

**Bella Collina
Community Development District**

ANNUAL FINANCIAL REPORT

September 30, 2022

Bella Collina Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2022

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REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
Bella Collina Community Development District
Lake County, Florida

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities, business-type activities and each major fund of Bella Collina Community Development District (the "District"), as of and for the year ended September 30, 2022, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of Bella Collina Community Development District as of September 30, 2022, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and for 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.

To the Board of Supervisors
Bella Collina Community Development District

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including currently known information that may raise substantial doubt thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

To the Board of Supervisors
Bella Collina Community Development District

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 June 21, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bella Collina Community Development District's internal control over financial reporting and compliance.

*Berger Toombs Elam
Gaines + Frank*

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

June 21, 2023

**Bella Collina Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The Government-wide financial statements are the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and business-type activities and the change in net position. Governmental activities are primarily supported by special assessments. Business-type activities are supported by charges to the users of those activities, such as water and sewer service charges.

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

The **statement of activities** presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities or business-type activities. Governmental activities financed by the District include general government, physical environment, and interest on long-term debt. Business-type activities financed by user charges include water and sewer services.

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

**Bella Collina Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2022.

- ◆ The District's total assets exceeded total liabilities by \$4,768,453. Unrestricted net position for Governmental Activities was \$617,721 and for Business-type Activities was \$1,371,006. Net investment in capital assets for Governmental Activities was \$2,651,130 and for Business-type Activities was \$(689,087). Restricted net position for Governmental Activities was \$655,105 and for Business-type Activities was \$162,578.

**Bella Collina Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Highlights (Continued)

- ◆ Governmental activities revenues totaled \$1,683,178 while governmental activities expenses totaled \$1,413,333. Business-type revenues totaled \$1,735,320 while business-type expenses totaled \$1,138,127.

Financial Analysis of the District

The following schedule provides a summary of the assets, liabilities and net position of the District. It is not intended to be a complete presentation of government-wide financial activity.

Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|--------------------------------|--------------|---------------------------------|--------------|--------------|--------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Current assets | \$ 2,468,118 | \$ 2,383,281 | \$ 1,951,864 | \$ 1,520,282 | \$ 4,419,982 | \$ 3,903,563 |
| Capital assets, net | 14,466,780 | 14,935,855 | 5,137,639 | 5,374,119 | 19,604,419 | 20,309,974 |
| Total Assets | 16,934,898 | 17,319,136 | 7,089,503 | 6,894,401 | 24,024,401 | 24,213,537 |
| Current liabilities | 980,942 | 960,025 | 418,280 | 19,396 | 1,399,222 | 979,421 |
| Non-current liabilities | 12,030,000 | 12,705,000 | 5,826,726 | 6,627,701 | 17,856,726 | 19,332,701 |
| Total Liabilities | 13,010,942 | 13,665,025 | 6,245,006 | 6,647,097 | 19,255,948 | 20,312,122 |
| Net Position | | | | | | |
| Net investment in capital assets | 2,651,130 | 2,525,005 | (689,087) | (1,253,582) | 1,962,043 | 1,271,423 |
| Restricted for debt service | 655,105 | 549,104 | 162,578 | 79,897 | 817,683 | 629,001 |
| Unrestricted | 617,721 | 580,002 | 1,371,006 | 1,420,989 | 1,988,727 | 2,000,991 |
| Total Net Position | \$ 3,923,956 | \$ 3,654,111 | \$ 844,497 | \$ 247,304 | \$ 4,768,453 | \$ 3,901,415 |

The decrease in non-current liabilities for governmental activities and business-type activities was primarily due to principal payments on bonds in the current year.

The increase in net investment in capital assets for governmental activities is related to debt payments in excess of depreciation.

The increase in current assets for business-type activities is related to revenues exceeding expenses in the current year.

The increase in current liabilities for business-type activities is related to the increase in unearned revenues in the current year.

**Bella Collina Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

The following schedule provides a summary of the changes in net position of the District and is presented at the government-wide level for comparison purposes. It is not intended to be a complete presentation of District-wide financial activity.

Financial Activity

| | Governmental Activities | | Business-type Activities | | Total | |
|------------------------|--------------------------------|---------------------|---------------------------------|-------------------|---------------------|---------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues | | | | | | |
| Program revenues | \$ 1,673,542 | \$ 1,685,058 | \$ 1,728,705 | \$ 1,206,166 | \$ 3,402,247 | \$ 2,891,224 |
| Capital contributions | - | 1,026,906 | - | - | - | 1,026,906 |
| General revenues | 9,636 | 815 | 6,615 | 758 | 16,251 | 1,573 |
| Total Revenues | <u>1,683,178</u> | <u>2,712,779</u> | <u>1,735,320</u> | <u>1,206,924</u> | <u>3,418,498</u> | <u>3,919,703</u> |
| Expenses | | | | | | |
| General government | 134,553 | 91,836 | - | - | 134,553 | 91,836 |
| Physical environment | 526,777 | 519,519 | - | - | 526,777 | 519,519 |
| Interest/other charges | 752,003 | 816,294 | - | - | 752,003 | 816,294 |
| Water and sewer | - | - | 1,138,127 | 955,267 | 1,138,127 | 955,267 |
| Total Expenses | <u>1,413,333</u> | <u>1,427,649</u> | <u>1,138,127</u> | <u>955,267</u> | <u>2,551,460</u> | <u>2,382,916</u> |
| Change in Net Position | 269,845 | 1,285,130 | 597,193 | 251,657 | 867,038 | 1,536,787 |
| Net Position - | | | | | | |
| Beginning of Year | <u>3,654,111</u> | <u>2,368,981</u> | <u>247,304</u> | <u>(4,353)</u> | <u>3,901,415</u> | <u>2,364,628</u> |
| Net Position - | | | | | | |
| End of Year | <u>\$ 3,923,956</u> | <u>\$ 3,654,111</u> | <u>\$ 844,497</u> | <u>\$ 247,304</u> | <u>\$ 4,768,453</u> | <u>\$ 3,901,415</u> |

The increase in program revenues for business-type activities was primarily due to increased connection fees and sewer usage fees in the current year.

The increase in governmental activities general government is related to the increase in engineering and tax collector fees in the current year.

The increase in business-type activities water and sewer expenses was primarily due to increased repair and maintenance, lighting and insurance expenses in the current year.

**Bella Collina Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets at September 30, 2022.

| <u>Description</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|--------------------------------|------------------------------------|-------------------------------------|----------------------|
| Land and improvements | \$ 5,225,000 | \$ - | \$ 5,225,000 |
| Infrastructure | 15,256,727 | 7,491,929 | 22,748,656 |
| Equipment | - | 408,262 | 408,262 |
| Less: accumulated depreciation | <u>(6,014,947)</u> | <u>(2,762,552)</u> | <u>(8,777,499)</u> |
| Total Capital Assets (Net) | <u>\$ 14,466,780</u> | <u>\$ 5,137,639</u> | <u>\$ 19,604,419</u> |

During the year, depreciation was \$469,075 for governmental activities and \$236,480 for business-type activities.

General Fund Budgetary Highlights

The budget exceeded actual governmental expenditures primarily because trustee fees and stormwater repairs and maintenance costs were less than anticipated.

The September 30, 2022 budget was not amended.

Debt Management

Governmental Activities debt includes the following:

- In December 2004, the District issued \$22,780,000 Special Assessment Revenue Bonds, Series 2004. These bonds were issued to finance the acquisition and construction of certain improvements within the District. The balance outstanding at September 30, 2022 was \$12,705,000.

**Bella Collina Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Debt Management (Continued)

Business-type Activities debt includes the following:

- On September 1, 2016, the District issued \$2,346,216 Utility System Bonds, Series 2016 to restructure the Series 2004 Utility Bonds outstanding balance of \$2,005,000. The Series 2016 Utility Bonds include an initial principal amount of \$2,346,216. Accreted interest will result in a matured amount of \$3,595,000 due by November 1, 2024. The total balance of bonds payable at September 30, 2022 was \$233,272.

Economic Factors and Next Year's Budget

The District does not anticipate any economic factors to have a significant affect operations for the year ended September 30, 2023.

Request for Information

The financial report is designed to provide a general overview of Bella Collina Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Bella Collina Community Development District, Governmental Management Services – CF, LLC, 219 East Livingston Street, Orlando, Florida 32801.

Bella Collina Community Development District
STATEMENT OF NET POSITION
September 30, 2022

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|---------------------------------------|------------------------------------|-------------------------------------|---------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and equivalents | \$ 140,877 | \$ 666,052 | \$ 806,929 |
| Investments | 460,109 | 865,314 | 1,325,423 |
| Accounts receivable | - | 57,095 | 57,095 |
| Assessments receivable | 7,030 | 570 | 7,600 |
| Prepaid expenses | 17,459 | 54,551 | 72,010 |
| Deposits | - | 52,485 | 52,485 |
| Restricted investments | 1,842,643 | 255,797 | 2,098,440 |
| Total Current Assets | <u>2,468,118</u> | <u>1,951,864</u> | <u>4,419,982</u> |
| Non-current Assets | | | |
| Capital assets, not being depreciated | | | |
| Land and improvements | 5,225,000 | - | 5,225,000 |
| Capital assets, being depreciated | | | |
| Infrastructure | 15,256,727 | 7,491,929 | 22,748,656 |
| Equipment | - | 408,262 | 408,262 |
| Less: accumulated depreciation | (6,014,947) | (2,762,552) | (8,777,499) |
| Total Non-current Assets | <u>14,466,780</u> | <u>5,137,639</u> | <u>19,604,419</u> |
| Total Assets | <u>16,934,898</u> | <u>7,089,503</u> | <u>24,024,401</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable and accrued expenses | 1,551 | 118,185 | 119,736 |
| Unearned revenues | - | 300,095 | 300,095 |
| Accrued interest payable | 304,391 | - | 304,391 |
| Bonds payable | 675,000 | - | 675,000 |
| Total Current Liabilities | <u>980,942</u> | <u>418,280</u> | <u>1,399,222</u> |
| Non-current Liabilities | | | |
| Due to developer | - | 5,593,454 | 5,593,454 |
| Bonds payable | 12,030,000 | 233,272 | 12,263,272 |
| Total Non-current Liabilities | <u>12,030,000</u> | <u>5,826,726</u> | <u>17,856,726</u> |
| Total Liabilities | <u>13,010,942</u> | <u>6,245,006</u> | <u>19,255,948</u> |
| NET POSITION | | | |
| Net investment in capital assets | 2,651,130 | (689,087) | 1,962,043 |
| Restricted for debt service | 655,105 | 162,578 | 817,683 |
| Unrestricted | 617,721 | 1,371,006 | 1,988,727 |
| Total Net Position | <u>\$ 3,923,956</u> | <u>\$ 844,497</u> | <u>\$ 4,768,453</u> |

See accompanying notes to financial statements.

Bella Collina Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program</u> | <u>Net (Expenses) Revenues and</u> | | |
|-----------------------------------|-----------------------|---------------------|------------------------------------|----------------------|---------------------|
| | | <u>Revenues</u> | <u>Changes in Net Position</u> | | |
| | | <u>Charges for</u> | <u>Governmental</u> | <u>Business-type</u> | <u>Total</u> |
| | | <u>Services</u> | <u>Activities</u> | <u>Activities</u> | |
| Primary government | | | | | |
| Governmental Activities | | | | | |
| General government | \$ (134,553) | \$ 127,149 | \$ (7,404) | \$ - | \$ (7,404) |
| Physical environment | (526,777) | 69,778 | (456,999) | - | (456,999) |
| Interest and other charges | (752,003) | 1,476,615 | 724,612 | - | 724,612 |
| Total Governmental Activities | <u>(1,413,333)</u> | <u>1,673,542</u> | <u>260,209</u> | <u>-</u> | <u>260,209</u> |
| Business-type Activities | | | | | |
| Water and sewer | <u>(1,138,127)</u> | <u>1,728,705</u> | <u>-</u> | <u>590,578</u> | <u>590,578</u> |
| Total Primary Government | <u>\$ (2,551,460)</u> | <u>\$ 3,402,247</u> | <u>260,209</u> | <u>590,578</u> | <u>850,787</u> |
| General Revenues | | | | | |
| Investment earnings | | | <u>9,636</u> | <u>6,615</u> | <u>16,251</u> |
| Change in Net Position | | | 269,845 | 597,193 | 867,038 |
| Net Position - October 1, 2021 | | | <u>3,654,111</u> | <u>247,304</u> | <u>3,901,415</u> |
| Net Position - September 30, 2022 | | | <u>\$ 3,923,956</u> | <u>\$ 844,497</u> | <u>\$ 4,768,453</u> |

See accompanying notes to financial statements.

Bella Collina Community Development District
BALANCE SHEET –
GOVERNMENTAL FUNDS
September 30, 2022

| | <u>General</u> | <u>Debt Service</u> | <u>Total Governmental Funds</u> |
|--|--------------------------|----------------------------|---|
| ASSETS | | | |
| Cash and equivalents | \$ 140,877 | \$ - | \$ 140,877 |
| Investments | 460,109 | - | 460,109 |
| Assessments receivable | 827 | 6,203 | 7,030 |
| Prepaid expenses | 17,459 | - | 17,459 |
| Restricted assets | | | |
| Investments | - | 1,842,643 | 1,842,643 |
| Total Assets | <u><u>\$ 619,272</u></u> | <u><u>\$ 1,848,846</u></u> | <u><u>\$ 2,468,118</u></u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable and accrued expenses | <u>\$ 1,551</u> | <u>\$ -</u> | <u>\$ 1,551</u> |
| Fund Balances: | | | |
| Nonspendable - prepaid expenses | 17,459 | - | 17,459 |
| Restricted - debt service | - | 1,848,846 | 1,848,846 |
| Assigned - capital reserve | 426,888 | - | 426,888 |
| Unassigned | 173,374 | - | 173,374 |
| Total Fund Balances | <u><u>617,721</u></u> | <u><u>1,848,846</u></u> | <u><u>2,466,567</u></u> |
| Total Liabilities and Fund Balances | <u><u>\$ 619,272</u></u> | <u><u>\$ 1,848,846</u></u> | <u><u>\$ 2,468,118</u></u> |

See accompanying notes to financial statements.

Bella Collina Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2022

| | |
|--|----------------------------|
| Total Governmental Fund Balances | \$ 2,466,567 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | |
| Capital assets not being depreciated (land and improvements) in governmental activities are not current financial resources and therefore, are not reported at the fund level. | 5,225,000 |
| Capital assets being depreciated, infrastructure, \$15,256,727, net of accumulated depreciation, \$(6,014,947), used in governmental activities are not current financial resources and therefore, are not reported at the fund level. | 9,241,780 |
| Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported at the fund level. | (12,705,000) |
| Accrued interest expense for long-term debt is not a current financial use and; therefore, is not reported at the fund level. | <u>(304,391)</u> |
| Net Position of Governmental Activities | <u><u>\$ 3,923,956</u></u> |

See accompanying notes to financial statements.

Bella Collina Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

| | <u>General</u> | <u>Debt Service</u> | <u>Total Governmental Funds</u> |
|------------------------------------|-------------------|---------------------|---|
| Revenues | | | |
| Special assessments | \$ 196,927 | \$ 1,476,615 | \$ 1,673,542 |
| Investment earnings | 3,639 | 5,997 | 9,636 |
| Total Revenues | <u>200,566</u> | <u>1,482,612</u> | <u>1,683,178</u> |
| Expenditures | | | |
| Current | | | |
| General government | 105,145 | 29,408 | 134,553 |
| Physical environment | 57,702 | - | 57,702 |
| Debt Service | | | |
| Principal | - | 640,000 | 640,000 |
| Interest | - | 767,337 | 767,337 |
| Total Expenditures | <u>162,847</u> | <u>1,436,745</u> | <u>1,599,592</u> |
| Net change in fund balances | 37,719 | 45,867 | 83,586 |
| Fund Balances - October 1, 2021 | <u>580,002</u> | <u>1,802,979</u> | <u>2,382,981</u> |
| Fund Balances - September 30, 2022 | <u>\$ 617,721</u> | <u>\$ 1,848,846</u> | <u>\$ 2,466,567</u> |

See accompanying notes to financial statements.

Bella Collina Community Development District
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

| | |
|--|--------------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 83,586 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount of depreciation in the current period. | (469,075) |
| Repayments of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. | 640,000 |
| In the Statement of Activities, interest is accrued on outstanding bonds; whereas in governmental funds, interest expenditures are reported when due. This is the net change in accrued interest in the current period. | <u>15,334</u> |
| Change in Net Position of Governmental Activities | <u><u>\$ 269,845</u></u> |

See accompanying notes to financial statements.

Bella Collina Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended September 30, 2022

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|------------------------------------|----------------------------|--------------------------|--------------------------|---|
| Revenues | | | | |
| Special assessments | \$ 197,155 | \$ 197,155 | \$ 196,927 | \$ (228) |
| Investment earnings | 500 | 500 | 3,639 | 3,139 |
| Total Revenues | <u>197,655</u> | <u>197,655</u> | <u>200,566</u> | <u>2,911</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 106,349 | 106,349 | 105,145 | 1,204 |
| Physical environment | 61,224 | 61,224 | 57,702 | 3,522 |
| Total Expenditures | <u>167,573</u> | <u>167,573</u> | <u>162,847</u> | <u>4,726</u> |
| Net change in fund balance | 30,082 | 30,082 | 37,719 | 7,637 |
| Fund Balances - October 1, 2021 | <u>426,874</u> | <u>426,874</u> | <u>580,002</u> | <u>153,128</u> |
| Fund Balances - September 30, 2022 | <u><u>\$ 456,956</u></u> | <u><u>\$ 456,956</u></u> | <u><u>\$ 617,721</u></u> | <u><u>\$ 160,765</u></u> |

See accompanying notes to financial statements.

Bella Collina Community Development District
STATEMENT OF FUND NET POSITION – WATER AND SEWER FUND
September 30, 2022

| | |
|---------------------------------------|-------------|
| ASSETS | |
| Current Assets | |
| Cash and equivalents | \$ 666,052 |
| Investments | 865,314 |
| Accounts receivable | 57,095 |
| Assessments receivable | 570 |
| Prepaid expenses | 54,551 |
| Deposits | 52,485 |
| Restricted investments | 255,797 |
| Total Current Assets | 1,951,864 |
| Non-current Assets | |
| Infrastructure | 7,491,929 |
| Equipment | 408,262 |
| Less: accumulated depreciation | (2,762,552) |
| Total Non-current Assets | 5,137,639 |
| Total Assets | 7,089,503 |
| LIABILITIES | |
| Current Liabilities | |
| Accounts payable and accrued expenses | 118,185 |
| Unearned revenues | 300,095 |
| Total Current Liabilities | 418,280 |
| Non-current Liabilities | |
| Due to developer | 5,593,454 |
| Bonds payable | 233,272 |
| Total Non-current Liabilities | 5,826,726 |
| Total Liabilities | 6,245,006 |
| NET POSITION | |
| Net investment in capital assets | (689,087) |
| Restricted for debt service | 162,578 |
| Unrestricted | 1,371,006 |
| Total Net Position | \$ 844,497 |

See accompanying notes to financial statements.

Bella Collina Community Development District
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
WATER AND SEWER FUND
For the Year Ended September 30, 2022

| | |
|---|--------------|
| Operating Revenues: | |
| Charges for services | \$ 1,593,072 |
| Special assessments | 135,633 |
| Total Operating Revenues | 1,728,705 |
| Operating Expenses: | |
| General and administrative | 124,894 |
| Plant operations | 740,235 |
| Depreciation | 236,480 |
| Total Operating Expenses | 1,101,609 |
| Operating Income | 627,096 |
| Non-Operating Revenues (Expenses): | |
| Interest earnings | 6,615 |
| Interest expense | (36,518) |
| Total Non-operating Revenues/(Expenses) | (29,903) |
| Change in Net Position | 597,193 |
| Net Position - October 1, 2021 | 247,304 |
| Net Position - September 30, 2022 | \$ 844,497 |

See accompanying notes to financial statements.

Bella Collina Community Development District
STATEMENT OF CASH FLOWS – WATER AND SEWER FUND
For the Year Ended September 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|--------------|
| Receipts from customers | \$ 1,878,652 |
| Receipts from special assessments | 135,699 |
| Payments to suppliers for goods and services | (851,811) |
| Net Cash Provided by Operating Activities | 1,162,540 |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

| | |
|---|-----------|
| Bond and loan principal payments | (800,975) |
| Bond and loan interest payments | (36,518) |
| Net Cash Used by Capital and Related Financing Activities | (837,493) |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---------------------------------------|-------------|
| Sale of investments | 1,956,563 |
| Purchase of investments | (2,614,179) |
| Interest on investments | 6,615 |
| Net Cash Used by Investing Activities | (651,001) |

| | |
|---|-----------|
| Net Decrease in Cash and Cash Equivalents | (325,954) |
|---|-----------|

| | |
|---|---------|
| Cash and cash equivalents - October 1, 2021 | 992,006 |
|---|---------|

| | |
|--|------------|
| Cash and cash equivalents - September 30, 2022 | \$ 666,052 |
|--|------------|

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

| | |
|---|------------|
| Operating income | \$ 627,096 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 236,480 |
| Decrease in assessments receivable | 66 |
| Increase in accounts receivable | (14,515) |
| Increase in prepaid expenses | (32,986) |
| Increase in deposits | (52,485) |
| Increase in accounts payable and accrued expenses | 98,789 |
| Increase in unearned revenues | 300,095 |
| | 1,162,540 |

| | |
|---|--------------|
| Net Cash Provided by Operating Activities | \$ 1,162,540 |
|---|--------------|

See accompanying notes to financial statements.

Bella Collina Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

The District was established under Rule 4200-1.001 by the Florida Land and Water Adjudicatory Commission under the name of Pine Island Community Development District. 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 the community development within the District. On May 4, 2017, the District changed its name to Bella Collina Community Development District through a technical amendment to Rule Chapter 4200-1, F.A.C, and the boundaries of the District were expanded by 5.11 acres by amendment to Rule Chapter 4200-1.002 F.A.C. in July 2019.

The District is governed by a five-member Board of Supervisors (the “Board”), who are elected on an at large basis by owners of the property within the District. Among the primary powers, which the Act provides, the Board may exercise are the power to manage basic service for community development, the power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure, subject to the approval of applicable State administrative agencies.

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

Based upon the application of the above-mentioned criteria as set forth by the Governmental Accounting Standards Board, the District has identified no component units.

2. Measurement Focus and Basis of Accounting

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

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

Bella Collina Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

a. Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include separate columns for the governmental and business-type activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by special assessments and interest, are reported separately from business-type activities. Program revenues include charges for services and special assessments. Program revenues are netted with program expenses in the Statement of Activities to present the net cost of each program.

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

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

b. Fund Financial Statements

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

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

Governmental Funds

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

Bella Collina Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

The District has various policies governing the fund balance classifications.

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

Restricted Fund Balance – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed Fund Balance – This classification consists of contractual obligations which require formal approval from the Board of Supervisors. This type of fund balance can only be removed by the Board of Supervisors through the same approval process.

Assigned Fund Balance – This classification consists of the Board of Supervisors' intent to be used for specific purposes but are neither restricted nor committed.

Unassigned Fund Balance – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose the district considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Bella Collina Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

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

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

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

Debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Enterprise Funds

In the fund financial statements, the enterprise fund is presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, enterprise funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Enterprise fund operating statements present increases (revenues) and decreases (expenses) in total net position. The District applies all GASB pronouncements as well as all FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins, issued on or before November 30, 1989, which do not conflict with, or contradict, GASB pronouncements.

Bella Collina Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Enterprise Funds (Continued)

Enterprise fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as other financing sources.

Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

3. Basis of Presentation

a. Governmental Major Funds

General Fund – The General Fund is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund accounts for debt service requirements for the District’s outstanding Special Assessment Revenue Bonds, Series 2004.

b. Enterprise Major Fund

Water and Sewer Fund – The Enterprise Fund accounts for the operations of the water and sewer utility system within the District.

c. Non-Current Governmental Assets/Liabilities

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

Bella Collina Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, and Net Position or Equity

a. Cash and Investments

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

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

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

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less and held in a qualified public depository as defined by Section 280.02, Florida Statutes.

b. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported as "internal balances".

**Bella Collina Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, and Net Position or Equity (Continued)

c. Restricted Net Position

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

d. Capital Assets

Capital assets, which include land and improvements, infrastructure and equipment, are reported in the applicable governmental or business-type activities column.

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

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

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

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

| | |
|----------------|-------------|
| Equipment | 5-10 years |
| Infrastructure | 30-40 years |

**Bella Collina Community Development District
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2022**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, and Net Position or Equity (Continued)

e. Budgets

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

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

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

“Total fund balances” of the District’s governmental funds, \$2,466,567, differs from “net position” of governmental activities, \$3,923,956, reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated below.

Capital related items

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

| | |
|--------------------------|----------------------|
| Land and improvements | \$ 5,225,000 |
| Infrastructure | 15,256,727 |
| Accumulated depreciation | <u>(6,014,947)</u> |
| Total | <u>\$ 14,466,780</u> |

Bella Collina Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

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

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

Long-term debt transactions

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position. Balances at September 30, 2022 were:

| | |
|---------------|------------------------|
| Bonds payable | \$ <u>(12,705,000)</u> |
|---------------|------------------------|

Accrued interest

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

| | |
|------------------|---------------------|
| Accrued interest | \$ <u>(304,391)</u> |
|------------------|---------------------|

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

The "net changes in fund balances" for government funds, \$83,586, differs from the "change in net position" for governmental activities, \$269,845, reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated as follows.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation. As a result, fund balances decrease by the amount of financial resources expended, whereas, net position decrease by the amount of depreciation charged for the year.

| | |
|--------------|---------------------|
| Depreciation | \$ <u>(469,075)</u> |
|--------------|---------------------|

Bella Collina Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

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

2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities (Continued)

Long-term debt transactions

Repayments of bond principal are reported as expenditures in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used.

| | |
|-------------------------|-------------------|
| Bond principal payments | \$ <u>640,000</u> |
|-------------------------|-------------------|

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

| | |
|--|------------------|
| Net change in accrued interest payable | \$ <u>15,334</u> |
|--|------------------|

NOTE C – CASH AND INVESTMENTS

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk, however, they have adopted the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2022, the District's bank balance and carrying value were \$806,929. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

Bella Collina Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Investments

As of September 30, 2022, the District had the following investments and maturities:

| Investment | Maturities | Fair Value |
|------------------------------------|------------|--------------|
| Fidelity Government Portfolio Fund | 16 Days* | \$ 2,098,440 |
| Florida PRIME | 21 Days* | 1,325,423 |
| Total | | \$ 3,423,863 |

* Weighted Average Maturity

The District categorizes its fair value measurements within the fair value hierarchy recently established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The District uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the District's own data in measuring unobservable inputs.

Based on the criteria in the preceding paragraph, the investment in Fidelity Government Portfolio Fund is a Level 1 asset.

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes. The investment in Florida PRIME is measured at amortized cost. Florida PRIME has established policies and guidelines regarding participant transactions and the authority to limit or restrict withdrawals or impose a penalty for an early withdrawal. As of September 30, 2022, there were no redemption fees, maximum transaction amounts, or any other requirement that would limit daily access to 100 percent of the account value.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Bella Collina Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Credit Risk

The District's investments in government loans are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. The Local Government Surplus Funds Trust is an authorized investment under Section 218.415, Florida Statutes. The District's investments in the state investment pool and government loans are limited by state statutory requirements and bond compliance. As of September 30, 2022, the District's investments in the Fidelity Government Portfolio Fund were rated as AAAM by Standard & Poor's.

Concentration of Credit Risk

The investments in Fidelity Government Portfolio Fund are 61% of the District's total investments. The remaining investments in Florida PRIME are 39% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2022 were typical of these items during the fiscal year then ended.

NOTE D – SPECIAL ASSESSMENT REVENUES

Assessments are non-ad valorem assessments on benefitted property within the District. Operating and Maintenance Assessments are based upon adopted budget and levied annually. Debt Service Assessments are levied when bonds are issued and collected annually. The District may collect assessments directly or utilize the uniform method of collection (Chapter 197.3632, Florida Statutes). Direct collected assessments are due as determined by annual assessment resolution adopted by the Board of Supervisors. Assessments collected under the uniform method are mailed by County Tax Collector on November 1 and due on or before March 31 of each year. Property owners may prepay a portion or all of the Debt Service Assessments on their property subject to various provisions in the bond documents.

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.

Bella Collina Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE E – CAPITAL ASSETS

Capital asset activity for Governmental Activities for the year ended September 30, 2022 was as follows:

| | Balance 10/1/2021 | Additions | Deletions | Balance 9/30/2022 |
|---|----------------------|---------------------|-------------|----------------------|
| <u>Governmental Activities:</u> | | | | |
| Capital assets, not being depreciated: | | | | |
| Land and improvements | \$ 5,225,000 | \$ - | \$ - | \$ 5,225,000 |
| Capital assets, being depreciated: | | | | |
| Infrastructure | 15,256,727 | - | - | 15,256,727 |
| Less accumulated depreciation for: | | | | |
| Infrastructure | (5,545,872) | (469,075) | - | (6,014,947) |
| Total Capital Assets Depreciated, Net | 9,710,855 | (469,075) | - | 9,241,780 |
| Governmental Activities Capital Assets, Net | <u>\$ 14,935,855</u> | <u>\$ (469,075)</u> | <u>\$ -</u> | <u>\$ 14,466,780</u> |

Depreciation of \$469,075 was charged to physical environment.

Capital asset activity for Business-type Activities for the year ended September 30, 2022 was as follows:

| | Balance 10/1/2021 | Additions | Deletions | Balance 9/30/2022 |
|--|----------------------|---------------------|-------------|----------------------|
| <u>Business-type Activities:</u> | | | | |
| Capital assets, being depreciated: | | | | |
| Infrastructure | \$ 7,491,929 | \$ - | \$ - | \$ 7,491,929 |
| Equipment | 408,262 | - | - | 408,262 |
| Total Capital Assets, Being Depreciated | 7,900,191 | - | - | 7,900,191 |
| Less accumulated depreciation for: | | | | |
| Infrastructure | (2,332,901) | (187,298) | - | (2,520,199) |
| Equipment | (193,171) | (49,182) | - | (242,353) |
| Total Accumulated Depreciation | (2,526,072) | (236,480) | - | (2,762,552) |
| Business-type Activities Capital Assets, Net | <u>\$ 5,374,119</u> | <u>\$ (236,480)</u> | <u>\$ -</u> | <u>\$ 5,137,639</u> |

Depreciation of \$236,480 was charged to water and sewer.

Bella Collina Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE F – LONG-TERM DEBT

The following is a summary of the long-term debt activity of the Governmental Activities for the year ended September 30, 2022:

| | |
|--------------------------------------|----------------------|
| Long-term debt at October 1, 2021 | \$ 13,345,000 |
| Principal payments | <u>(640,000)</u> |
| Long-term debt at September 30, 2022 | <u>\$ 12,705,000</u> |

Special Assessment Revenue Bonds payable at September 30, 2022 are comprised of the following:

| | |
|---|----------------------|
| \$22,780,000 Special Assessment Revenue Bonds, Series 2004 due in annual principal installments beginning May 1, 2010. Interest at 5.75% is due in May and November. | <u>\$ 12,705,000</u> |
|---|----------------------|

The Special Assessment Revenue Bonds are secured primarily from special assessment taxes levied by the District.

The annual requirements to amortize the principal and interest of governmental activity debt outstanding for the next five years and thereafter are as follows:

| Year Ending September 30, | Principal | Interest | Total |
|------------------------------|----------------------|---------------------|----------------------|
| 2023 | \$ 675,000 | \$ 730,538 | \$ 1,405,538 |
| 2024 | 715,000 | 591,726 | 1,306,726 |
| 2025 | 760,000 | 650,612 | 1,410,612 |
| 2026 | 805,000 | 606,912 | 1,411,912 |
| 2027 | 850,000 | 560,626 | 1,410,626 |
| 2028-2032 | 5,070,000 | 2,009,338 | 7,079,338 |
| 2033-2035 | 3,830,000 | 448,790 | 4,278,790 |
| Totals | <u>\$ 12,705,000</u> | <u>\$ 5,598,542</u> | <u>\$ 18,303,542</u> |

Bella Collina Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE F – LONG-TERM DEBT (CONTINUED)

Special Assessment Revenue Bonds, Series 2004

Summary of Significant Bond Resolution Terms and Covenants

Depository Funds

The bond resolution established certain funds and determines the order in which revenues are to be deposited in these funds. A description of these funds, including their purpose, is as follows:

1. Bond Reserve Fund – Series 2004 – for deposit of an amount equal to 7% of the deemed outstanding principal at defined measurement dates. The monies in the reserve account are only available for the payment of the principal and interest on the bonds.

The following is a schedule of required reserve deposits as of September 30, 2022:

| | Reserve Requirement | Reserve Balance |
|--|------------------------|--------------------|
| Series 2004 Special Assessment Revenue Bonds | \$ 889,350 | \$ 976,510 |

The following is a summary of the long-term debt activity of the Business-type Activities for the year ended September 30, 2022:

| | | |
|--------------------------------------|----|-----------|
| Long-term debt at October 1, 2021 | \$ | 1,034,247 |
| Accreted interest | | 36,518 |
| Principal payments | | (837,493) |
| Long-term debt at September 30, 2022 | \$ | 233,272 |

Utility System Bonds, Series 2004

In December 2004, the District issued \$8,030,000 Series 2004 Utility System Bonds were due in one balloon payment on November 1, 2010. The Bonds have a fixed interest rate of 5.30% due in May and November.

The Series 2004 Utility System Bonds are secured by a pledge of revenues under the Indenture, which are defined as net revenues received from the water and sewer system for connection fees, user fees, standby fees, and payments from the Developer pursuant to the Utility Development Agreement. The Developer defaulted on this agreement in a prior year and, as a result, the Series 2004 Utility System Bonds were not fully redeemed upon maturity in 2010. To cure the default on the Series 2004 Utility System Bonds, the matured bonds, payable in the amount of \$2,005,000, were restructured with the issuance of the Series 2016 Utility System Bonds.

**Bella Collina Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022**

NOTE F – LONG-TERM DEBT (CONTINUED)

Utility System Bonds, Series 2016

In September 2016, the District issued \$2,346,216 Series 2016 Utility System Bonds due in one balloon payment on November 1, 2024 inclusive of the respective applicable accreted interest. The Series 2016 Utility System Bonds matured balance shall amount to \$3,595,000 per the bond restructuring agreement and the trust indenture amendment. The bonds have a fixed interest rate of 5.30%. The Series 2016 Utility System Bonds outstanding balance as of September 30, 2022 is \$233,272.

The annual requirements to amortize the principal payments, accreted interest, and bonds payable of the business-type activity debt outstanding for the next five years and thereafter are as follows:

| <u>Year Ending September 30,</u> | <u>Principal Payments</u> | <u>Accreted Interest</u> | <u>Bonds Payable</u> |
|--------------------------------------|-------------------------------|------------------------------|--------------------------|
| 2023 | \$ - | \$ 12,541 | \$ 245,813 |
| 2024 | - | 13,201 | 259,014 |
| 2025 | 260,000 | 986 | - |
| Totals | <u>\$ 260,000</u> | <u>\$ 26,728</u> | <u>\$ 504,827</u> |

Summary of Significant Bond Resolution Terms and Covenants

1. Series 2016 Bonds shall not be subject to optional or mandatory redemption. The Series 2016 Bonds are subject to an extraordinary mandatory redemption, in whole or in part, prior to maturity by the District on each February 1, May 1, August 1, and November 1, from monies deposited into the Connection Payment account of the redemption funds following the payment of Connection Fees per the first supplemental indenture.

2. There are established within the bond fund held by the trustee: (i) a 2016 Interest Subaccount within the interest account, (ii) a 2016 principal subaccount within the principal account, and (iii) a 2016 reserve subaccount within the reserve account which shall be held solely for the benefits of all of the Series 2016 bonds.

Bella Collina Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE G – DEVELOPER TRANSACTIONS

In prior years, the District entered into a Standard Potable Water and Wastewater Development Agreement with the Developer (Utility Development Agreement). In connection with this agreement, the District received a total of \$5,059,983 in refundable advance fees (RAF), minimum Equivalent Residential Connections (ERC), and Allowance for Funds Prudently Invested (AFPI) Fees from the Developer. The Developer failed to make certain payments under the agreement and, as a result, the District withdrew approximately \$464,779 from the RAF and Shortfall escrow accounts funded by the Developer in prior years. During the 2016 Bond restructuring, the agreement was amended. The total balance remaining in the escrow accounts was \$71,827 at September 30, 2022. During previous years, a new developer purchased most of the assets of the old developer. According to the amended utility development agreement dated September 1, 2017, the amount due is subject to the redemption of the bonds and satisfaction of other conditions; the maximum payment may not exceed \$5,593,454.

NOTE H – RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.



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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
Bella Collina Community Development District
Lake 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, as listed in the table of contents, of Bella Collina Community Development District, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated June 21, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bella Collina Community Development District's internal control over financial reporting (internal control) as a basis for designing 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 Bella Collina Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Bella Collina Community Development 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 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 or significant deficiencies may exist that have not been identified.

To the Board of Supervisors
Bella Collina Community Development District

Report on Compliance and Other Matters

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

Purpose of this Report

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



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

June 21, 2023



Berger, Toombs, Elam, Gaines & Frank

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MANAGEMENT LETTER

To the Board of Supervisors
Bella Collina Community Development District
Lake County, Florida

Report on the Financial Statements

We have audited the financial statements of the Bella Collina Community Development District as of and for the year ended September 30, 2022, and have issued our report thereon dated June 21, 2023.

Auditor's Responsibility

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

Other 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 Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with *AICPA Professionals Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 21, 2023, 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 financial audit report. There were no findings or recommendations in the preceding financial audit report.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not Bella Collina Community Development District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that Bella Collina Community Development District did not meet any of the conditions described in Section 218.503(1) Florida Statutes.

To the Board of Supervisors
Bella Collina Community Development District

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for Bella Collina Community Development District. It is management's responsibility to monitor the Bella Collina Community Development District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same as of September 30, 2022.

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.

Specific Information

The information below was provided by management and has not been audited by us; therefore, we do not express an opinion or provide any assurance on the information.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, Bella Collina Community Development District reported:

- 1) The total number of district employees compensated in the last pay period of the District's fiscal year: 4
- 2) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year: 16
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$2,955
- 4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$985,744
- 5) Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1, 2021, together with the total expenditures for such project: The District had no construction projects during the year.
- 6) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes: The District did not amend the original budget.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General, the Bella Collina Community Development District reported:

- 1) The rate or rates of non-ad valorem special assessments imposed by the District. The General Fund assessment was \$84.38 - \$225.00, the Debt Service assessment was \$871.19 - \$1,742.38, and the Water & Sewer assessment was \$195.00.
- 2) Total special assessments collected was \$1,809,175.
- 3) The total amount of outstanding bonds issued by the District and the terms of such bonds. The District had outstanding bonds at September 30, 2022 of \$12,705,000 Series 2004 Bonds maturing May 2035 and \$233,272 Series 2016 Bonds maturing November 2024.

To the Board of Supervisors
Bella Collina Community Development District

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 warrants the attention of those charged with governance. In connection with our audit, we did not note 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.

*Berger Toombs Elam
Gaines + Frank*

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

June 21, 2023



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**INDEPENDENT ACCOUNTANTS' REPORT/COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

To the Board of Supervisors
Bella Collina Community Development District
Lake County, Florida

We have examined Bella Collina Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2022. Management is responsible for Bella Collina Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Bella Collina Community Development District's compliance based on our examination.

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

In our opinion, Bella Collina Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2022.

*Berger Toombs Elam
Gaines + Frank*

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

June 21, 2023