

**TURNBULL CREEK
COMMUNITY DEVELOPMENT DISTRICT
ST. JOHNS COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2010**

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

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Turnbull Creek Community Development District, St. Johns County, Florida (the "District") as of and for the fiscal year ended September 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2011, 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, 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* and important for assessing the results of our audit.

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.



June 20, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Turnbull 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, 2010. 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 at the close of the fiscal year ended September 30, 2010 resulting in a net asset deficit of (\$4,373,594). The deficit primarily relates to the excess of the amount of long-term debt outstanding over the amount of capital assets, net of accumulated depreciation. In prior fiscal years, various infrastructure improvements necessary to complete the District that were financed through the issuance of long-term debt were conveyed to other entities for ownership and maintenance responsibilities. Those capital assets are not included in the assets of the District; however, the long-term debt associated with those assets remains a liability of the District.
- The change in the District's net assets was an increase of \$67,624 in comparison with the prior fiscal year. The key components of the District's net assets and change in net assets are reflected in the table in the government-wide financial analysis section.
- At September 30, 2010, the District's governmental funds reported combined ending fund balances of \$2,194,657, a decrease of (\$125,633) in comparison with the prior fiscal year. \$1,904,162 is reserved for debt service and capital projects and the remainder is unreserved 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 assets presents information on all the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 assessment revenues. The District does not have any business-type activities. The governmental activities of the District include the general government (management), maintenance, and recreational functions.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

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.

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.

At September 30, 2010, the District maintained five individual governmental funds. They included the general fund, debt service Series 2005 fund, debt service Series 2006 fund, capital projects Series 2005 fund, and the capital projects Series 2006 fund. The District currently maintains three individual 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 funds and capital projects funds, all of which are considered major funds.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund as required supplementary data 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 assets may serve over time as a useful indicator of an entity's financial position. In the case of the District, liabilities exceeded assets at the close of the most recent fiscal year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

		NET ASSETS	
		SEPTEMBER 30,	
		2010	2009
Current and other assets	\$	2,808,643	\$ 2,981,114
Capital assets, net of depreciation		13,809,232	14,192,604
Total assets		<u>16,617,875</u>	<u>17,173,718</u>
Other liabilities		482,447	517,048
Long-term liabilities		20,509,022	21,097,888
Total liabilities		<u>20,991,469</u>	<u>21,614,936</u>
Net Assets			
Invested in capital assets, net of related debt		(6,123,368)	(6,294,403)
Restricted for debt service		1,459,279	1,689,991
Unrestricted		290,495	163,194
Total net assets (deficit)	\$	<u>(4,373,594)</u>	<u>\$ (4,441,218)</u>

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

The District's net assets 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 assets are reflected in the following table:

		CHANGES IN NET ASSETS	
		FOR THE FISCAL YEAR END SEPTEMBER 30,	
		2010	2009
Revenues:			
Program revenues			
Charges for services	\$	2,310,216	\$ 2,557,526
Operating grants and contributions		2,039	18,520
Capital grants and contributions		-	482,419
General revenues			
Unrestricted investment earnings		320	1,272
Miscellaneous		4,079	3,524
Total revenues		<u>2,316,654</u>	<u>3,063,261</u>
Expenses:			
General government		152,412	134,330
Recreation and amenity facilities		550,802	546,563
Maintenance and operations		446,029	593,847
Interest		1,099,787	1,120,430
Other costs		-	1,895,876
Total expenses		<u>2,249,030</u>	<u>4,291,046</u>
Change in net assets		67,624	(1,227,785)
Net assets (deficit), beginning		(4,441,218)	(3,213,433)
Net assets (deficit), ending	\$	<u>(4,373,594)</u>	<u>\$ (4,441,218)</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2010 was \$2,249,030. The majority of the costs of the District's activities were paid by program revenues. Program revenues of the District were comprised primarily of assessments for both the current and prior fiscal years. Program revenues decreased from the prior fiscal year as a result of a decrease in prepayment revenue and also due to the collection of penalties and interest on the delinquent assessments collected during the prior fiscal year. Additionally, the District received a one-time non-cash contribution from the Developer during the prior fiscal year. The decrease in maintenance expenses is the result of the District changing vendors for certain services resulting in a significant cost savings. The decrease in other costs is attributable to the recognition of certain accrued obligations, which are non-recurring, during 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, 2010.

The variance between budgeted and actual general fund revenues for the 2010 fiscal year was not considered significant. The actual general fund expenditures for the 2010 fiscal year were lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2010, the District had \$15,347,284 invested in land, land improvements, infrastructure, recreational facilities and other assets. In the government-wide financial statements, depreciation of \$1,538,052 has been taken, which resulted in a net book value of \$13,809,232. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2010, the District had \$18,810,000 in Bonds outstanding. In addition, the District had a Due to the Developers balance of \$1,699,022 at September 30, 2010. More detailed information about the District's capital debt is presented in the notes of the financial statements.

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 Turnbull Creek Community Development District's Finance Department at 475 West Town Place, Suite 114, St. Augustine, Florida 32092.

**TURNBULL CREEK COMMUNITY DEVELOPMENT DISTRICT
ST. JOHNS COUNTY, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010**

	Governmental Activities
ASSETS	
Cash	\$ 154,929
Investments	144,453
Assessments receivable	23,057
Interest receivable	191
Accounts receivable	265
Restricted assets:	
Investments	1,910,256
Deferred charges	575,492
Capital assets:	
Nondepreciable	3,846,133
Depreciable, net	9,963,099
Total assets	16,617,875
 LIABILITIES	
Accounts payable	38,494
Accrued interest payable	443,953
Non-current liabilities:	
Due within one year	340,000
Due in more than one year	20,169,022
Total liabilities	20,991,469
 NET ASSETS	
Invested in capital assets, net of related debt	(6,123,368)
Restricted for debt service	1,459,279
Unrestricted	290,495
Total net assets (deficit)	\$ (4,373,594)

See notes to the financial statements

**TURNBULL CREEK COMMUNITY DEVELOPMENT DISTRICT
ST. JOHNS COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED TO SEPTEMBER 30, 2010**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:				
Governmental activities:				
General government	\$ 152,412	\$ 152,412	\$ -	\$ -
Recreation and amenity facilities	550,802	321,487	-	(229,315)
Maintenance and operations	446,029	411,542	44	(34,443)
Interest on long-term debt	1,099,787	1,424,775	1,995	326,983
Total governmental activities	<u>2,249,030</u>	<u>2,310,216</u>	<u>2,039</u>	<u>63,225</u>
General revenues:				
Unrestricted investment earnings				320
Miscellaneous				4,079
Total general revenues				<u>4,399</u>
Change in net assets				67,624
Net assets (deficit) - beginning				(4,441,218)
Net assets (deficit) - ending				<u>\$ (4,373,594)</u>

See notes to the financial statements

**TURNBULL CREEK COMMUNITY DEVELOPMENT DISTRICT
ST. JOHNS COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
ASSETS				
Cash	\$ 154,929	\$ -	\$ -	\$ 154,929
Investments	144,453	1,909,326	930	2,054,709
Assessments receivable	8,763	14,294	-	23,057
Interest receivable	-	191	-	191
Due from other funds	20,579	-	-	20,579
Accounts receivable	265	-	-	265
Total assets	<u>\$ 328,989</u>	<u>\$ 1,923,811</u>	<u>\$ 930</u>	<u>\$ 2,253,730</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 38,494	\$ -	\$ -	\$ 38,494
Due to other funds	-	20,579	-	20,579
Total liabilities	<u>38,494</u>	<u>20,579</u>	<u>-</u>	<u>59,073</u>
Fund balances:				
Reserved for:				
Debt service	-	1,903,232	-	1,903,232
Capital projects	-	-	930	930
Unreserved, reported in:				
General fund	290,495	-	-	290,495
Total fund balances	<u>290,495</u>	<u>1,903,232</u>	<u>930</u>	<u>2,194,657</u>
Total liabilities and fund balances	<u>\$ 328,989</u>	<u>\$ 1,923,811</u>	<u>\$ 930</u>	<u>\$ 2,253,730</u>

See notes to the financial statements

**TURNBULL CREEK COMMUNITY DEVELOPMENT DISTRICT
ST. JOHNS COUNTY, FLORIDA
RECONCILIATION OF BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010**

Fund balance - governmental funds \$ 2,194,657

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

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

Cost of capital assets	15,347,284	
Accumulated depreciation	<u>(1,538,052)</u>	13,809,232

Bond issuance costs are not financial resources and, therefore are not reported as assets in the governmental funds. The statements of net assets includes these costs, net of amortization.

Bond issuance costs	691,809	
Accumulated amortization	<u>(116,317)</u>	575,492

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	(443,953)	
Developers payable	(1,699,022)	
Bonds payable	<u>(18,810,000)</u>	<u>(20,952,975)</u>

Net assets of governmental activities	<u>\$ (4,373,594)</u>	
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See notes to the financial statements

**TURNBULL CREEK COMMUNITY DEVELOPMENT DISTRICT
ST. JOHNS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED TO SEPTEMBER 30, 2010**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
REVENUES				
Assessments	\$ 885,441	\$ 1,424,775	\$ -	\$ 2,310,216
Interest earnings	320	1,995	44	2,359
Other revenue	4,079	-	-	4,079
Total revenues	<u>889,840</u>	<u>1,426,770</u>	<u>44</u>	<u>2,316,654</u>
EXPENDITURES				
Current:				
General government	152,412	-	-	152,412
Recreation and amenity facilities	288,640	-	-	288,640
Maintenance and operations	321,487	-	3,332	324,819
Debt Service:				
Principal	-	455,000	133,866	588,866
Interest	-	1,087,550	-	1,087,550
Total expenditures	<u>762,539</u>	<u>1,542,550</u>	<u>137,198</u>	<u>2,442,287</u>
Excess (deficiency) of revenues over (under) expenditures	127,301	(115,780)	(137,154)	(125,633)
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	125,756	125,756
Transfer (out)	-	(125,756)	-	(125,756)
Total other financing sources (uses)	<u>-</u>	<u>(125,756)</u>	<u>125,756</u>	<u>-</u>
Net change in fund balances	127,301	(241,536)	(11,398)	(125,633)
Fund balances - beginning	<u>163,194</u>	<u>2,144,768</u>	<u>12,328</u>	<u>2,320,290</u>
Fund balances - ending	<u>\$ 290,495</u>	<u>\$ 1,903,232</u>	<u>\$ 930</u>	<u>\$ 2,194,657</u>

See notes to the financial statements

**TURNBULL 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 TO SEPTEMBER 30, 2010**

Net change in fund balances - total governmental funds	\$ (125,633)
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation on capital assets is not recognized in the governmental fund statements but is reported as an expense in the statement of activities.	(383,372)
Repayments of long-term liabilities are reported as expenditures in the governmental fund statement but such repayments reduce liabilities in the statement of net assets and are eliminated in the statement of activities.	588,866
Amortization of deferred charges is not recognized in the governmental fund statements, but is reported as an expense in the statement of activities.	(23,061)
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.	<u>10,824</u>
Change in net assets of governmental activities	<u><u>\$ 67,624</u></u>

See notes to the financial statements

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

NOTE 1 - NATURE OF ORGANIZATION AND REPORTING ENTITY

Turnbull Creek Community Development District ("District") was established on June 28, 2004 by Ordinance 2004-47 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 on an at large basis by the owners of the property within the District. Ownership of the land within the District entitles the owner to one vote per acre or fraction of one acre rounded upward to one acre. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes. As of December 31, 2008, Turnbull Creek Development Company, Inc. (predecessor Developer of the annexed land) had a complete liquidation via a merger with MuraBella, LLC ("Developer"). Turnbull Creek Development Company, Inc. and MuraBella, LLC are collectively referred to herein as "Developers". At September 30, 2010, MuraBella, LLC is the Developer of the original District land and the annexed land. Turnbull Creek Development Company, Inc., prior to its liquidation, and MuraBella, LLC are affiliates of the Wood Development Company of Jacksonville. The Developer owns a portion of the land; therefore, the District is economically dependent on the Developer. At September 30, 2010, three board members were affiliated with Developer.

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.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement 14, and Statement 39, an amendment of GASB Statement 14. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors 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 assets 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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*.

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 determined by annual assessment resolution adopted by the Board of Supervisors. Assessments collected under the uniform method are mailed 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

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 Funds

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 Funds

This fund accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

As a general rule, the effect of inter-fund 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, then unrestricted resources as they are needed.

Assets, Liabilities and Net Assets or Equity

Restricted Assets

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

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 Interlocal 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. In addition, surplus funds may be deposited into certificates of deposit which are insured and any unspent Bond proceeds are required to be held in investments as specified in the Bond Indenture.

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, recreational facilities, irrigation and other	30

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Assets or Equity (Continued)

Capital Assets (Continued)

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.

Deferred Charges

In connection with the issuance of certain debt, the District incurred costs totaling \$691,809. In the government-wide financial statements, that amount has been capitalized and amortized ratably over the estimated life of the Bonds. At September 30, 2010, the District reported accumulated amortization of \$116,317.

Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized ratably over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts.

In the fund financial statements, governmental fund types recognize Bond premiums and discounts, as well as Bond 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.

Fund Equity/Net Assets

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

Net assets in the government-wide financial statements are categorized as invested in capital assets, net of related debt, restricted or unrestricted. Invested in capital assets, net of related debt represents net assets related to infrastructure and property, plant and equipment, net of any related debt. Restricted net assets represent the assets restricted by the District's Bond covenants or other contractual restrictions.

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.

NOTE 3 - BUDGETARY INFORMATION (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) 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

Cash

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.

Investments

The District's investments were held as follows at September 30, 2010:

	<u>Fair Value</u>	<u>Credit Risk</u>	<u>Maturities</u>
Money Market Mutual Funds - First American Prime Obligations Fund	\$ 2,054,709	S&P: AAAM	Weighted average of the fund portfolio: 45 days

Custodial risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk. The money market mutual funds are not evidenced by securities that exist in physical or book entry form.

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 Indentures limit the type of investments held using unspent proceeds.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at September 30, 2010 were as follows:

Fund	Receivable	Payable
General	\$ 20,579	\$ -
Debt service	-	20,579
Total	\$ 20,579	\$ 20,579

The outstanding balances between funds result primarily from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. In the case of the District, the balances between the general fund and the debt service fund relate to assessments collected in the general fund that have not yet been transferred to the debt service fund.

Interfund transfers for the fiscal year ended September 30, 2010 were as follows:

Fund	Transfer in	Transfer out
Debt service	\$ -	\$ 125,756
Capital projects	125,756	-
Total	\$ 125,756	\$ 125,756

Transfers were used to move excess reserves and revenues collected in the debt service fund to the capital projects fund to pay deferred costs on the District's infrastructure projects, in accordance with the Bond Indentures.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land and land improvements	\$ 3,846,133	\$ -	\$ -	\$ 3,846,133
Total capital assets, not being depreciated	3,846,133	-	-	3,846,133
Capital assets, being depreciated				
Infrastructure - storm drainage	3,636,302	-	-	3,636,302
Recreational facilities, irrigation, other	7,864,849	-	-	7,864,849
Total capital assets, being depreciated	11,501,151	-	-	11,501,151
Less accumulated depreciation for:				
Infrastructure - storm drainage	(377,684)	(121,210)	-	(498,894)
Recreational facilities, irrigation, other	(776,996)	(262,162)	-	(1,039,158)
Total accumulated depreciation	(1,154,680)	(383,372)	-	(1,538,052)
Total capital assets, being depreciated, net	10,346,471	(383,372)	-	9,963,099
Governmental activities capital assets, net	\$ 14,192,604	\$ (383,372)	\$ -	\$ 13,809,232

The Improvement Plan was certified complete in the prior fiscal year. Also during the prior fiscal year, the District determined that a total liability of \$2,010,848 exists for deferred costs. In prior fiscal years, \$177,960 was paid to the Developers. During the current fiscal year, an additional \$133,866 was paid to the Developers; therefore, a liability of \$1,699,022 exists at fiscal year end. See Note 7 - Long Term Liabilities for more information.

Depreciation expense was charged to function/programs as follows:

Recreation and amenity facilities	\$ 262,162
Maintenance and operations	121,210
Total depreciation expense	\$ 383,372

NOTE 7 - LONG TERM LIABILITIES

Series 2005

On March 23, 2005, the District issued \$15,515,000 of Special Assessment Bonds, Series 2005. The Bonds are due May 1, 2035 with a fixed interest rate of 5.8%. 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 annually on each May 1, commencing May 1, 2006.

The Series 2005 Bonds are subject to redemption at the option of the District prior to their maturity. In addition, the Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture. This occurred during the current fiscal year as the District collected assessments from lot closings and prepaid \$135,000 of the Series 2005 Bonds.

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, 2010.

Series 2006

On October 6, 2006, the District issued \$4,850,000 of Special Assessment Bonds, Series 2006. The Bonds are due May 1, 2037 with a fixed interest rate of 5.25%. 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, commencing May 1, 2008 and the principal is to be paid annually on each May 1, commencing May 1, 2008.

The Series 2006 Bonds are subject to redemption at the option of the District prior to their maturity. In addition, the Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as 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, 2010.

Developers Advances

For the capital projects fund, there is an agreement between the District and the Developers whereby the Developers will advance funds to the District for construction. In accordance with the agreement, the advances are subject to reimbursement and are intended to be reimbursed when and if funds become available from the Bonds, in accordance with the Bond Indentures. The balance owed of \$1,699,022 is not included in the maturity schedule on page 19, but is reflected in the table below. See Note 6 - Capital Assets for more information.

Long-term debt transactions

Changes in long-term liability activity for the fiscal year ended September 30, 2010 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2005	\$ 14,555,000	\$ -	\$ 380,000	\$ 14,175,000	\$ 260,000
Series 2006	4,710,000	-	75,000	4,635,000	80,000
Due to Developers	1,832,888	-	133,866	1,699,022	-
Total	<u>\$ 21,097,888</u>	<u>\$ -</u>	<u>\$ 588,866</u>	<u>\$ 20,509,022</u>	<u>\$ 340,000</u>

NOTE 7 - LONG TERM LIABILITIES (Continued)

At September 30, 2010, the scheduled debt service requirements on the long-term debt were as follows:

Series 2005				Series 2006			
Governmental Activities				Governmental Activities			
Year ending September 30:	Principal	Interest	Total	Year ending September 30:	Principal	Interest	Total
2011	\$ 260,000	\$ 822,150	\$ 1,082,150	2011	\$ 80,000	\$ 243,338	\$ 323,338
2012	275,000	807,070	1,082,070	2012	85,000	239,138	324,138
2013	290,000	791,120	1,081,120	2013	90,000	234,675	324,675
2014	310,000	774,300	1,084,300	2014	95,000	229,950	324,950
2015	325,000	756,320	1,081,320	2015	100,000	224,963	324,963
2016 - 2020	1,955,000	3,473,620	5,428,620	2016 - 2020	580,000	1,040,813	1,620,813
2021 - 2025	2,610,000	2,835,040	5,445,040	2021 - 2025	750,000	871,763	1,621,763
2026 - 2030	3,485,000	1,982,440	5,467,440	2026 - 2030	975,000	652,313	1,627,313
2031 - 2035	4,665,000	843,030	5,508,030	2031 - 2035	1,270,000	366,713	1,636,713
	-	-	-	2036 - 2037	610,000	48,563	658,563
	<u>\$ 14,175,000</u>	<u>\$ 13,085,090</u>	<u>\$ 27,260,090</u>		<u>\$ 4,635,000</u>	<u>\$ 4,152,229</u>	<u>\$ 8,787,229</u>

NOTE 8 - DEVELOPER INFORMATION

The Developer owns 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.

In a prior fiscal year, Turnbull Creek Development Company, Inc. agreed to complete, cause to be completed, or provide funds to the District in an amount sufficient to allow the District to complete or cause to be completed, those portions of the Phase III Improvements which remain unfunded. During the current fiscal year, the District paid a total of \$133,866 to the Developers for reimbursement of certain previously contributed amounts.

NOTE 9 - OTHER INFORMATION

When certifying the assessments for collection for fiscal year ended September 30, 2010, the District certified the assessments allocated to fifty-one lots owned by the Vintage Group, Inc. ("Vintage"), a landowner and one of the homebuilders in the District, for direct collection. Vintage failed to remit payment by the due date of October 1, 2009. On November 24, 2009, the District transmitted a demand letter to Vintage for payment of the delinquent assessments. Although Vintage did not timely respond to the demand letter, forty-two of the lots with delinquent assessments were sold to third parties and the delinquent assessments paid in full, leaving nine lots owned by Vintage with delinquent assessments totaling \$21,353.

On February 3, 2010, the District recorded a notice of lien on certain property owned by Vintage in order to secure the payment of accrued delinquent special assessments for fiscal year 2010. The District's intention was to initiate and conclude foreclosure proceedings against all of Vintage's lots with delinquent assessments.

However, on September 15, 2010, the delinquent assessments, including penalties and legal fees, were paid. No further action was required related to the delinquent assessments.

NOTE 10 - CONCENTRATION

The District's activity is dependent upon the continued involvement of the Developer, the loss of which could have a material adverse effect on the District's operations.

NOTE 11 - MANAGEMENT AGREEMENT

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 12 - 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.

**TURNBULL 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, 2010**

	Budgeted Amounts <u>Original & Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Assessments	\$ 859,697	\$ 885,441	\$ 25,744
Interest and miscellaneous	5,000	2,499	(2,501)
Amenities revenue	500	1,900	1,400
Total revenues	<u>865,197</u>	<u>889,840</u>	<u>24,643</u>
EXPENDITURES			
Current:			
General government	191,854	152,412	39,442
Recreation and amenity facilities	290,030	288,640	1,390
Maintenance and operations	383,313	321,487	61,826
Total expenditures	<u>865,197</u>	<u>762,539</u>	<u>102,658</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	127,301	<u>\$ 127,301</u>
Fund balance - beginning		<u>163,194</u>	
Fund balance - ending		<u>\$ 290,495</u>	

See notes to required supplementary information

**TURNBULL 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, 2010. The variance between budgeted and actual general fund revenues for the 2010 fiscal year was not considered significant. The actual general fund expenditures for the 2010 fiscal year were lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.

**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
Turnbull Creek Community Development District
St. Johns County, Florida

We have audited the financial statements of the governmental activities and each major fund of Turnbull Creek Community Development District, St. Johns County, Florida ("District") as of and for the fiscal year ended September 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 20, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and 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*.

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


June 20, 2011

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

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

We have audited the accompanying basic financial statements of Turnbull Creek Community Development District, St. Johns County, Florida ("District") as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated June 20, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 of material misstatement.

In addition, we have issued our Report on Internal Control over Financial Reporting and Compliance and Other Matters dated June 20, 2011. Disclosures in that report should be considered in conjunction with this management 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.**

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

We wish to thank Turnbull 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.



June 20, 2011

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

2009-01: Compliance with Bond Indentures

Current Status: Recommendation has been implemented.

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, 2009, except as noted above.

2. A statement as to whether or not the local governmental entity complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

The District complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

3. 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, 2010.

4. Violations of 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 more than inconsequential.

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, 2010.

5. For matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors, the following may be reported based on professional judgment:

- a. Violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse.

- b. Deficiencies in internal control that are not significant deficiencies.

There were no such matters discovered by, or that came to the attention of, the auditor, that, in our judgment, are required to be reported, for the fiscal year ended September 30, 2010.

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

REPORT TO MANAGEMENT (Continued)

7. 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, 2010 financial audit report.
8. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
9. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and no deteriorating financial conditions were noted. 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.