

***EPPERSON RANCH II COMMUNITY  
DEVELOPMENT DISTRICT***

***Advanced Meeting Package***

***Board of Supervisors  
Regular Meeting***

***Thursday  
August 1, 2019***

***The Residence Inn  
2101 Northpoint Pkwy  
Lutz, FL***

***Note: The Advanced Meeting Package is a working document and thus all materials are considered DRAFTS prior to presentation and Board acceptance, approval or adoption.***

# EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT AGENDA

<b>District Board of Supervisors</b>	Mike Lawson Doug Draper Lori Price Christie Ray	Chairman Vice Chairman Assistant Secretary Assistant Secretary
<b>District Manager</b>	Paul Cusmano	DPFG
<b>District Attorney</b>	John Vericker	Straley Robin Vericker
<b>District Engineer</b>	Tonja Stewart	Stantec Consulting Services, Inc.

**All cellular phones and pagers must be turned off during the meeting.**

**The District Agenda is comprised of six different sections:**

The first section which is called **Audience Questions and Comments**. The Audience Comment portion of the agenda is where individuals may comment on matters that concern the District. Each individual is limited to three (3) minutes for such comment. The Board of Supervisors or Staff is not obligated to provide a response until sufficient time for research or action is warranted. **IF THE COMMENT CONCERNS A MAINTENANCE RELATED ITEM, THE ITEM WILL NEED TO BE ADDRESSED BY THE DISTRICT MANAGER OUTSIDE THE CONTEXT OF THIS MEETING.** The second section is called **Administrative Matters** and contains items that require the review and approval of the District Board of Supervisors as a normal course of business. The third section is called **Business Matters**. The business matters section contains items for approval by the District Board of Supervisors that may require discussion, motion and votes on an item-by-item basis. Occasionally, certain items for decision within this section are required by Florida Statute to be held as a Public Hearing. During the Public Hearing portion of the agenda item, each member of the public will be permitted to provide one comment on the issue, prior to the Board of Supervisors' discussion, motion and vote. Agendas can be reviewed by contacting the Manager's office at (813) 374-9105 at least seven days in advance of the scheduled meeting. Requests to place items on the agenda must be submitted in writing with an explanation to the District Manager at least fourteen (14) days prior to the date of the meeting. The fourth section is called **Staff Reports**. This section allows the District Manager and Maintenance Supervisor to update the Board of Supervisors on any pending issues that are being researched for Board action. The fifth section which is called **Audience Comments on Other Items** provides members of the Audience the opportunity to comment on matters of concern to them that were not addressed during the meeting. The same guidelines used during the first audience comment section will apply here as well. The final section is called **Supervisor Requests**. This is the section in which the Supervisors may request Staff to prepare certain items in an effort to meet residential needs.

Public workshops sessions may be advertised and held in an effort to provide informational services. These sessions allow staff or consultants to discuss a policy or business matter in a more informal manner and allow for lengthy presentations prior to scheduling the item for approval. Typically no motions or votes are made during these sessions.

Pursuant to provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this meeting is asked to advise the District Office at (813) 374-9105, at least 48 hours before the meeting. If you are hearing or speech impaired, please contact the Florida Relay Service at 1 (800) 955-8770, who can aid you in contacting the District Office.

Any person who decides to appeal any decision made by the Board with respect to any matter considered at the meeting is advised that this same person will need a record of the proceedings and that accordingly, the person may need to ensure that a verbatim record of the proceedings is made, including the testimony and evidence upon which the appeal is to be based.

## **EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT**

Date of Meeting: Thursday, August 1, 2019  
Time: 9:00 a.m.  
Location: Residence Inn  
2101 Northpoint Parkway  
Lutz FL

Conference Call No.: (563) 999-2090  
Code: 686859#

### **I. Roll Call**

### **II. Audience Comments**

### **III. Administrative Matters**

- A. Approval of the Minutes from the July 2, 2019 Meeting **Exhibit 1**
- B. Acceptance of the May & June 2019 Financial Statements **Exhibit 2**
- C. Acceptance of the FY 2018 Audited Financial Statements **Exhibit 3**

### **IV. Business Matters**

- A. Fiscal Year 2019-2020 Budget Public Hearing
  - 1. Open Public Hearing
  - 2. Review Budget **Exhibit 4**
  - 3. Audience Comments
  - 4. Close Public Hearing
  - 5. Consideration and Adoption of Resolution 2019-12 Adopting the FY 2019-2020 Budget & Budget Funding Agreement **Exhibit 5**
    - Budget Funding Agreement **Exhibit 6**
  - 6. Consideration and Adoption of Resolution 2019-13 Imposing O&M Assessments for FY 2019-2020 **Exhibit 7**

### **V. Staff Reports**

- A. District Manager
- B. Attorney
- C. District Engineer

### **VI. Supervisors Requests**

### **VII. Audience Questions and Comments on Other Items**

### **VIII. Adjournment**

**EXHIBIT 1.**

1 **MINUTES OF CONTINUED MEETING**  
2 **EPPERSON RANCH II**  
3 **COMMUNITY DEVELOPMENT DISTRICT**  
4

5 The Continued Meeting of the Board of Supervisors of the Epperson Ranch II Community  
6 Development District was held on Tuesday, July 2, 2019 at 6:00 p.m. at Hampton Inn & Suites, 2740  
7 Cypress Ridge Boulevard, Wesley Chapel, Florida 33544.

8  
9 **FIRST ORDER OF BUSINESS – Roll Call**

10 Mr. Cusmano called the meeting to order and conducted roll call.

11 Present and constituting a quorum were:

12 Mike Lawson	Board Supervisor, Chairman
13 Doug Draper	Board Supervisor, Vice Chairman
14 Lori Price	Board Supervisor, Assistant Secretary
15 Christie Ray	Board Supervisor, Assistant Secretary

16 Also present were:

17 Paul Cusmano	District Manager, DPFM Management & Consulting LLC
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18  
19 *The following is a summary of the discussions and actions taken at the July 2, 2019 Epperson Ranch II*  
20 *CDD Board of Supervisors Continued Meeting.*

21  
22 **SECOND ORDER OF BUSINESS – Audience Comments**

23 There being none, the next item followed.

24 **THIRD ORDER OF BUSINESS – Business Matters**

25 A. Exhibit 1: Consideration and Adoption of Resolution 2019-11 Authorizing the Contraction of  
26 District Boundaries

27 On a MOTION by Mr. Lawson, SECONDED by Mr. Draper, WITH ALL IN FAVOR, the Board adopted  
28 Resolution 2019-11 Authorizing the Contraction of District Boundaries for the Epperson Ranch II  
29 Community Development District.

30 **FOURTH ORDER OF BUSINESS – Adjournment**

31 Mr. Cusmano asked for final questions, comments, or corrections before adjourning the meeting.  
32 There being none, Mr. Lawson made a motion to adjourn.

33 On a MOTION by Mr. Lawson, SECONDED by Ms. Price, WITH ALL IN FAVOR, the Board  
34 adjourned the meeting for the Epperson Ranch II Community Development District.

35 *\*Each person who decides to appeal any decision made by the Board with respect to any matter*  
36 *considered at the meeting is advised that person may need to ensure that a verbatim record of the*  
37 *proceedings is made, including the testimony and evidence upon which such appeal is to be based.*

39 Meeting minutes were approved at a meeting by vote of the Board of Supervisors at a publicly noticed  
40 meeting held on \_\_\_\_\_.

41

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

42

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

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

43

44 Title:  Secretary  Assistant Secretary

Title:  Chairman  Vice Chairman

**EXHIBIT 2.**

**Epperson Ranch II CDD**  
**Financial Report Summary - General Fund & Construction Fund**  
**5/31/2019**

For The Period Ending :	GENERAL FUND 5/31/2019	CONSTRUCTION 2018A-1 5/31/2019
CASH BALANCE	\$ 35	\$ 4,152,097
PLUS: ACCOUNTS RECEIVABLE - OFF ROLL	-	2,500
PLUS: ACCOUNTS RECEIVABLE - ON ROLL	-	-
PLUS: ACCOUNTS RECEIVABLE - OTHER	18,961	-
LESS: ACCOUNTS PAYABLE	(21,171)	(1,368,189)
<b>NET CASH BALANCE</b>	<b>\$ (2,175)</b>	<b>\$ 2,786,408</b>

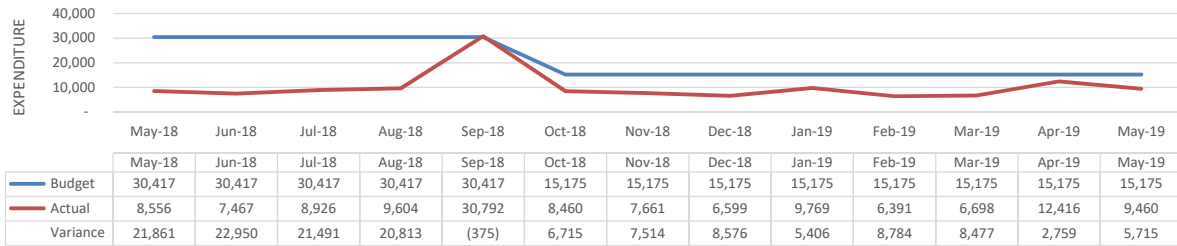
**GENERAL FUND REVENUE AND EXPENDITURES (FY 2019 YTD):**

	5/31/2019 ACTUAL YEAR-TO-DATE	5/31/2019 BUDGET YEAR-TO-DATE	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUE (YTD) COLLECTED	\$ 82,606	\$ 121,402	\$ (38,796)
EXPENDITURES (YTD)	(83,681)	(125,228)	41,547
<b>NET OPERATING CHANGE</b>	<b>\$ (1,075)</b>	<b>\$ (3,826)</b>	<b>\$ 2,751</b>
AVERAGE MONTHLY EXPENDITURES	\$ 10,460	\$ 15,654	\$ 5,193
<b>PROJECTED EOY BASED ON AVERAGE</b>	<b>\$ 125,522</b>	<b>\$ 313,070</b>	<b>\$ 187,549</b>

**GENERAL FUND SIGNIFICANT FINANCIAL ACTIVITY:**

	5/31/2019 ACTUAL YEAR-TO-DATE	5/31/2019 BUDGET YEAR-TO-DATE	FAVORABLE (UNFAVORABLE) VARIANCE
<b>REVENUE:</b>			
ASSESSMENTS-ON-ROLL (NET)	\$ -	\$ -	\$ -
ASSESSMENTS-OFF-ROLL (NET)	82,606	121,402	(38,796)
MISCELLANEOUS REVENUE	-	-	-
<b>EXPENDITURES:</b>			
ADMINISTRATIVE EXPENDITURES	70,174	67,261	(2,913)
DEBT SERVICE ADMINISTRATION	5,000	11,300	
FIELD SERVICE EXPENDITURES	8,507	46,669	38,162
UNBUDGETED EXPENDITURES	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 83,681</b>	<b>\$ 125,230</b>	<b>\$ 35,249</b>

**HISTORICAL GENERAL FUND BUDGET VS ACTUAL EXPENDITURES  
COMPARISON**





**Epperson Ranch II CDD**  
**Financial Report Summary - General Fund & Construction Fund**  
**6/30/2019**

For The Period Ending :	GENERAL FUND 6/30/2019	CONSTRUCTION 2018A-1 6/30/2019
CASH BALANCE	\$ 2,234	\$ 3,442,174
PLUS: ACCOUNTS RECEIVABLE - OFF ROLL	-	-
PLUS: ACCOUNTS RECEIVABLE - ON ROLL	-	-
PLUS: ACCOUNTS RECEIVABLE - OTHER	16,883	-
LESS: ACCOUNTS PAYABLE	(14,055)	(1,604,728)
<b>NET CASH BALANCE</b>	<b>\$ 5,062</b>	<b>\$ 1,837,446</b>

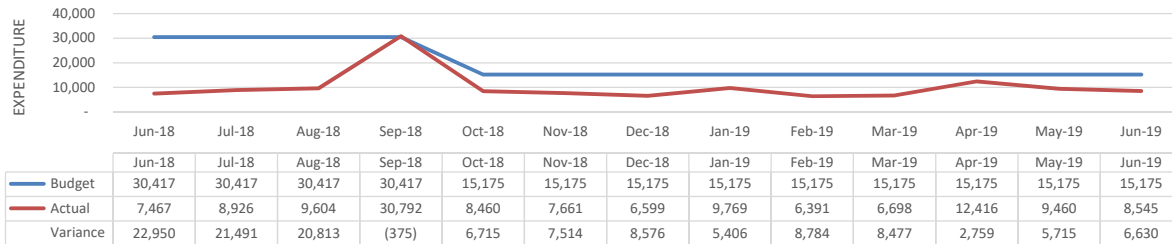
**GENERAL FUND REVENUE AND EXPENDITURES (FY 2019 YTD):**

	6/30/2019 ACTUAL YEAR-TO-DATE	6/30/2019 BUDGET YEAR-TO-DATE	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUE (YTD) COLLECTED	\$ 96,800	\$ 136,577	\$ (39,777)
EXPENDITURES (YTD)	(92,168)	(139,447)	47,279
<b>NET OPERATING CHANGE</b>	<b>\$ 4,632</b>	<b>\$ (2,870)</b>	<b>\$ 7,502</b>
AVERAGE MONTHLY EXPENDITURES	\$ 10,241	\$ 15,494	\$ 5,253
<b>PROJECTED EOY BASED ON AVERAGE</b>	<b>\$ 122,891</b>	<b>\$ 325,376</b>	<b>\$ 202,486</b>

**GENERAL FUND SIGNIFICANT FINANCIAL ACTIVITY:**

	6/30/2019 ACTUAL YEAR-TO-DATE	6/30/2019 BUDGET YEAR-TO-DATE	FAVORABLE (UNFAVORABLE) VARIANCE
<b>REVENUE:</b>			
ASSESSMENTS-ON-ROLL (NET)	\$ -	\$ -	\$ -
ASSESSMENTS-OFF-ROLL (NET)	96,800	136,577	(39,777)
MISCELLANEOUS REVENUE	-	-	-
<b>EXPENDITURES:</b>			
ADMINISTRATIVE EXPENDITURES	77,282	75,647	(1,635)
DEBT SERVICE ADMINISTRATION	5,000	11,300	
FIELD SERVICE EXPENDITURES	9,886	52,500	42,614
UNBUDGETED EXPENDITURES	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 92,168</b>	<b>\$ 139,447</b>	<b>\$ 40,979</b>

**HISTORICAL GENERAL FUND BUDGET VS ACTUAL EXPENDITURES  
COMPARISON**



**EXHIBIT 3.**

**EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT**

**FINANCIAL STATEMENTS**

September 30, 2018

**EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT**  
**FINANCIAL STATEMENTS**  
September 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors  
Epperson Ranch II Community Development District  
Pasco County, Florida

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Epperson Ranch II Community Development District, Pasco County, Florida ("District") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2018, and the respective changes in financial position 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 on pages 3 - 6 and page 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2019, on our consideration of Epperson Ranch II Community Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Epperson Ranch II Community Development District's internal control over financial reporting and compliance.

### ***Report on Other Legal and Regulatory Requirements***

We have also issued our report dated May 30, 2019 on our consideration of the District's compliance with requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation Standards established by the American Institute of Certified Public Accountants.

*DiBartolomeo, McBee, Hartley & Barnes*

DiBartolomeo, McBee, Hartley & Barnes, P.A.  
Fort Pierce, Florida  
May 30, 2019

# **EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

September 30, 2018

Our discussion and analysis of Epperson Ranch II Community Development District, Pasco County, Florida ("District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2018. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

### **FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year resulting in a net position balance of \$802,199.
- The change in the District's total net position in comparison with the prior fiscal year was \$802,199, an increase. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2018, the District's governmental funds reported combined ending fund balances of (\$2,062,330). A portion of fund balance is restricted for debt service and future capital repairs and replacement, and the remainder is unassigned fund balance which is available for spending at the District's discretion.

### **OVERVIEW OF FINANCIAL STATEMENTS**

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

#### **Government-Wide Financial Statements**

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

The statement of net position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

# **EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

September 30, 2018

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

### **Fund Financial Statements**

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

### **Governmental Funds**

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two individual governmental funds for external reporting. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and capital projects fund. Both funds are major funds. The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

### **Notes to the Financial Statements**

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



# EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2018

### GOVERNMENT WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, liabilities exceeded assets at the close of the most recent fiscal year. A portion of the District's net position reflects its investment in capital assets (e.g. land, land improvements and infrastructure). These assets are used to provide services to residents; consequently, these assets are not available for future spending. The remaining balance of unrestricted net position may be used to meet the District's other obligations.

Key components of net position were as follows:

#### Statement of Net Position

Current assets	\$ 20,565
Capital assets	2,864,529
Total assets	<u>2,885,094</u>
Current liabilities	<u>2,082,895</u>
Total liabilities	<u>2,082,895</u>
Net position	
Net invested in capital assets	2,864,529
Restricted for capital projects	(2,062,444)
Unrestricted	114
Total net position	<u><u>\$ 802,199</u></u>

The District's net position increased during the most recent fiscal year. The majority of the change represents the degree to which program revenues exceeded ongoing cost of operations.

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

#### Change in Net Position

Program revenues	\$ 886,572
General revenues	21
Total revenues	<u>886,593</u>
Expenses	
General government	<u>84,394</u>
Total expenses	<u>84,394</u>
Change in net position	802,199
Net position - beginning of year	<u>-</u>
Net position - end of year	<u><u>\$ 802,199</u></u>

# **EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

September 30, 2018

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2018 was \$84,394, which primarily consisted of interest on long-term debt and costs associated with constructed and maintaining certain capital improvements. The costs of the District's activities were funded by special assessments and developer contributions.

### **GENERAL BUDGETING HIGHLIGHTS**

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures exceeded appropriations for the fiscal year ended September 30, 2018.

The variance between budgeted and actual general fund revenues is not considered significant. The actual general fund expenditures for the current fiscal year were higher than budgeted amounts due primarily to costs being higher than anticipated.

### **CAPITAL ASSETS**

#### Capital Assets

At September 30, 2018, the District had \$2,864,529 invested in construction in process. Construction in process has not completed as of September 30, 2018 and therefore is not depreciated to date. More detailed information about the District's capital assets is presented in the notes of the financial statements.

### **ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND OTHER INFORMATION**

For the fiscal year 2019, the District anticipates that the cost of general operations will remain fairly constant. In connection with the District's future infrastructure maintenance and replacement plan, the District Board has included in the budget, an estimate of those anticipated future costs and has assigned a portion of current available resources for that purpose.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, land owners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact Epperson Ranch II Community Development District's Finance Department at 250 International Parkway, Suite 280, Lake Mary, Florida 32746.

**EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT**

**STATEMENT OF NET POSITION**

September 30, 2018

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 174
Accounts receivable	20,391
Capital assets:	
Non-depreciable	<u>2,864,529</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,885,094</u></u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 2,016,151
Retainage payable	<u>66,744</u>
<b>TOTAL LIABILITIES</b>	<u><u>2,082,895</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	2,864,529
Restricted for:	
Capital projects	(2,062,444)
Unrestricted	<u>114</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 802,199</u></u>

The accompanying notes are an integral part of this financial statement

**EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT**

STATEMENT OF ACTIVITIES  
Year Ended September 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense)
		<u>Charges for Services</u>	<u>Operating Contributions</u>	Revenues and Changes in Net Position
				<u>Governmental Activities</u>
Governmental activities				
General government	\$ 84,394	\$ -	\$ 886,572	\$ 802,178
Total governmental activities	<u>\$ 84,394</u>	<u>\$ -</u>	<u>\$ 886,572</u>	<u>802,178</u>
General revenues:				
				<u>21</u>
Investment earnings				21
Total general revenues				<u>21</u>
Change in net position				802,199
Net position - October 1, 2017				<u>-</u>
Net position - September 30, 2018				<u>\$ 802,199</u>

The accompanying notes are an integral part of this financial statement

**EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
September 30, 2018

	MAJOR FUNDS		TOTAL GOVERNMENTAL FUNDS
	GENERAL	CAPITAL PROJECTS	
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 174	\$ -	\$ 174
Accounts receivable	20,391	-	20,391
TOTAL ASSETS	<u>\$ 20,565</u>	<u>\$ -</u>	<u>\$ 20,565</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 20,451	\$ 1,995,700	\$ 2,016,151
Retainage payable	-	66,744	66,744
TOTAL LIABILITIES	<u>20,451</u>	<u>2,062,444</u>	<u>2,082,895</u>
<b>FUND BALANCES</b>			
Restricted for:			
Capital projects	-	(2,062,444)	(2,062,444)
Unassigned	114	-	114
TOTAL FUND BALANCES	<u>114</u>	<u>(2,062,444)</u>	<u>(2,062,330)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 20,565</u>	<u>\$ -</u>	<u>\$ 20,565</u>

The accompanying notes are an integral part of this financial statement

**EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT**  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
September 30, 2018

Total Governmental Fund Balances in the Balance Sheet, Page 10	\$ (2,062,330)
Amount reported for governmental activities in the Statement of Net Assets are different because:	
Capital asset used in governmental activities are not financial resources and therefore are not reported in the governmental funds:	
Governmental capital assets	2,864,529
Net Position of Governmental Activities, Page 8	<u><u>\$ 802,199</u></u>

The accompanying notes are an integral part of this financial statement

**EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**Year Ended September 30, 2018**

	MAJOR FUNDS		TOTAL GOVERNMENTAL FUNDS
	GENERAL	CAPITAL PROJECTS	
<b>REVENUES</b>			
Developer contributions	\$ 84,487	\$ 802,085	\$ 886,572
Investment earnings	21	-	21
<b>TOTAL REVENUES</b>	<u>84,508</u>	<u>802,085</u>	<u>886,593</u>
<b>EXPENDITURES</b>			
General government	84,394	-	84,394
Capital outlay	-	2,864,529	2,864,529
<b>TOTAL EXPENDITURES</b>	<u>84,394</u>	<u>2,864,529</u>	<u>2,948,923</u>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	114	(2,062,444)	(2,062,330)
<b>FUND BALANCE</b>			
Beginning of year	-	-	-
End of year	<u>\$ 114</u>	<u>\$ (2,062,444)</u>	<u>\$ (2,062,330)</u>

The accompanying notes are an integral part of this financial statement

**EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT**  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended September 30, 2018

Net Change in Fund Balances - Total Governmental Funds, Page 12 \$ (2,062,330)

Amount 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 costs of those assets are depreciated  
over their estimated useful lives:

Capital outlay	2,864,529
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Change in Net Position of Governmental Activities, Page 9	\$ 802,199
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The accompanying notes are an integral part of this financial statement



# **EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

September 30, 2018

### **NOTE A- NATURE OF ORGANIZATION AND REPORTING ENTITY**

Epperson Ranch II Community Development District ("District") was created on January 11, 2018 by Pasco County Ordinance 18-01 pursuant to the Uniform Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. The Act provides among other things, the power to manage basic services for community development, 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 the Board of Supervisors ("Board"), which is composed of five members. All of the Board members are affiliated with the Developer. The Supervisors are elected on an at large basis by the qualified electors of the property owners within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the responsibility for:

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

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

### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Government-Wide and Fund Financial Statements**

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

# **EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

September 30, 2018

### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Government-Wide and Fund Financial Statements (continued)**

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

#### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

Expenditures are recorded when a liability is incurred, as under accrual accounting.

#### **Assessments**

Assessments are non-ad valorem assessments on benefited lands within the District. Assessments are levied to pay for the operations and maintenance of the District. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. The District's annual assessments for operations are billed and collected by the County Tax Collector. The amounts remitted to the District are net of applicable discounts or fees and include interest on monies held from the day of collection to the day of distribution.

Assessments and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2018

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

The District reports the following major governmental fund:

General Fund

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

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

Capital Projects Fund

The capital projects fund accounts for the financial resources to be used for the acquisition or construction of major infrastructure with the District.

**Assets, Liabilities and Net Position or Equity**

Restricted Assets

These assets represent cash and investments set aside pursuant to contractual restrictions.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

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

# **EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

September 30, 2018

### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Assets, Liabilities and Net Position or Equity (continued)**

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured.

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

#### **Inventories and Prepaid Items**

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

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

#### **Capital Assets**

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

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

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.

#### **Unearned Revenue/Deferred Revenue**

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

**EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2018

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities and Net Position or Equity (continued)**

Long-Term Obligations

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

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

Deferred Outflows/Inflows of Resources

The statement of net position reports, as applicable, a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. For example, the District would record deferred outflows of resources related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

The statement of net position reports, as applicable, a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For example, when an asset is recorded in the governmental fund financial statements, but the revenue is not available, the District reports a deferred inflow of resources until such times as the revenue becomes available.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one item, deferred revenue, which qualifies for reporting in this category.

# **EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

September 30, 2018

### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Assets, Liabilities and Net Position or Equity (continued)**

##### Fund Equity/Net Position

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

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

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

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

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

#### **Other Disclosures**

##### Use of Estimates

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

# **EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

September 30, 2018

### **NOTE C - BUDGETARY INFORMATION**

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

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

- a) Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain public 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.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

### **NOTE D – DEPOSITS AND INVESTMENTS**

#### **Deposits**

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

#### **Investments**

Custodial credit risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, 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. The investments listed in the schedule above are not evidenced by securities that exist in physical or book entry form.

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

**EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2018

**NOTE D – DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments (Investments)**

Concentration risk - The District places no limit on the amount the District may invest in anyone issuer.

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

Fair Value Measurement - When applicable, the District measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- Level 1: Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the District has the ability to access;
- Level 2: Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- Level 3: Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

**NOTE E - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended September 30, 2018 was as follows:

	Balance 10/01/2017	Increases	Decreases	Balance 09/30/2018
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Construction in process	\$ -	\$ 2,864,529	\$ -	\$ 2,864,529
Total capital assets, not being depreciated	-	2,864,529	-	2,864,529
Governmental activities capital assets - net	\$ -	\$ 2,864,529	\$ -	\$ 2,864,529



# **EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

September 30, 2018

### **NOTE F - MANAGEMENT COMPANY**

The District has contracted with a management company to perform services which include financial and accounting advisory services. Certain employees of the management company also serve as officers of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

### **NOTE G – SUBSEQUENT EVENTS**

Management has performed an analysis of the activities and transactions subsequent to September 30, 2018, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended September 30, 2018. Management has performed their analysis through May 30, 2019, the audit completion date.

On September 28, 2018, the District issued \$6,365,000 in Capital Improvement Revenue Bonds, Series 2018A-1 and \$7,300,000 in Capital Improvement Revenue Bonds, Series 2018A-2. The bonds were delivered on October 4, 2018, subsequent to year end.

### **NOTE H - 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; natural disasters; and environmental remediation. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

### **NOTE J – CONCENTRATION**

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

**EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**Year Ended September 30, 2018**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Developer contributions	\$ 365,003	\$ 81,392	\$ 84,487	\$ 3,095
Investment earnings	-	-	21	21
<b>TOTAL REVENUES</b>	<b>365,003</b>	<b>81,392</b>	<b>84,508</b>	<b>3,116</b>
<b>EXPENDITURES</b>				
Current				
General government	116,523	67,610	84,394	(16,784)
Physical environment	248,480	13,782	-	13,782
<b>TOTAL EXPENDITURES</b>	<b>365,003</b>	<b>81,392</b>	<b>84,394</b>	<b>(3,002)</b>
<b>TOTAL EXPENDITURES AND RESERVES</b>	<b>365,003</b>	<b>81,392</b>	<b>84,394</b>	<b>(3,002)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>114</b>	<b>\$ 114</b>
<b>FUND BALANCES</b>				
Beginning of year			-	
End of year			\$ 114	

**EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes, The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements, The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors, Actual general fund expenditures exceeded appropriations for the fiscal year ended September 30, 2018.

The variance between budgeted and actual general fund revenues is not considered significant. The actual general fund expenditures for the current fiscal year were higher than budgeted amounts due primarily to costs being higher than anticipated.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS*

To the Board of Supervisors  
Epperson Ranch II Community Development District  
Pasco County, Florida

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Epperson Ranch II Community Development District, as of September 30, 2018 and for the year ended September 30, 2018, which collectively comprise Epperson Ranch II Community Development District's basic financial statements and have issued our report thereon dated May 30, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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 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

This report is intended 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.

*DiBartolomeo, McBee, Hartley & Barnes*

DiBartolomeo, McBee, Hartley & Barnes, P.A.

Fort Pierce, Florida

May 30, 2019

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

To the Board of Supervisors  
Epperson Ranch II Community Development District  
Pasco County, Florida

We have examined the District's compliance with the requirements of Section 218.415, Florida Statutes with regards to the District's investments during the year ended September 30, 2018. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, and the Board of Supervisors of Epperson Ranch II Community Development District, Pasco County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

*DiBartolomeo, McBee, Hartley & Barnes*

DiBartolomeo, McBee Hartley & Barnes, P.A.  
Fort Pierce, Florida  
May 30, 2019

Management Letter

To the Board of Supervisors  
Epperson Ranch II Community Development District  
Pasco County, Florida

**Report on the Financial Statements**

We have audited the financial statements of Epperson Ranch II Community Development District as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated May 30, 2019.

**Auditor's Responsibility**

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

**Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated May 30, 2019, 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. Initial year audit, there were no findings in the prior year.

**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. Refer to Note A in the notes to the financial statements.

## **Financial Condition**

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

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to Epperson Ranch II Community Development District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

## **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for Epperson Ranch II Community Development District for the fiscal year ended September 30, 2018, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2018. In connection with our audit, we determined that these two reports were in agreement.

## **Other Matters**

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

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

## **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Chairman and Members of the Board of Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*DiBartolomeo, McBee, Hartley & Barnes*

DiBartolomeo, McBee, Hartley & Barnes, P.A.  
Fort Pierce, Florida  
May 30, 2019



**EXHIBIT 4.**

**(Under Separate Cover)**

**EXHIBIT 5.**

## RESOLUTION 2019-12

### **THE ANNUAL APPROPRIATION RESOLUTION OF THE EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT RELATING TO THE ANNUAL APPROPRIATIONS AND ADOPTING THE BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2019, AND ENDING SEPTEMBER 30, 2020; APPROVING A BUDGET FUNDING AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the District Manager has, prior to the fifteenth (15<sup>th</sup>) day in June, 2019, submitted to the Board of Supervisors (the “**Board**”) a proposed budget for the next ensuing budget year (the “**Proposed Budget**”), along with an explanatory and complete financial plan for each fund of the Epperson Ranch II Community Development District (the “**District**”), pursuant to the provisions of Section 190.008(2)(a), Florida Statutes; and

**WHEREAS**, at least sixty (60) days prior to the adoption of the Proposed Budget, the District filed a copy of the Proposed Budget with the local governing authorities having jurisdiction over the area included in the District pursuant to the provisions of Section 190.008(2)(b), Florida Statutes; and

**WHEREAS**, the Board set August 1, 2019 at 9:00 am, as the date and time for a public hearing thereon and caused notice of such public hearing to be given by publication pursuant to Section 190.008(2)(a), Florida Statutes; and

**WHEREAS**, the District Manager posted the Proposed Budget on the District’s website at least two days before the public hearing; and

**WHEREAS**, Section 190.008(2)(a), Florida Statutes, requires that, prior to October 1, of each year, the District Board by passage of the Annual Appropriation Resolution shall adopt a budget for the ensuing fiscal year and appropriate such sums of money as the Board deems necessary to defray all expenditures of the District during the ensuing fiscal year; and

**WHEREAS**, the District Manager has prepared a Proposed Budget, whereby the budget shall project the cash receipts and disbursements anticipated during a given time period, including reserves for contingencies for emergency or other unanticipated expenditures during the fiscal year; and

**WHEREAS**, in order for the Developer to fund a portion of the Budget, the Board desires to approve a form of the Budget Funding Agreement.

### **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT:**

#### **Section 1. Budget**

- a. That the Board of Supervisors has reviewed the District Manager’s Proposed Budget, a copy of which is on file with the office of the District Manager and at the District’s Records Office, and hereby approves certain amendments thereto, as shown below.

- b. That the Proposed Budget as amended by the Board attached hereto as **Exhibit A**, is hereby adopted in accordance with the provisions of Section 190.008(2)(a), Florida Statutes, and incorporated herein by reference; provided, however, that the comparative figures contained in the adopted budget may be subsequently revised as deemed necessary by the District Manager to reflect actual revenues and expenditures for fiscal year 2018/2019 and/or revised projections for fiscal year 2019/2020.
- c. That the adopted budget, as amended, shall be maintained in the office of the District Manager and at the District’s Records Office and identified as “The Budget for the Epperson Ranch II Community Development District for the Fiscal Year Beginning October 1, 2019, and Ending September 30, 2020,” as adopted by the Board of Supervisors on August 1, 2019.
- d. The final adopted budget shall be posted by the District Manager on the District’s official website within thirty (30) days after adoption.

**Section 2. Appropriations**

There is hereby appropriated out of the revenues of the District, for the fiscal year beginning October 1, 2019, and ending September 30, 2020, the sum of \$\_\_\_\_\_ to be raised by the levy of assessments and otherwise, which sum is deemed by the Board to be necessary to defray all expenditures of the District during said budget year, to be divided and appropriated in the following fashion:

TOTAL GENERAL FUND	\$ _____
TOTAL DEBT SERVICE FUNDS	\$ _____
TOTAL ALL FUNDS	\$ _____*

\*Not inclusive of any collection costs.

**Section 3. Budget Amendments**

Pursuant to Section 189.016, Florida Statutes, the District at any time within the fiscal year or within 60 days following the end of the fiscal year may amend its budget for that fiscal year as follows:

- a. The Board may authorize an increase or decrease in line item appropriations within a fund by motion recorded in the minutes if the total appropriations of the fund do not increase.
- b. The District Manager or Treasurer may authorize an increase or decrease in line item appropriations within a fund if the total appropriations of the fund do not increase and if the aggregate change in the original appropriation item does not exceed \$10,000 or 10% of the original appropriation.

- c. By resolution, the Board may increase any appropriation item and/or fund to reflect receipt of any additional unbudgeted monies and make the corresponding change to appropriations or the unappropriated balance.
- d. Any other budget amendments shall be adopted by resolution and consistent with Florida law.

The District Manager or Treasurer must establish administrative procedures to ensure that any budget amendments are in compliance with this section and Section 189.016 of the Florida Statutes, among other applicable laws. Among other procedures, the District Manager or Treasurer must ensure that any amendments to budget(s) under subparagraphs c. and d. above are posted on the District’s website within 5 days after adoption.

**Section 4. Budget Funding Agreement**

The form of the Budget Funding Agreement, attached as **Exhibit B** hereto, is hereby approved in order to fund the Developer’s portion of the budget for Fiscal Year 2019/2020.

**Section 5. Effective Date.**

This Resolution shall take effect upon the passage and adoption of this Resolution by the Board.

**PASSED AND ADOPTED THIS 1ST DAY OF AUGUST, 2019.**

**ATTEST:**

**EPPERSON RANCH II COMMUNITY  
DEVELOPMENT DISTRICT**

By: \_\_\_\_\_  
Name: Paul Cusmano  
Secretary/Assistant Secretary

By: \_\_\_\_\_  
Michael Lawson  
Chair of the Board of Supervisors

- Exhibit A:** 2019/2020 Budget
- Exhibit B:** Budget Funding Agreement

**EXHIBIT 6.**

**Budget Funding Agreement**  
Fiscal Year 2019/2020

This Agreement is made and entered into this 1st day of August, 2019, by and between the **Epperson Ranch II Community Development District**, a local unit of special-purpose government established pursuant to Chapter 190, Florida Statutes, and located in Pasco County, Florida (hereinafter "**District**"), and **Epperson Ranch, LLC**, a Florida limited liability company (hereinafter "**Developer**").

**Recitals**

WHEREAS, the District is a local unit of special-purpose government established pursuant to Chapter 190, Florida Statutes and located in Pasco County, Florida, (the "**County**") for the purpose of planning, financing, constructing, operating and/or maintaining certain infrastructure; and

WHEREAS, the District, pursuant to Chapter 190, Florida Statutes, is authorized to levy such taxes, special assessments, fees and other charges as may be necessary in furtherance of the District's activities and services; and

WHEREAS, Developer presently owns real property within the District, which property will benefit from the timely construction and acquisition of the District's facilities, activities and services and from the continued operations of the District; and

WHEREAS, the District is adopting its general fund budget for the Fiscal Year 2019/2020, which year commences on October 1, 2019 and concludes on September 30, 2020; and

WHEREAS, the District will need a funding mechanism to enable it to proceed with its operations and services during Fiscal Year 2019/2020 as described in **Exhibit "A"** attached hereto; and

WHEREAS, the Developer desires to provide such funds, as are necessary, to the District to proceed with its operations and services for Fiscal Year 2019/2020, as described in Exhibit "A," and as may be amended from time to time by the District.

**NOW, THEREFORE, based upon good and valuable consideration and the mutual covenants of the parties, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:**

1. The Developer agrees to make available to the District the monies necessary for the operation of the District as called for in the budget attached hereto as Exhibit "A", as may be amended from time to time, within thirty (30) days of written request by the District. The monies to be funded by the Developer will be the difference between any actual on-roll and other non-off roll revenues received by the District minus the actual expenditures incurred by the District and will be provided on an "as needed" basis only. The funds shall be placed in the District's general checking account. These payments are made by the Developer in lieu of taxes, fees or assessments

which might otherwise be levied or imposed by the District. However, at the end of each fiscal year if it is determined there is a surplus that is related to the deficit funding provided by the Developer; the Developer will be entitled to a return of such funds up to the total amount deficit funded.

2. The parties hereto recognize that a portion of the aforereferenced operating expenses may be required in support of the District's effort to implement its capital improvements program which are to be financed in the form of note(s), bond(s) or future developer advances and as such may be considered to be reimbursable expenses. The District agrees that upon the issuance of its note(s) or bonds(s) that there will be included an amount sufficient to reimburse the Developer for a portion of the advances made pursuant to this agreement and such reimbursement will be made within thirty (30) days of receiving the proceeds of the note(s) or bond(s). The advances made pursuant to this agreement and reimbursement of same will not include any interest charge since it is anticipated that the District will proceed in a timely fashion to obtain its note(s) or bond(s).

3. This instrument shall constitute the final and complete expression of the agreement between the parties relating to the subject matter of this Agreement. Amendment to and waivers of the provisions contained in this Agreement may be made only by an instrument in writing which is executed by both of the parties hereto.

4. The execution of this Agreement has been duly authorized by the appropriate body or official of all parties hereto, each party has complied with all the requirements of law, and each party has full power and authority to comply with the terms and provisions of this instrument.

5. This Agreement may be assigned, in whole or in part by either party only upon the written consent of the other. Any purported assignment without such written consent shall be void.

6. A default by either party under this Agreement shall entitle the other to all remedies available at law or in equity, which shall include, but not be limited to, the right of damages and specifically including the ability of the District to enforce any and all payment obligations under this Agreement through the imposition and enforcement of a contractual or other lien on property owned by the Developer.

7. In the event that either party is required to enforce this Agreement by court proceedings or otherwise, then the parties agree that the prevailing party shall be entitled to recover from the other all costs incurred, including reasonable attorneys' fees and costs for, trial alternative dispute resolution, or appellate proceedings.

8. This Agreement is solely for the benefit of the formal parties herein and no right or cause of action shall accrue upon or by reason hereof, to or for the benefit of any third party not a formal party hereto. Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any person or corporation other than the parties hereto any right, remedy or claim under or by reason of this Agreement or any provisions or



conditions hereof; and all of the provisions, representations, covenants and conditions herein contained shall inure to the sole benefit of and shall be binding upon the parties hereto and their respective representatives, successors and assigns.

9. This Agreement and the provisions contained herein shall be construed, interpreted and controlled according to the laws of the State of Florida.

10. This Agreement has been negotiated fully between the parties as an arm's length transaction. The parties participated fully in the preparation of this Agreement with the assistance of their respective counsel. In the case of a dispute concerning the interpretation of any provision of this Agreement, the parties are each deemed to have drafted, chosen and selected the language, and the doubtful language will not be interpreted or construed against any party.

11. The Agreement shall be effective after execution by both parties hereto.

IN WITNESS WHEREOF, the parties execute this agreement the day and year first written above.

Attest:

**Epperson Ranch II Community  
Development District**

\_\_\_\_\_  
Secretary/Assistant Secretary

By: \_\_\_\_\_  
Michael Lawson  
Chair of the Board of Supervisors

\_\_\_\_\_  
Witness

**Epperson Ranch, LLC**  
a Florida limited liability company

\_\_\_\_\_  
Witness

By: \_\_\_\_\_  
John Ryan  
Managing Member

**Exhibit "A" – Fiscal Year 2019/2020 General Fund Budget**

**EXHIBIT 7.**

**RESOLUTION 2019-13**

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT IMPOSING SPECIAL ASSESSMENTS; PROVIDING FOR COLLECTION AND ENFORCEMENT OF SPECIAL ASSESSMENTS; ADOPTING AND CERTIFYING AN ASSESSMENT ROLL; PROVIDING FOR AMENDMENT OF THE ASSESSMENT ROLL; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the Epperson Ranch II Community Development District (the “**District**”) is a local unit of special-purpose government established pursuant to Chapter 190, Florida Statutes for the purpose of providing, operating and maintaining infrastructure improvements, facilities and services to the lands within the District; and

**WHEREAS**, the District is located in Pasco County, Florida (the “**County**”); and

**WHEREAS**, the District owns and operates various infrastructure improvements and provides certain services in accordance with Chapter 190, Florida Statutes; and

**WHEREAS**, the Board of Supervisors (the “**Board**”) of the District hereby determines to undertake various operations and maintenance activities described in the District’s budget for fiscal year 2019/2020 (“**Operations and Maintenance Budget**”), attached hereto as **Exhibit A** and incorporated as a material part of this Resolution by this reference; and

**WHEREAS**, the District must obtain sufficient funds to provide for the operations and maintenance services and facilities provided by the District as described in the Operations and Maintenance Budget; and

**WHEREAS**, the provision of such services, facilities, and operations is a benefit to lands within the District; and

**WHEREAS**, Chapter 190, Florida Statutes, provides that the District may impose special assessments on benefitted lands within the District; and

**WHEREAS**, Chapter 197, Florida Statutes, provides a mechanism pursuant to which such special assessments may be placed on the County tax roll and collected by the County Tax Collector (“**Uniform Method**”); and

**WHEREAS**, the District has, by resolution and public notice, previously evidenced its intention to utilize the Uniform Method; and

**WHEREAS**, the District has approved an agreement with the Pasco County Property Appraiser (“**Property Appraiser**”) and Pasco County Tax Collector (“**Tax Collector**”) to provide for the collection of special assessments under the Uniform Method; and

**WHEREAS**, it is in the best interests of the District to proceed with the imposition of the special assessments on all assessable lands for operations and maintenance in the amount contained in the Operations and Maintenance Budget; and

**WHEREAS**, the District desires to levy and collect special assessments reflecting each parcel's portion of the Operations and Maintenance Budget; and

**WHEREAS**, it is in the best interests of the District to adopt the assessment roll of the District as maintained in the office of the District Manager, available for review, and incorporated as a material part of this Resolution by this reference (the "**Assessment Roll**"), and to certify a portion of the Assessment Roll on the parcels designated in the Assessment Roll to the Tax Collector pursuant to the Uniform Method and to directly collect a portion of the assessments on the parcels designated in the Assessment Roll through the direct collection method pursuant to Chapter 190, Florida Statutes; and

**WHEREAS**, it is in the best interests of the District to permit the District Manager to amend the Assessment Roll adopted herein, including that portion certified to the Tax Collector by this Resolution, as the Property Appraiser updates the property roll, for such time as authorized by Florida law.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE EPPERSON RANCH II COMMUNITY DEVELOPMENT DISTRICT:**

**SECTION 1. BENEFIT.** The provision of the services, facilities and operations as described in **Exhibit A** confer a special and peculiar benefit to the lands within the District, which benefits exceed or equal the costs of the assessments. The allocation of the costs to the specially benefited lands is shown in **Exhibit A** and in the Assessment Roll.

**SECTION 2. ASSESSMENT IMPOSITION.** Pursuant to Chapter 190 of the Florida Statutes, and using procedures authorized by Florida law for the levy and collection of special assessments, a special assessment for operations and maintenance is hereby imposed and levied on benefited lands within the District in accordance with **Exhibit A** and in the Assessment Roll. The lien of the special assessments for operations and maintenance imposed and levied by this Resolution shall be effective upon passage of this Resolution.

**SECTION 3. COLLECTION AND DUE DATE.**

**A. Uniform Method Assessments.** The collection of the previously levied debt service assessments and operations and maintenance special assessments on a portion of the platted lots and developed lands shall be at the same time and in the same manner as County taxes in accordance with the Uniform Method, as set forth in **Exhibit A** and in the Assessment Roll.

**B. Direct Bill Assessments.** The annual installment for the previously levied debt service assessments, and the annual operations and maintenance assessments, on a portion of the undeveloped and unplatted lands will be collected directly by the District in accordance with Florida law, as set forth in **Exhibit A** and in the Assessment Roll. Assessments directly collected by the District are due in full on December 1, 2019; provided, however, that, to the extent permitted by law, the assessments due may be paid in several partial, deferred payments and according to the following schedule: 50% due no later than December 1, 2019, 25% due no later than February 1, 2020 and 25% due no later than May 1, 2020. In the event that an assessment payment is not made in accordance with the schedule stated above, the whole assessment – including any remaining partial, deferred payments for Fiscal Year 2019/2020, as well as any future installments of special assessments securing debt service – shall immediately become due and payable; shall accrue interest, penalties in the amount of one percent (1%) per month, and all costs of collection and enforcement; and shall either be enforced pursuant to a foreclosure action, or, at the District’s sole discretion, collected pursuant to the Uniform Method on a future tax bill, which amount may include penalties, interest, and costs of collection and enforcement. Any prejudgment interest on delinquent assessments shall accrue at the applicable rate of any bonds or other debt instruments secured by the special assessments, or, in the case of operations and maintenance assessments, at the applicable statutory prejudgment interest rate. In the event an assessment subject to direct collection by the District shall be delinquent, the District Manager and District Counsel, without further authorization by the Board, may initiate foreclosure proceedings pursuant to Chapter 170 of the Florida Statutes or other applicable law to collect and enforce the whole assessment, as set forth herein.

**C. Future Collection Methods.** The decision to collect special assessments by any particular method – e.g., on the tax roll or by direct bill – does not mean that such method will be used to collect special assessments in future years, and the District reserves the right in its sole discretion to select collection methods in any given year, regardless of past practices. The District certifies all assessments for debt service and operations and maintenance for collection pursuant to Chapters 190 and 197, Florida Statutes. All assessments collected by the Tax Collector shall be due and payable as provided in Chapter 197, Florida Statutes.

**SECTION 4. ASSESSMENT ROLL.** The District's Assessment Roll is hereby certified and adopted.

**SECTION 5. ASSESSMENT ROLL AMENDMENT.** The District Manager shall keep apprised of all updates made to the property roll by the Property Appraiser after the date of this Resolution, and shall amend the District’s Assessment Roll in accordance with any such updates, for such time as authorized by Florida law. After any amendment of the Assessment Roll, the District Manager shall file the updates to the tax roll in the District records.

**SECTION 6. SEVERABILITY.** The invalidity or unenforceability of any one or more provisions of this Resolution shall not affect the validity or enforceability of the remaining portions of this Resolution, or any part thereof.

**SECTION 7. EFFECTIVE DATE.** This Resolution shall take effect upon the passage and adoption of this Resolution by the Board.

**PASSED AND ADOPTED THIS 1ST DAY OF AUGUST, 2019.**

**ATTEST:**

**EPPERSON RANCH II COMMUNITY  
DEVELOPMENT DISTRICT**

By: \_\_\_\_\_  
Name: Paul Cusmano  
Secretary/Assistant Secretary

By: \_\_\_\_\_  
Michael Lawson  
Chair of the Board of Supervisors

**Exhibit A – Fiscal Year 2019/2020 Operations and Maintenance Budget**