202,221</u>
Liabilities:	
Accounts payable and accrued expenses	58,403
Accrued interest payable	531,110
Retainage payable	6,000
Noncurrent liabilities:	
Due within one year	85,000
Due in more than one year	<u>23,464,915</u>
Total liabilities	<u>24,145,428</u>
Net Position:	
Net investment in capital assets	1,873,657
Restricted for debt service	633,927
Restricted for capital projects	868
Unrestricted	<u>(10,451,659)</u>
Total net position	<u>\$ (7,943,207)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BELMONT COMMUNITY DEVELOPMENT DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2015

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Assets:				
Cash	\$ 186,214	\$ -	\$ -	\$ 186,214
Investments	135	562,303	868	563,306
Due from developer	-	840,912	37,575	878,487
Prepaid costs	25,396	3,493	-	28,889
Deposits	2,190	-	-	2,190
Total assets	<u>\$ 213,935</u>	<u>\$ 1,406,708</u>	<u>\$ 38,443</u>	<u>\$ 1,659,086</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued expenses	\$ 26,828	\$ -	\$ 31,575	\$ 58,403
Retainage payable	-	-	6,000	6,000
Total liabilities	<u>26,828</u>	<u>-</u>	<u>37,575</u>	<u>64,403</u>
Fund balances:				
Nonspendable-prepaid costs and deposits	27,586	3,493	-	31,079
Restricted for:				
Debt service	-	1,403,215	-	1,403,215
Capital assets	-	-	868	868
Unassigned	159,521	-	-	159,521
Total fund balances	<u>187,107</u>	<u>1,406,708</u>	<u>868</u>	<u>1,594,683</u>
Total liabilities and fund balances	<u>\$ 213,935</u>	<u>\$ 1,406,708</u>	<u>\$ 38,443</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		14,543,135
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Accrued interest payable	(531,110)	
Bonds payable	<u>(23,549,915)</u>	<u>(24,081,025)</u>
Net Position of Governmental Activities		<u>\$ (7,943,207)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BELMONT COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year Ended September 30, 2015

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues:				
Assessment revenue	\$ 366,313	\$ 2,988,866	\$ -	\$ 3,355,179
Developer contributions	48,429	-	603,745	652,174
Investment and miscellaneous income	288	21	-	309
Total revenues	<u>415,030</u>	<u>2,988,887</u>	<u>603,745</u>	<u>4,007,662</u>
Expenditures:				
Current:				
General government	134,453	11,193	-	145,646
Maintenance and operations	218,239	-	-	218,239
Culture and recreation	43,179	-	-	43,179
Debt Service:				
Interest	-	1,181,281	-	1,181,281
Principal	-	80,000	-	80,000
Capital outlay	-	-	714,817	714,817
Total expenditures	<u>395,871</u>	<u>1,272,474</u>	<u>714,817</u>	<u>2,383,162</u>
Net change in fund balances	19,159	1,716,413	(111,072)	1,624,500
Fund Balances (deficit) - beginning of year	<u>167,948</u>	<u>(309,705)</u>	<u>111,940</u>	<u>(29,817)</u>
Fund Balances - end of year	<u>\$ 187,107</u>	<u>\$ 1,406,708</u>	<u>\$ 868</u>	<u>\$ 1,594,683</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BELMONT COMMUNITY DEVELOPMENT DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

Year Ended September 30, 2015

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balances - total governmental funds (page 10) \$ 1,624,500

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources; however, in the statement of net position the cost of those assets is recorded as capital assets.

Capital outlay	714,817	
Depreciation expense	<u>(844,669)</u>	(129,852)

Conveyance of capital assets is recorded as an expense in the statement of activities while the amount does not affect the fund financial statements as the amount had previously been recorded as an expenditure (2,256,002)

Repayments of long-term liabilities are reported as expenditures in governmental funds, while repayments reduce long-term liabilities in the statement of net position.

Repayment of bonds payable	80,000
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Special assessment revenue reported in the funds must be eliminated from the statement of activities since revenue was recognized in a prior year. (1,722,357)

Assessment receivable that was recorded as an allowance for uncollectible in the current year which was recognized as revenue in the statement of activities in the previous fiscal year. (243,191)

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

Change in accrued interest	1,833	
Amortization of bond discount	<u>(1,017)</u>	<u>816</u>

Change in Net Position of Governmental Activities (page 8) \$ (2,646,086)

The accompanying Notes to Financial Statements are an integral part of this statement.

BELMONT COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Assessment Revenue	\$ 352,730	\$ 352,730	\$ 366,313	\$ 13,583
Developer Contributions	193,715	193,715	48,429	(145,286)
Miscellaneous	-	-	149	149
Investment Income	-	-	139	139
Total revenues	<u>546,445</u>	<u>546,445</u>	<u>415,030</u>	<u>(131,415)</u>
Expenditures:				
Current:				
General government	132,510	132,510	134,453	(1,943)
Maintenance and operations	325,760	325,760	218,239	107,521
Culture and recreation	<u>88,175</u>	<u>88,175</u>	<u>43,179</u>	<u>44,996</u>
Total expenditures	<u>546,445</u>	<u>546,445</u>	<u>395,871</u>	<u>150,574</u>
Net change in fund balance	-	-	19,159	19,159
Fund Balance - beginning	<u>167,948</u>	<u>167,948</u>	<u>167,948</u>	<u>-</u>
Fund Balance - ending	<u>\$ 167,948</u>	<u>\$ 167,948</u>	<u>\$ 187,107</u>	<u>\$ 19,159</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

BELMONT COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2015

Note 1 - Summary of Significant Accounting Policies:

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 the power to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure. The District was established for the purpose of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by the Board of Supervisors (the "Board"), which is composed of five members. Two of the Supervisors are elected on an at large basis by qualified electors that reside within the District. Three of the supervisors are elected by landowners within the District. Ownership of land within the District entitles the owner to one vote per acre. The Board of Supervisors of the District exercises 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, 2015, two of the Board members are affiliated with the Developer.

The Board has 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 14, 39, and 61. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued):

Government-Wide and Fund Financial Statements

The 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 is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants, contributions and investment earnings that are restricted to meeting the operational or capital requirements of a particular function or segment and 3) operating-type special assessments that are treated as charges for services (including assessments for maintenance and debt service). Other items not included among program revenues are reported instead as *general revenues*.

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 recognized as revenues 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for Developer receivables, which are collected from the Developer when the amount is due. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assessments, including debt service assessments and operation and maintenance assessments, are non-ad valorem assessments imposed on lands located within the District and benefited by the District's activities. Operation and maintenance special assessments are levied by the District prior to the start of the fiscal year which begins October 1st and ends on September 30th. These assessments are imposed upon all benefited lands located in the District. Debt service special assessments are imposed upon certain lots and lands as 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.

BELMONT COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued):

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued):

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. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

General Fund - is the District's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

Debt Service Fund - accounts for the accumulation of resources for the annual payment of principal and interest on long-term debt.

Capital Projects 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, then unrestricted resources as they are needed.

Assets, Liabilities Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Restricted Assets - These assets represent cash and investments set aside pursuant to bond covenants.

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

Investments of the District are reported at fair value. The District's investments consist of investments authorized per their investment policy adopted in accordance with Section 218.415, Florida Statutes.

Prepaid Items - 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.

BELMONT COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued):

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued):

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 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.

Capital assets 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
Recreational Facilities	30

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. Bond issuance costs are reported as expenses. Bonds payable are reported net of premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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 expenditures.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any item that qualifies for reporting in this category for the year ended September 30, 2015.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued):

Assets, Liabilities Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued):

Deferred Outflows/Inflows of Resources (Continued) - In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District does not have any item that qualifies for reporting in this category for the year ended September 30, 2015.

Net Position Flow Assumption - Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions - Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies - Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes fund balance amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Supervisors is the highest level of decision-making authority for the government that can, by adoption of an ordinance or resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken to remove or revise the limitation.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued):

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued):

Fund Balance Policies (Continued) - Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board of Supervisors has authorized the District Manager to assign amounts for specific purposes. The Board of Supervisors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above an additional action is essential to either remove or revise a commitment.

Other Disclosures

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

Note 2 - Stewardship, Compliance and Accountability:

Budgetary Information

The District is required to establish a budgetary system and an approved annual budget for the General Fund. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at the fiscal year end. The legal level of budgetary control is at the fund level. Any budget amendments that increase the aggregate budgeted appropriations, at the fund level, must be approved by the Board of Supervisors.

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

1. Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
2. A public hearing is conducted to obtain comments.
3. Prior to October 1, the budget is legally adopted by the District Board.
4. All budget changes must be approved by the District Board.
5. The budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

BELMONT COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2015

Note 3 - 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. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

Investments

Investments are stated at fair value, which is the amount for which an investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. Fair value is based on quoted market prices. Changes in the fair value of investments are recognized as revenue and included in investment revenue. Investment revenue is recognized as earned and is recorded in the respective funds related to the investment activity.

Instead of establishing a written investment policy, the District elected to limit investments to those approved by Florida Statutes and the District Trust Indenture. Therefore the District does not have an investment policy that addresses credit risk, concentration of credit risk, custodial credit risk or interest rate risk. Authorized District investments include, but are not limited to:

1. The Local Government Surplus Funds Trust Fund (SBA);
2. Securities and Exchange Commission Registered Money Market Funds with the highest credit quality rating from a nationally recognized rating agency;
3. Interest-bearing time deposits or savings accounts in qualified public depositories;
4. Direct obligations of the U.S. Treasury;

BELMONT COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2015

Note 3 - Deposits and Investments (Continued):

Investments (Continued)

Investments made by the District at September 30, 2015 are summarized below. In accordance with GASB 31, investments are reported at fair value.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity</u>
First American Treasury Obligation Fund, Class Z	\$ 512,123	AAAm	43 Days
U.S. Bank Money Market Account-Managed Local Government Investment Pool: Florida Prime	51,048	N/A	N/A
	135	AAAm	29 Days
	<u>\$ 563,306</u>		

Credit Risk:

The District's investment policy limits credit risk by restricting authorized investments to those described. Investments in U.S. Government securities and agencies must be backed by the full faith and credit of the United States Government. Short term bond funds shall be rated by a nationally recognized ratings agency and shall maintain the highest credit quality rating.

Custodial Credit Risk:

In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2015, all of the District's bank deposits were in qualified public depositories.

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2015, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk:

The District's investment policy does not specify limits on the amount the District may invest in any one issuer.

BELMONT COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2015

Note 3 - Deposits and Investments (Continued):

Investments (Continued)

Interest Rate Risk:

The District's investment policy does not specifically address interest rate risk; however, the general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. The District manages its exposure to declines in fair values by investing primarily in pooled investments that have a weighted average maturity of less than three months.

Note 4 - Capital Assets:

Capital asset activity for the year ended September 30, 2015 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Improvements under construction	\$ 6,323,702	\$ 714,817	\$ (6,303,727)	\$ 734,792
Total capital assets not being depreciated	6,323,702	714,817	(6,303,727)	734,792
Capital Assets Being Depreciated:				
Water management control	12,192,672	166,325	(490,517)	11,868,480
Security and landscaping	3,214,222	151,178	-	3,365,400
Recreational facilities	-	2,271,725	-	2,271,725
District Roads and Street Lights	-	2,752,923	(1,457,515)	1,295,408
Sewer and Wastewater management	-	607,578	(307,970)	299,608
Water supply	-	353,998	-	353,998
Total Capital Assets Being Depreciated	15,406,894	6,303,727	(2,256,002)	19,454,619
Less Accumulated Depreciation for:				
Water management control	(3,413,949)	(488,261)	-	(3,902,210)
Security and landscaping	(1,387,658)	(224,360)	-	(1,612,018)
Recreational facilities	-	(49,909)	-	(49,909)
District Roads and Street Lights	-	(58,209)	-	(58,209)
Sewer and Wastewater management	-	(15,670)	-	(15,670)
Water supply	-	(8,260)	-	(8,260)
Total Accumulated Depreciation	(4,801,607)	(844,669)	-	(5,646,276)
Total Capital Assets Being Depreciated, net	10,605,287	5,459,058	(2,256,002)	13,808,343
Governmental Activities Capital Assets, net	<u>\$ 16,928,989</u>	<u>\$ 6,173,875</u>	<u>\$ (8,559,729)</u>	<u>\$ 14,543,135</u>

BELMONT COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2015

Note 4 - Capital Assets (Continued):

Depreciation expense was charged to maintenance and operations. In February 2015, The District conveyed various improvements to the County with a value of \$2,256,002.

In a 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 \$7,642,000, 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 a prior fiscal year. During the previous 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 a future Bond issuance. During the current fiscal year, the developer has contributed approximately \$600,000 toward construction.

Note 5 - Long-Term Liabilities:

Series 2006 Capital Improvement Revenue Bonds

In June 2006, the District issued \$29,980,000 of Capital Improvement Revenue Bonds, Series 2006B. The Series 2006B Bonds are term Bonds due November 1, 2014, with a fixed 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 to be paid semiannually on each May 1 and November 1. Principal on the Bonds was originally due in one balloon payment on November 1, 2014, however, in a previous 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 Series 2006B 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 has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service. Payment of principal and interest on the 2006B Bonds is secured by a pledge of and a first lien upon the pledged special assessment revenue.

Amendments to the Trust Indenture:

The Series 2006B Supplemental Trust Indenture was amended in January 2009 as a result of the Original Developer not paying its share of the current year assessments. The amendment allowed 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 \$125,666 from the Reserve account and deposit the funds 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.

BELMONT COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2015

Note 5 - Long-Term Liabilities (Continued):

Series 2006 Capital Improvement Revenue Bonds (Continued)

In a prior fiscal year, the District adopted Resolution 2013-02 which revised 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 amended the First Supplemental Indenture, 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 not in compliance with the revised reserve requirements at September 30, 2015.

Event of Default and Use of Trust Funds:

In June 2009, the District declared an event of default in accordance with the Bond Indenture. Additional events of Default have also occurred. 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, in previous fiscal years, approximately \$64,000 in expenses has been directly paid from the Revenue and Prepayment Trust accounts. In addition, \$151,178 in construction expenditures was paid from the Series 2006B prepayment account. There were no such payments in the current year.

Total principal and interest remaining on the Series 2006B Bonds at September 30, 2015 is \$22,387,951. For the year ended September 30, 2015, interest paid was \$799,500 and no principal was paid. In addition, prior year matured interest of \$895,081 was paid in the current fiscal year. Special assessment revenue pledged towards the payment of principal and interest on the bonds was \$2,522,737.

Series 2013 Capital Improvement Revenue Bonds

In March 2013, the District issued \$6,170,000 of Capital Improvement Revenue Bonds, Series 2013A with fixed 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 to be paid semiannually on each May 1 and November 1, commencing on November 1, 2013. Principal on the Bonds is to be paid serially commencing November 1, 2014 through November 1, 2043.

The Series 2013A 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.

BELMONT COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2015

Note 5 - Long-Term Liabilities (Continued):

Series 2013 Capital Improvement Revenue Bonds (Continued)

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service. Payment of principal and interest on the 2013A Bonds is secured by a pledge of and a first lien upon the pledged special assessment revenue. The District is in compliance with the requirements of the Bond Indenture.

Total principal and interest remaining on the Series 2013A Revenue Bonds at September 30, 2015 is \$13,258,851. For the year ended September 30, 2015, principal and interest paid was \$461,781 and special assessment revenue pledged towards the payment of principal and interest on the bonds was \$466,129.

Bonds payable activity for the year ended September 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds Payable:					
Series 2006B	\$ 17,465,000	\$ -	\$ -	\$ 17,465,000	\$ -
Discount	(6,102)	-	1,017	(5,085)	-
Series 2013	6,170,000	-	(80,000)	6,090,000	85,000
Governmental activity long-term liabilities	<u>\$ 23,628,898</u>	<u>\$ -</u>	<u>\$ (78,983)</u>	<u>\$ 23,549,915</u>	<u>\$ 85,000</u>

At September 30, 2015, the scheduled debt service requirements on the bonds payable were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 85,000	\$ 1,272,326
2017	90,000	1,267,513
2018	95,000	1,262,426
2019	100,000	1,257,064
2020	105,000	1,251,426
2021 - 2025	18,075,000	2,134,102
2026 - 2030	820,000	1,475,876
2031 - 2035	1,095,000	1,183,714
2036 - 2040	1,500,000	772,528
2041 - 2044	1,590,000	214,827
	<u>\$ 23,555,000</u>	<u>\$ 12,091,802</u>

BELMONT COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2015

Note 6 - Related Parties

Developer Transactions:

The Original Developer did not make payments on its assessments for the 2009 to 2012 fiscal years. In a previous year, the District filed a foreclosure suit for collection of the unpaid assessments. Subsequently, the parties to the foreclosure suit formally resolved their disputes. In a prior fiscal year, the District collected prior years' past due assessments of \$5,169,479. However, direct bill operation and maintenance assessments of \$283,723 and debt service assessments of \$1,681,825 for the fiscal years 2013 and 2014 were not paid. In the current fiscal year, the District collected \$1,722,357 of the delinquent assessments.

Assessment revenue from the Developer in the current year totaled \$3,129,184, 93% of the total assessment revenue. In addition, Developer contributions totaled \$652,174.

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.

Concentrations:

The Developer owns the majority of the land within the District; therefore, the District is dependent upon the continued involvement of the Developer, the loss of which could have a material adverse effect on the District's operations.

Series 2006 Bonds:

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

Note 7 - Management Company:

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

BELMONT COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2015

Note 8 - Risk Management:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance from independent third parties. The District has not filed any claims under this commercial coverage during the last three years.

Note 9 - Commitments and Contingencies:

As of September 30, 2015, the District had open contracts for various construction projects totaling \$408,548.

Note 10 - Subsequent Events:

The interest payment due 11/1/15 for the 2006B Bonds was not paid until December 15, 2015. In addition, the District prepaid \$380,000 of 2006B Bonds on December 11, 2015.

COMPLIANCE SECTION

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

We have audited, 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, the financial statements of the governmental activities and each major fund of *Belmont Community Development District* (the "District") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated March 7, 2016.

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

MCDIRMIT DAVIS & COMPANY, LLC

934 NORTH MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

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, 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*.

See management comments in a separate letter dated March 7, 2016.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McDiernit Davis & Company, LLC

Orlando, Florida
March 7, 2016

MANAGEMENT COMMENTS

Board of Supervisors
Belmont Community Development District

Report on the Financial Statements

We have audited the financial statements of *Belmont Community Development District*, (the "District") as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated March 7, 2016.

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 Auditor General.

Other Reports

We have issued our Independent Auditor's 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* 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 March 7, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i).1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such findings in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i).4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.

MCDIRMIT DAVIS & COMPANY, LLC

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Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we report the results of our determination as to whether or not the District 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 not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the District 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 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.

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.

McDiernit Davis & Company, LLC

Orlando, Florida
March 7, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF
SECTION 218.415, FLORIDA STATUTES**

To the Board of Supervisors
Belmont Community Development District

We have examined *Belmont Community Development District's* (the "District") compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2015. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on 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 the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States*, 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 year ended September 30, 2015.

MCDIRMIT DAVIS & COMPANY, LLC

Orlando, Florida
March 7, 2016