

**Belmont II Community
Development District**

FINANCIAL STATEMENTS

September 30, 2020



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Belmont II Community Development District
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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Belmont II 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 II Community Development District (hereinafter referred to as "District"), as of and for the year ended September 30, 2020, 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.

Auditors' 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 Belmont II Community Development District as of September 30, 2020, and the respective changes in financial position thereof 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 and budgetary comparison information, as listed in the table of contents, 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 January 28, 2021, 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 and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
January 28, 2021



Management's Discussion And Analysis

Belmont II Community Development District Management's Discussion and Analysis

Our discussion and analysis of the Belmont II Community Development District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the District's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- At September 30, 2020, the assets of the District exceeded its liabilities by approximately \$1.3 million.
- During the year ended September 30, 2020, the District established infrastructure of approximately \$4.5 million and the Developer conveyed infrastructure of approximately \$1.4 million to the District.
- During the year ended September 30, 2020, the District incurred approximately \$258,000 of interest expenditures and repaid principal of \$100,000.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 8 – 9 provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 10. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the District as a Whole

Our analysis of the District as a whole begins on page 4. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenditures are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and related changes during the current year. You can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's assessment base and the condition of the District's infrastructure, to assess the overall health of the District.

Belmont II Community Development District Management's Discussion and Analysis

Reporting the District's Most Significant Funds

Our analysis of the District's major funds begins on page 6. The fund financial statements begin on page 10 and provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. All of the District's funds are governmental fund-types.

- *Governmental funds* – All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

THE DISTRICT AS A WHOLE

The following table reflects the condensed Statement of Net Position and is compared to the prior year.

<i>September 30,</i>	2020	2019	Change
Assets			
Current and other assets	\$ 394,121	\$ 4,739,255	\$ (4,345,134)
Capital assets, net	6,726,639	822,573	5,904,066
Total assets	\$ 7,120,760	\$ 5,561,828	\$ 1,558,932
Liabilities			
Current liabilities	\$ 221,448	\$ 210,302	\$ 11,146
Other liabilities	5,627,122	5,730,968	(103,846)
Total liabilities	5,848,570	5,941,270	(92,700)
Deferred inflows of resources			
Deferred revenue	-	29,932	(29,932)
Net position			
Net investment in capital assets	1,175,266	(370,301)	1,545,567
Restricted for:			
Capital projects	12	36,033	(36,021)
Unrestricted	96,912	(75,106)	172,018
Total net position (deficit)	1,272,190	(409,374)	1,681,564
Total liabilities, deferred inflows of resources and net position	\$ 7,120,760	\$ 5,561,828	\$ 1,558,932

For more detailed information, see the accompanying Statement of Net Position.

Belmont II Community Development District Management's Discussion and Analysis

During the fiscal year ended September 30, 2020, total assets increased by approximately \$1.6 million, while total liabilities and deferred inflows of resources decreased by approximately \$93,000 and \$30,000, respectively. The increase in assets is primarily due to the conveyance of infrastructure from the developer during the current year, while the decrease in liabilities and deferred inflows of resources is due primarily to the District making scheduled principal payments on the Series 2019 Bonds and the timing of receipt of funds from the Developer, respectively.

The following schedule compares the Statement of Activities for the current and previous fiscal year.

<i>For the year ended September 30,</i>	2020	2019	Change
Revenue:			
Program revenue:			
Charges for services	\$ 655,773	\$ -	\$ 655,773
Grants and contributions	1,395,809	357,232	1,038,577
General revenue:			
Developer contributions	45,365	-	45,365
Interlocal agreement - cost sharing	132,020	-	132,020
Interest and other revenue	60	-	60
Total revenue	2,229,027	357,232	1,871,795
Expenses:			
General government	112,242	150,722	(38,480)
Maintenance and operations	152,335	169,443	(17,108)
Parks and recreation	24,622	-	24,622
Bond issuance costs	-	333,289	(333,289)
Interest	258,264	113,152	145,112
Total expenses	547,463	766,606	(219,143)
Change in net position	1,681,564	(409,374)	2,090,938
Net position (deficit), beginning of year	(409,374)	-	(409,374)
Net position (deficit), end of year	\$ 1,272,190	\$ (409,374)	\$ 1,681,564

For more detailed information, see the accompanying Statement of Activities.

During the fiscal year ended September 30, 2020, revenue increased approximately \$1.9 million while, expenses decreased by approximately \$219,000 from the prior fiscal year. The increase in revenue is primarily due to the conveyance of infrastructure from the developer during the current year. The decrease in expenses is primarily due to the decrease in bond issuance costs related to the issuance of the Series 2019 bonds in the prior year. The overall result was an increase of \$1,681,564 in net position for fiscal year 2020.

Belmont II Community Development District Management's Discussion and Analysis

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 10) reported combined fund balances totaling approximately \$352,000, which represents a decrease from the prior year combined fund balances that totaled approximately \$4.7 million. Significant transactions are discussed below.

- During the year ended September 30, 2020, the District established infrastructure of approximately \$4.5 million.
- During the year ended September 30, 2020, the District incurred approximately \$258,000 of interest expenditures and repaid principal of \$100,000.

There overall decrease in fund balance for the year ended September 30, 2020 totaled approximately \$4.3 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2020, the District had approximately \$6.7 million invested in capital assets. This amount represents an increase of approximately \$5.9 million over the fiscal year 2019 total.

A listing of capital assets by major category for the current and prior year follows:

<i>For the year ended September 30,</i>	2020	2019	Change
Construction in progress	\$ 6,726,639	\$ 822,573	\$ 5,904,066

More information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

At September 30, 2020, the District had approximately \$5.8 million of outstanding debt. This amount represents a net decrease of \$100,000 from the fiscal year 2019 total. A list of debt amounts outstanding for the current and prior year is as follows:

<i>For the year ended September 30,</i>	2020	2019	Change
Special Assessment Revenue Bonds Series 2019	\$ 5,765,000	\$ 5,865,000	\$ (100,000)

More information about the District's long-term debt is presented in Note 5 to the financial statements.

Belmont II Community Development District Management's Discussion and Analysis

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

An Operating budget was established 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 24.

The District experienced favorable variances in revenue and expenditures in the amounts of \$38,735 and \$129,951, respectively, as compared to the budget. The variance in revenues is primarily due to the receipt of interlocal agreement revenue from the developer. The variance in expenditures is primarily due to anticipated expenditures that were not incurred.

FUTURE FINANCIAL FACTORS

Belmont II Community Development District is an independent special district that operates under the provisions of Chapter 190, Florida Statutes. The District operates under an elected Board of Supervisors, which establishes policy and sets assessment rates. Assessment rates for fiscal year 2021 were established to provide for the operations of the District as well as the necessary debt service requirements.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the Belmont II Community Development District's finance department at 12750 Citrus Park Lane, Suite 115, Tampa, Florida 33625.



Basic Financial Statements

**Belmont II Community Development District
Statement of Net Position**

<i>September 30,</i>	2020
	Governmental Activities
Assets	
Cash and cash equivalents	\$ 164,312
Investments	183,255
Due from developer	38,586
Prepaid expenses and deposits	7,968
Capital assets:	
Not being depreciated	6,726,639
Total assets	7,120,760
Liabilities	
Accounts payable and accrued expenses	19,027
Accrued interest payable	74,268
Due to other government	23,153
Non-current liabilities:	
Due within one year	105,000
Due in more than one year	5,627,122
Total liabilities	5,848,570
Net position	
Net investment in capital assets	1,175,266
Restricted for:	
Capital projects	12
Unrestricted	96,912
Total net position	\$ 1,272,190

The accompanying notes are an integral part of these financial statements.

Belmont II Community Development District Statement of Activities

For the year ended September 30,

2020

Functions/Programs	Expenses	Charges for Services	<u>Program Revenue</u>		Governmental Activities	<u>Net (Expense) Revenue and Changes in Net Position</u>
			Operating Grants and Contributions	Capital Grants and Contributions		
Primary government:						
Governmental activities:						
General government	\$ (112,242)	\$ 114,832	\$ -	\$ -		\$ 2,590
Maintenance and operations	(152,335)	155,851	-	-		3,516
Parks and recreation	(24,622)	25,190	-	-		568
Conveyance	-	-	-	1,361,934		1,361,934
Interest	(258,264)	359,900	1,832	32,043		135,511
Total governmental activities	\$ (547,463)	\$ 655,773	\$ 1,832	\$ 1,393,977		1,504,119

General revenue

Developer contributions	45,365
Interlocal agreement - cost sharing	132,020
Interest	60
Total general revenue	177,445
Change in net position	1,681,564
Net position (deficit) - beginning of year	(409,374)
Net position - end of year	\$ 1,272,190

The accompanying notes are an integral part of these financial statements.

**Belmont II Community Development District
Balance Sheet - Governmental Funds**

September 30,

2020

	General	Debt Service	Capital Projects	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 164,312	\$ -	\$ -	\$ 164,312
Investments	-	183,243	12	183,255
Due from developer	23,153	-	15,433	38,586
Prepaid expenditures and deposits	7,968	-	-	7,968
Total assets	\$ 195,433	\$ 183,243	\$ 15,445	\$ 394,121
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 3,594	\$ -	\$ 15,433	\$ 19,027
Due to other government	23,153	-	-	23,153
Total liabilities	26,747	-	15,433	42,180
Fund balances				
Nonspendable	7,968	-	-	7,968
Restricted for debt service	-	183,243	-	183,243
Restricted for capital projects	-	-	12	12
Unassigned	160,718	-	-	160,718
Total fund balances	168,686	183,243	12	351,941
Total liabilities and fund balances	\$ 195,433	\$ 183,243	\$ 15,445	\$ 394,121

The accompanying notes are an integral part of these financial statements.

**Belmont II Community Development District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of
Net Position**

<i>September 30,</i>	2020
Total fund balances, governmental funds	\$ 351,941
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.	6,726,639
Liabilities not due and payable from current resources, including accrued interest, are not reported in the fund financial statements.	(5,806,390)
Total net position - governmental activities	\$ 1,272,190

The accompanying notes are an integral part of these financial statements.

Belmont II Community Development District
Statement of Revenue, Expenditures and Changes in Fund Balances -
Governmental Funds

For the year ended September 30,

2020

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenue				
Assessments	\$ 295,873	\$ 359,900	\$ -	\$ 655,773
Developer contributions	29,932	-	15,433	45,365
Interlocal agreement funding	132,020	-	-	132,020
Interest	60	1,832	32,043	33,935
Total revenue	457,885	361,732	47,476	867,093
Expenditures				
Current:				
General government	112,242	-	-	112,242
Maintenance and operations	152,335	-	-	152,335
Parks and recreation	24,622	-	-	24,622
Debt service:				
Principal	-	100,000	-	100,000
Interest	-	258,131	-	258,131
Capital outlay	-	-	4,542,132	4,542,132
Total expenditures	289,199	358,131	4,542,132	5,189,462
Excess (deficit) of revenue over expenditures	168,686	3,601	(4,494,656)	(4,322,369)
Other Financing Sources (Uses)				
Transfer in	-	-	1,328	1,328
Transfer out	-	(1,328)	-	(1,328)
Total other financing sources (uses)	-	(1,328)	1,328	-
Net change in fund balances	168,686	2,273	(4,493,328)	(4,322,369)
Fund balances, beginning of year	-	180,970	4,493,340	4,674,310
Fund balances, end of year	\$ 168,686	\$ 183,243	\$ 12	\$ 351,941

The accompanying notes are an integral part of these financial statements.

**Belmont II Community Development District
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities**

<i>For the year ended September 30,</i>	2020
Net change in fund balances - governmental funds	\$ (4,322,369)
Capital outlay, reported as expenditures in the governmental funds, is shown as capital assets on the Statement of Net Assets.	4,542,132
Amortization of original issue discount is not recognized in the governmental fund statements but is reported as an expense on the Statement of Activities.	(1,154)
Governmental funds report principal payments on bonds when debt is paid, whereas these payments are eliminated in the Statement of Activities and recognized as a decrease in bonds payable in the Statement of Net Position.	100,000
The conveyance of capital assets is not recognized in the fund financial statements but is reported as revenue on the Statement of Activities.	1,361,934
The change in accrued interest between the current and prior year is recorded on the Statement of Activities but not on the fund financial statements.	1,021
Change in net position of governmental activities	\$ 1,681,564

The accompanying notes are an integral part of these financial statements.

Belmont II Community Development District Notes to Financial Statements

NOTE 1: NATURE OF ORGANIZATION

The Belmont II Community Development District (the “District”) was established on October 16, 2018 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by Hillsborough County Ordinance 18-27. The Act provides, among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by a Board of Supervisors (“Board”), which is comprised of five members. The Supervisors are elected through a landowner’s election of the District, pursuant to Chapter 190.006(2), Florida Statutes. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the final responsibility for:

1. Allocating and levying special 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.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth by Generally Accepted Accounting Principles (GAAP) as defined by the Governmental Accounting Standards Board (GASB). Based on the foregoing criteria, no potential component units were found.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to GAAP as applicable to governments in accordance with those promulgated by GASB. The following is a summary of the more significant policies:

Government-wide and Fund Financial Statements

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

Belmont II Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities are reported separately in government-wide financial statements; however, at September 30, 2020, the District did not have any significant business-type activities. Therefore, no business-type activities are reported. Assessments and other items not properly included as program revenues (i.e., charges to customers or applicants who purchase, use, or directly benefit from goods or services) are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of 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 the related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and other 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assessments, including debt service assessments along with operation and maintenance assessments, are non ad-valorem special assessments imposed on all lands located within the District and benefitted by the District's activities, operation, and maintenance. Assessments are levied and certified for collection 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 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.

Assessments, developer contributions and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Belmont II Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports the following major governmental funds:

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

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

Capital Projects Funds – The Capital Projects Fund accounts for the financial resources to be used in the acquisition or construction of major infrastructure within the District.

For the year ended September 30, 2020, the District does not report any proprietary funds.

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

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. When committed, assigned, or unassigned resources are available for use in the governmental fund financial statements, it is the government's policy to use committed resources first, followed by assigned resources, then unassigned resources as needed.

Cash, Deposits and Investments

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

Under this method, all the District's deposits are fully insured or collateralized at the highest level of security as defined by GASB Statement Number 40, *Deposits and Investment Disclosures (An Amendment of Governmental Accounting Standards Board Statement Number 3)*.

The District is authorized to invest in financial instruments as established by Section 218.415, Florida Statutes. The authorized investments include among others direct obligations of the United States Treasury; the Local Government Surplus Trust Funds as created by Section 218.405, Florida Statutes; SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and interest-bearing time deposits or savings accounts in authorized financial institutions.

Belmont II Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheet – governmental funds includes 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 of this type of item at September 30, 2020.

In addition to liabilities, the statement of financial position and balance sheet – governmental funds 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 of this type of item at September 30, 2020.

Capital Assets

Capital assets, which include primarily infrastructure assets (e.g., roads, sidewalks, water management systems and similar items), are reported in the 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 and estimated historical cost if purchased or constructed. Donated 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 asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government will be depreciated using the straight-line method over the estimated useful lives.

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

Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Belmont II Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity

Net position in the government-wide financial statements represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents assets related to infrastructure and property, plant and equipment, net of any related debt. Restricted net position represents the assets restricted by the District's bond covenants.

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the District board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the District board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

Budgets

The District is required to establish a budgetary system and an approved annual budget. Annual budgets are legally adopted on a basis consistent with GAAP for the General Fund. Any revision to the budget must be approved by the District Board. The budgets are compared to actual expenditures. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represent final authorization amounts.

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

- A. Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- B. 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 provisions established in the annual budget adoption resolution.
- E. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

NOTE 3: INVESTMENTS

The District's investments consist of money market funds in which shares are owned in the fund rather than the underlying investments. In accordance with GASB 72, *Fair Value Measurement and Application*, these amounts are reported at amortized cost.

Belmont II Community Development District Notes to Financial Statements

NOTE 3: INVESTMENTS (Continued)

The following is a summary of the District’s investments:

<u>September 30,</u>	<u>2020</u>	<u>Credit Risk</u>	<u>Maturities</u>
Short-term Money Market Funds	\$ 183,255	S&P AAAM	39 days

Custodial credit risk – For an investment, custodial credit risk is the risk that the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk. At September 30, 2020, none of the investments listed above are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration risk – The District’s investment policy requires diversification, but does not specify limits on types of investments.

Interest rate risk – The District does not have a formal policy for addressing interest rate risk; however, investments are made with discretion, to seek reasonable returns, preserve capital, and, in general, avoid speculative investments. The District manages its exposure to declines in fair values from interest rate changes by reviewing the portfolio on an ongoing basis for changes in effective yield amounts.

NOTE 4: CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended September 30, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Ending Balance</u>
Governmental activities:				
<i>Capital assets, not being depreciated</i>				
Construction in progress	\$ 822,573	\$ 5,904,066	\$ -	\$ 6,726,639
Total capital assets not being depreciated	822,573	5,904,066	-	6,726,639
Governmental activities capital assets, net	\$ 822,573	\$ 5,904,066	\$ -	\$ 6,726,639

During the fiscal year ended September 30, 2020, the District incurred capital outlay expenditures of \$4,542,132 and received from the developer through conveyance of capital assets totaling \$1,361,934, for total capital asset additions of \$5,904,066.

The District contains approximately 356.9 acres of land, which are being developed as a portion of a single-family residential community known as “Belmont.” Property within the District is being developed and financed in two general phases, with further sub-phasing. The first phase, which corresponds to Assessment Area 1 of the District and contains approximately 300.62 acres, is owned by the Developer and is planned for 645 residential homes. Assessment Area 2, which contains approximately 21.5 acres, is owned by a third-party builder and is planned for 160 townhomes.

Belmont II Community Development District Notes to Financial Statements

NOTE 4: CAPITAL ASSETS (Continued)

Assessment Area 1 is being developed and financed in two sub-phases. The District previously issued the Series 2019 Bonds (see note 5) in order to finance the infrastructure improvements associated with 205 single family lots in Phase 2D and 140 townhome lots, which have all been developed and platted. The Series 2020 Bonds (see note 10) will finance the infrastructure improvements associated with 300 single family lots planned for Phase 2E and 2F within Assessment Area 1, which were not financed with the Series 2019 Bonds, and will also finance the infrastructure improvements associated with the 160 townhome lots planned for Assessment Area 2.

NOTE 5: BONDS PAYABLE

In April 2019, the District issued \$5,865,000 of Special Assessment Revenue Bonds, Series 2019 consisting of \$540,000 Term Bonds due on June 15, 2024 with a fixed interest rate of 3.50%, \$795,000 Term Bonds due on June 15, 2030 with a fixed interest rate of 4.00%, \$1,665,000 Term Bonds due on June 15, 2039 with a fixed interest rate of 4.50% and \$2,865,000 Term Bonds due on June 15, 2049 with a fixed interest rate of 4.625%. The Bonds were issued to finance the acquisition and construction of the 2019 project. Interest is paid semiannually on each June 15 and December 15. Principal payments on the Series 2019 Bonds are made serially commencing on June 15, 2020 through June 15, 2049.

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedure to be followed by the District on the assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District is in compliance with the requirements of the Bond Indenture.

The Bond Indenture requires that the District maintain adequate funds in the reserve account to meet the debt service reserve requirement as defined in the Indenture. The requirement has been met for the fiscal year ended September 30, 2020.

The balance of the long-term bonds at September 30, 2020 is summarized as follows:

<i>September 30,</i>	2020
Bond principal balance	\$ 5,765,000
Less unamortized bond discount	(32,878)
Total bonds, net of discount	\$ 5,732,122

**Belmont II Community Development District
Notes to Financial Statements**

NOTE 5: BONDS PAYABLE (Continued)

Long-term liability activity for the year ended September 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Activities</i>					
Bonds Payable:					
Series 2019	\$ 5,865,000	\$ -	\$ (100,000)	\$ 5,765,000	\$ 105,000

At September 30, 2020, the scheduled debt service requirements on long-term debt were as follows:

<i>For the Year Ending September 30,</i>	Principal	Interest	Total Debt Service
2021	\$ 105,000	\$ 254,631	\$ 359,631
2022	110,000	250,956	360,956
2023	110,000	247,106	357,106
2024	115,000	243,256	358,256
2025	120,000	239,231	359,231
2026 - 2030	675,000	1,120,156	1,795,156
2031 - 2035	845,000	964,481	1,809,481
2036 - 2040	1,050,000	757,031	1,807,031
2041 - 2045	1,325,000	492,331	1,817,331
2046 - 2049	1,310,000	154,938	1,464,938
	\$ 5,765,000	\$ 4,724,117	\$ 10,489,117

NOTE 6: 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 maintains commercial insurance coverage to mitigate the risk of loss. Coverage may not extend to all situations. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. The District has not incurred any losses or received any insurance claims exceeding the commercial coverage since inception.

Belmont II Community Development District Notes to Financial Statements

NOTE 7: MANAGEMENT COMPANY

The District has contracted with a management company to perform management services, which include financial and accounting 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 costs.

NOTE 8: CONCENTRATION

A significant portion of the District's activity going forward is dependent upon the continued involvement of the Developer, Lennar Homes, LLC, which currently owns the majority of the assessable property located within the District's boundaries. The loss of support could potentially have a material adverse effect on the District's operations.

During the current year, the Developer contributed \$761,574 to the District, of which \$45,365 is reported as Developer contributions, \$132,020 is reported as Interlocal agreement funding, and \$224,289 and \$359,900 are reported as operations and maintenance and debt service off-roll assessments, respectively, on the Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds. At September 30, 2020, the Developer owed the District \$23,153 for Interlocal agreement funding and \$15,433 for reimbursement of certain construction costs, which are included in Due from Developer on the accompanying Statement of Net Position and Balance Sheet – Governmental Funds.

In April 2019, the initial landowner, Belmont Real Estate, sold a majority of the District's lands to Lennar Homes, LLC. At September 30, 2020, one of the five members of the Board of Supervisors was affiliated with the initial landowner.

NOTE 9: INTERLOCAL AGREEMENT

In November 2018, the District entered into a cost sharing agreement with Belmont Community Development District to fund certain improvements including, but not limited to, roadway improvements, surface water management systems and the related improvements, landscaping maintenance expenses, and monument features. In addition, under the terms of the agreement, the District is expected to provide funding for the expansion of amenity facilities within five years from the time of the execution of the agreement at an estimated cost of approximately \$750,000 through the issuance of debt or other financing sources.

Belmont Community Development District will be responsible for the management, operation, maintenance, and repair of the improvements within both Districts. No later than June 1 of each year, Belmont Community Development District will provide the District with a proposed budget for the shared costs which shall specifically identify the proposed amount and scope of shared costs for the ensuing fiscal year for review and approval by the District. Shared costs for each District will be determined on a per assessment unit basis for planned or platted units as of the prior fiscal year-end.

Belmont II Community Development District Notes to Financial Statements

NOTE 10: SUBSEQUENT EVENT

In October 2020, the District issued \$8,820,000 of Special Assessment Bonds, Series 2020, consisting of \$925,000 of 2020 Term Bonds due on December 15, 2025 with a fixed interest rate of 2.5%, \$1,075,000 of 2020 Term Bonds due on December 15, 2030 with a fixed interest rate of 3.125%, \$2,775,000 of 2020 Term Bonds due on December 15, 2040 with a fixed interest rate of 3.625%, and \$4,045,000 of 2020 Term Bonds due on December 15, 2050 with a fixed interest rate of 4%. The Bonds were issued to finance the acquisition and construction of the 2020 Project. Interest is paid semiannually on each June 15 and December 15, commencing June 15, 2021. Principal will be paid annually on each December 15, commencing December 15, 2021. The Series 2020 Bonds are subject to optional, mandatory sinking fund and extraordinary mandatory redemption at the times, in the amounts, and at the redemption prices as more fully described in the Bond Indenture.

NOTE 11: CONTINGENCY

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the District. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.



**Required Supplemental Information
(Other Than MD&A)**

**Belmont II Community Development District
Budget to Actual Comparison Schedule - General Fund**

For the year ended September 30,

2020

	Final Budget	Actual Amounts	Variance with Final Budget
Revenue			
Assessments	\$ 295,873	\$ 295,873	\$ -
Developer contributions	123,277	29,932	(93,345)
Interlocal agreement funding	-	132,020	132,020
Interest and other revenue	-	60	60
Total revenue	419,150	457,885	38,735
Expenditures			
General government	147,275	112,242	35,033
Maintenance and operations	214,825	152,335	62,490
Parks and recreation	57,050	24,622	32,428
Total expenditures	419,150	289,199	129,951
Excess of revenue over expenditures	\$ -	\$ 168,686	\$ 168,686

INDEPENDENT AUDITORS' 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 II 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 II Community Development District (hereinafter referred to as the "District"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report dated January 28, 2021.

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 grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida

January 28, 2021

MANAGEMENT LETTER

(850) 837-3141
(850) 654-4619 (fax)
CRlcpa.com

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

Report on the Financial Statements

We have audited the financial statements of the Belmont II Community Development District (“District”) as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated January 28, 2021.

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 Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports, which are dated January 28, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual 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. The information required is disclosed in the notes to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate 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.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
January 28, 2021



Carr, Riggs & Ingram, LLC
Certified Public Accountants
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Miramar Beach, Florida 32550

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INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined Belmont II Community Development District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2020. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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, 2020.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, LLC

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
January 28, 2021