

**Sweetwater Creek Community
Development District**

FINANCIAL STATEMENTS

September 30, 2015



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Sweetwater Creek Community Development District
Table of Contents
September 30, 2015

REPORT

Independent Auditor's Report	1
------------------------------	---

FINANCIAL STATEMENTS

Management's Discussion And Analysis (required supplemental information)	3
--	---

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position	8
---------------------------	---

Statement of Activities	9
-------------------------	---

Fund Financial Statements

Balance Sheet – Governmental Funds	10
------------------------------------	----

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	11
--	----

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	12
---	----

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
---	----

Notes to Financial Statements	14
-------------------------------	----

Required Supplemental Information (other than MD&A)

Budget to Actual Comparison Schedule - General Fund	23
---	----

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>	24
---	----

Management Letter	26
-------------------	----

Attestation Report on Compliance with Section 218.415 Florida Statutes	28
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Sweetwater Creek Community Development District (hereinafter referred to as "District"), as of and for the year ended September 30, 2015, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2015, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida

June 22, 2016



Management's Discussion And Analysis

Sweetwater Creek Community Development District Management's Discussion and Analysis

Our discussion and analysis of the Sweetwater Creek Community Development District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2015. Please read it in conjunction with the District's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- At September 30, 2015, the assets of the District exceed its liabilities by approximately \$6.3 million.
- During the fiscal year ended September 30, 2015, the District incurred approximately \$665,000 of interest expenditures and repaid \$250,000 of outstanding long-term bond principal.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 8 – 9 provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 10. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the District as a Whole

Our analysis of the District as a whole begins on page 4. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and related changes during the current year. You can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors; however, such as changes in the District's assessment base and the condition of the District's infrastructure, to assess the overall health of the District.

Sweetwater Creek Community Development District Management's Discussion and Analysis

Reporting the District's Most Significant Funds

Our analysis of the District's major funds begins on page 6. The fund financial statements begin on page 10 and provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. All of the District's funds are governmental fund-types.

- *Governmental funds* – All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

THE DISTRICT AS A WHOLE

The following table reflects the condensed Statement of Net Position and is compared to the prior year.

<i>September 30,</i>	2015	2014	Change
Assets			
Current and other assets	\$ 1,268,513	\$ 958,864	\$ 309,649
Capital assets, net	17,152,877	17,878,902	(726,025)
Total assets	18,421,390	18,837,766	(416,376)
Liabilities			
Current liabilities	\$ 590,485	\$ 562,307	\$ 28,178
Other liabilities	11,580,000	11,845,000	(265,000)
Total liabilities	12,170,485	12,407,307	(236,822)
Deferred inflows of resources			
Deferred revenue	-	23,882	(23,882)
Total deferred inflows of resources	-	23,882	(23,882)
Net position			
Net investment in capital assets	9,518,151	9,884,174	(366,023)
Restricted for:			
Debt service	-	55,199	(55,199)
Unrestricted	(3,267,246)	(3,532,796)	265,550
Total net position	6,250,905	6,406,577	(155,672)
Total liabilities, deferred inflows of resources, and net position	\$ 18,421,390	\$ 18,837,766	\$ (416,376)

Sweetwater Creek Community Development District Management's Discussion and Analysis

For more detailed information, see the accompanying Statement of Net Position.

During the fiscal year ended September 30, 2015, total assets and liabilities decreased by approximately \$416,000 and \$237,000, respectively. The decrease in assets is primarily a result of depreciation on capital assets. The decrease in liabilities is primarily due to the repayment of outstanding long-term bond principal.

The following schedule compares the Statement of Activities for the current and previous fiscal year.

<i>Year ended September 30,</i>	2015	2014	Change
Revenues:			
Program revenues:			
Charges for services	\$ 1,908,975	\$ 443,147	\$ 1,465,828
General revenues:			
Developer contributions	-	11,804,600	(11,804,600)
Interest and other revenues	41,520	34,065	7,455
Gain on cancellation of bond debt	-	11,490,000	(11,490,000)
Total revenues	1,950,495	23,771,812	(21,821,317)
Expenses:			
General government	107,815	157,575	(49,760)
Maintenance and operations	220,111	194,019	26,092
Recreational facilities	392,720	2,034	390,686
Unallocated depreciation	726,025	726,025	-
Interest	659,496	833,239	(173,743)
Total expenses	2,106,167	1,912,892	193,275
Change in net assets	(155,672)	21,858,920	(22,014,592)
Net position (deficit), beginning	6,406,577	(15,452,343)	21,858,920
Net position, ending	\$ 6,250,905	\$ 6,406,577	\$ (155,672)

For more detailed information, see the accompanying Statement of Activities.

Revenues decrease from the prior year by approximately \$21.8 million, while expenses increased over prior year by approximately \$193,000. The decrease in revenues is primarily due to prior year contributions from the developer and the cancellation of certain bond debt. The increase in expenses is mostly due to cost related to the recreational facilities. The overall result was a \$156,000 decrease in net position for the fiscal year 2015.

Sweetwater Creek Community Development District Management's Discussion and Analysis

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 10) reported a combined fund balance of approximately \$1.2 million, which is an increase over last year's balance that totaled \$884,926. Significant transactions are discussed below.

- During the fiscal year ended September 30, 2015, the District received approximately \$1.6 million in assessments.
- During the fiscal year ended September 30, 2015, the District incurred approximately \$665,000 of interest expenditures and repaid \$250,000 of outstanding long-term bond principal.

The overall increase in fund balance for the year ended September 30, 2015 totaled approximately \$330,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2015, the District had approximately \$17.2 million invested in capital assets (net of accumulated depreciation). This amount represents a net decrease of approximately \$726,000 from the fiscal year 2014 total.

A listing of capital assets by major category for the current and prior year follows:

<i>September 30,</i>	2015	2014	Change
Capital assets being depreciated	\$ 21,506,966	\$ 21,506,966	\$ -
Accumulated depreciation	(4,354,089)	(3,628,064)	(726,025)
Net capital assets	\$ 17,152,877	\$ 17,878,902	\$ (726,025)

More information about the District's capital assets is presented in Note 3 to the financial statements.

Debt

At September 30, 2015, the District had approximately \$11.8 million of bonds outstanding. This amount represents a decrease of \$250,000 from the fiscal year 2014 total.

Sweetwater Creek Community Development District Management's Discussion and Analysis

A listing of debt amounts outstanding for the current and prior year is as follows:

<i>September 30,</i>	2015	2014	Change
Series 2007 A bonds	\$ 11,845,000	\$ 12,095,000	\$ (250,000)
	\$ 11,845,000	\$ 12,095,000	\$ (250,000)

More information about the District's long-term debt is presented in Note 4 to the financial statements.

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

An Operating budget was established by the governing board for the District pursuant to the requirements of Florida Statutes. The budget to actual comparison for the general fund, including the original budget and final adopted budget, is shown at page 23.

The District experienced favorable variances in revenues and expenditures as compared to the budget in the amount of \$45,243 and \$252,374, respectively. The variance in revenues occurred primarily due to recreational facilities revenues. The variance in expenditures occurred primarily due to anticipated expenditures in security, landscaping improvements and park expenditures that were not incurred.

FUTURE FINANCIAL FACTORS

Sweetwater Creek Community Development District is an independent special district that operates under the provisions of Chapter 190, Florida Statutes. The District operates under an elected Board of Supervisors, which establishes policy and sets assessment rates. Assessment rates for fiscal year 2016 were established to provide for the operations of the District as well as the necessary debt service requirements.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the Sweetwater Creek Community Development District's management company, Fishkind & Associates, Inc., at 12051 Corporate Blvd, Orlando, Florida 32817.



Basic Financial Statements

**Sweetwater Creek Community Development District
Statement of Net Position**

<i>September 30,</i>	2015
	Governmental Activities
Assets	
Cash and cash equivalents	\$ 1,028,712
Assessments receivable, net	211,460
Other receivables	58
Prepaid expenses	28,283
Capital assets:	
Depreciable, net	17,152,877
Total assets	18,421,390
Liabilities	
Accounts payable	54,037
Accrued interest payable	271,448
Non-current liabilities:	
Due within one year	265,000
Due in more than one year	11,580,000
Total liabilities	12,170,485
Net position	
Net investment in capital assets	9,518,151
Unrestricted	(3,267,246)
Total net position	\$ 6,250,905

The accompanying notes are an integral part of these financial statements.

Sweetwater Creek Community Development District Statement of Activities

Year ended September 30,

2015

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	<u>Program Revenues</u> <u>Net (Expense) Revenue and Changes in Net Position</u>
Primary government:						
Governmental activities:						
General government	\$ (107,815)	\$ 235,799	\$ -	\$ -	\$ 127,984	
Maintenance and operations	(220,111)	481,397	-	-	261,286	
Recreation facilities	(392,720)	281,926	-	-	(110,794)	
Unallocated depreciation	(726,025)	-	-	-	(726,025)	
Interest	(659,496)	909,853	-	-	250,357	
Total governmental activities	\$ (2,106,167)	\$ 1,908,975	\$ -	\$ -	(197,192)	

General revenues

Interest and other revenues	41,520
Change in net position	(155,672)
Net position - beginning of year	6,406,577
Net position - end of year	\$ 6,250,905

The accompanying notes are an integral part of these financial statements.

**Sweetwater Creek Community Development District
Balance Sheet – Governmental Funds**

September 30,

2015

	General	Debt Service	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 352,790	\$ 675,922	\$ 1,028,712
Assessments receivable, net	6,399	205,061	211,460
Other receivables	-	58	58
Due from other funds	-	49,189	49,189
Prepaid expenditures	28,283	-	28,283
Total assets	\$ 387,472	\$ 930,230	\$ 1,317,702
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 54,037	\$ -	\$ 54,037
Due to other funds	49,189	-	49,189
Total liabilities	103,226	-	103,226
Fund balances			
Nonspendable	28,283	-	28,283
Restricted for debt service	-	930,230	930,230
Unassigned	255,963	-	255,963
Total fund balances	284,246	930,230	1,214,476
Total liabilities and fund balances	\$ 387,472	\$ 930,230	\$ 1,317,702

The accompanying notes are an integral part of these financial statements.

**Sweetwater Creek Community Development District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of
Net Position**

<i>September 30,</i>	2015
Total fund balances, governmental funds	\$ 1,214,476
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.	17,152,877
Liabilities not due and payable from current resources, including accrued interest, are not reported in the fund financial statements.	(12,116,448)
Total net position - governmental activities	\$ 6,250,905

The accompanying notes are an integral part of these financial statements.

**Sweetwater Creek Community Development District
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds**

Year ended September 30,

2015

	General	Debt Service	Total Governmental Funds
Revenues			
Assessments	\$ 717,196	\$ 909,853	\$ 1,627,049
Developer contributions	14,927	-	14,927
Recreational Facilities	281,926	-	281,926
Interest and other revenues	4,214	37,306	41,520
Total revenues	1,018,263	947,159	1,965,422
Expenditures			
Current:			
General government	107,815	-	107,815
Maintenance	220,111	-	220,111
Recreational facilities	392,720	-	392,720
Debt service:			
Principal	-	250,000	250,000
Interest	-	665,226	665,226
Total expenditures	720,646	915,226	1,635,872
Excess of revenues over expenditures	297,617	31,933	329,550
Fund balances (deficit), beginning of year	(13,371)	898,297	884,926
Fund balances, end of year	\$ 284,246	\$ 930,230	\$ 1,214,476

The accompanying notes are an integral part of these financial statements.

**Sweetwater Creek Community Development District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities**

<i>Year ended September 30,</i>	2015
Net change in fund balances - governmental funds	\$ 329,550
Depreciation on capital assets is not recognized in the fund financial statements but is reported as an expense in the Statement of Activities	(726,025)
Assessment amounts received that did not provide current financial resources in prior periods were recognized as revenue in the government-wide Statement of Activities in the prior period.	(14,927)
Principal payments, reported as a reduction to the liabilities on the Statement of Net Position, is shown as an expenditure in the governmental funds.	250,000
The change in accrued interest between the current and prior year is recorded in the Statement of Activities but not on the fund financial statements.	5,730
Change in net position - governmental activities	\$ (155,672)

The accompanying notes are an integral part of these financial statements.

Sweetwater Creek Community Development District Notes to Financial Statements

NOTE 1: NATURE OF ORGANIZATION

The Sweetwater Creek Community Development District (the “District”) was created on May 24, 2006 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by St. Johns County Ordinance #2006-59. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by a Board of Supervisors (“Board”), which is comprised of five members. The Supervisors are elected on an at large basis by the owners of the property within the District. In December 2013, Lennar Homes, LLC (“Lennar”) took control of the project within the District as its new Developer. Effective at that point, a majority of the supervisors on the Board were affiliated with Lennar. The Board exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the final responsibility for:

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

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth by Generally Accepted Accounting Principles (GAAP) as defined by the Governmental Accounting Standards Board (GASB) in statements No. 14 and No. 61. Based on the foregoing criteria, no potential component units were found.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to GAAP as applicable to governments in accordance with those promulgated by GASB. The following is a summary of the more significant policies:

Government-wide and Fund Financial Statements

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

Sweetwater Creek Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities are reported separately in government-wide financial statements; however, at September 30, 2015, the District did not have any significant business-type activities. Therefore, no business-type activities are reported. Assessments and other items not properly included as program revenues (i.e., charges to customers or applicants who purchase, use, or directly benefit from goods or services) are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of Presentation

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

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

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

Sweetwater Creek Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The District reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

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

For the year ended September 30, 2015, the District does not report any proprietary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use in the governmental fund financial statements, it is the government's policy to use committed resources first, followed by assigned resources, then unassigned resources as needed.

Cash, Deposits and Investments

The District maintains deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities in accordance with collateral requirements determined by the State's Chief Financial Officer. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories.

Under this method, all the District's deposits are fully insured or collateralized at the highest level of security as defined by GASB, Statement Number 40, *Deposits and Investment Disclosures (An Amendment of GASB, Statement Number 3)*.

The District is authorized to invest in financial instruments as established by Section 218.415, Florida Statutes. The authorized investments include among others direct obligations of the U.S. Treasury; the Local Government Surplus Trust Funds as created by Section 218.405, Florida Statutes; SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and interest-bearing time deposits or savings accounts in authorized financial institutions.

Sweetwater Creek Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

Property, plant and equipment of the primary government are depreciated using the straight-line method over the estimated useful lives. Estimated useful lives for financial reporting purposes are as follows:

Asset	Years
Entrance road/Spine road	30
Neighborhood infrastructure	30
Master stormwater	30
Entry features	25
Recreational facilities	30

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line or effective interest method. Bonds payable are reported net of these premiums or discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current period expenses.

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

Sweetwater Creek Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any of this type of item at September 30, 2015.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any of this type of item at September 30, 2015.

Fund Equity

Net position in the government-wide financial statements represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents assets related to infrastructure and property, plant and equipment, net of any related debt. Restricted net position represents the assets restricted by the District's bond covenants.

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the District board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the District board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

Budgets

The District is required to establish a budgetary system and an approved annual budget. Annual budgets are legally adopted on a basis consistent with GAAP for the General Fund. Any revision to the budget must be approved by the District Board. The budgets are compared to actual expenditures. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represent final authorization amounts.

Sweetwater Creek Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- A. Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- B. A public hearing is conducted to obtain comments.
- C. Prior to October 1, the budget is legally adopted by the District Board.
- D. All budget changes must be approved by the District Board.
- E. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3: CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended September 30, 2015:

	Beginning Balance	Additions	Transfers and Conveyances	Ending Balance
Governmental Activities:				
<i>Capital assets being depreciated</i>				
Entrance Road/ Spine Road	\$ 6,795,572	\$ -	\$ -	\$ 6,795,572
Neighborhood infrastructure	5,797,708	-	-	5,797,708
Master stormwater	3,063,807	-	-	3,063,807
Entry Features	1,368,959	-	-	1,368,959
Recreational facilities	2,745,115	-	-	2,745,115
Other infrastructure	1,735,805	-	-	1,735,805
Total capital assets, being depreciated	21,506,966	-	-	21,506,966
<i>Less accumulated depreciation</i>				
Entrance Road/ Spine Road	1,359,114	226,519	-	1,585,633
Neighborhood infrastructure	1,159,542	193,257	-	1,352,799
Master stormwater	612,762	102,127	-	714,889
Entry Features	164,274	54,758	-	219,032
Recreational facilities	274,512	91,504	-	366,016
Other infrastructure	57,860	57,860	-	115,720
Total accumulated depreciation	3,628,064	726,025	-	4,354,089
Total capital assets, being depreciated, net	17,878,902	(726,025)	-	17,152,877

Sweetwater Creek Community Development District Notes to Financial Statements

NOTE 3: CAPITAL ASSETS (Continued)

Depreciation expense of \$726,025 was unallocated on the accompanying Statement of Activities.

NOTE 4: BONDS PAYABLE

In May 2007, the District issued \$36,370,000 of Capital Improvement Revenue Bonds, Series 2007 consisting of \$19,205,000 Series 2007A Bonds, \$9,485,000 of Series 2007B-1 bonds and \$7,680,000 of Series 2007B-2 Bonds with fixed interest rates of 5.500%, 5.300% and 5.125%, respectively. ("2007" is omitted from Bond Series names henceforth, as all of them are the same year.) The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest on the bonds is due semiannually on each May 1 and November 1. Principal on the Series A Bonds is due serially commencing on May 1, 2009 through May 1, 2038. As of March 2014, all of the Series B-1 and B-2 Bonds had been extinguished.

Long-term liability activity for the year ended September 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Activities</i>					
Bonds Payable:					
Series 2007 A	\$ 12,095,000	\$ -	\$ (250,000)	\$ 11,845,000	\$ 265,000
	\$ 12,095,000	\$ -	\$ (250,000)	\$ 11,845,000	\$ 265,000

At September 30, 2015, the scheduled debt service requirements on long-term debt were as follows:

<i>Year Ending September 30,</i>	Principal	Interest	Total Debt Service
2016	\$ 265,000	\$ 651,475	\$ 916,475
2017	280,000	636,900	916,900
2018	295,000	621,500	916,500
2019	310,000	605,275	915,275
2020	330,000	588,225	918,225
2021 - 2025	1,935,000	2,649,350	4,584,350
2026 - 2030	2,555,000	2,053,150	4,608,150
2031 - 2035	3,365,000	1,266,100	4,631,100
2036 - 2038	2,510,000	281,325	2,791,325
	\$ 11,845,000	\$ 9,353,300	\$ 21,198,300

The Bond Indenture requires that the District maintain adequate funds in the reserve account to meet the debt service reserve requirement as defined in the Indenture. The reserve requirement has been met for the fiscal year ended September 30, 2015.

Sweetwater Creek Community Development District Notes to Financial Statements

NOTE 4: BONDS PAYABLE (Continued)

The Bond Indenture also has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedure to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service. The District is in compliance with the requirements of the Bond Indenture.

NOTE 5: CONCENTRATION

A significant portion of the District's activity is dependent upon the continued involvement of the major landowner, Lennar, which is the new Developer and Bondholder as of December 2013. The loss of significant involvement could have a material adverse effect on the District's operations.

During the year ended September 30, 2015, certain Board members were affiliated with Lennar. Lennar was assessed approximately \$881,000 for the general operations and debt service requirements of the District.

NOTE 6: COST SHARING AGREEMENT

The District has entered into a cost sharing agreement with Marshall Creek Community Development District ("Marshall Creek") whereby the Districts share certain costs associated with the maintenance, operation, upkeep, repair and replacement of reciprocally used facilities. In connection with the agreement, the District received approximately \$241,000 from Marshall Creek and expended approximately \$393,000.

NOTE 7: 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. Coverage may not extend to all situations. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims, if any, have not exceeded this commercial coverage in the previous three years.

NOTE 8: MANAGEMENT COMPANY

The District has contracted with a management company to perform management advisory services, which include financial and accounting advisory services. Certain employees of the management company also serve as officers (Board appointed non-voting positions) of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, and other administrative costs.

**Sweetwater Creek Community Development District
Notes to Financial Statements**

NOTE 9: INTERFUND BALANCES

Interfund receivable and payable at September 30, 2015 were as follows:

<i>Funds</i>	Receivable		Payable	
Major Funds:				
General	\$	-	\$	49,189
Debt Service		49,189		-
Total	\$	49,189	\$	49,189

The outstanding balances between funds result primarily from the monies that were deposited into the General Fund cash account that related to Debt Service assessments.



**Required Supplemental Information
(Other Than MD&A)**

**Sweetwater Creek Community Development District
Budget to Actual Comparison Schedule – General Fund**

<i>Year ended September 30,</i>	2015		
	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Assessments	\$ 716,713	\$ 717,196	\$ 483
Developer contributions	-	14,927	14,927
Recreational Facilities	256,307	281,926	25,619
Interest and other revenues	-	4,214	4,214
Total revenues	973,020	1,018,263	45,243
Expenditures			
General government	184,825	107,815	77,010
Maintenance	306,404	220,111	86,293
Recreational facilities	481,791	392,720	89,071
Total expenditures	973,020	720,646	252,374
Excess (deficit) of revenues over expenditures	\$ -	\$ 297,617	\$ 297,617

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Sweetwater Creek Community Development District (hereinafter referred to as the “District”), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated June 22, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws regulations, 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 did not disclose 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida

June 22, 2016

MANAGEMENT LETTER

(850) 837-3141
(850) 654-4619 (fax)
CRlcpa.com

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

Report on the Financial Statements

We have audited the financial statements of Sweetwater Creek Community Development District ("District") as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated June 22, 2016.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in this report, which is dated June 22, 2016, 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 annual financial audit report. There were no findings or recommendations made in the preceding annual audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information required is disclosed in the notes to the financial statements.

Financial Condition

Section 10.554(1)(i)5.a., and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Annual Financial Report

Section 10.554(1)(i)5.b., and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report results of our determination as to whether the annual financial report for the District for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have 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, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida

June 22, 2016



Carr, Riggs & Ingram, LLC
Certified Public Accountants
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INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined Sweetwater Creek Community Development District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2015. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the 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 the 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 the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
June 22, 2016