

**Willow Creek Community
Development District**

ANNUAL FINANCIAL REPORT

September 30, 2021

Willow Creek Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2021

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REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
Willow Creek Community Development District
City of Titusville, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Willow Creek Community Development District as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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
Willow Creek Community Development 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 the General Fund of Willow Creek Community Development 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 in accordance with governmental auditing standards generally accepted in the United States of America, which consisted principally 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 January 22, 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 Willow Creek Community Development District's internal control over financial reporting and compliance.



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

January 22, 2022

**Willow Creek Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

Management's discussion and analysis of Willow Creek Community Development District (the "District") financial performance provides an 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* include 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.

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 funded by the District include general government and physical environment.

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.

**Willow Creek Community Development 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* are designed to provide the reader with a broad overview of the District's finances, in a manner similar to a private sector business. In the government-wide **statement of net position**, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations. The effect of interfund activity has been eliminated from the *government-wide financial statements*. In contrast, the governmental fund financial statements are grouped into funds to account for and to maintain control over resources that have been segregated for specific activities or objectives. The *fund financial statements* are presented using the current financial resources measurement focus and the modified accrual basis where as revenues are recorded when collected in the current period or within 60 days of year-end and expenditures are recorded when a liability is incurred. The difference between the two statements arises primarily from the long-term economic focus of the *government-wide statements* versus the current financial resources focus of the *fund financial statements*. A reconciliation of the *government-wide* and the *fund financial statement* is provided to illustrate these differences.

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, 2021.

- ◆ The District's total assets were exceeded by total liabilities by \$(18,071) (net position). Net investment in capital assets was \$(19,942) and unrestricted net position was \$1,871.
- ◆ Governmental activities revenues totaled \$106,845 while governmental activities expenses totaled \$125,355.

**Willow Creek Community Development 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.

	Net Position	
	Governmental Activities	
	2021	2020
Assets		
Current assets	\$ 17,540	\$ 7,645
Non-current assets	663,776	-
Total Assets	<u>681,316</u>	<u>7,645</u>
Liabilities		
Current liabilities	15,669	7,026
Non-current liabilities	683,718	-
Total Liabilities	<u>699,387</u>	<u>7,026</u>
Net Position		
Net investment in capital assets	(19,942)	-
Net position - unrestricted	1,871	439
Total Net Position	<u>\$ (18,071)</u>	<u>\$ 439</u>

The increase in non-current assets and non-current liabilities is related to the addition of capital assets and the related note payable.

The decrease in net position is primarily related to current year depreciation.

**Willow Creek Community Development 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 changes in net position of the District and is presented by category for comparison purposes.

Change in Net Position

	Governmental Activities	
	2021	2020
Revenues		
Operating grant and contributions	\$ 106,795	\$ 25,205
Miscellaneous revenues	50	-
Total Revenues	<u>106,845</u>	<u>25,205</u>
Expenses		
General government	55,956	25,205
Physical environment	69,399	-
Total Expenditures	<u>125,355</u>	<u>25,205</u>
Changes in Net Position	(18,510)	-
Net Position - Beginning of Year	<u>439</u>	<u>439</u>
Net Position - End of Year	<u>\$ (18,071)</u>	<u>\$ 439</u>

The increase in revenues and expenses is related to the additional expenses because of the increased activity related to the addition of the capital assets in the current year.

**Willow Creek Community Development 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>
Improvements other than buildings	\$ 683,718	\$ -
Accumulated depreciation	(19,942)	-
Total Capital Assets (Net)	<u>\$ 663,776</u>	<u>\$ -</u>

The activity for the year consisted of \$683,718 of additions to improvements other than buildings and \$19,942 in depreciation.

General Fund Budgetary Highlights

The budget exceeded actual governmental expenditures because of lower landscape maintenance and clubhouse expenditures than were anticipated.

The September 30, 2021 budget was amended for the increase to physical environment and clubhouse expenditures that were not anticipated in the original budget.

Debt Management

Governmental Activities debt includes the following:

In January 2021, the District and the Developer entered an agreement regarding the acquisition of certain capital assets. The District has acquired certain capital improvements from the Developer and agreed to pursue the future issuance of bonds to repay the Developer. If the District is unable to or cannot issue the bonds within five years, the advance will be forgiven. The balance of the advance was \$683,718 as of September 30, 2021.

**Willow Creek Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Economic Factors and Next Year's Budget

Willow Creek Community Development District does not expect any economic factors to have a significant effect on financial position or results of operations for fiscal year September 30, 2022.

Request for Information

The financial report is designed to provide a general overview of Willow 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 Willow Creek Community Development District, 5385 N Nob Hill Road, Sunrise, Florida 33351.

Willow Creek Community Development District
STATEMENT OF NET POSITION
September 30, 2021

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 8,525
Prepaid expenses	6,405
Due from Developer	2,610
Total Current Assets	17,540
Non-Current Assets	
Improvements other than buildings	683,718
Less: accumulated depreciation	(19,942)
Total Non-Current Assets	663,776
Total Assets	681,316
 LIABILITIES	
Current Liabilities:	
Accounts payable and accrued expenses	2,789
Unearned revenues	12,880
Total Current Liabilities	15,669
Non-Current Liabilities	
Developer advance	683,718
Total Liabilities	699,387
 NET POSITION	
Net investment in capital assets	(19,942)
Unrestricted	1,871
Total Net Position	\$ (18,071)

See accompanying notes to financial statements.

**Willow Creek Community Development District
BALANCE SHEET –
GENERAL FUND
September 30, 2021**

ASSETS	
Cash and cash equivalents	\$ 8,525
Prepaid expenses	6,405
Due from Developer	2,610
Total Assets	\$ 17,540
 LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable and accrued expenses	\$ 2,789
Unearned revenues	12,880
Total Liabilities	15,669
 Fund balances	
Nonspendable-prepaid expenses	6,405
Unassigned	(4,534)
Total Fund Balances	1,871
Total Liabilities and Fund Balances	\$ 17,540

See accompanying notes to financial statements.

**Willow Creek Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2021**

Total Governmental Fund Balances	\$	1,871
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital assets, improvements other than buildings, \$683,718, net of accumulated net of accumulated depreciation, \$(19,942), used in governmental activities are not current financial resources and therefore, are not reported at the fund level.		663,776
Long-term liabilities, including developer advance, are not due and payable in the current period and therefore, are not reported at the governmental fund level.		<u>(683,718)</u>
Net Position of Governmental Activities	\$	<u><u>(18,071)</u></u>

See accompanying notes.

Willow Creek Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GENERAL FUND
For the Year Ended September 30, 2021

Revenues	
Developer contributions	\$ 106,795
Miscellaneous revenues	50
Total Revenues	106,845
Expenditures	
Current:	
General government	55,956
Physical environment	49,457
Total Expenditures	105,413
Net change in fund balances	1,432
Fund Balances - October 1, 2020	439
Fund Balances - September 30, 2021	\$ 1,871

See accompanying notes to financial statements.

Willow 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, 2021

Net Change in Fund Balances - Total Governmental Funds	\$	1,432
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds do not report contributed capital additions. However, in the Statement of Activities, the value of those assets is allocated over their estimated useful lives as depreciation. This is the amount that depreciation, \$(19,942), was exceeded by capital additions, \$683,718, in the current period.		663,776
The borrowing of funds through developer advances is not reflected at the fund level as the funds were related to the addition of capital assets, but the developer advance increases long-term liabilities at the government-wide level.		<u>(683,718)</u>
Change in Net Position of Governmental Activities	\$	<u><u>(18,510)</u></u>

**Willow Creek Community Development 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				
Developer contributions	\$ 34,167	\$ 966,978	\$ 106,795	\$ (860,183)
Miscellaneous revenues	-	-	50	50
Total Revenues	<u>34,167</u>	<u>966,978</u>	<u>106,845</u>	<u>(860,133)</u>
Expenditures				
Current:				
General government	34,167	93,708	55,956	37,752
Physical environment	-	373,270	49,457	323,813
Culture/recreation	-	500,000	-	500,000
Total Expenditures	<u>34,167</u>	<u>966,978</u>	<u>105,413</u>	<u>861,565</u>
Net change in fund balances	-	-	1,432	1,432
Fund Balances - October 1, 2020	<u>-</u>	<u>-</u>	<u>439</u>	<u>439</u>
Fund Balances - September 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,871</u>	<u>\$ 1,871</u>

See accompanying notes to financial statements.

Willow Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Willow Creek Community Development 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 on December 19, 2005 by the City of Titusville, Florida pursuant to County Ordinance #88-2005 and the provisions of 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 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 without the boundaries of the Willow Creek Community Development District. The District is governed by a five-member Board of Supervisors who are elected for two and four year terms. The District operates within the criteria established by Chapter 190, Florida Statutes.

As required by GAAP, these financial statements present the Willow 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 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

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 separate columns for the governmental and business-type activities of the primary government.

Willow Creek Community Development 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 (Continued)

Governmental activities normally are supported by operating contributions 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.

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.

Governmental Funds

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.

Willow Creek Community Development 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)

The District classifies 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.

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.

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.

Willow Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation

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.

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;
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, certificates of deposit 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.

Willow Creek Community Development 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)

c. Capital Assets

Capital assets, which include improvements other than buildings, 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:

Improvements other than buildings	20 years
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d. 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 general fund. 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 fund. As a result, deficits in the budget variance columns of the accompanying financial statements may occur.

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 fund, \$1,871, differs from “net position” of governmental activities, \$(18,071), 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.

Willow Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

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

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

Capital related items

When capital assets (property, plant 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, the Statement of Net Position included those capital assets among the assets of the District as a whole.

Improvements other than buildings	\$ 683,718
Accumulated depreciation	<u>(19,942)</u>
Total	<u><u>\$ 663,776</u></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.

Developer advance	<u><u>\$ (683,718)</u></u>
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2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities

The “net change in fund balances” for government funds, \$1,432, differs from the “change in net position” for governmental activities, \$(18,510), 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 cost 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.

Improvements other than buildings	\$ 683,718
Depreciation	<u>(19,942)</u>
Total	<u><u>\$ 663,776</u></u>

Willow Creek Community Development 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 (Continued)

Long-term debt transactions

The issuance of long-term liabilities are recognized as a liability at the government-wide level.

Developer advance	<u>\$ (683,718)</u>
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NOTE C – CASH

All deposits are held in qualified public depositories and are included on the accompanying balance sheet and statement of net position as cash. The District did not have investment balances.

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. The investment policy of the District follows the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2021, the District's bank balance was \$8,594 and the carrying value was \$8,525. The District controls its exposure to custodial credit risk because it 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.

The District did not have any investment activity for the year ended September 30, 2021.

**Willow Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE D – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital assets, being depreciated:				
Improvements other than buildings	\$ -	\$ 683,718	\$ -	\$ 683,718
Less accumulated depreciation	-	(19,942)	-	(19,942)
Total Capital Assets Depreciated, Net	<u>\$ -</u>	<u>\$ 663,776</u>	<u>\$ -</u>	<u>\$ 663,776</u>

NOTE E – DEVELOPER ADVANCE

In January 2021, the District entered into an agreement with the Developer regarding the acquisition of work product, improvements, and real property. The Developer has expended certain funds on behalf of the District relating to improvements. During the year, the District acquired certain improvements from the Developer. In accordance with the agreement, the District agrees to pursue the issuance of Bonds to reimburse the Developer. In the event the District does not or cannot issue the Bonds within five years from the date of the agreement, the District shall have no reimbursement obligation. The balance as of September 30, 2021 was \$683,718.

NOTE F – ECONOMIC DEPENDENCY AND RELATED PARTIES

All of the members of the Board of the Supervisors are employed by the Developer or an affiliate. The District's activity is dependent upon the continued involvement of the Developer, the loss of which could have a materially adverse effect on the District. For the year ended September 30, 2021, developer contributions accounted for nearly all of the District's revenues.

NOTE G – RISK MANAGEMENT

The government 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.



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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
Willow Creek Community Development District
City of Titusville, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Willow Creek Community Development District as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Willow Creek Community Development District's basic financial statements, and have issued our report thereon dated January 22, 2022.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Willow Creek Community Development District's internal control over financial reporting (internal control) as a basis for designing auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Willow Creek Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Willow 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 deficiencies, significant deficiencies or material weaknesses. 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
Willow Creek Community Development District

Compliance and Other Matters

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

Purpose of this Report

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

January 22, 2022



Berger, Toombs, Elam, Gaines & Frank

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MANAGEMENT LETTER

To the Board of Supervisors
Willow Creek Community Development District
City of Titusville, Florida

Report on the Financial Statements

We have audited the financial statements of the Willow Creek Community Development District as of and for the year ended September 30, 2021, and have issued our report thereon dated January 22, 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 that report, which is dated January 22, 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 Willow 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 Willow Creek Community Development District did not meet any of the conditions described in Section 218.503(1) Florida Statutes.

To the Board of Supervisors
Willow Creek Community Development 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 Willow Creek Community Development District. It is management's responsibility to monitor the Willow 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, 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 below was provided by management and has not been audited by us; 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, Willow Creek Community Development District reported:

- 1) The total number of district employees compensated in the last pay period of the District's fiscal year: The District has no employees other than the 3 Board Members.
- 2) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year: The District paid 8 nonemployee independent contractors in September 2021.
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: All Board Members declined compensation.
- 4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: The District paid \$103,283 to nonemployee independent contractors.
- 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 has no construction projects at this time.
- 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: Please see the schedule on the following page.

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

- 1) The rate or rates of non-ad valorem special assessments imposed by the District. The District did not have special assessments in the current year.
- 2) Total Special Assessments collected. N/A, no special assessments.
- 3) The total amount of outstanding bonds issued by the District and the terms of such bonds. The District had no outstanding bonds.

To the Board of Supervisors
Willow Creek Community Development District

The following original budget vs actual schedule was prepared to include in the management letter in accordance with Auditor General requirements:

	<u>Original Budget</u>	<u>Actual</u>	Variance with Original Budget Positive (Negative)
Revenues			
Developer contributions	\$ 34,167	\$ 106,795	\$ 72,628
Miscellaneous revenues	-	50	50
Total Revenues	<u>34,167</u>	<u>106,845</u>	<u>72,678</u>
Expenditures			
Current			
General government	34,167	55,956	(21,789)
Physical environment	-	49,457	(49,457)
Total Expenditures	<u>34,167</u>	<u>105,413</u>	<u>(71,246)</u>
Net changes in fund balance	<u>-</u>	<u>1,432</u>	<u>1,432</u>
Fund Balances - October 1, 2020	<u>-</u>	<u>439</u>	<u>439</u>
Fund Balances - September 30, 2021	<u>\$ -</u>	<u>\$ 1,871</u>	<u>\$ 1,871</u>

To the Board of Supervisors
Willow Creek Community Development District

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.

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

January 22, 2022