

**Six Mile Creek  
Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2018**

**Six Mile Creek Community Development District**

**ANNUAL FINANCIAL REPORT**

**Fiscal Year Ended September 30, 2018**

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors  
Six Mile Creek Community Development District  
St. Johns County, FL

### Report on the Financial Statements

We have audited the accompanying financial statements of Six Mile Creek Community Development District as of and for the year ended September 30, 2018, and the related notes to 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 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 Accounting 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 opinion.

Fort Pierce / Stuart

To the Board of Supervisors  
Six Mile Creek Community Development District

## **Opinion**

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 Six Mile Creek Community Development District, as of September 30, 2018, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity 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 Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated June 28, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Six Mile Creek Community Development District's internal control over financial reporting and compliance.



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

June 28, 2019

**Six Mile Creek Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

The *government-wide financial statements* are the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental activities are primarily supported by special assessments.

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Assets, liabilities, and net position are reported for all Governmental activities.

The **statement of activities** presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities. Governmental activities financed by the District include general government, physical environment, culture and recreation, and debt service.

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

**Six Mile Creek Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

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

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

**Financial Highlights**

The following are the highlights of financial activity for the year ended September 30, 2018.

- ◆ The District's total liabilities exceeded total assets and deferred amount on refunding by \$(25,585,024) (net position). Net investment in capital assets was \$46,398, and unrestricted net position was \$(25,631,422).
- ◆ Governmental activities revenues totaled \$3,067,336 while governmental activities expenses and conveyance totaled \$27,438,329.

**Six Mile Creek Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District**

The following schedule provides a summary of the assets, liabilities and net position of the District and is presented by category for comparison purposes.

**Net Position**

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
Current assets	\$ 232,334	\$ 151,795
Restricted assets	5,748,281	2,175,813
Capital assets, net	23,290,425	39,063,491
Total Assets	29,271,040	41,391,099
 Deferred outflows of resources	 33,116	 -
Current liabilities	14,464,198	10,313,137
Non-current liabilities	40,424,982	32,819,153
Total Liabilities	54,889,180	43,132,290
 Net Position		
Net investment in capital assets	46,398	6,088,562
Unrestricted net position	(25,631,422)	(7,829,753)
Total Net Position	\$ (25,585,024)	\$ (1,741,191)

The increase in restricted assets is primarily due to the reserve requirement of the new debt and current year assessment prepayments.

The decrease in capital assets and net position is primarily related to the conveyance of certain assets in the current year.

**Six Mile Creek Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District (Continued)**

The following schedule provides a summary of the changes in net position of the District and is presented by category for comparison purposes.

<b>Change In Net Position</b>		
	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
Program Revenues		
Charges for services	\$ 2,918,810	\$ 1,059,405
Operating grants and contributions	412,268	352,413
Capital grants and contributions	114,892	378,048
General Revenues		
Investment earnings	21,264	-
Miscellaneous revenues	127,262	13,087
Total Revenues	<u>3,594,496</u>	<u>1,802,953</u>
Expenses		
General government	119,578	139,441
Physical environment	354,078	453,342
Culture/recreation	286,078	81,028
Interest on long-term debt	1,864,112	1,980,129
Total Expenses	<u>2,623,846</u>	<u>2,653,940</u>
Conveyance to other entities	24,814,483	7,111,127
Change in Net Position	(23,843,833)	(7,962,114)
Net Position - Beginning of Year	<u>(1,741,191)</u>	<u>6,220,923</u>
Net Position - End of Year	<u>\$ (25,585,024)</u>	<u>\$ (1,741,191)</u>

The increase in charges for services is due to the increase in assessments as well as assessment payments.

The increase in conveyances is due to the completion of the 2007 Project.



**Six Mile Creek Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Capital Assets Activity**

The following schedule provides a summary of the District's capital assets as of September 30, 2018 and 2017.

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
Land and improvements	\$ 8,230,000	\$ 8,230,000
Construction in progress	1,320,256	30,773,718
Infrastructure	3,437,651	-
Improvements other than buildings	10,192,800	-
Equipment	123,000	66,414
Accumulated depreciation	(13,282)	(6,641)
Capital Assets, net	<b>\$ 23,290,425</b>	<b>\$ 39,063,491</b>

Current year activity consisted of additions to construction in progress of \$9,048,058, and transfer of \$3,437,651 of infrastructure, \$10,192,800 of improvements other than buildings, and \$56,586 of equipment. Additionally, \$24,814,483 was conveyed to other entities and depreciation was \$6,641.

**General Fund Budgetary Highlights**

Budgeted expenditures exceeded actual expenditures primarily due to less utilities and pool service expenditures incurred than anticipated in the current year.

There were no amendments to the September 30, 2018 budget.

**Debt Management**

Governmental Activities debt includes the following:

- ◆ In July 2007, the District issued \$47,820,000 Series 2007 Capital Improvement Revenue Bonds. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Due to non-payment of assessment by the Developer and its predecessor, scheduled debt service payments have not been made since fiscal year 2011. Matured bonds payable totaled \$2,160,000 at September 30, 2018. The unmatured balance outstanding at September 30, 2018 was \$14,130,000.

**Six Mile Creek Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Debt Management (Continued)**

- ◆ In April 2015, the District issued \$3,165,000 Series 2015 (Assessment Area 1) Capital Improvement Revenue Refunding Bonds. The bonds were issued to refund the outstanding Series 2014A Bonds. As of September 30, 2018, the balance outstanding was \$2,820,000.
- ◆ In April 2016, the District issued \$7,315,000 Series 2016A (Assessment Area 2) Capital Improvement Revenue Bonds. These bonds were issued to finance a portion of the cost of acquisition and construction of the 2016 Project. As of September 30, 2018, the balance outstanding was \$7,180,000.
- ◆ In April 2016, the District issued \$6,720,000 Series 2016B (Assessment Area 2) Capital Improvement Revenue Bonds. These bonds were issued to finance a portion of the cost of acquisition and construction of the 2016 Project. As of September 30, 2018, the balance outstanding was \$3,875,000.
- ◆ In December 2017, the District issued \$10,620,000 Series 2017A (Assessment Area 2, Phase 2) Capital Improvement Revenue Bonds. These bonds were issued to finance a portion of the costs of the 2017 Project. As of September 30, 2018, the balance outstanding was \$10,620,000.
- ◆ In December 2017, the District issued \$3,980,000 Series 2017B (Assessment Area 2, Phase 2) Capital Improvement Revenue Bonds. These bonds were issued to refund a portion of the Series 2016B Capital Improvement Revenue Bonds and pay a portion of the costs of the 2017 Project. As of September 30, 2018, the balance outstanding was \$3,960,000.

**Economic Factors and Next Year's**

The District does not expect any economic factors to have a significant effect on the financial position or results of operations of the District in fiscal year 2019.

**Request for Information**

The financial report is designed to provide a general overview of Six Mile Creek Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Six Mile Creek Community Development District, Governmental Management Services, 9145 Narcoossee Road, Suite A206, Orlando, FL 32827.

**Six Mile Creek Community Development District**  
**STATEMENT OF NET POSITION**  
**September 30, 2018**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 36,219
Assessments receivable	157,050
Due from other governments	4,124
Due from developer	24,085
Prepaid expenses	10,856
Total Current Assets	232,334
Non-Current Assets	
Restricted Assets	
Investments	5,748,281
Capital Assets, Not Being Depreciated	
Land and improvements	8,230,000
Construction in progress	1,320,256
Capital Assets, Being Depreciated	
Infrastructure	3,437,651
Improvements other than buildings	10,192,800
Equipment	123,000
Less: accumulated depreciation	(13,282)
Total Non-Current Assets	29,038,706
Total Assets	29,271,040
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding	33,116
 LIABILITIES	
Current Liabilities	
Accounts payable	49,116
Contracts and retainage payable	188,741
Due to developer	7,300
Unearned revenues	36,121
Matured bonds payable	2,160,000
Matured interest payable	6,600,206
Bonds payable, current	3,910,000
Lease payable, current	11,991
Accrued interest	1,500,723
Total Current Liabilities	14,464,198
Non-Current Liabilities	
Bonds payable, net	40,410,775
Lease payable, net	14,207
Total Non-Current Liabilities	40,424,982
Total Liabilities	54,889,180
 NET POSITION	
Net investment in capital assets	46,398
Unrestricted	(25,631,422)
Total Net Position	\$ (25,585,024)

See accompanying notes to financial statements.

**Six Mile Creek Community Development District**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2018**

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities					
General government	\$ (119,578)	\$ 48,812	\$ 62,497	\$ -	\$ (8,269)
Physical environment	(354,078)	152,682	195,490	114,892	108,986
Culture/recreation	(286,078)	120,496	154,280	-	(11,302)
Interest on long-term debt	(1,864,112)	2,596,821	-	-	732,709
Total Governmental Activities	\$ (2,623,846)	\$ 2,918,810	\$ 412,268	\$ 114,892	822,124
General Revenues					
Investment earnings					21,264
Miscellaneous revenues					127,262
Total General Revenues					148,526
Conveyance to other entities					(24,814,483)
Change in Net Position					(23,843,833)
Net Position - October 1, 2017					(1,741,191)
Net Position - September 30, 2018					\$ (25,585,024)

See accompanying notes to financial statements.

**Six Mile Creek Community Development District  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2018**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 36,219	\$ -	\$ -	\$ 36,219
Assessments receivable	-	157,050	-	157,050
Due from other funds	-	24,152	4,153	28,305
Due from other governments	980	3,144	-	4,124
Due from developer	24,085	-	-	24,085
Prepaid expenses	10,856	-	-	10,856
Restricted assets				
Cash and investments, at fair value	-	4,024,979	1,723,302	5,748,281
<b>Total Assets</b>	<b>\$ 72,140</b>	<b>\$ 4,209,325</b>	<b>\$ 1,727,455</b>	<b>\$ 6,008,920</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 49,116	\$ -	\$ -	\$ 49,116
Due to other funds	28,305	-	-	28,305
Contracts and retainage payable	-	-	188,741	188,741
Due to developer	-	-	7,300	7,300
Unearned revenues	11,969	24,152	-	36,121
Matured bonds payable	-	2,160,000	-	2,160,000
Matured interest payable	-	6,600,206	-	6,600,206
<b>Total Liabilities</b>	<b>89,390</b>	<b>8,784,358</b>	<b>196,041</b>	<b>9,069,789</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid expenses	10,856	-	-	10,856
Restricted:				
Capital projects	-	-	1,531,414	1,531,414
Unassigned	(28,106)	(4,575,033)	-	(4,603,139)
<b>Total Fund Balances</b>	<b>(17,250)</b>	<b>(4,575,033)</b>	<b>1,531,414</b>	<b>(3,060,869)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 72,140</b>	<b>\$ 4,209,325</b>	<b>\$ 1,727,455</b>	<b>\$ 6,008,920</b>

See accompanying notes to financial statements.

**Six Mile Creek Community Development District  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
September 30, 2018**

Total Governmental Fund Balances	\$ (3,060,869)
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, land and improvements (\$8,230,000), construction in progress (\$1,320,256), infrastructure (\$3,437,651), improvements (\$10,192,800) and equipment (\$123,000) net of accumulated depreciation (\$13,282), used in governmental activities are not current financial resources and therefore, are not reported at the governmental fund level.	23,290,425
Deferred outflows of resources, deferred amount on refunding, net, are not current financial resources and therefore, are not recognized at the fund level.	33,116
Long-term liabilities, including bonds payable, \$(44,475,000), and bond discount, \$154,225, and capital leases, \$(26,198) are not due and payable in the current period and therefore, are not reported at the governmental fund level.	(44,346,973)
Accrued interest expense for long-term debt is not a current financial use and therefore, is not reported at the governmental fund level.	<u>(1,500,723)</u>
Net Position of Governmental Activities	<u><u>\$ (25,585,024)</u></u>

*See accompanying notes to financial statements.*

**Six Mile Creek Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2018**

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>Revenues</b>				
Special assessments	\$ 321,989	\$ 2,596,821	\$ -	\$ 2,918,810
Developer contributions	412,268	-	114,892	527,160
Investment earnings	-	10,031	11,233	21,264
Miscellaneous revenues	490	-	126,772	127,262
<b>Total Revenues</b>	<u>734,747</u>	<u>2,606,852</u>	<u>252,897</u>	<u>3,594,496</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	113,197	6,381	-	119,578
Physical environment	354,078	-	-	354,078
Culture/recreation	279,437	-	-	279,437
Capital outlay	-	-	9,048,058	9,048,058
<b>Debt service</b>				
Principal	11,003	3,035,000	-	3,046,003
Interest	2,781	1,146,566	-	1,149,347
Other debt service	-	35,606	469,000	504,606
<b>Total Expenditures</b>	<u>760,496</u>	<u>4,223,553</u>	<u>9,517,058</u>	<u>14,501,107</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(25,749)</u>	<u>(1,616,701)</u>	<u>(9,264,161)</u>	<u>(10,906,611)</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	2,110,308	-	2,110,308
Transfers out	-	-	(2,110,308)	(2,110,308)
Issuance of long-term debt	-	1,531,941	13,068,059	14,600,000
Bond discount	-	-	(128,810)	(128,810)
<b>Total Other Financial Sources (Uses)</b>	<u>-</u>	<u>3,642,249</u>	<u>10,828,941</u>	<u>14,471,190</u>
<b>Net Change in Fund Balances</b>	(25,749)	2,025,548	1,564,780	3,564,579
<b>Fund Balances - October 1, 2017</b>	<u>8,499</u>	<u>(6,600,581)</u>	<u>(33,366)</u>	<u>(6,625,448)</u>
<b>Fund Balances - September 30, 2018</b>	<u>\$ (17,250)</u>	<u>\$(4,575,033)</u>	<u>\$ 1,531,414</u>	<u>\$ (3,060,869)</u>

See accompanying notes to financial statements.

**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**  
**For the Year Ended September 30, 2018**

Net Change in Fund Balances - Total Governmental Funds	\$ 3,564,579
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount by which capital outlay (\$9,048,058) was exceeded by depreciation (\$(6,641)) and conveyances \$(24,814,483) in the current period.	(15,773,066)
Bond and capital lease principal payments are recorded as expenditures at the fund level, but reduce liabilities at the government-wide level.	3,046,003
Bond proceeds are reflected as an other financing source at the fund level, however, they increase liabilities at the government-wide level.	(14,600,000)
Bond discount is reported as an other financing use at the fund level, however, they reduce long-term liabilities at the government-wide level.	128,810
Deferred outflows of resources, deferred amount on refunding, is reflected as an other debt service cost at the fund level, however it is capitalized at the government-wide level and amortized over the life of the bonds. This is the amount of the current year amount, \$35,606, net of current year amortization, \$(2,490).	33,116
Amortization of bond discount does not require the use of current financial resources and therefore, is not reported in the governmental funds. This is the amount of amortization in the current period.	(6,630)
In the Statement of Activities, interest is accrued on outstanding bonds; whereas in the governmental funds, interest expenditures are reported when due. This is the change in accrued interest in the current period.	<u>(236,645)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (23,843,833)</u></u>

*See accompanying notes to financial statements.*



**Six Mile Creek Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended September 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$ 324,166	\$ 324,166	\$ 321,989	\$ (2,177)
Developer contributions	556,470	556,470	412,268	(144,202)
Miscellaneous revenues	-	-	490	490
Total Revenues	<u>880,636</u>	<u>880,636</u>	<u>734,747</u>	<u>(145,889)</u>
Expenditures				
Current				
General government	125,025	125,025	113,197	11,828
Physical environment	370,723	370,723	354,078	16,645
Culture/recreation	384,888	384,888	279,437	105,451
Debt Service				
Principal	-	-	11,003	(11,003)
Interest	-	-	2,781	(2,781)
Total Expenditures	<u>880,636</u>	<u>880,636</u>	<u>760,496</u>	<u>120,140</u>
Net Change in Fund Balances	-	-	(25,749)	(25,749)
Fund Balances - October 1, 2017	<u>-</u>	<u>-</u>	<u>8,499</u>	<u>8,499</u>
Fund Balances - September 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,250)</u>	<u>\$ (17,250)</u>

*See accompanying notes to financial statements.*

**Six Mile Creek Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**1. Reporting Entity**

The District was established on March 7, 2007, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), by Rule #42GGG-1 Florida Administrative Code, adopted by the Florida Land and Water Adjudicatory Commission as a Community Development District. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing district roads, landscaping, and other basic infrastructure projects within or outside the boundaries of the Six Mile Creek Community Development District. The District is governed by a five member Board of Supervisors elected by qualified resident electors residing within the District. The District operates within the criteria established by Chapter 190.

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

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

**2. Measurement Focus and Basis of Accounting**

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

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

**Six Mile Creek Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**a. Government-wide Financial Statements**

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include all the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities are supported by special assessments. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

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

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

**b. Fund Financial Statements**

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

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

**Six Mile Creek Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds**

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

The District has various policies governing the fund balance classifications.

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

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

**Assigned Fund Balance** – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed. The assigned fund balances can also be assigned by the District's management company.

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

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

**Six Mile Creek Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

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

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

Debt service expenditures are recorded only when payment is due.

**3. Basis of Presentation**

**a. Governmental Major Funds**

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

**Six Mile Creek Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. Basis of Presentation (Continued)**

**a. Governmental Major Funds (Continued)**

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

Capital Projects Fund – The Capital Projects Fund accounts for the acquisition and construction of infrastructure improvements located within the boundaries of the District.

**b. Non-current Governmental Assets/Liabilities**

GASB Statement 34 requires that non-current governmental assets, such as construction in progress, and non-current governmental liabilities, such as general obligation bonds be reported in the governmental activities column in the government-wide Statement of Net Position.

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

**a. Cash and Investments**

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

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

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;

**Six Mile Creek Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**a. Cash and Investments (Continued)**

4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Cash and investments include time deposits, certificates of deposit, money market funds, and all highly liquid debt instruments with original maturities of three months or less.

**b. Restricted Net Position**

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

**c. Capital Assets**

Capital assets, which include land, construction in progress, infrastructure, improvements other than buildings and equipment, are reported in the governmental activities column.

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

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

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

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

Infrastructure	20 years
Improvements other than buildings	25 years
Equipment	10 years

**Six Mile Creek Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**d. Unamortized Bond Discounts**

Bond discounts associated with the issuance of revenue bonds are amortized according to the straight line method of accounting. For financial reporting, unamortized bond discounts are netted against the applicable long-term debt.

**e. Budgets**

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Formal budgets are adopted for the general and debt service funds. As a result, deficits in the budget columns of the accompanying financial statements may occur.

**f. Deferred Outflows/Inflows of Resources**

Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred amount on refunding reported on the Statement of Net Position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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

“Total fund balances” of the District’s governmental funds (\$(3,060,869)) differs from “net position” of governmental activities (\$(25,585,024)) reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated below:



**Six Mile Creek Community Development District  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2018**

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

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

**Capital related items**

When capital assets (land, improvements, construction in progress, infrastructure and equipment that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, these assets are capitalized at the government-wide level.

Land and improvements	\$ 8,230,000
Construction in progress	1,320,256
Infrastructure	3,437,651
Improvements other than buildings	10,192,800
Equipment	123,000
Less: accumulated depreciation	<u>(13,282)</u>
Capital Assets, net	<u>\$ 23,290,425</u>

**Deferred amount on refunding**

Deferred outflows of resources are not financial resources, and therefore, are not recognized at the governmental fund level.

Deferred amount on refunding, net	<u>\$ 33,116</u>
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**Long-term debt transactions**

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position. Balances at September 30, 2018 were:

Bonds payable	\$ (44,475,000)
Bond discount, net	154,225
Capital lease payable	<u>(26,198)</u>
Bonds payable, net	<u>\$ ( 44,346,973)</u>

**Accrued interest**

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

Accrued interest	<u>\$ (1,500,723)</u>
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**Six Mile Creek Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

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

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

The “net change in fund balances” for government funds (\$3,564,579) differs from the “change in net position” for governmental activities (\$(23,843,833)) reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below:

**Capital related items**

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

Capital outlay	\$ 9,048,058
Conveyances	(24,814,483)
Depreciation	<u>(6,641)</u>
Total	<u>\$ (15,773,066)</u>

**Long-term debt transactions**

The issuance of long-term debt and bond discount is reported as an other financing source/(use) and the repayments of bond principal and capital leases are reported as expenditures in the governmental funds and, thus, effect fund balance because current financial resources have been added or used.

Principal payments	\$ 3,046,003
Issuance of long-term debt	(14,600,000)
Bond discount	<u>128,810</u>
Total	<u>\$ 11,425,187</u>

In the Statement of Activities, the deferred amount on refunding is recognized as a reduction of interest expense and amortized over the remaining life of the bond.

Deferred amount on refunding	<u>\$ 35,606</u>
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**Six Mile Creek Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018**

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

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

Amortization of the bond discount and deferred amount on refunding does not require the use of current financial resources and therefore, is not reported in governmental funds.

Amortization of bond discount	\$	(6,630)
Amortization of deferred amount on refunding		(2,490)
Total		\$ (9,120)

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

Net change in accrued interest payable	\$	(236,645)
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**NOTE C – CASH AND INVESTMENTS**

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk, however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2018, the District's bank balance was \$72,543 and the carrying value was \$36,219. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

Investments

As of September 30, 2018, the District had the following investments and maturities:

Investment	Maturity	Fair Value
Fidelity Govt Portfolio Class III	36 days*	\$ 50,459
First American Govt Obligation Fund Class Y	26 days*	377,518
US Bank Mmkt 5	N/A	5,320,304
Total		\$ 5,748,281

\* Weighted average maturity

**Six Mile Creek Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE C – CASH AND INVESTMENTS (CONTINUED)**

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

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

Based on the criteria in the preceding paragraph, all of the District's investments are Level 1 assets.

Interest Rate Risk

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

Credit Risk

The District's investments are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The investments in First American Government Obligation Funds represent 6.57%, Fidelity Govt. Portfolio represent 0.88%, and the US Bank Money Market represents 92.55% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2018 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary. As of September 30, 2018, the District's investment in the First American Government Obligation Funds and the Fidelity Govt. Portfolio were rated AAAM by Standard & Poor's.

**Six Mile Creek Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE D – INTERFUND BALANCES**

<b>Interfund Receivables</b>	<b>Interfund Payables</b>	
	General Fund	Total
Debt Service Fund	\$ 24,152	\$ 24,152
Capital Projects Fund	4,153	4,153
Total	\$ 28,305	\$ 28,305

Amounts due to Debt Service Fund from the General Fund are related to assessments collected in the General Fund that are allocated to the Debt Service Fund. Amounts due to Capital Projects Fund from the General Fund relate to a refund for an expenditure paid out of the General Fund for the Capital Projects Fund.

**NOTE E – CAPITAL ASSETS**

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

	Balance 9/30/17	Additions	Deletions	Balance 09/30/18
<u>Governmental Activities:</u>				
Capital assets, not depreciated:				
Land and improvements	\$ 8,230,000	\$ -	\$ -	\$ 8,230,000
Construction in progress	30,773,718	9,048,058	38,501,520	1,320,256
Total capital assets, not being depreciated	39,003,718	9,048,058	38,501,520	9,550,256
Capital assets, being depreciated:				
Infrastructure	-	3,437,651	-	3,437,651
Improvements other than buildings	-	10,192,800	-	10,192,800
Furniture, fixtures, and equipment	66,414	56,586	-	123,000
Total capital assets, being depreciated	66,414	13,687,037	-	13,753,451
Less accumulated depreciation:				
Furniture, fixtures, and equipment	(6,641)	(6,641)	-	(13,282)
Total capital assets being depreciated, net	59,773	13,680,396	-	13,740,169
Governmental Activities Capital Assets, net	\$39,063,491	\$22,728,454	\$38,501,520	\$23,290,425

Depreciation was charged to culture and recreation.

During the current year, a Developer conveyed certain real property to the District that held no value.

**Six Mile Creek Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018**

**NOTE F – LONG-TERM DEBT**

Governmental Activities

The following is a summary of activity for long-term debt of the Governmental Activities for the year ended September 30, 2018:

Long-term debt at October 1, 2017	\$ 35,070,000
Issuance of long-term debt	14,600,000
Principal payments	<u>(3,035,000)</u>
Long-term debt at September 30, 2018	<u>\$ 46,635,000</u>

Long-term debt for Governmental Activities is comprised of the following:

**Capital Improvements Revenue Bonds**

\$47,820,000 Series 2007 Capital Improvement Revenue Bonds due in annual principal installments beginning May 2010, maturing in May 2038. Interest rates ranging from 5.50% to 5.875% is due May 1 and November 1 beginning November 2007.	\$ 18,180,000
\$3,165,000 Series 2015 Capital Improvement Revenue Refunding Bonds (Assessment Area 1) due in annual principal installments beginning May 2016, maturing in May 2038. Interest rates ranging from 3.625% to 5.000% is due May 1 and November 1 beginning November 2015. Current portion is \$220,000.	\$ 2,820,000
\$7,315,000 Series 2016A Capital Improvement Revenue Bonds (Assessment Area 2) due in annual principal installments beginning November 2018, maturing in November 2047. Interest rates ranging from 3.750% to 5.750% is due May 1 and November 1 beginning November 2017. Current portion is \$940,000.	\$ 7,180,000
\$6,720,000 Series 2016B Capital Improvement Revenue Bonds (Assessment Area 2) due at maturity in November 2035. Interest rate is 5.875% and is due May 1 and November 1 beginning November 2017. Current portion is \$485,000.	\$ 3,875,000
\$10,620,000 Series 2017A Capital Improvement Revenue Bonds (Assessment Area 2, Phase 2) due in annual principal installments beginning November 2019, maturing in November 2048. Interest rates ranging from 3.625% to 5.250% is due May 1 and November 1 beginning May 2018.	\$ 10,620,000

**Six Mile Creek Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE F – LONG-TERM DEBT (CONTINUED)**

\$3,980,000 Series 2017B Capital Improvement Revenue Bonds (Assessment Area 2, Phase 2) due at maturity in November 2029. Interest rate is 5.350% and is due May 1 and November 1 beginning May 2018.

\$ 3,960,000

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2018 are as follows:

Year Ending September 30,	Principal	Interest	Total
2019	\$ 3,910,000	\$ 1,452,021	\$ 5,362,021
2020	305,000	1,281,071	1,586,071
2021	375,000	1,268,740	1,643,740
2022	390,000	1,253,605	1,643,605
2023	400,000	1,237,308	1,637,308
2024-2028	2,300,000	5,901,597	8,201,597
2029-2033	4,600,000	4,964,751	9,564,751
2034-2038	7,130,000	3,488,263	10,618,263
2039-2043	3,635,000	1,982,631	5,617,631
2044-2048	4,745,000	848,406	5,593,406
2049	665,000	17,456	682,456
Totals	<u>\$ 28,455,000</u>	<u>\$ 23,695,849</u>	<u>\$ 52,150,849</u>

Due to a default, the amortization schedule above does not include the Series 2007 Bonds.

Summary of Significant Bond Resolution Terms and Covenants

**Capital Improvements Revenue Bonds**

Significant Bond Provisions

The District levies special assessments pursuant to Section 190.022, Florida Statutes and the assessment rolls are approved by resolutions of the District Board. The collections are to be strictly accounted for and applied to the debt service of the bond series for which they were levied. The District covenants to levy special assessments in annual amounts adequate to provide for payment of principal and interest on the bonds. Payment of principal and interest is dependent on the money available in the debt service fund and the District's ability to collect special assessments levied.

The Series 2007, 2015, 2016A, 2016B, and 2017A Bonds are subject to redemption at the option of the District prior to their maturity, in whole or in part, in the manner provided by the Bond Indentures. The Series 2017B Bonds are not subject to optional redemption prior to maturity. The Series 2007, 2015, 2016A, 2016B, 2017A, and 2017B Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occur as outlined in the Trust Indentures.

**Six Mile Creek Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018**

**NOTE F – LONG-TERM DEBT (CONTINUED)**

**Capital Improvements Revenue Bonds (Continued)**

Significant Bond Provisions (Continued)

The Trust Indentures establish certain amounts be maintained in a reserve account. In addition, the Trust Indentures have 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 agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements.

Depository Funds

The bond resolution establishes certain funds and determines the order in which revenues are to be deposited into these funds.

The following is a schedule of required reserve deposits as of September 30, 2018:

<u>Capital Improvement Revenue Bonds</u>	<u>Reserve Balance</u>	<u>Reserve Requirement</u>
Series 2015	\$ 171,188	\$ 166,943
Series 2016A	\$ 504,775	\$ 481,734
Series 2016B	\$ 242,344	\$ 216,494
Series 2017A	\$ 703,838	\$ 703,838
Series 2017B	\$ 159,698	\$ 155,585

In December 2017, the District issued \$10,620,000 of Series 2017A (Assessment Area 2A Phase 2) Capital Improvement Bonds, and \$3,980,000 of Series 2017B (Assessment Area 2, Phase 2) Capital Improvement Bonds, which retired the Series 2016B Capital Improvement Revenue Bonds. The current refunding of the Series 2016B Capital Improvement Revenue Bonds resulted in a deferred amount on refunding of \$35,606. As a result of this transaction, the District decreases its aggregate debt payment for Series 2017B Bonds by \$621,468 over the next 11 years and realized an economic loss of approximately \$106,157.

**Series 2007 Capital Improvement Revenue bonds**

Since the 2010 fiscal year, the Developer and its predecessor, failed to make payment on the special assessments which ultimately secure the Series 2007 Bonds. As a result, the debt service payments from November 1, 2011 through those in the current fiscal year have not been made. Such failures to pay the debt service amounts due constitute events of default. In a prior year, the Series 2007 Bond was bifurcated and in another year a portion of the Bond was cancelled with a corresponding reduction in assessments. The District is not in compliance with the reserve requirement established by the Trust Indenture.



**Six Mile Creek Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018**

**NOTE G – CAPITAL LEASE PAYABLE**

The District entered into a capital lease agreement for the acquisition of fitness equipment for its amenity center at an annual interest rate of 8.63%. The lease qualifies as a capital lease for accounting purposes, and therefore, have been recorded at the present value of their future minimum lease payments at the time of acquisition. The lease commenced in December 2016 for a term of 49 months. As of September 30, 2018, the District held equipment under the capital lease of \$66,414 with accumulated depreciation of \$13,283. Depreciation of assets under the capital lease is included in culture and recreation in the Statement of Activities.

The future minimum lease obligation and the net present value of these minimum lease payments as of September 30, 2018 were as follows:

<b>Year Ending September 30,</b>	<b>Lease Payment</b>
2019	\$ 13,784
2020	13,784
2021	1,149
Total minimum lease payments	28,717
Less: amount representing interest	(2,519)
Present value of minimum lease payments	\$ 26,198

**NOTE H – SPECIAL ASSESSMENT REVENUES**

Special assessment revenues recognized for the 2017-2018 fiscal year were levied in October 2017. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Per Florida Statute 197.162, discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount.

All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to, June 1.

**NOTE I – 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 for which the government carries commercial insurance.

Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

**Six Mile Creek Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE J – WATER AND SEWER UNIT CONNECTION FEE REFUND AGREEMENT**

During a prior fiscal year, the District entered into an updated agreement with St. Johns County relating to water and sewer connection fees. The District constructed certain water and sewer utilities to be owned and maintained by the County. Under the agreement, the County will refund a portion of connection fees collected up to \$4,311,421 related to water and sewer utilities that were constructed by the District. During the current fiscal year, \$126,772 related to the agreement was received from the County.

**NOTE K – ECONOMIC DEPENDENCY**

The Developers own a significant portion of land within the District. The District's activity is dependent upon the continued involvement of the Developers, the loss of which could have a material adverse effect on the District's operations. At September 30, 2018, three of the five board members are affiliated with the Developers.

**NOTE L – RELATED PARTY TRANSACTIONS**

The majority of the voting members of the Board of Supervisors are employed by the Developer or a related entity. The Developer or a related entity owns a portion of land within the District; therefore, assessment revenues in the general fund and debt service fund include the assessments levied on those lots owned by the Developer or a related entity.

The Developer has also agreed to fund a portion of the capital improvement projects which are ongoing within the District. Accordingly, the Developer contributed \$114,892.

**NOTE M – CONTINGENCIES**

Certain traffic light improvements were constructed on property owned by a neighboring property owner during a prior fiscal year in accordance with an easement between the prior Developer and the property owner. The property owner has taken the position that the District did not have the right to permanently install such improvements on his property and is demanding that they be removed. The matter is currently being negotiated between the District and the property owner, and no accrual has been made as the outcome cannot be determined.

**NOTE N – SUBSEQUENT EVENT**

Subsequent to year-end, the District prepaid \$135,000, Series 2015 Capital Improvement Revenue Bonds, \$830,000, Series 2016A Capital Improvement Revenue Bonds, \$485,000 Series 2016B Capital Improvement Revenue Bonds, and \$2,265,000 Series 2017B Capital Improvement Revenue Bonds.



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**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  
St. Johns County, FL

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Six Mile Creek Community Development District, as of and for the year ended September 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Six Mile Creek Community Development District's internal control over financial reporting 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 Six Mile Creek Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Six Mile Creek Community Development 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 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.

To the Board of Supervisors  
Six Mile Creek Community Development District

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



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

June 28, 2019



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## **MANAGEMENT LETTER**

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

### **Report on the Financial Statements**

We have audited the financial statements of the Six Mile Creek Community Development District as of and for the year ended September 30, 2018, and have issued our report thereon dated June 28, 2018.

### **Auditor's Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with *AICPA Professionals Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 28, 2018, should be considered in conjunction with this Management Letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. The following findings or recommendations were made in the preceding financial audit report:

### **Findings and Recommendations**

#### **2017-01, 2016-01, 2015-01, 2012-01, 2012-02, 2011-01**

Finding: The debt service fund has a deficit fund balance of (\$6,685,341) at September 30, 2018. Due to the Developer's failure to pay the debt assessments securing its Series 2007 Bonds in the prior fiscal and current years, the District did not have sufficient funds to make certain scheduled debt service payments in the past and current years, as a result, the payments were not made. The District's failures to make its scheduled debt service payments when they are due are considered events of default. In addition, the District was not in compliance with the reserve requirement.

To the Board of Supervisors  
Six Mile Creek Community Development District

**2017-01, 2016-01, 2015-01, 2012-01, 2012-02, 2011-01 (Continued)**

Recommendation: The District should take the necessary steps to alleviate the financial condition and to comply with the reserve requirement.

Management Response: The District continues to take significant steps to alleviate the deteriorating financial condition. In addition to the issuance of the Series 2015 and Series 2016 Bonds, the District issued Series 2017, Capital Improvement Revenue Bonds in the current year, to further develop the District. The real estate market drives demand which is the determining factor of which part of the District is developed. The continued development of the District will ultimately lead to the development of the property that secures the Series 2007 Bonds which will result in the elimination of the deteriorating financial condition.

**Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not Six Mile Creek Community Development District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that Six Mile Creek Community Development District did meet one of the conditions described in Section 218.503(1) Florida Statutes. See Finding 2017-01, 2016-01, 2015-01, 2012-01, 2012-02, 2011-01.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for Six Mile Creek Community Development District. It is management's responsibility to monitor the Six Mile Creek Community Development District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same as of September 30, 2018.

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

**Additional Matters**

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

To the Board of Supervisors  
Six Mile Creek Community Development District

**Purpose of this Letter**

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

*Berger Toombs Elam  
Gaines + Frank*

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

June 28, 2019



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

To the Board of Supervisors  
Six Mile Creek Community Development District  
St. Johns County, FL

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

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

In our opinion, Six Mile Creek Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2018.

*Berger Toombs Elam  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
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Fort Pierce, Florida

June 28, 2019