

Myrtle Creek Improvement District

ANNUAL FINANCIAL REPORT

September 30, 2021

Myrtle Creek Improvement District

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TABLE OF CONTENTS

	<u>Page Number</u>
FINANCIAL SECTION	
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	16-29
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>	30-31
MANAGEMENT LETTER	32-35
INDEPENDENT ACCOUNTANTS’ REPORT/COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES	36



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REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
Myrtle Creek Improvement District
Orlando, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Myrtle Creek Improvement District as of and for the year ended September 30, 2021, 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 audits 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
Myrtle Creek Improvement District

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, and each major fund of Myrtle Creek Improvement District as of September 30, 2021, 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

Governmental accounting principles generally accepted in the United States of America require that the Management's 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 *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 inquires of management regarding 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 April 25, 2022 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 Myrtle Creek Improvement District's internal control over financial reporting and compliance.



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

April 25, 2022

**Myrtle Creek Improvement District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

Management's discussion and analysis of Myrtle Creek Improvement 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. Net position is reported in three categories; 1) net investment in capital assets 2) restricted and 3) unrestricted. Assets, liabilities, and net position are reported for all Governmental activities.

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/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.

**Myrtle Creek Improvement District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

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. The **statement of activities** includes depreciation on all long-lived assets of the District, but transactions between the different functions of the District have been eliminated in order to avoid "doubling up" the revenues and expenses. The *fund financial statements* provide a picture of the major funds of the District. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as general obligation bonds, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, a reconciliation is provided from the *fund financial statements* to the *government-wide financial statements*.

Notes to financial statements provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District, 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 the financial activity for the year ended September 30, 2021.

- The District's total liabilities exceeded total assets and deferred outflows of resources by \$(12,764,748) (net position). Unrestricted net position for Governmental Activities was \$(13,013,147). Restricted net position was \$683,760 and net investment in capital assets was \$(435,361).
- Governmental activities revenues totaled \$2,311,495 while governmental activities expenses totaled \$1,516,879.

**Myrtle Creek Improvement District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

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	
	2021	2020
Current assets	\$ 763,431	\$ 542,571
Restricted assets	1,634,615	1,615,811
Capital assets, net	2,021,928	2,215,103
Total Assets	<u>4,419,974</u>	<u>4,373,485</u>
Deferred outflows of resources	<u>505,343</u>	<u>537,772</u>
Current liabilities	1,039,555	1,009,973
Non-current liabilities	16,650,510	17,460,648
Total Liabilities	<u>17,690,065</u>	<u>18,470,621</u>
Net investment in capital assets	(435,361)	(208,632)
Restricted debt service	683,760	650,323
Unrestricted	<u>(13,013,147)</u>	<u>(14,001,055)</u>
Total Net Position	<u>\$ (12,764,748)</u>	<u>\$ (13,559,364)</u>

The increase in current assets is the result of revenues exceeding expenditures in the General Fund in the current year.

The decrease in capital assets is primarily the result of depreciation in the current year.

The decrease in non-current liabilities is related to the principal payments made on long-term debt in the current year.

The change in net position is related to revenues exceeding expenses in the current year.

**Myrtle Creek Improvement District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

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	
	2021	2020
Program Revenues		
Charges for services	\$ 2,213,463	\$ 2,306,353
Grants and contributions	58,606	66,656
General Revenues		
Miscellaneous revenues	38,635	-
Investments earnings	791	14,978
Total Revenues	<u>2,311,495</u>	<u>2,387,987</u>
Expenses		
General government	117,256	114,814
Physical environment	797,957	831,599
Culture/recreation	36,000	20,000
Interest and other charges	565,666	595,267
Total Expenses	<u>1,516,879</u>	<u>1,561,680</u>
Change in Net Position	794,616	826,307
Net Position - Beginning of Year	<u>(13,559,364)</u>	<u>(14,385,671)</u>
Net Position - End of year	<u>\$ (12,764,748)</u>	<u>\$ (13,559,364)</u>

The decrease in charges for services is related to a budgeted decrease in special assessments in the current year.

The decrease in physical environment expenses was primarily the result of a decrease in repairs and maintenance and irrigation costs in the current year.

**Myrtle Creek Improvement District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

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, 2021 and 2020.

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Construction in progress	\$ 450,029	\$ 448,904
Infrastructure	2,914,506	2,914,506
Accumulated depreciation	(1,342,607)	(1,148,307)
Total Capital Assets (Net)	<u>\$ 2,021,928</u>	<u>\$ 2,215,103</u>

The activity for the year consisted of \$1,125 in additions to construction in progress, and depreciation of \$194,300.

General Fund Budgetary Highlights

Budgeted expenditures exceeded actual expenditures primarily because hurricane clean-up and infrastructure repair costs were less than anticipated.

The September 30, 2021 budget was amended for landscape and irrigation costs that were higher than anticipated.

Debt Management

Governmental Activities debt includes the following:

- In September 2016, the District issued \$19,810,000 Series 2016A Special Assessment Revenue Refunding Bonds. These bonds were issued to refund and redeem the outstanding Series 2006A Special Assessment Revenue Bonds. Bonds payable at September 30, 2021 relating to the Series 2016A Bonds totaled \$16,505,000.
- In a prior fiscal year, the District entered into an agreement with the Developer to fund certain improvements. The Developer agreed to advance funds until the District issued additional bonds. As of September 30, 2021, the Developer had advanced \$438,323.

Economic Factors and Next Year's Budget

Myrtle Creek Improvement District does not anticipate economic factors to have a significant affect on operations for the year ended September 30, 2022.

**Myrtle Creek Improvement District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Request for Information

The financial report is designed to provide a general overview of Myrtle Creek Improvement 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 Myrtle Creek Improvement District, PFM Group Consulting, LLC., 3501 Quadrangle Boulevard, Suite 270., Orlando, Florida 32817.

Myrtle Creek Improvement District
STATEMENT OF NET POSITION
September 30, 2021

	Governmental Activities
ASSETS	
Current Assets	
Cash	\$ 729,801
Investments	3,999
Accounts receivable	15,192
Accrued interest receivable	8
Due from developer	2,364
Deposits	4,300
Prepaid expenses	7,767
Total Current Assets	763,431
Non-current Assets	
Restricted assets	
Cash and investments	1,634,615
Capital assets, not being depreciated	
Construction in progress	450,029
Capital assets, being depreciated	
Infrastructure	2,914,506
Less: accumulated depreciation	(1,342,607)
Total Non-current Assets	3,656,543
Total Assets	4,419,974
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding, net	505,343
 LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	22,734
Due to other governmental units	8,904
Bonds payable	780,000
Accrued interest payable	227,917
Total Current Liabilities	1,039,555
Non-current liabilities	
Developer advances	438,323
Bonds payable, net	16,212,187
Total Non-current Liabilities	16,650,510
Total Liabilities	17,690,065
 NET POSITION	
Net investment in capital assets	(435,361)
Restricted debt service	683,760
Unrestricted	(13,013,147)
Total Net Position	\$ (12,764,748)

See accompanying notes to financial statements.

Myrtle Creek Improvement District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position Governmental Activities
		Charges for Services	Operating Contributions	
Governmental Activities				
General government	\$ (117,256)	\$ 291,409	\$ 19,772	\$ 193,925
Physical environment	(797,957)	482,882	32,764	(282,311)
Culture/recreation	(36,000)	89,468	6,070	59,538
Interest and other charges	(565,666)	1,349,704	-	784,038
Total Governmental Activities	\$ (1,516,879)	\$ 2,213,463	\$ 58,606	755,190
General Revenues				
				38,635
				791
				39,426
				794,616
				(13,559,364)
				\$ (12,764,748)

See accompanying notes to financial statements.

**Myrtle Creek Improvement District
BALANCE SHEET -
GOVERNMENTAL FUNDS
September 30, 2021**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash	\$ 729,801	\$ -	\$ -	\$ 729,801
Investments	3,999	-	-	3,999
Accounts Receivable	15,192	-	-	15,192
Accrued interest receivable	-	6	2	8
Due from other funds	1,847	9,255	45	11,147
Due from developer	2,364	-	-	2,364
Prepaid expenses	7,767	-	-	7,767
Deposits	4,300	-	-	4,300
Restricted assets				
Cash and investments, at fair value	-	1,232,689	401,926	1,634,615
Total Assets	\$ 765,270	\$ 1,241,950	\$ 401,973	\$ 2,409,193
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 22,689	\$ -	\$ 45	\$ 22,734
Due to other funds	9,300	1,847	-	11,147
Due to other governments	8,904	-	-	8,904
Total Liabilities	40,893	1,847	45	42,785
Deferred Inflows of Resources				
Unavailable revenues	215	-	-	215
Fund Balances				
Nonspendable - deposits/prepays	12,067	-	-	12,067
Restricted for debt service	-	1,240,103	-	1,240,103
Restricted for capital projects	-	-	401,928	401,928
Assigned operating reserves	190,923	-	-	190,923
Unassigned	521,172	-	-	521,172
Total Fund Balances	724,162	1,240,103	401,928	2,366,193
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 765,270	\$ 1,241,950	\$ 401,973	\$ 2,409,193

See accompanying notes to financial statements.

Myrtle Creek Improvement District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2021

Total Governmental Fund Balances	\$ 2,366,193
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, construction in progress, \$450,029, infrastructure, \$2,914,506, net of accumulated depreciation, \$(1,342,607), used in governmental activities are not current financial resources and therefore, are not reported at the fund level.	2,021,928
Long-term liabilities including, developer advances, \$(438,323), bonds payable, \$(16,505,000), and bond premium, net, \$(487,187), are not due and payable in the current period and therefore, are not reported at the fund level.	(17,430,510)
Deferred outflows of resources are not current financial resources and therefore, are not reported at the fund level.	505,343
Deferred inflows of resources are unavailable resources at the fund level, however, they are recognized as revenue at the government-wide level.	215
Accrued interest expense for long-term debt is not a current financial use and; therefore, is not reported at the fund level.	<u>(227,917)</u>
Net Position of Governmental Activities	<u><u>\$(12,764,748)</u></u>

See accompanying notes to financial statements.

Myrtle Creek Improvement District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

	General	Debt Service	Capital Projects	Totals Governmental Funds
REVENUES				
Special assessments	\$ 863,544	\$ 1,349,704	\$ -	\$ 2,213,248
Interest income	685	81	25	791
Miscellaneous revenues	38,635	-	-	38,635
Developer contributions	58,606	-	-	58,606
Total Revenues	<u>961,470</u>	<u>1,349,785</u>	<u>25</u>	<u>2,311,280</u>
EXPENDITURES				
Current				
General government	117,256	-	-	117,256
Physical environment	603,657	-	-	603,657
Culture/recreation	36,000	-	-	36,000
Capital outlay	-	-	1,125	1,125
Debt service				
Principal	-	750,000	-	750,000
Interest	-	577,000	-	577,000
Total Expenditures	<u>756,913</u>	<u>1,327,000</u>	<u>1,125</u>	<u>2,085,038</u>
Excess revenues over/(under) expenditures	<u>204,557</u>	<u>22,785</u>	<u>(1,100)</u>	<u>226,242</u>
Other Financing Sources/(Uses)				
Developer advance	-	-	1,125	1,125
Transfers in	1,847	-	-	1,847
Transfers out	-	(1,847)	-	(1,847)
Total Other Financing Sources/(Uses)	<u>1,847</u>	<u>(1,847)</u>	<u>1,125</u>	<u>1,125</u>
Net Change in Fund Balances	<u>206,404</u>	<u>20,938</u>	<u>25</u>	<u>227,367</u>
Fund Balances - October 1, 2020	<u>517,758</u>	<u>1,219,165</u>	<u>401,903</u>	<u>2,138,826</u>
Fund Balances - September 30, 2021	<u>\$ 724,162</u>	<u>\$ 1,240,103</u>	<u>\$ 401,928</u>	<u>\$ 2,366,193</u>

See accompanying notes to financial statements.

Mrytle Creek Improvement 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, 2021

Net Change in Fund Balances -Total Governmental Funds	\$	227,367
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 are allocated over their estimated useful lives as depreciation. This is the amount that depreciation, (\$194,300), exceeded capital outlay, \$1,125, in the current period.		(193,175)
Repayments of bond principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position.		750,000
Developer advances are reported as other financing sources at the fund level, but increase long-term liabilities at the government-wide level.		(1,125)
Deferred outflows of resources for refunding debt is recognized as a component of interest on long term debt in the Statement of Activities, but not at the fund level. This is the amount of interest in the current period.		(32,429)
Amortization of bond premium does not require the use of current resources and therefore, is not reported at the fund level. This is the amount of interest in the current period.		31,263
At the government-wide level interest is accrued on outstanding bonds, whereas at the fund level interest is reported when due. This is the change in accrued interest in the current year.		12,500
Unavailable revenues are reported as deferred inflows of resources at the fund level, however, revenues are recognized when earned at the government-wide level.		215
Change in Net Position of Governmental Activities	\$	794,616

See accompanying notes to financial statements.

Myrtle Creek Improvement District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	\$ 858,802	\$ 858,802	\$ 863,544	\$ 4,742
Developer contributions	52,496	52,496	58,606	6,110
Miscellaneous revenues	-	-	38,635	38,635
Interest income	8,000	8,000	685	(7,315)
Total Revenues	<u>919,298</u>	<u>919,298</u>	<u>961,470</u>	<u>42,172</u>
Expenditures				
Current				
General government	148,775	151,658	117,256	34,402
Physical environment	734,523	731,640	603,657	127,983
Culture/recreation	36,000	36,000	36,000	-
Total Expenditures	<u>919,298</u>	<u>919,298</u>	<u>756,913</u>	<u>162,385</u>
Excess revenues over/(under) expenditures	-	-	204,557	204,557
Other Financing Sources/(Uses)				
Transfer in	-	-	1,847	1,847
Net Change in Fund Balances	-	-	206,404	206,404
Fund Balances - October 1, 2020	-	-	517,758	517,758
Fund Balances - September 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 724,162</u>	<u>\$ 724,162</u>

See accompanying notes to financial statements.

Myrtle Creek Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

.NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

The District was established in 2001 by the City Council of Orlando, Florida, Ordinance #011126705, under the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), 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 governed by a five-member Board of Supervisors. The District operates within the criteria established by Chapter 190. The Board has the responsibility for assessing and levying assessments, approving budgets, exercising control over facilities and properties, controlling the use of funds generated by the District, approving the hiring and firing of key personnel, and financing improvements.

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

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

2. Measurement Focus and Basis of Accounting

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

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

Myrtle Creek Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

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 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 and interest. Program revenues include charges for services, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. 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.

**Myrtle Creek Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

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 has implemented the 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 the state 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.

Myrtle Creek Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

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 were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

Debt service expenditures 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.

**Myrtle Creek Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation (Continued)

a. Governmental Major Funds (Continued)

2016A Debt Service Fund – Accounts for debt service requirements for the annual payment of principal and interest on long-term debt

2016A Capital Projects Fund – The Capital Projects Fund accounts for construction of infrastructure improvements within the boundaries of the District.

b. Non-current Governmental Assets/Liabilities

GASB Statement 34 requires that non-current governmental assets, such as land and buildings, and non-current governmental liabilities, such as special assessment 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.

**Myrtle Creek Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

a. Cash and Investments (Continued)

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

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

Cash equivalents include time deposits and certificates of deposit with original maturities of three months or less and held in a qualified public depository as defined by Section 280.02, Florida Statutes.

b. Restricted Assets

Certain net position of the District are classified as restricted assets 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 assets, 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 construction in progress and infrastructure, are reported in the applicable 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 one year. The valuation basis for all assets is historical cost.

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

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

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

Infrastructure	15 - 30 years
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**Myrtle Creek Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

d. Deferred Outflows of Resources

Deferred outflows of resources is the consumption of net position by the government that is applicable to a future reported period. Deferred amount on refunding is amortized and recognized as a component of interest expense over the life of the bond.

e. 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. Unavailable 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.

f. Bond Premiums

Bond premiums are amortized over the life of the bonds.

g. 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 variance columns of the accompanying financial statements may occur.

**Myrtle Creek Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

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

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

“Total fund balances” of the District’s governmental funds, \$2,366,193, differs from “net position” of governmental activities, \$(12,764,748), 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 on the next page.

Capital related items

When capital assets (that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the statement of net position included those capital assets among the assets of the District as a whole.

Infrastructure	\$ 2,914,506
Construction in progress	450,029
Accumulated depreciation	<u>(1,342,607)</u>
Total	<u>\$ 2,021,928</u>

Deferred outflows/ inflows of resources

Deferred outflows of resources are not financial resources, and therefore, are not recognized at the fund level. Deferred inflows of resources represent unavailable revenues at the fund level.

Deferred amount on refunding, net	<u>\$ 505,343</u>
Unavailable revenues	<u>\$ 215</u>

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, 2021 were:

Bonds payable	\$ (16,505,000)
Developer advances	(438,323)
Bond premium, net	<u>(487,187)</u>
Total	<u>\$ (17,430,510)</u>

Accrued interest

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

Accrued interest	<u>\$ (227,917)</u>
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**Myrtle Creek Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

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, \$227,367, differs from the “change in net position” for governmental activities, \$794,616, 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, the cost of those assets are capitalized at the government wide level and 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 changes by the amount of capital additions net of any depreciation charged for the year.

Capital outlay	\$	1,125
Depreciation		(194,300)
Total		<u>\$ (193,175)</u>

Long-term debt transactions

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

Debt principal payments	\$	750,000
Developer advances		(1,125)
Bond premium amortization		31,263
Total		<u>\$ 780,138</u>

Some amounts reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported at the fund level.

Net change in accrued interest payable	\$	12,500
Unavailable revenues		215
Decrease in deferred amount on refunding		(32,429)
Total		<u>\$ (19,714)</u>

**Myrtle Creek Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

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, 2021, the District's bank balance was \$761,219 and the carrying value was \$729,801. 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.

As of September 30, 2021, the District had the following investments and maturities:

Investment	Maturities	Fair Value
Florida PRIME	49 days*	\$ 3,999
First American Government Obligation Fund	14 days*	1,634,615
Total		\$ 1,638,614

* 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, the investments in First American Government Obligation Fund are Level 1 assets.

Myrtle Creek Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Investments

The District's investment policy allows management to invest in investments permitted under Section 218.415, Florida Statutes. The investment in Florida PRIME is measured at amortized cost. Florida PRIME has established policies and guidelines regarding participant transactions and the authority to limit or restrict withdrawals or impose a penalty for an early withdrawal. As of September 30, 2021, there were no redemption fees, maximum transaction amounts, or any other requirements that would limit daily access to 100 percent of the account value.

Interest Rate Risk

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

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. Florida PRIME is an authorized investment under Section 218.415, Florida Statutes. As of September 30, 2021, all of the District's investments were rated AAAm by Standard & Poor's.

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 Fund is 99% of the District's total investments. The investments in the State Board of Administration Florida PRIME are less than 1% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2021 were typical of these items during the fiscal year then ended. State Board of Administration

The District considers any decline in fair value for certain investments to be temporary.

**Myrtle Creek Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE D – SPECIAL ASSESSMENT REVENUES

Special assessment revenues recognized for the 2020-2021 fiscal year were levied in October 2020. 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 Section 197.162, Florida Statutes, 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; therefore, there were no material taxes receivable at fiscal year end.

NOTE E – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2021 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Construction in progress	\$ 448,904	\$ 1,125	\$ -	\$ 450,029
Capital assets, being depreciated				
Infrastructure	2,914,506	-	-	2,914,506
Accumulated depreciation	(1,148,307)	(194,300)	-	(1,342,607)
Total Capital Assets, Net	<u>\$ 2,215,103</u>	<u>\$ (193,175)</u>	<u>\$ -</u>	<u>\$ 2,021,928</u>

Depreciation of \$194,300 was charged to physical environment.

NOTE F – LONG-TERM DEBT

The following is a summary of activity for long-term debt of the District for the year ended September 30, 2021:

Long-term debt at October 1, 2020	\$ 17,692,198
Note proceeds	1,125
Principal payments	<u>(750,000)</u>
Long-term debt at September 30, 2021:	16,943,323
Plus bond premium, net	<u>487,187</u>
Bonds payable, net	<u>\$ 17,430,510</u>

\$19,810,000 Special Assessment Revenue Refunding Bonds, Series 2016A, due in annual principal installments, beginning May 1, 2017. Interest is due semi-annually on May 1 and November 1, at various rates of 3.0% and 4.0%.

\$ 16,505,000

In a prior year, the District entered into a Developer Advance Agreement to complete additional infrastructure and improvements. The Developer is providing funds for this project that are intended to be reimbursable from proceeds of the District's future issuance of tax-exempt bonds.

\$ 438,323

**Myrtle Creek Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE F – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2021 are as follows:

Year Ending September 30,	Principal	Interest	Total
2022	\$ 780,000	\$ 547,000	\$ 1,327,000
2023	810,000	515,800	1,325,800
2024	845,000	483,400	1,328,400
2025	880,000	449,600	1,329,600
2026	915,000	414,400	1,329,400
2027-2031	5,080,000	1,555,300	6,635,300
2032-2036	5,905,000	735,750	6,640,750
2037	1,290,000	38,700	1,328,700
Totals	<u>\$ 16,505,000</u>	<u>\$ 4,739,950</u>	<u>\$ 21,244,950</u>

The balance owed to the Developer is not included in the amortization schedule above.

Special Assessments Revenue Refunding Bonds, Series 2016A

Summary of Significant Bonds Resolution Terms and Covenants

The Series 2016A Bonds were issued to refund the Series 2006 Bonds outstanding at the time of issuance of the Series 2016A Bonds. The Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are subject to mandatory and extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

Depository Funds – The bond indenture establishes certain funds and determines the order in which revenues are to be deposited into these funds. A description of the significant funds, including their purposes, is as follows:

Reserve Fund – The 2016A Reserve Account is funded from the proceeds of the Series 2016A Bonds in an amount equal to twenty-five percent of the maximum annual debt service requirement for all outstanding Series 2016A Bonds. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture. In addition to the amount held in the reserve account, the District obtained Municipal Bond Insurance to guarantee scheduled principal and interest payments in the event of nonpayment by the District.

	Reserve Balance	Reserve Requirement
Series 2016A Special Assessment Revenue Refunding Bonds	<u>\$ 335,027</u>	<u>\$ 328,425</u>

Myrtle Creek Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE F – LONG-TERM DEBT (CONTINUED)

Developer Advance

The Developer has agreed to fund a portion of the construction costs of the District's infrastructure pursuant to the Developer Advance Agreement established for the Wellspring Drive and Performance Drive projects. The funds for this project are intended to be reimbursable from proceeds of the District's future issuance of tax-exempt bonds. If the District does not or cannot issue bonds within three years of October 12, 2018, the funds provided by the Developer for this project shall be deemed paid in lieu of taxes, fees, or assessments. During the fiscal year-ended September 30, 2021, the Developer advanced \$1,125 in accordance with this agreement.

NOTE G – INTERLOCAL AGREEMENTS

The District previously entered into an interlocal agreement related to cost sharing for certain infrastructure projects with Greenway Improvement District ("Greenway") and Boggy Creek Improvement District ("Boggy Creek"). These districts are related through a common developer. The agreement provides for the improvement to be constructed, acquired or otherwise provided by Boggy Creek and that Boggy Creek will be reimbursed for these costs from the District and Greenway. The projected costs related to the agreement total approximately \$33.8 million, with costs to be split 32.5% for Boggy Creek, 36% for Greenway, and 31.5% for the District. The District, Greenway and Boggy Creek also previously entered into an agreement regarding interchange maintenance costs based on the same cost allocation.

The District also previously entered into a cost sharing agreement with Boggy Creek regarding maintenance costs associated with Lake Nona Gateway Road. The District agreed to share the maintenance costs based on an allocation of 50.1% for the District and 49.9% for Boggy Creek.

NOTE H – ECONOMIC DEPENDENCY

A significant portion of the District's activity is dependent upon continued involvement of the Developer, Lake Nona Land Company, LLC, the loss which could have a material adverse effect on the District's operations. At September 30, 2021, the Developer owned a significant amount of the assessable property located within the District's boundaries.

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. The District maintains commercial insurance coverage to mitigate the risk of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. The District has not filed any insurance claims in any of the previous three fiscal years.



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

To the Board of Supervisors
Myrtle Creek Improvement District
Orlando, 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 Myrtle Creek Improvement District, as of and for the year ended September 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated April 25, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Myrtle Creek Improvement 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 Myrtle Creek Improvement District's internal control. Accordingly, we do not express an opinion on the effectiveness of Myrtle Creek Improvement 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
Myrtle Creek Improvement District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Myrtle Creek Improvement 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

April 25, 2022



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

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MANAGEMENT LETTER

To the Board of Supervisors
Myrtle Creek Improvement District
Orlando, Florida

Report on the Financial Statements

We have audited the financial statements of the Myrtle Creek Improvement District as of and for the year ended September 30, 2021, and have issued our report thereon dated April 25, 2022.

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 April 25, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations in the preceding financial audit report.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not Myrtle Creek Improvement 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 Myrtle Creek Improvement District did not meet any of the conditions described in Section 218.503(1) Florida Statutes.

To the Board of Supervisors
Myrtle Creek Improvement District

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for Myrtle Creek Improvement District. It is management's responsibility to monitor the Myrtle Creek Improvement 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, 2021.

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

Specific Information

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

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Myrtle Creek Improvement District reported:

- 1) The total number of district employees compensated in the last pay period of the District's fiscal year: 0
- 2) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year: 8
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: N/A
- 4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$77,211
- 5) Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1, 2020, together with the total expenditures for such project: The District had no construction projects during the year.
- 6) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes: The budget was amended, see below.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General, the Myrtle Creek Improvement District reported:

- 7) The rate or rates of non-ad valorem special assessments imposed by the District: \$477.22- \$137,636.68.
- 8) The amount of special assessments collected by or on behalf of the District: Total special assessments collected was \$2,213,248.
- 9) The total amount of outstanding bonds issued by the District and the terms of such bonds. Series 2016A Bonds, \$16,505,000 maturing in November 2037.

To the Board of Supervisors
Myrtle Creek Improvement District

	Original Budget	Actual	Variance with Original Budget Positive (Negative)
Revenues			
Special assessments	\$ 858,802	\$ 863,544	\$ 4,742
Interest earning	8,000	685	(7,315)
Miscellaneous revenues	-	38,635	38,635
Developer contributions	52,496	58,606	6,110
Total Revenues	<u>919,298</u>	<u>961,470</u>	<u>42,172</u>
Expenditures			
Current			
General government	148,775	117,256	31,519
Physical environment	734,523	603,657	130,866
Culture/recreation	36,000	36,000	-
Total Expenditures	<u>919,298</u>	<u>756,913</u>	<u>162,385</u>
Net changes in fund balance	<u>-</u>	<u>204,557</u>	<u>204,557</u>
Fund Balances - October 1, 2020	<u>-</u>	<u>517,758</u>	<u>517,758</u>
Fund Balances - September 30, 2021	<u>\$ -</u>	<u>\$ 722,315</u>	<u>\$ 722,315</u>

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
Myrtle Creek Improvement 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

April 25, 2022



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

Certified Public Accountants PL

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

To the Board of Supervisors
Myrtle Creek Improvement District
Orlando, Florida

We have examined Myrtle Creek Improvement District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2021. Management is responsible for Myrtle Creek Improvement District's compliance with those requirements. Our responsibility is to express an opinion on Myrtle Creek Improvement 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 Myrtle Creek Improvement 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 Myrtle Creek Improvement District's compliance with the specified requirements.

In our opinion, Myrtle Creek Improvement District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2021.

*Berger Toombs Elam
Gaines + Frank*

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

April 25, 2022