

**Six Mile Creek
Community Development District**

ANNUAL FINANCIAL REPORT

September 30, 2020

Six Mile Creek Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2020

TABLE OF CONTENTS

	<u>Page Number</u>
REPORT OF INDEPENDENT AUDITORS	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-8
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds	11
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	15
Notes to Financial Statements	16-33
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	34-35
MANAGEMENT LETTER	36-38
INDEPENDENT ACCOUNTANTS' REPORT/COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES	39



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

REPORT OF INDEPENDENT AUDITORS

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

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, 2020, 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, 2020, 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 September 8, 2021 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

September 8, 2021

**Six Mile Creek Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

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, 2020**

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 capital assets, 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, 2020.

- ◆ The District's total assets and deferred outflows of resources exceeded total liabilities by \$3,388,469 (net position). Net investment in capital assets was \$2,984,931, restricted net position was \$376,799 and unrestricted net position was \$26,739.
- ◆ Governmental activities revenues and cancellation of debt totaled \$28,237,351 while governmental activities expenses totaled \$3,129,451.

**Six Mile Creek Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

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

	Governmental Activities	
	2020	2019
Current assets	\$ 193,478	\$ 638,560
Restricted assets	5,877,733	3,647,360
Capital assets, net	30,066,687	24,740,995
Total Assets	36,137,898	29,026,915
 Deferred outflows of resources	 46,143	 30,128
 Current liabilities	 3,159,672	 10,741,892
Non-current liabilities	29,635,900	40,034,582
Total Liabilities	32,795,572	50,776,474
 Net Position		
Net investment in capital assets	2,984,931	(565,210)
Restricted net position	376,799	1,225,937
Unrestricted net position	26,739	(22,380,158)
Total Net Position	\$ 3,388,469	\$ (21,719,431)

The decrease in current assets is the result of the decrease in assessments receivable and due from developer.

The increase in restricted assets is primarily due to the issuance of the Series 2020 Bonds in the current year.

The increase in capital assets is related to capital asset additions in excess of depreciation in the current year.

The decrease in total liabilities and increase in total net position is primarily due to the cancellation of debt in the current year.

**Six Mile Creek Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

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.

Change In Net Position

	Governmental Activities	
	2020	2019
Program Revenues		
Charges for services	\$ 3,517,459	\$ 4,491,005
Operating grants and contributions	158,596	334,310
Capital grants and contributions	178,324	1,549,150
General Revenues		
Investment earnings	5,245	19,130
Miscellaneous revenues	247,520	211,520
Total Revenues	<u>4,107,144</u>	<u>6,605,115</u>
Expenses		
General government	130,459	124,859
Physical environment	892,893	777,007
Culture/recreation	478,917	460,440
Interest and other charges	1,627,182	1,377,216
Total Expenses	<u>3,129,451</u>	<u>2,739,522</u>
Cancellation of debt	<u>24,130,207</u>	<u>-</u>
Change in Net Position	25,107,900	3,865,593
Net Position - Beginning of Year	<u>(21,719,431)</u>	<u>(25,585,024)</u>
Net Position - End of Year	<u>\$ 3,388,469</u>	<u>\$ (21,719,431)</u>

The decrease in charges for services is due to the decrease in prepayment assessments.

The increase in interest and other charges is primarily due to the issuance of long-term debt in the current year.

The increase in cancellation of debt is due to the cancellation of the majority of the Series 2007 Bonds in the current year.

**Six Mile Creek Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

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, 2020 and 2019.

	Governmental Activities	
	2020	2019
Land and improvements	\$ 8,230,000	\$ 8,230,000
Construction in progress	9,280,308	3,362,721
Infrastructure	3,437,651	3,437,651
Improvements other than buildings	10,192,800	10,192,800
Equipment	123,000	123,000
Accumulated depreciation	(1,197,072)	(605,177)
Capital Assets, Net	\$ 30,066,687	\$ 24,740,995

Current year activity consisted of additions to construction in progress of \$5,917,587, and depreciation was \$591,895.

General Fund Budgetary Highlights

Budgeted expenditures exceeded actual expenditures primarily due to less landscape contingency and maintenance reserve expenditures than were anticipated.

There were no amendments to the September 30, 2020 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. During the year, bondholders cancelled all matured and unmatured bonds payable excluding \$650,000. As of September 30, 2020, the balance outstanding was \$650,000.
- 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, 2020, the balance outstanding was \$2,505,000.

**Six Mile Creek Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Debt Management (Continued)

- 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, 2020, the balance outstanding was \$6,155,000.
- 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, 2020, the balance outstanding was \$2,360,000.
- 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, 2020, the balance outstanding was \$10,450,000.
- 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, 2020, the balance outstanding was \$1,070,000.
- In June 2020, the District issued \$7,020,000 Series 2020 (Assessment Area 2, Phase 3A) Capital Improvement Revenue and Refunding 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 Phase 3A Project. As of September 30, 2020, the balance outstanding was \$7,020,000.

Economic Factors and Next Year's Budget

Six Mile Creek Community Development District does not expect any economic factors to have any significant effect on the financial position or results of operations of the District in fiscal year 2021. However, the District issued Capital Improvement Revenue Bonds, Series 2021 in February 2021 to finance the cost of certain improvements within the District.

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, 219 East Livingston Street, Orlando, Florida 32801.

Six Mile Creek Community Development District
STATEMENT OF NET POSITION
September 30, 2020

	Governmental Activities
ASSETS	
Current Assets	
Cash	\$ 47,087
Assessments receivable	36,536
Due from other governments	15,166
Due from developer	66,006
Prepaid expenses	28,683
Total Current Assets	193,478
Non-Current Assets	
Restricted Assets	
Investments	5,877,733
Capital Assets, Not Being Depreciated	
Land and improvements	8,230,000
Construction in progress	9,280,308
Capital Assets, Being Depreciated	
Infrastructure	3,437,651
Improvements other than buildings	10,192,800
Equipment	123,000
Accumulated depreciation	(1,197,072)
Total Non-Current Assets	35,944,420
Total Assets	36,137,898
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding	46,143
LIABILITIES	
Current Liabilities	
Accounts payable	92,392
Contracts and retainage payable	1,222,034
Deferred revenue	28,683
Bonds payable, current	375,000
Lease payable, current	1,140
Accrued interest	1,440,423
Total Current Liabilities	3,159,672
Non-Current Liabilities	
Bonds payable, net	29,635,900
Total Liabilities	32,795,572
NET POSITION	
Net investment in capital assets	2,984,931
Restricted for capital projects	376,799
Unrestricted	26,739
Total Net Position	\$ 3,388,469

See accompanying notes to financial statements.

**Six Mile Creek Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General government	\$ (130,459)	\$ 102,338	\$ 21,387	\$ -	\$ (6,734)
Physical environment	(892,893)	408,436	85,357	178,324	(220,776)
Culture/recreation	(478,917)	248,114	51,852	-	(178,951)
Interest and other charges	(1,627,182)	2,758,571	-	-	1,131,389
Total Governmental Activities	<u>\$ (3,129,451)</u>	<u>\$ 3,517,459</u>	<u>\$ 158,596</u>	<u>\$ 178,324</u>	<u>724,928</u>
		General Revenues			
					5,245
					247,520
					<u>252,765</u>
					<u>24,130,207</u>
					25,107,900
					<u>(21,719,431)</u>
					<u>\$ 3,388,469</u>

See accompanying notes to financial statements.

Six Mile Creek Community Development District
BALANCE SHEET -
GOVERNMENTAL FUNDS
September 30, 2020

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash	\$ 47,087	\$ -	\$ -	\$ 47,087
Assessments receivable	12,251	24,285	-	36,536
Due from other funds	-	6,641	5,153	11,794
Due from other governments	5,238	9,928	-	15,166
Due from developer	66,006	-	-	66,006
Prepaid expenses	28,683	-	-	28,683
Restricted assets				
Cash and investments, at fair value	343	3,680,921	2,196,469	5,877,733
Total Assets	\$ 159,608	\$ 3,721,775	\$ 2,201,622	\$ 6,083,005
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 92,392	\$ -	\$ -	\$ 92,392
Due to other funds	11,794	-	-	11,794
Contracts and retainage payable	-	-	1,222,034	1,222,034
Deferred revenues	28,683	-	-	28,683
Total Liabilities	132,869	-	1,222,034	1,354,903
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	19,249	-	-	19,249
FUND BALANCES				
Nonspendable:				
Prepaid expenses	28,683	-	-	28,683
Restricted:				
Debt service	-	3,721,775	-	3,721,775
Capital projects	-	-	979,588	979,588
Unassigned	(21,193)	-	-	(21,193)
Total Fund Balances	7,490	3,721,775	979,588	4,708,853
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 159,608	\$ 3,721,775	\$ 2,201,622	\$ 6,083,005

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, 2020

Total Governmental Fund Balances	\$ 4,708,853
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, \$9,280,308, infrastructure, \$3,437,651, improvements \$10,192,800, and equipment, \$123,000, net of accumulated depreciation, \$(1,197,072), used in governmental activities are not current financial resources and therefore, are not reported at the governmental fund level.	30,066,687
Deferred outflows of resources, deferred amount on refunding, net, are not current financial resources and therefore, are not recognized at the fund level.	46,143
Long-term liabilities, including bonds payable, \$(30,210,000), net of bond discount, \$199,100, and capital leases, \$(1,140) are not due and payable in the current period and therefore, are not reported at the governmental fund level.	(30,012,040)
Unavailable revenues are recognized as deferred inflows at the fund level, but this amount is recognized as revenues at the government-wide level.	19,249
Accrued interest expense for long-term debt is not a current financial use and therefore, is not reported at the governmental fund level.	<u>(1,440,423)</u>
Net Position of Governmental Activities	<u><u>\$ 3,388,469</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, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues				
Special assessments	\$ 758,888	\$ 2,758,571	\$ -	\$ 3,517,459
Developer contributions	241,746	-	188,163	429,909
Investment earnings	85	4,050	1,110	5,245
Miscellaneous revenues	3,098	-	244,422	247,520
Total Revenues	<u>1,003,817</u>	<u>2,762,621</u>	<u>433,695</u>	<u>4,200,133</u>
Expenditures				
Current				
General government	121,567	8,892	-	130,459
Physical environment	485,181	-	-	485,181
Culture/recreation	294,734	-	-	294,734
Capital outlay	-	-	5,917,587	5,917,587
Debt service				
Principal	13,067	1,925,000	-	1,938,067
Interest	717	1,267,097	-	1,267,814
Other	-	19,317	319,877	339,194
Total Expenditures	<u>915,266</u>	<u>3,220,306</u>	<u>6,237,464</u>	<u>10,373,036</u>
Excess (deficiency) of revenues over/(under) expenditures	<u>88,551</u>	<u>(457,685)</u>	<u>(5,803,769)</u>	<u>(6,172,903)</u>
Other Financing Sources (Uses)				
Cancellation of debt	-	8,760,207	-	8,760,207
Issuance of long-term debt	-	1,401,872	5,618,128	7,020,000
Bond discount	-	-	(60,708)	(60,708)
Total Other Financing Sources (Uses)	<u>-</u>	<u>10,162,079</u>	<u>5,557,420</u>	<u>15,719,499</u>
Net Change in Fund Balances	88,551	9,704,394	(246,349)	9,546,596
Fund Balances - October 1, 2019	<u>(81,061)</u>	<u>(5,982,619)</u>	<u>1,225,937</u>	<u>(4,837,743)</u>
Fund Balances - September 30, 2020	<u>\$ 7,490</u>	<u>\$ 3,721,775</u>	<u>\$ 979,588</u>	<u>\$ 4,708,853</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, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ 9,546,596

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 capital outlay, \$5,917,587, exceeded depreciation, \$(591,895), in the current year. 5,325,692

The issuance of long-term debt, \$(7,020,000), and the associated bond discount, \$(60,708), are reflected as other financing sources and uses at the fund level; but reduce liabilities at the government-wide level. (6,959,292)

Bond and capital lease principal payments are recorded as expenditures at the fund level, but reduce liabilities at the government-wide level. 1,938,067

The cancellation of unmatured debt does not affect current financing resources, and therefore, is not reflected at the fund level. However, the cancellation reduces liabilities at the government-wide level and income is recognized. 15,370,000

The deferred amount on refunding is recognized as an other debt service cost at the fund level; however, this cost is capitalized and amortized over the life of the bonds at the government-wide level. 19,316

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 current year amortization. (3,301)

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. (8,166)

At the fund level, revenues are recognized when they become available, however, revenues are recognized when they are earned at the government-wide level. This is the amount of the change in earned revenue that was not available. (92,989)

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. (28,023)

Change in Net Position of Governmental Activities \$ 25,107,900

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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	\$ 747,347	\$ 747,347	\$ 758,888	\$ 11,541
Developer contributions	240,847	240,847	241,746	899
Interest earnings	-	-	85	85
Miscellaneous revenues	-	-	3,098	3,098
Total Revenues	<u>988,194</u>	<u>988,194</u>	<u>1,003,817</u>	<u>15,623</u>
Expenditures				
Current				
General government	136,790	136,790	121,567	15,223
Physical environment	491,595	491,595	485,181	6,414
Culture/recreation	347,809	347,809	294,734	53,075
Capital outlay	12,000	12,000	-	12,000
Debt Service				
Principal	-	-	13,067	(13,067)
Interest	-	-	717	(717)
Total Expenditures	<u>988,194</u>	<u>988,194</u>	<u>915,266</u>	<u>72,928</u>
Net Change in Fund Balances	-	-	88,551	88,551
Fund Balances - October 1, 2019	<u>-</u>	<u>-</u>	<u>(81,061)</u>	<u>(81,061)</u>
Fund Balances - September 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,490</u>	<u>\$ 7,490</u>

See accompanying notes to financial statements.

Six Mile Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

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, Florida Statutes.

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, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

a. Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include 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, 2020

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, 2020

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, 2020

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, 2020**

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 cash equivalents 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, 2020

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 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.

g. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District only has one item that qualifies for reporting in this category. Deferred revenues are reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amounts become available.

**Six Mile Creek Community Development District
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2020**

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, \$4,708,853, differs from “net position” of governmental activities, \$3,388,469, reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated below:

Capital related items

When capital assets (land, 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	9,280,308
Infrastructure	3,437,651
Improvements other than buildings	10,192,800
Equipment	123,000
Less: accumulated depreciation	<u>(1,197,072)</u>
Capital Assets, net	<u>\$ 30,066,687</u>

Deferred outflows of resources

Deferred amounts on refunding are not current financial resources, and therefore, are not recognized at the governmental fund level.

Deferred amount on refunding, net	<u>\$ 46,143</u>
-----------------------------------	------------------

Deferred inflows of resources

Deferred inflows of resources in the Statement of Net Position differ from the amount reported in the governmental funds due to unavailable revenues. Governmental fund financial statements report revenues which are not available as deferred inflows of resources. However, unavailable revenues in governmental funds are susceptible to full accrual in the government-wide financial statements.

Unavailable revenues	<u>\$ 19,249</u>
----------------------	------------------

**Six Mile Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020**

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

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

Long-term debt transactions

Long-term liabilities applicable to the District’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position. Balances at September 30, 2020 were:

Bonds payable	\$ (30,210,000)
Bond discount, net	199,100
Capital lease payable	<u>(1,140)</u>
Bonds payable, net	<u>\$ (30,012,040)</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>\$ (1,440,423)</u>
------------------	-----------------------

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, \$9,546,596, differs from the “change in net position” for governmental activities, \$25,107,900, 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	\$ 5,917,587
Depreciation	<u>(591,895)</u>
Total	<u>\$ 5,325,692</u>

**Six Mile Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020**

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)

Deferred inflows of resources

Deferred inflows of resources reported at the fund level are recognized as revenues in the Statement of Activities.

Net change in deferred inflows of resources	\$ <u>(92,989)</u>
---	--------------------

Long-term debt transactions

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	\$ <u>1,938,067</u>
--------------------	---------------------

Cancellation of unmatured debt	\$ <u>15,370,000</u>
--------------------------------	----------------------

Issuance of long-term debt provides current financial resources to the governmental funds but increases long-term liabilities in the Statement of Net Position.

Issuance of long-term debt	\$ (7,020,000)
Bond discount	60,708
Total	<u>\$ (6,959,292)</u>

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	\$ (8,166)
Amortization of deferred amount on refunding	(3,301)
Increase in deferred amount on refunding	<u>19,316</u>
Total	<u>\$ 7,849</u>

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

Net change in accrued interest payable	\$ <u>(28,023)</u>
--	--------------------

**Six Mile Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020**

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, 2020, the District's bank balance was \$48,462 and the carrying value was \$47,087. 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, 2020, the District had the following investments and maturities:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
First American Government Obligation Fund	44 days*	\$ 250,036
U.S. Bank Managed Money Market	N/A	36,774
U.S. Bank Money Market	N/A	5,590,923
Total		<u>\$5,877,733</u>

* Maturity is a weighted average maturity.

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

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable and uses significant unobservable inputs that 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, U.S. Bank Managed Money Market and First American Government Obligation Fund are Level 1 assets.

Six Mile Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE C – CASH AND INVESTMENTS (CONTINUED)

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 4%, U.S. Bank Managed Money Market represent 1%, and the U.S. Bank Money Market represents 95% of the District's total investments. As of September 30, 2020, the District's investment in First American Government Obligation Fund was rated AAAM by Standard & Poor's.

The types of deposits and investments and their level of risk exposure as of September 30, 2020 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

NOTE D – INTERFUND BALANCES

Interfund balances at September 30, 2020, consisted of the following:

Receivable Fund	Payable Fund
	General Fund
Debt Service Fund	\$ 6,641
Capital Projects Fund	5,153
Total	\$ 11,794

Interfund balances relate to funds collected in the General Fund on behalf of the Debt Service and Capital Projects Funds that were not remitted as of year-end.

Six Mile Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE E – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balance October 1, 2019	Additions	Deletions	Balance September 30, 2020
<u>Governmental Activities:</u>				
Capital assets, not depreciated:				
Land and improvements	\$ 8,230,000	\$ -	\$ -	\$ 8,230,000
Construction in progress	3,362,721	5,917,587	-	9,280,308
Total Capital Assets, Not Being Depreciated	<u>11,592,721</u>	<u>5,917,587</u>	<u>-</u>	<u>17,510,308</u>
Capital assets, being depreciated:				
Infrastructure	3,437,651	-	-	3,437,651
Improvements other than buildings	10,192,800	-	-	10,192,800
Equipment	123,000	-	-	123,000
Total Capital Assets, Being Depreciated	<u>13,753,451</u>	<u>-</u>	<u>-</u>	<u>13,753,451</u>
Less accumulated depreciation:				
Infrastructure	(171,883)	(171,883)	-	(343,766)
Improvements other than buildings	(407,712)	(407,712)	-	(815,424)
Equipment	(25,582)	(12,300)	-	(37,882)
Total Accumulated Depreciation	<u>(605,177)</u>	<u>(591,895)</u>	<u>-</u>	<u>(1,197,072)</u>
Total Capital Assets, Being Depreciated, Net	<u>13,148,274</u>	<u>(591,895)</u>	<u>-</u>	<u>12,556,379</u>
Governmental Activities Capital Assets, Net	<u>\$ 24,740,995</u>	<u>\$ 5,325,692</u>	<u>\$ -</u>	<u>\$ 30,066,687</u>

Depreciation was charged to physical environment, \$407,712, and culture/recreation, \$184,183.

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, 2020:

Long-term debt at October 1, 2019	\$ 40,485,000
Issuance of long-term debt	7,020,000
Cancellation of debt	(15,370,000)
Principal payments	<u>(1,925,000)</u>
Long-term debt at September 30, 2020	30,210,000
Bond discount, net	<u>(199,100)</u>
Bonds Payable, net	<u>\$ 30,010,900</u>

**Six Mile Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020**

NOTE F – LONG-TERM DEBT (CONTINUED)

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. The District has no obligation to make any payments on this series. \$ 650,000

\$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 \$90,000. \$ 2,505,000

\$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 \$105,000. \$ 6,155,000

\$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. \$ 2,360,000

\$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. Current portion is \$180,000. \$ 10,450,000

\$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. \$ 1,070,000

\$7,020,000 Series 2020 Capital Improvement Revenue and Refunding Bonds (Assessment Area 2, Phase 3A) due in annual principal installments beginning November 2021, maturing in November 2050. Interest rates ranging from 3.125% to 4.250% is due May 1 and November 1 beginning November 2020. \$ 7,020,000

**Six Mile Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020**

NOTE F – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2020 are as follows:

Year Ending September 30,	Principal	Interest	Total
2021	\$ 375,000	\$ 1,410,063	\$ 1,785,063
2022	520,000	1,440,098	1,960,098
2023	530,000	1,419,117	1,949,117
2024	560,000	1,397,445	1,957,445
2025	580,000	1,373,848	1,953,848
2026-2030	4,385,000	6,425,881	10,810,881
2031-2035	4,145,000	5,301,913	9,446,913
2036-2040	7,200,000	3,535,391	10,735,391
2041-2045	5,465,000	2,175,381	7,640,381
2046-2050	5,405,000	648,506	6,053,506
2051	395,000	8,394	403,394
Totals	<u>\$ 29,560,000</u>	<u>\$ 25,136,037</u>	<u>\$ 54,696,037</u>

The amortization schedule above does not include the Series 2007 Bonds because the District has no obligation to make payments on the bonds or comply with the bond indenture.

In June 2020, the District issued \$7,020,000 Capital Improvement Revenue and Refunding Bonds, Series 2020 (Assessment Area 2, Phase 3A), which partially refunded the Series 2016B bonds. The current refunding of the Series 2016B bonds resulted in a deferred amount on refunding of \$19,316. As a result of this transaction, the District decreases its aggregate debt payment for Series 2016B Bonds by \$16,166 over the next 30 years and realized an economic gain of approximately \$103,784.

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.

**Six Mile Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020**

NOTE F – LONG-TERM DEBT (CONTINUED)

Capital Improvements Revenue Bonds (Continued)

Significant Bond Provisions (Continued)

The Series 2015, 2016A, 2016B, 2017A Bonds, and 2020 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 2015, 2016A, 2016B, 2017A, 2017B, and 2020 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.

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, 2020:

<u>Capital Improvement Revenue Bonds</u>	<u>Reserve Balance</u>	<u>Reserve Requirement</u>
Series 2015	\$ 160,313	\$ 160,031
Series 2016A	\$ 444,150	\$ 443,550
Series 2016B	\$ 138,650	\$ 138,650
Series 2017A	\$ 703,838	\$ 703,838
Series 2017B	\$ 42,934	\$ 42,934
Series 2020	\$ 414,875	\$ 414,875

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. In the current year, the Bonds were cancelled at the direction of the bondholders, with the exception of \$650,000, resulting in a gain on cancellation for the District.

**Six Mile Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020**

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, 2020, the District held equipment under the capital lease of \$66,414 with accumulated depreciation of \$26,566. Depreciation of assets under the capital lease is included in culture/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, 2020 were as follows:

Year Ending September 30,	Lease Payment
2021	\$ 1,149
Total minimum lease payments	1,149
Less: amount representing interest	(8)
Present value of minimum lease payments	\$ 1,141

NOTE H – SPECIAL ASSESSMENT REVENUES

Special assessment revenues recognized for the 2019-2020 fiscal year were levied in October 2019. 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, 2020

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, \$243,422 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. Three of the five board members were affiliated with the Developers as of September 30, 2020.

NOTE L – 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 M – SUBSEQUENT EVENT

On November 1, 2020, the District made prepayments on the Series 2015 Capital Improvement Revenue Refunding Bonds, Series 2016B Capital Improvement Revenue Bonds, and Series 2017B Capital Improvement Revenue Bonds of \$5,000, \$150,000, and \$525,000, respectively.

On February 1, 2021, the District made a prepayment on the Series 2017B Capital Improvement Revenue Bonds of \$25,000.

In February 2021, the District issued Series 2021 Capital Improvement Revenue Bonds for \$10,150,000 to finance certain improvements within the District.

On May 1, 2021, the District made prepayments on the Series 2015 Capital Improvement Revenue Refunding Bonds, Series 2016A Capital Improvement Revenue Bonds, Series 2016B Capital Improvement Revenue Bonds, and Series 2017B Capital Improvement Revenue Bonds of \$5,000, \$5,000, \$205,000, and \$5,000, respectively.



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Six Mile Creek Community Development District, as of and for the year ended September 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated September 8, 2021.

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 (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 PL
Fort Pierce, Florida

September 8, 2021



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

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, 2020, and have issued our report thereon dated September 8, 2021.

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 September 8, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding 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 had a deficit fund balance of \$(5,982,619) at September 30, 2019. Due to the Developer's failure to pay the debt assessments securing its Series 2007 Bonds, the District did not have sufficient funds to make certain scheduled debt service payments, 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

Findings and Recommendations

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.

Current Status: The Finding was corrected as of September 30, 2020.

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 not meet one of the conditions described in Section 218.503(1) Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures 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, 2020.

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.



Berger, Toombs, Elam,
Gaines & Frank
Certified Public Accountants PL

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

September 8, 2021



**Berger, Toombs, Elam,
Gaines & Frank**

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

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

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

We have examined Six Mile Creek Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2020. 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, 2020.

*Berger Toombs Elam
Gaines & Frank*

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

September 8, 2021