

**SIX MILE CREEK
COMMUNITY DEVELOPMENT DISTRICT**

FINANCIAL REPORT

Year Ended September 30, 2013

SIX MILE CREEK COMMUNITY DEVELOPMENT DISTRICT

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Year Ended September 30, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Six Mile Creek Community Development District

We have audited the accompanying financial statements of the governmental activities and each major fund of the *Six Mile Creek Community Development District* (the "District"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in conformity with accounting principles generally accepted in the United States of America, the governmental activities and each major fund of the *Six Mile Creek Community Development District* as of and for the year ended September 30, 2013.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis starting on page 3, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The Developer has not paid their debt service assessments owed in current or prior years. The District has therefore been unable to pay the debt service payments due on the Series 2007 Bonds.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 17, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

McDiernit Davis & Company, LLC

Orlando, Florida
June 17, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of *Six Mile Creek Community Development District's* (the District) financial accomplishments provide an overview of the District's financial activities for the year ended September 30, 2013. Please read it in conjunction with the District's Independent Auditor's Report, financial statements and accompanying notes.

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

Financial Highlights

- The liabilities of the District exceeded its assets at September 30, 2013 by \$(16,473,264), a decrease in net position of \$2,664,488 in comparison with the prior year. Net position was also decreased by \$715,192 due to implementation of GASB's.
- At September 30, 2013, the District's governmental funds reported a combined fund balance of \$(478,367), a decrease of \$3,456,791 in comparison with the prior year.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The statement of net position presents information on all of the District's assets 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Fund Financial Statements

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

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

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

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

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

Notes to Financial Statements

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

Government-Wide Financial Analysis

Statement of Net Position - The District's net position was \$(16,473,264) at September 30, 2013. The following analysis focuses on the net position of the District's governmental activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-Wide Financial Analysis (Continued):

Six Mile Creek Community Development District
Statement of Net Position

	September 30, 2013	September 30, 2012
Assets, excluding capital assets	\$ 6,404,198	\$ 7,172,905
Capital assets not being depreciated	<u>29,418,193</u>	<u>29,418,193</u>
Total assets	<u>35,822,391</u>	<u>36,591,098</u>
Liabilities, excluding long-term liabilities	7,965,655	4,579,682
Long-term liabilities	<u>44,330,000</u>	<u>45,105,000</u>
Total liabilities	<u>52,295,655</u>	<u>49,684,682</u>
Net position:		
Net investment in capital assets	(14,911,807)	(14,971,615)
Restricted for capital projects	3,281,539	3,274,984
Unrestricted	<u>(4,842,996)</u>	<u>(1,396,953)</u>
Total net position	<u>\$ (16,473,264)</u>	<u>\$ (13,093,584)</u>

The following is a summary of the District's governmental activities for the fiscal years ended September 30, 2013 and 2012.

Changes in Net Position
Year ended September 30,

	2013	2012
Revenues:		
Program revenues	\$ 86,590	\$ 17,525
Total revenues	<u>86,590</u>	<u>17,525</u>
Expenses:		
General government	142,192	144,042
Maintenance and operations	6,010	-
Interest on long-term debt	<u>2,602,876</u>	<u>2,652,733</u>
Total expenses	<u>2,751,078</u>	<u>2,796,775</u>
Change in net position	(2,664,488)	(2,779,250)
Net position - beginning, as previously stated	(13,093,584)	(10,314,334)
Effect of adoption of GASB No. 65	<u>(715,192)</u>	<u>-</u>
Net position - beginning, as restated	<u>(13,808,776)</u>	<u>(10,314,334)</u>
Net position - ending	<u>\$ (16,473,264)</u>	<u>\$ (13,093,584)</u>

As noted above and in the statement of activities, the cost of all governmental activities during the current year was \$2,751,078. The majority of these costs are comprised of interest on long term debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis of the Government's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At September 30, 2013, the District's governmental funds reported combined ending fund balances of \$(478,367). Of this total, \$5,500 is nonspendable, \$3,281,539 is restricted and the remainder is a negative unassigned fund balance of \$(3,765,406).

The fund balance of the general fund increased by \$62,940 because of a funding agreement reached with the Developer and a transfer from the debt service fund. The debt service fund balance decreased by \$3,526,286 because no assessments were received to offset debt service maturities or transfers out to the general fund. The capital projects fund balance did not change significantly.

General Fund Budgetary Highlights

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. There were no amendments to the September 30, 2013 general fund budget. The legal level of budgetary control is at the fund level.

Capital Asset and Debt Administration

Capital Assets - At September 30, 2013, the District had \$29,418,193 invested in land and infrastructure under construction. More detailed information about the District's capital assets is presented in the notes to financial statements.

Capital Debt - At September 30, 2013, the District had \$45,840,000 in bonds outstanding, including \$1,510,000 of matured bonds payable. More detailed information about the District's capital debt is presented in the notes to financial statements.

Requests for Information

If you have questions about this report or need additional financial information, contact the *Six Mile Creek Community Development District's* Finance Department at 135 West Central Boulevard, Suite 320, Orlando, Florida 32801.

FINANCIAL STATEMENTS

SIX MILE CREEK COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF NET POSITION

September 30, 2013

	Governmental Activities
Assets:	
Cash	\$ 62,638
Assessments receivable	3,278
Prepaid costs	5,500
Restricted assets:	
Temporarily restricted investments	6,332,782
Capital assets not being depreciated	29,418,193
Total assets	<u>35,822,391</u>
Liabilities:	
Accounts payable and accrued expenses	91,232
Accrued interest payable	1,083,090
Matured bonds payable	1,510,000
Matured interest payable	5,281,333
Noncurrent liabilities:	
Due within one year	820,000
Due in more than one year	43,510,000
Total liabilities	<u>52,295,655</u>
Net Position:	
Net investment in capital assets	(14,911,807)
Restricted for capital projects	3,281,539
Unrestricted	(4,842,996)
Total net position	<u>\$ (16,473,264)</u>

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

SIX MILE CREEK COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF ACTIVITIES

Year Ended September 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>	
Governmental activities:						
General government	\$ 142,192	\$ 72,361	\$ -	\$ -	\$ (69,831)	
Physical environment	6,010	3,058	-	-	(2,952)	
Interest on long-term debt	2,602,876	-	4,451	6,720	(2,591,705)	
Total governmental activities	<u>\$ 2,751,078</u>	<u>\$ 75,419</u>	<u>\$ 4,451</u>	<u>\$ 6,720</u>	<u>(2,664,488)</u>	
					Change in net position	(2,664,488)
					Net position - beginning, as previously stated	(13,093,584)
					Effect of adoption of GASB No. 65	(715,192)
					Net position - beginning, as restated	(13,808,776)
					Net position - ending	<u>\$ (16,473,264)</u>

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

SIX MILE CREEK COMMUNITY DEVELOPMENT DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2013

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Assets:				
Cash	\$ 62,638	\$ -	\$ -	\$ 62,638
Investments	-	3,051,078	3,281,704	6,332,782
Assessments receivable	3,278	-	-	3,278
Prepaid costs	5,500	-	-	5,500
Total assets	<u>\$ 71,416</u>	<u>\$ 3,051,078</u>	<u>\$ 3,281,704</u>	<u>\$ 6,404,198</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable and accrued expenses	\$ 90,812	\$ 255	\$ 165	\$ 91,232
Matured bonds payable	-	1,510,000	-	1,510,000
Matured interest payable	-	5,281,333	-	5,281,333
Total liabilities	<u>90,812</u>	<u>6,791,588</u>	<u>165</u>	<u>6,882,565</u>
Fund balances:				
Nonspendable	5,500	-	-	5,500
Restricted for:				
Capital projects	-	-	3,281,539	3,281,539
Unassigned	(24,896)	(3,740,510)	-	(3,765,406)
Total fund balances (deficits)	<u>(19,396)</u>	<u>(3,740,510)</u>	<u>3,281,539</u>	<u>(478,367)</u>
Total liabilities and fund balances	<u>\$ 71,416</u>	<u>\$ 3,051,078</u>	<u>\$ 3,281,704</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 29,418,193

Liabilities not due and payable from current available resources are not reported in governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide statements.

Accrued interest payable	(1,083,090)	
Bonds payable	(44,330,000)	<u>(45,413,090)</u>
Net position of governmental activities (page 7)		<u>\$ (16,473,264)</u>

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

SIX MILE CREEK COMMUNITY DEVELOPMENT DISTRICT

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

Year Ended September 30, 2013

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues:				
Developer contributions	\$ 75,419	\$ -	\$ -	\$ 75,419
Investment income	-	4,451	6,720	11,171
Total revenues	<u>75,419</u>	<u>4,451</u>	<u>6,720</u>	<u>86,590</u>
Expenditures:				
Current:				
General government	57,484	84,708	-	142,192
Physical environment	5,845	-	165	6,010
Debt Service:				
Interest	-	2,620,179	-	2,620,179
Principal	-	775,000	-	775,000
Total expenditures	<u>63,329</u>	<u>3,479,887</u>	<u>165</u>	<u>3,543,381</u>
Excess (deficit) of revenues over expenditures	<u>12,090</u>	<u>(3,475,436)</u>	<u>6,555</u>	<u>(3,456,791)</u>
Other Financing Sources (Uses):				
Transfers in	50,850	-	-	50,850
Transfers out	-	(50,850)	-	(50,850)
Total other financing sources (uses)	<u>50,850</u>	<u>(50,850)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	62,940	(3,526,286)	6,555	(3,456,791)
Fund balances - beginning of year	<u>(82,336)</u>	<u>(214,224)</u>	<u>3,274,984</u>	<u>2,978,424</u>
Fund balances - end of year	<u>\$ (19,396)</u>	<u>\$ (3,740,510)</u>	<u>\$ 3,281,539</u>	<u>\$ (478,367)</u>

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

SIX MILE CREEK 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, 2013

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

Net change in fund balances - total governmental funds (page 10)	\$ (3,456,791)
Repayment of long-term liabilities are reported as expenditures in governmental funds, while repayment reduces long-term liabilities in the statement of net assets.	775,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Change in accrued interest	<u>17,303</u>
Change in net position of governmental activities (page 8)	<u><u>\$ (2,664,488)</u></u>

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

SIX MILE CREEK COMMUNITY DEVELOPMENT DISTRICT

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

Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Developer contributions	\$ 89,675	\$ 89,675	\$ 75,419	\$ (14,256)
Total revenues	89,675	89,675	75,419	(14,256)
Expenditures:				
Current:				
General government	89,675	89,675	57,484	32,191
Physical environment	-	-	5,845	(5,845)
Total expenditures	89,675	89,675	63,329	26,346
Excess (Deficit) of Revenues Over Expenditures	-	-	12,090	12,090
Other Financing Sources (Uses):				
Transfers in	-	-	50,850	50,850
Total other financing sources (uses)	-	-	50,850	50,850
Net change in fund balance	-	-	62,940	62,940
Fund Balance - Beginning of year	(82,336)	(82,336)	(82,336)	-
Fund Balance - End of Year	\$ (82,336)	\$ (82,336)	\$ (19,396)	\$ 62,940

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

NOTES TO FINANCIAL STATEMENTS

SIX MILE CREEK COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2013

Note 1 - Summary of Significant Accounting Policies:

Reporting Entity

The *Six Mile Creek Community Development District* (the District) was established by Rule 42GGG-1, adopted by the Florida Land and Water Adjudicatory Commission effective March 7, 2007, pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. The Act provides, among other things, the power to manage basic services for community development, the power to borrow money and issue bonds, and the power to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure. The District was established for the purpose of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by the Board of Supervisors (the Board), which is composed of five members, elected by qualified electors. The Board exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes. In August 2013, the previous majority land owner, Six Mile Creek Ventures, LLC (the "Previous Landowner"), conveyed all the real property it owned within the District to Six Mile Creek Investment Group, LLC (the "Developer"). The Developer owns the majority of the land within the District. The District is economically dependent on the Developer. At September 30, 2013, three Board members are affiliated with the Developer, and two are affiliated with the previous landowner.

The Board has the final responsibility for, among other things:

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

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements 14, 39 and 61. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. Management has determined that there are no entities considered to be component units of the District.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2013

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

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

SIX MILE CREEK COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2013

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

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

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

The District reports the following major governmental funds.

General Fund - 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 - Accounts for the accumulation of resources for the annual payment of principal and interest on long-term general obligation debt.

Capital Projects Fund - Accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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

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

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

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

Receivables - All receivables are shown net of allowance for uncollectible amounts.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2013

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

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

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

All capital asset acquisition and construction is considered to be land and infrastructure under construction at September 30, 2013.

Long Term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of premiums or discounts.

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

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any item that qualifies for reporting in this category for the year ended September 30, 2013.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District does not have any item that qualifies for reporting in this category for the year ended September 30, 2013.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2013

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2013

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

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

New GASB Statements Implemented - GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* - This statement incorporates into the GASB's authoritative literature certain guidance that previously could only be found in certain FASB and AICPA pronouncements issued on or after November 30, 1989 and eliminates the selection to apply post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* - This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and identifies net position as the residual of all other elements presented in a statement of financial position. This statement amends the net asset reporting requirements by incorporating deferred outflows of resources and deferred inflows of resources (previously reported as assets and liabilities) into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* - This statement provides additional guidance for the items listed in GASB 63 and includes additional changes in accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This Statement requires that debt issuance costs be expensed in the period the debt was issued. The implementation of GASB 65 resulted in the write off of bond issuance costs and the effect of adoption of GASB 65 is the reduction of beginning net position of governmental activities by \$715,192. The effect on fiscal year 2012 had the implementation of GASB 65 occurred earlier would have resulted in a decrease of expenses of the governmental activities by \$26,708.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2013

Note 2 - Stewardship, Compliance and Accountability:

A. Budgetary Information

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

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

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

B. Deficit Fund Balances

The general fund and debt service fund have deficit fund balances at September 30, 2013.

Note 3 - Deposits and Investments:

Deposits

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

SIX MILE CREEK COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2013

Note 3 - Deposits and Investments (Continued):

Investments

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

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

1. The Local Government Surplus Funds Trust Fund (SBA);
2. Securities and Exchange Commission Registered Money Market Funds with the highest credit quality rating from a nationally recognized rating agency;
3. Interest-bearing time deposits or savings accounts in qualified public depositories;
4. Direct obligations of the U.S. Treasury;
5. Short-term bond funds investing in U.S. Government securities or U.S. Government Agency Securities;
6. Securities of registered investment companies (mutual funds) that are limited to obligations of the U.S. Government or any agency or instrumentality thereof.

The SBA is not a registrant with the SEC; however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund for the Florida Prime Fund. Therefore, the pool account balance can be used as fair value for financial reporting. Fund B is accounted for as a fluctuating NAVPOOL, not a 2a-7-like money market fund.

Investments made by the District at September 30, 2013 are summarized below. In accordance with GASB 31, investments are reported at fair value.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity</u>
Local Government Investment Pool:			
Florida Prime	\$ 5,185,876	AAAm	44 days
Fidelity Institutional Prime Class 1	1,146,906	AAAm	49 days
	<u>\$ 6,332,782</u>		

SIX MILE CREEK COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2013

Note 4 - Interfund Transfers:

In the current year, \$50,850 was transferred from the debt service fund into the general fund to pay attorney and trustee fees incurred as a result of the Developer's nonpayment of assessments.

Note 5 - Capital Assets:

Capital asset activity for the year ended September 30, 2013 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,230,000	\$ -	\$ -	\$ 8,230,000
Infrastructure under construction	21,188,193	-	-	21,188,193
Total capital assets not being depreciated	29,418,193	-	-	29,418,193
Governmental activities capital assets, net	<u>\$ 29,418,193</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,418,193</u>

The total cost of capital improvements for the District has been estimated at \$156,326,750 for all phases of the District. In the prior year, due to deteriorating financial conditions of the Developer, construction ceased.

Note 6 - Long-Term Liabilities:

Series 2007 Capital Improvement Revenue Bonds

On July 13, 2007, the District issued \$47,820,000 of Capital Improvement Revenue Bonds, Series 2007. The Bonds are due on May 1, 2038 and have an interest rate varying between 5.5% and 5.875%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the property within the District. Interest is paid semiannually on each May 1 and November 1. Principal is paid annually commencing May 1, 2010 through May 1, 2038.

The Series 2007 Bonds are subject to redemption at the option of the District in whole or in part on or after May 1, 2017 at a redemption price set forth in the Bond Indenture. They are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Indenture.

The Bond Indenture requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirement as defined in the Indenture. The requirement has not been met at September 30, 2013.

SIX MILE CREEK COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2013

Note 6 - Long-Term Liabilities (Continued):

Series 2007 Capital Improvement Revenue Bonds (Continued):

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agreed to 1) levy and collect special assessments in annual amounts adequate to provide payment of debt services and to 2) meet the reserve requirements. The principal of and interest on the Series 2007 Bonds issued under the Indenture are secured by all revenues received by the District from Series 2007 assessments levied and collected on the District lands benefited by the project. The District is not in compliance with certain requirements of the Bond Indenture.

As of September 30, 2013, total principal and interest remaining on the 2007 Bonds amounts to \$92,434,559, including matured bonds and interest payable of \$6,791,333. For the year ended September 30, 2013, no principal and interest was paid and no special assessment revenue was pledged.

Long-term debt activity for the year ended September 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
Series 2007	\$ 45,105,000	\$ -	\$ (775,000)	\$ 44,330,000	\$ 820,000
Governmental activity long-term liabilities	<u>\$ 45,105,000</u>	<u>\$ -</u>	<u>\$ (775,000)</u>	<u>\$ 44,330,000</u>	<u>\$ 820,000</u>

The long-term debt activity schedule includes a principal reduction of \$775,000 that was due but was not paid. This amount was reclassified into matured bonds payable.

SIX MILE CREEK COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2013

Note 6 - Long-Term Liabilities (Continued):

At September 30, 2013, the scheduled debt service requirements on the bonds payable were as follows:

Year ending September 30,	Governmental Activities	
	Principal	Interest
2014	\$ 820,000	\$ 2,577,485
2015	865,000	2,532,385
2016	915,000	2,484,741
2017	965,000	2,434,416
2018	1,025,000	2,380,820
2019 - 2023	6,075,000	10,967,879
2024 - 2028	8,130,000	8,982,878
2029 - 2033	10,905,000	6,285,885
2034 - 2038	14,630,000	2,666,737
	<u>\$ 44,330,000</u>	<u>\$ 41,313,226</u>

Note 7 - Related Party Transactions:

In the current and prior years, the Developer failed to pay their special assessments owed to the District which total \$4,738,696 at September 30, 2013. The District has fully reserved for these receivables in an allowance for doubtful accounts. An additional \$3,278 is considered receivable at year end.

During the fiscal year ended September 30, 2013, the District reached an agreement with the Developer to fund operating and maintenance expenses. The amounts received are recorded as developer contributions.

Note 8 - Net Deficit:

The District has a government wide net deficit of \$(16,473,264) at September 30, 2013. The deficit results from 1) capital assets which were financed by District long-term debt but were conveyed to the county and 2) uncollected assessments from the Developer.

Note 9 - Risk Management:

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

Note 10 - Subsequent Events:

The District was unable to make its November 1, 2013 and May 1, 2014 debt service payments on the Series 2007 Bonds.

COMPLIANCE SECTION

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

To the Board of Supervisors
Six Mile Creek Community Development District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the *Six Mile Creek Community Development District* (the "District") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated June 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

MCDIRMIT DAVIS & COMPANY, LLC
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed certain instances of noncompliance. See Appendix B of the accompanying report to management dated June 17, 2014.

We noted certain other matters that we reported to management of the District, in a separate letter dated June 17, 2014. The District's response to our findings identified in our audit is included in this report. We did not audit the District's response, and accordingly, we express no opinion on it.

Purpose of this Report

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

McDiernit Davis & Company, LLC

Orlando, Florida
June 17, 2014

MANAGEMENT COMMENTS

Board of Supervisors
Six Mile Creek Community Development District
St. Johns County, Florida

We have audited the financial statements of the *Six Mile Creek Community Development District* (the "District"), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated June 17, 2014.

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. We have issued our 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. Disclosures in that report, which is dated June 17, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida, and unless otherwise required to be reported in the report on compliance and internal controls, this letter is required to include the following information:

- 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. The status of management's response to recommendations included in the preceding annual financial report is outlined in Appendix A to this report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., 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)4., Rules of the Auditor General, requires that we address violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.

MCDIRMIT DAVIS & COMPANY, LLC

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- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.
- Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District met two of the conditions described in Section 218.503(1), Florida Statutes, as a result of deteriorating financial conditions. These conditions are described in Appendix C.
- Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 2012, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Deteriorating financial conditions were noted, as indicated above under Section 10.554 (1)(i)6.a.

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, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

McDiernit Davis & Company, LLC

Orlando, Florida
June 17, 2014

SIX MILE CREEK COMMUNITY DEVELOPMENT DISTRICT

APPENDIX A - PRIOR YEAR RECOMMENDATIONS

Year Ended September 30, 2013

No.	Prior Year's Finding	Finding No Longer Relevant	Finding Still Relevant	Finding Included in Second Preceding Audit
11-01	Financial Condition Assessment*		X	X
12-01	Failure to Make Bond Debt Service Payments When Due		X	
12-02	Failure to Meet Reserve Account Requirement		X	
12-03	Failure to Pay Claims from Creditors within 90 Days		X	

* This Financial Condition Assessment finding is listed as two separate findings in fiscal year 2013.

**APPENDIX B - COMPLIANCE VIOLATIONS OF LAWS, REGULATIONS
AND CONTRACTUAL PROVISIONS**

Year Ended September 30, 2013

12-01 - Failure to Make Bond Debt Service Payments When Due

Criteria

The Special Assessment Revenue Bonds Series 2007 require semiannual interest payments and annual principal payments.

Condition

The debt service payments due in the current year on the Series 2007 Bonds have not been made.

Cause

The Developer has not paid current or prior years debt service special assessments owed to the District.

Effect

At September 30, 2013, the District is not in compliance with the requirements of the Bond Indenture.

Recommendation

We recommend the District utilize all legal remedies available to collect delinquent assessments and bring debt service payments current.

12-02 - Failure to Meet Reserve Account Requirement

Criteria

The Special Assessment Revenue Bonds Series 2007 require the District maintain adequate funds in a reserve account to meet the reserve requirement as defined in the Bond Indenture.

Condition

At September 30, 2013, the District did not meet the reserve requirement on the Series 2007 Bonds.

Cause

The District had to use amounts in the reserve account to pay debt service since the Developer has not paid their special assessments to the District.

Effect

The District is not in compliance with the requirements of the Bond Indenture.

Recommendation

We recommend the District utilize all legal remedies available to collect delinquent assessments and replenish the Reserve account.

SIX MILE CREEK COMMUNITY DEVELOPMENT DISTRICT

APPENDIX C - CONDITIONS OF FINANCIAL EMERGENCY

Year Ended September 30, 2013

12-01 - Failure to Make Debt Service Payments When Due

The District did not pay the principal and interest due on the Series 2007 Bonds due to lack of funds; therefore the District meets Section 218.503(1)(a) as a financial emergency condition.

12-03 - Failure to Pay Claims from Creditors within 90 Days

At September 30, 2013, the District had payables due to creditors that were greater than 90 days old.

*Six Mile Creek
Community Development District*

135 W. Central Boulevard, Suite 320, Orlando, Florida 32801
Phone: 407-841-5524 – Fax: 407-839-1526

June 22, 2014

McDirmit Davis Certified Public Accountants & Advisors
Attn: Matthew Lee
934 N. Magnolia Ave., Suite 100
Orlando, FL 32803

Re: Response to the findings 12-01, 12-02 & 12-03 for Six Mile Creek CDD:

Management Letter Finding:

Failure to Make Bond Debt Service Payments when Due

Management Response to Finding:

The District failed to make bond debt service payments when due because the previous major landowner failed to pay the annual debt assessments levied on their property. In August 2013, the previous major landowner conveyed all the real property to the new major landowner. The District, Trustee and Bondholders are considering various options to bring the past due debt payments current, including but not limited to a bond restructure.

Management Letter Finding:

Failure to Meet Reserve Account Requirement

Management Response to Finding:

The District has not maintained the required balance in the Debt Service Reserve Account because the previous major landowner failed to pay the annual debt assessments levied on their property. Therefore, due to insufficient funds available from debt assessments to make the required mandatory debt service payments the District's Trustee utilized Debt Service Reserve Funds to make certain debt service payments. In August 2013, the previous major landowner conveyed all the real

*Six Mile Creek
Community Development District*

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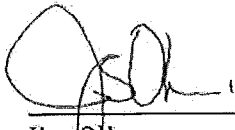
property to the new major landowner. The District, Trustee and Bondholders are considering various options to bring the District in compliance with the Debt Service Fund Requirement, including a bond restructure.

Management Letter Finding:

Failure to Pay Claims from Creditors within 90 Days

Management Response to Finding:

Subsequent to year end, the new major landowner provided the necessary funding in order for the District to pay all vendors with past due amounts greater than 30 days.



Jim Oliver
District Manager
Six Mile Creek Community Development District