

**BRANDY CREEK
COMMUNITY DEVELOPMENT DISTRICT
ST. JOHNS COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014**

**BRANDY CREEK COMMUNITY DEVELOPMENT DISTRICT
ST. JOHNS COUNTY, FLORIDA**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Brandy 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 Brandy Creek Community Development District, St. Johns County, Florida ("District") as of and for the fiscal year ended September 30, 2014, 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, 2014, and the respective changes in financial position thereof for the fiscal year then ended in accordance 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 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 May 4, 2015, 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, contracts, 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 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.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated May 4, 2015, on our consideration of the District's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

May 4, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Brandy Creek Community Development District, St. Johns County, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2014. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The liabilities of the District exceeded its assets plus deferred outflows of resources at the close of the most recent fiscal year resulting in a net position deficit balance of (\$732,636).
- The change in the District's total net position in comparison with the prior fiscal year was \$46,482, an increase. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2014, the District's governmental funds reported combined ending fund balances of \$747,400, a decrease of (\$24,442) in comparison with the prior fiscal year. A portion of fund balance is non-spendable for prepaid items, restricted for debt service and capital projects, assigned for capital reserves and the remainder is unassigned fund balance which is available for spending at the District's discretion.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by special assessments. The District does not have any business-type activities. The governmental activities of the District include the general government (management), recreation and maintenance functions.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund category: governmental funds.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and capital projects fund which are considered major funds.

The District adopts an annual appropriated budget for its general and debt service funds. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, liabilities exceeded assets plus deferred outflows of resources at the close of the most recent fiscal year.

Key components of the District's net position are reflected in the following table:

	NET POSITION SEPTEMBER 30,	
	2014	2013
Assets, excluding capital assets	\$ 781,353	\$ 803,179
Capital assets, net of depreciation	5,321,131	5,532,437
Total assets	6,102,484	6,335,616
Deferred outflows of resources	43,660	46,020
Liabilities, excluding long-term liabilities	153,780	170,754
Long-term liabilities	6,725,000	6,990,000
Total liabilities	6,878,780	7,160,754
Net Position		
Net investment in capital assets	(1,360,209)	(1,411,543)
Restricted	193,932	398,468
Unrestricted	433,641	233,957
Total net position	\$ (732,636)	\$ (779,118)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The District's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure) less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's other obligations.

The District's net position increased during the most recent fiscal year. The majority of the increase represents the extent to which ongoing program revenues exceeded the cost of operations and depreciation expense.

Key elements of the change in net position are reflected in the following table:

CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30,		
	2014	2013
Revenues:		
Program revenues		
Charges for services	\$ 1,119,346	\$ 1,181,305
Operating grants and contributions	45	208
Capital grants and contributions	8	1,327,875
General revenues		
Miscellaneous	14,529	9,028
Unrestricted investment earnings	46	69
Total revenues	<u>1,133,974</u>	<u>2,518,485</u>
Expenses:		
General government	133,968	316,360
Maintenance and operations	115,793	117,600
Culture and recreation	538,425	468,948
Interest on long-term debt	299,306	403,127
Total expenses	<u>1,087,492</u>	<u>1,306,035</u>
Change in net position	<u>46,482</u>	<u>1,212,450</u>
Net position - beginning, previously stated	(779,118)	(1,640,580)
Effect of adoption of GASB No. 65	-	(350,988)
Net position - beginning, as restated	<u>(779,118)</u>	<u>(1,991,568)</u>
Net position - ending	<u>\$ (732,636)</u>	<u>\$ (779,118)</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2014 was \$1,087,492. The majority of the costs of the District's activities were paid by program revenues. Program revenues, comprised primarily of assessments, decreased during the fiscal year due to the conveyance of the amenity center from the Developer in the prior fiscal year. The District also received funds from investment earnings which are included in program revenues. The majority of the change in expenses results from the decrease in interest resulting from the refunding of the Series 2003 Bonds in the prior fiscal year.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2014.

Actual general fund expenditures for the fiscal year ended September 30, 2014 were less than appropriations due primarily to anticipated costs which were not incurred in the current fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2014, the District had \$7,254,086 invested in neighborhood park, infrastructure and recreational facilities. In the government-wide financial statements, depreciation of \$1,932,955 has been taken, which resulted in a net book value of \$5,321,131. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2014, the District had \$6,725,000 in Bonds outstanding. More detailed information about the District's capital debt is presented in the notes of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The District does not anticipate any major projects or significant changes to its infrastructure maintenance program for the subsequent fiscal year. In addition, it is anticipated that the general operations of the District will remain fairly constant.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, land owners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Brandy Creek Community Development District's Finance Department at 475 West Town Place, Suite 114, St. Augustine, Florida, 32092.

**BRANDY CREEK COMMUNITY DEVELOPMENT DISTRICT
ST. JOHNS COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

	Governmental Activities
ASSETS	
Cash	\$ 227,814
Investments	210,838
Assessments receivable	9,160
Due from other	480
Deposits and prepaids	23,540
Restricted assets:	
Investments	309,521
Capital assets:	
Nondepreciable	100,960
Depreciable, net	5,220,171
Total assets	6,102,484
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding (debit)	43,660
Total deferred outflows of resources	43,660
 LIABILITIES	
Accounts payable	26,054
Accrued interest payable	119,827
Unearned revenue	7,899
Non-current liabilities:	
Due within one year	215,000
Due in more than one year	6,510,000
Total liabilities	6,878,780
 NET POSITION	
Net investment in capital assets	(1,360,209)
Restricted for debt service	180,887
Restricted for capital projects	13,045
Unrestricted	433,641
Total net position	\$ (732,636)

See notes to the financial statements

**BRANDY CREEK COMMUNITY DEVELOPMENT DISTRICT
ST. JOHNS COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 133,968	\$ 133,968	\$ -	\$ -	\$ -
Maintenance and operations	115,793	81,610	-	8	(34,175)
Culture and recreation	538,425	379,480	-	-	(158,945)
Interest on long-term debt	299,306	524,288	45	-	225,027
Total governmental activities	<u>1,087,492</u>	<u>1,119,346</u>	<u>45</u>	<u>8</u>	<u>31,907</u>
General revenues:					
Miscellaneous					14,529
Unrestricted investment earnings					46
Total general revenues					<u>14,575</u>
Change in net position					46,482
Net position - beginning					(779,118)
Net position - ending					<u>\$ (732,636)</u>

See notes to the financial statements

**BRANDY CREEK COMMUNITY DEVELOPMENT DISTRICT
ST. JOHNS COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
ASSETS				
Cash	\$ 152,990	\$ -	\$ 74,824	\$ 227,814
Investments	158,254	296,476	65,629	520,359
Assessments receivable	4,922	4,238	-	9,160
Due from other	480	-	-	480
Deposits and prepaids	23,540	-	-	23,540
Total assets	<u>\$ 340,186</u>	<u>\$ 300,714</u>	<u>\$ 140,453</u>	<u>\$ 781,353</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 20,752	\$ -	\$ 5,302	\$ 26,054
Unearned revenue	7,899	-	-	7,899
Total liabilities	<u>28,651</u>	<u>-</u>	<u>5,302</u>	<u>33,953</u>
Fund balances:				
Nonspendable:				
Prepays	23,540	-	-	23,540
Restricted for:				
Debt service	-	300,714	-	300,714
Capital projects	-	-	13,045	13,045
Assigned to:				
Capital reserves	-	-	122,106	122,106
Unassigned	287,995	-	-	287,995
Total fund balances	<u>311,535</u>	<u>300,714</u>	<u>135,151</u>	<u>747,400</u>
Total liabilities and fund balances	<u><u>\$ 340,186</u></u>	<u><u>\$ 300,714</u></u>	<u><u>\$ 140,453</u></u>	<u><u>\$ 781,353</u></u>

See notes to the financial statements

**BRANDY CREEK COMMUNITY DEVELOPMENT DISTRICT
ST. JOHNS COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

Fund balance - governmental funds \$ 747,400

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.

Cost of capital assets	7,254,086	
Accumulated depreciation	<u>(1,932,955)</u>	5,321,131

Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Accrued interest payable	(119,827)	
Deferred amount on refunding	43,660	
Bonds payable	<u>(6,725,000)</u>	<u>(6,801,167)</u>
Net position of governmental activities		<u><u>\$ (732,636)</u></u>

See notes to the financial statements

**BRANDY CREEK COMMUNITY DEVELOPMENT DISTRICT
ST. JOHNS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
REVENUES				
Assessments	\$ 595,058	\$ 524,288	\$ -	\$ 1,119,346
Interest	46	45	8	99
Miscellaneous revenues	14,529	-	-	14,529
Total revenues	609,633	524,333	8	1,133,974
EXPENDITURES				
Current:				
General government	108,708	-	-	108,708
Maintenance and operations	-	-	6,075	6,075
Culture and recreation	386,720	-	-	386,720
Debt Service:				
Principal	-	265,000	-	265,000
Interest	-	316,536	-	316,536
Capital outlay	-	-	75,377	75,377
Total expenditures	495,428	581,536	81,452	1,158,416
Excess (deficiency) of revenues over (under) expenditures	114,205	(57,203)	(81,444)	(24,442)
OTHER FINANCING SOURCES (USES)				
Interfund transfer in	3,623	3,557	40,265	47,445
Interfund transfer (out)	(40,250)	(3,638)	(3,557)	(47,445)
Total other financing sources (uses)	(36,627)	(81)	36,708	-
Net change in fund balances	77,578	(57,284)	(44,736)	(24,442)
Fund balances - beginning	233,957	357,998	179,887	771,842
Fund balances - ending	\$ 311,535	\$ 300,714	\$ 135,151	\$ 747,400

See notes to the financial statements

**BRANDY CREEK COMMUNITY DEVELOPMENT DISTRICT
ST. JOHNS COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

Net change in fund balances - total governmental funds	\$ (24,442)
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation on capital assets is not recognized in the governmental fund statement but is reported as an expense in the statement of activities.	(261,423)
Governmental funds report capital outlays as expenditures; however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position.	50,117
Repayment of long-term liabilities are reported as expenditures in the governmental fund statement but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities.	265,000
The change in accrued interest on long-term liabilities between the current and prior fiscal year is recorded in the statement of activities but not in the fund financial statements.	19,590
Amortization of the deferred charge on refunding is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.	<u>(2,360)</u>
Change in net position of governmental activities	<u><u>\$ 46,482</u></u>

See notes to the financial statements

**BRANDY CREEK COMMUNITY DEVELOPMENT DISTRICT
ST. JOHNS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

Brandy Creek Community Development District ("District") was established by Ordinance 2003-53 of the Board of County Commissioners of St. Johns County, pursuant to the Uniform Community Development District Act of 1980, and otherwise known as Chapter 190, Florida Statutes. 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 the Board of Supervisors ("Board"), which is composed of five members. The Supervisors are elected by the owners of the property within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes. At September 30, 2014, one of the Board members was affiliated with Oaco-Johns Creek II, LLC ("Developer").

The Board has the 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.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District is considered to be financially accountable and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment. (Operating-type special assessments for maintenance and debt service are treated as charges for services.); and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement 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 related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assessments

Assessments are non-ad valorem assessments on benefited property within the District. Operating and maintenance assessments are based upon the adopted budget and levied annually at a public hearing of the District. Debt service assessments are levied when Bonds are issued and assessed and collected on an annual basis. The District may collect assessments directly or utilize the “Uniform Method of Collection” under Florida Statutes. Direct collected assessments are due as set forth in the annual assessment resolution adopted by the Board of Supervisors. Assessments collected under the Uniform Method are noticed by the County Tax Collector on November 1 and due on or before March 31 of each year. Property owners may prepay a portion or all of the debt service assessments on their property subject to various provisions in the Bond documents.

Assessments and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

The District reports the following major governmental funds:

General Fund

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

Capital Projects Fund

The capital projects fund is used to account for the costs of major infrastructure acquired by the District and also to accumulate capital reserves for future maintenance costs and capital projects.

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 government’s policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

Assets, Liabilities and Net Position or Equity

Restricted Assets

These assets represent cash and investments set aside pursuant to Bond covenants or other contractual restrictions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Inter-local Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due.

The District records all interest revenue related to investment activities in the respective funds and reports investments at fair value.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital 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 assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	30
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.

Refundings of Debt

For current refundings and advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized ratably as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. In connection with the refunding, \$2,360 was recognized as a component of interest expense in the current fiscal year.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

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. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of 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.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s). For example, the District would record deferred outflows of resources on the statement of net position related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s). For example, when an asset is recorded in the governmental fund financial statements, but the revenue is unavailable, the District reports a deferred inflow of resources on the balance sheet until such times as the revenue becomes available.

Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The District can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts established by the Board of Supervisors that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Fund Equity/Net Position (Continued)

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

Other Disclosures

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 – BUDGETARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end.

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 upcoming October 1.
- b) Public hearings are 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) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

NOTE 4 – DEPOSITS AND INVESTMENTS

Deposits

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Investments

The District's investments were held as follows at September 30, 2014:

	Fair Value	Credit Risk	Maturities
Money Market Mutual Funds - First American Prime Obligations Fund Z	\$ 331,820	S&P AAAM	Weighted average of the fund portfolio: 38 days
Money Market Mutual Funds - First American Treasury Obligations Fund Z	47,282	S&P AAAM	Weighted average of the fund portfolio: 14 days
Money Market Mutual Funds - First American Government Obligations Fund Z	138,816	S&P AAAM	Weighted average of the fund portfolio: 43 days
Investment in Local Government Surplus Funds Trust Fund (Florida PRIME)	2,441	S&P AAAM	Weighted average of the fund portfolio: 39 days
	<u>\$ 520,359</u>		

Credit risk – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

Concentration risk – The District places no limit on the amount the District may invest in any one issuer.

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

However, the Bond Indenture limits the type of investments held using unspent proceeds.

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended September 30, 2014 were as follows:

Fund	Transfers in	Transfers out
General	\$ 3,623	\$ 40,250
Debt service	3,557	3,638
Capital projects	40,265	3,557
	<u>\$ 47,445</u>	<u>\$ 47,445</u>

There were transfers of excess funds above the expected issuance costs from the capital projects fund to the debt service fund, of excess funds above what was needed to make the debt service payments from the debt service fund to the general fund, and of funds from the general fund to the capital projects fund to be set aside for future maintenance projects within the District. All of the transfers were made in accordance with the applicable Bond Indenture.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Neighborhood park	\$ 100,960	\$ -	\$ -	\$ 100,960
Total capital assets, not being depreciated	100,960	-	-	100,960
Capital assets, being depreciated				
Infrastructure	3,291,549	-	-	3,291,549
Recreational facilities	3,811,460	50,117	-	3,861,577
Total capital assets, being depreciated	7,103,009	50,117	-	7,153,126
Less accumulated depreciation for:				
Infrastructure	(1,033,251)	(109,718)	-	(1,142,969)
Recreational facilities	(638,281)	(151,705)	-	(789,986)
Total accumulated depreciation	(1,671,532)	(261,423)	-	(1,932,955)
Total capital assets, being depreciated, net	5,431,477	(211,306)	-	5,220,171
Governmental activities capital assets, net	\$ 5,532,437	\$ (211,306)	\$ -	\$ 5,321,131

The infrastructure intended to serve the District has been estimated at a total cost of approximately \$14.28 million. The infrastructure will include roadways, a stormwater system, water and sewer facilities, recreational facilities, and land improvements. In addition, the District has conveyed roads and water and sewer facilities to other entities for ownership and maintenance responsibility during prior fiscal years. A portion of the project costs was expected to be financed with the proceeds from the issuance of Bonds with the remainder to be funded by the Developer and conveyed to the District. A neighborhood park which was conveyed to the District by the Developer during a prior fiscal year is expected to be conveyed to other entities for ownership and maintenance responsibilities during a subsequent fiscal year. Other improvements will be conveyed to other governments for ownership and maintenance responsibilities upon completion of the project. During the prior fiscal year, the Developer conveyed an amenity center valued at approximately \$1.33 million to the District.

In connection with the 2006A project, it may be determined that deferred costs exist. Upon completion of the project, certain funds available from the Bonds may be used to pay deferred costs, as outlined in the Bond Indenture. At September 30, 2014, the 2006A project has not been completed and the District has not yet determined if a liability exists for deferred costs.

Depreciation expense was charged to function/programs as follows:

Maintenance and operations	\$ 109,718
Culture and recreation	151,705
	<u>\$ 261,423</u>

NOTE 7 – LONG TERM LIABILITIES

Series 2006A

On July 1, 2006, the District issued \$2,715,000 of Special Assessment Bonds, Series 2006A. The Bonds are due May 1, 2037 with a fixed interest rate of 5.6%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is to be paid semiannually on each May 1 and November 1, and the principal is to be paid serially on each May 1, commencing May 1, 2008.

The Bonds are subject to optional redemption prior to maturity as outlined in the Bond Indenture. The Bonds are also subject to extraordinary mandatory redemption prior to their selected maturity in the manner outlined in the Bond Indenture. This occurred during the current fiscal year as the District collected assessments from lot closings and prepaid \$55,000 of the Bonds.

NOTE 7 – LONG TERM LIABILITIES (Continued)

Series 2006A (Continued)

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District was in compliance with the requirements at September 30, 2014.

Series 2013

On March 1, 2013 the District issued \$4,545,000 of Special Assessment Refunding Bonds, Series 2013. The Bonds are due May 1, 2033 with a fixed interest rate of 3.57%. The Bonds were issued to refund \$4,825,000 of the Special Assessment Bonds, Series 2003. Interest is to be paid semiannually on each May 1 and November 1, and the principal is to be paid serially on each May 1, commencing May 1, 2014.

The Bonds are subject to optional redemption prior to maturity as outlined in the Bond Indenture. The Bonds are also subject to extraordinary mandatory redemption prior to their selected maturity in the manner outlined in the Bond Indenture.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District was in compliance with the requirements at September 30, 2014.

Long-term Debt Activity

Changes in long-term liability activity for the fiscal year ended September 30, 2014 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2006	\$ 2,445,000	\$ -	\$ 105,000	\$ 2,340,000	\$ 50,000
Series 2013	4,545,000	-	160,000	4,385,000	165,000
Total	<u>\$ 6,990,000</u>	<u>\$ -</u>	<u>\$ 265,000</u>	<u>\$ 6,725,000</u>	<u>\$ 215,000</u>

At September 30, 2014, the scheduled debt service requirements on the long-term debt were as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2015	\$ 215,000	\$ 287,585	\$ 502,585
2016	225,000	278,894	503,894
2017	235,000	269,745	504,745
2018	245,000	260,138	505,138
2019	255,000	250,173	505,173
2020-2024	1,435,000	1,085,781	2,520,781
2025-2029	1,770,000	763,546	2,533,546
2030-2034	1,850,000	362,460	2,212,460
2035-2037	495,000	56,560	551,560
Total	<u>\$ 6,725,000</u>	<u>\$ 3,614,882</u>	<u>\$ 10,339,882</u>

NOTE 8 – DEVELOPER TRANSACTIONS

The Developer owns a portion of land within the District; therefore, assessment revenues in the general and debt service funds include the assessments levied on those lots owned by the Developer.

NOTE 9 – MANAGEMENT COMPANY

The District has contracted with a management company to perform management advisory services, which include financial and accounting services. Certain employees of the management company also serve as officers of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

NOTE 10 – 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 has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

**BRANDY CREEK COMMUNITY DEVELOPMENT DISTRICT
ST. JOHNS COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget - Positive (Negative)</u>
	Original & Final	Actual Amounts	
REVENUES			
Assessments	\$ 586,182	\$ 595,058	\$ 8,876
Interest	150	46	(104)
Cost sharing revenue	5,731	7,955	2,224
Miscellaneous income	1,200	6,574	5,374
Total revenues	<u>593,263</u>	<u>609,633</u>	<u>16,370</u>
EXPENDITURES			
Current:			
General government	122,113	108,708	13,405
Culture and recreation	471,150	386,720	84,430
Total expenditures	<u>593,263</u>	<u>495,428</u>	<u>97,835</u>
Excess (deficiency) of revenues over (under) expenditures	-	114,205	114,205
OTHER FINANCING SOURCES			
Transfer in (out)	-	(36,627)	(36,627)
Total other financing sources	<u>-</u>	<u>(36,627)</u>	<u>(36,627)</u>
Net change in fund balance	<u>\$ -</u>	<u>77,578</u>	<u>\$ 77,578</u>
Fund balance - beginning		<u>233,957</u>	
Fund balance - ending		<u>\$ 311,535</u>	

See notes to required supplementary information

**BRANDY CREEK COMMUNITY DEVELOPMENT DISTRICT
ST. JOHNS COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2014. The actual general fund expenditures for the 2014 fiscal year were lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.



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
Brandy 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 Brandy Creek Community Development District, St. Johns County, Florida ("District") as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated May 4, 2015.

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 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.

May 4, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

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

We have examined Brandy Creek Community Development District, St. Johns County, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2014. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on 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 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 District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2014.

This report 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, management, and the Board of Supervisors of Brandy Creek Community Development District, St. Johns County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

May 4, 2015



**MANAGEMENT LETTER PURSUANT TO THE RULES OF
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

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

Report on the Financial Statements

We have audited the accompanying basic financial statements of Brandy Creek Community Development District, St. Johns County, Florida ("District") as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated May 4, 2015.

Auditor's 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 Auditor's Report on Internal Control over Financial Reporting and 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 those reports, which are dated May 4, 2015, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

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, as applicable, management, and the Board of Supervisors of Brandy Creek Community Development District, St. Johns County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Brandy Creek Community Development District, St. Johns County, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

May 4, 2015

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2013.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2014.

3. 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.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2014.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.

5. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2014 financial audit report.

6. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

7. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2014. It is management's responsibility to monitor 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.