

**Turnbull Creek  
Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2011**

**Turnbull Creek Community Development District**

**ANNUAL FINANCIAL REPORT**

**Fiscal Year Ended September 30, 2011**

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## Report of Independent Auditors

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 as of and for the year ended September 30, 2011, as listed in the table of contents. These basic financial statements are the responsibility of Turnbull Creek Community Development District's management. Our responsibility is to express an opinion on these basic 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 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 opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Turnbull Creek Community Development District as of September 30, 2011, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2012, on our consideration of Turnbull Creek Community Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 should be considered in assessing the results of our audit..



Berger, Toombs, Elam,  
Gaines & Frank  
Certified Public Accountants PL

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

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Berger, Toombs, Elam,  
Gaines & Frank*

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

May 30, 2012

**Turnbull Creek Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2011**

Management's discussion and analysis of Turnbull Creek Community Development District's (the "District") financial performance provides an objective and easily readable analysis of the District's financial activities. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The District's basic financial statements comprise three components; 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to financial statements*. The *Government-wide financial statements* present an overall picture of the District's financial position and results of operations. The *Fund financial statements* present financial information for the District's major funds. The *Notes to financial statements* provide additional information concerning the District's finances.

The *Government-wide financial statements* are the **statement of net assets** and the **statement of activities**. These statements use accounting methods similar to those used by the private-sector. Emphasis is placed on the net assets of governmental activities and the change in net assets. Governmental activities are primarily supported by special assessments.

The **statement of net assets** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net assets. Net assets are reported in three categories; 1) invested in capital assets, net of related debt, 2) restricted and 3) unrestricted. Assets, liabilities, and net assets are reported for all Governmental activities.

**The statement of activities** presents information on all revenues and expenses of the District and the change in net assets. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities. Governmental activities funded by the District include general government, physical environment, culture and recreation, transportation and interest on long-term debt.

*Fund financial statements* present financial information for governmental funds. These statements provide financial information for the major funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources.

**Turnbull Creek Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2011**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

*Fund financial statements* include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual**, is provided for the District's General Fund. *Fund financial statements* provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses or to comply with legal requirements.

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 balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government'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 statement of revenues, expenditures, and changes in fund balances provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

*Notes to financial statements* provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District, investments of the District, capital assets, and long-term debt are some of the items included in the *notes to financial statements*.

**Financial Highlights:**

The following are the highlights of financial activity for the year ended September 30, 2011.

- The District's total assets were exceeded by total liabilities by \$(4,233,514) (net assets). Invested in capital assets net of related debt was \$(442,724). Unrestricted net assets were \$(4,597,584). Restricted net assets were \$806,794.
- Governmental activities revenues totaled \$2,340,700 while governmental activities expenses totaled \$2,200,620.

**Turnbull Creek Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2011**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District**

The following schedule provides a summary of the assets, liabilities and net assets of the District.

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
	<u>2011</u>	<u>2010</u>
Current assets	\$ 429,163	\$ 322,895
Other non-current assets	553,097	575,492
Restricted assets	1,949,331	1,910,256
Capital assets, net of depreciation	13,460,188	13,809,232
Total Assets	<u>16,391,779</u>	<u>16,617,875</u>
Current liabilities	816,271	822,447
Non-current liabilities	19,809,022	20,169,022
Total Liabilities	<u>20,625,293</u>	<u>20,991,469</u>
Net assets - invested in capital assets, net of related debt	(442,724)	(6,123,368)
Net assets-restricted	806,794	1,459,279
Net assets-unrestricted	<u>(4,597,584)</u>	<u>290,495</u>
Total Net Assets	<u>\$ (4,233,514)</u>	<u>\$ (4,373,594)</u>

The increase in current assets is due to revenues in excess of expenses in the current year.

The decrease in capital assets is due to depreciation expense in the current year.

The decrease in total liabilities is related to the principal payments on debt during the year.

The increase in net assets – invested in capital assets, net of related debt is due to a recalculation in the current year that adjusts for capital assets conveyed in prior years and the related debt as unrestricted. This also resulted in the decrease in restricted and unrestricted net assets.

**Turnbull Creek Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2011**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District (Continued)**

The following schedule provides a summary of the changes in net assets of the District.

**Change in Net Assets**

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
	<u>          </u>	<u>          </u>
Program Revenues		
Charges for services	\$ 2,334,412	\$ 2,310,216
Operating grants and contributions	1,660	2,039
General Revenues		
Investments earnings	-	320
Other revenues	4,628	4,079
Total Revenues	<u>2,340,700</u>	<u>2,316,654</u>
Expenses		
General government	115,523	152,412
Physical environment	461,631	550,802
Culture and recreation	543,195	446,029
Interest on long-term debt	1,080,271	1,099,787
Total Expenses	<u>2,200,620</u>	<u>2,249,030</u>
Change in Net Assets	140,080	67,624
Net Assets - Beginning of Year	<u>(4,373,594)</u>	<u>(4,441,218)</u>
Net Assets - End of year	<u>\$ (4,233,514)</u>	<u>\$ (4,373,594)</u>

The decrease in total expenses is mainly related to the decrease in interest expense and reclassifications.

**Turnbull Creek Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2011**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Capital Assets Activity**

The following schedule provides a summary of the District's capital assets as of September 30, 2011 and 2010.

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Land	\$ 3,846,133	\$ 3,846,133
Buildings	7,864,849	7,864,849
Infrastructure	3,670,702	3,636,302
Accumulated depreciation	<u>(1,921,496)</u>	<u>(1,538,052)</u>
Total Capital Assets (Net)	<u>\$ 13,460,188</u>	<u>\$ 13,809,232</u>

During the year, \$34,400 was added to infrastructure and depreciation expense was \$383,444.

**General Fund Budgetary Highlights**

The budget exceeded actual expenditures primarily because of lower operating expenditures than expected.

There were no amendments to the September 30, 2011 budget.

**Debt Management**

Governmental Activities debt includes the following:

- In March 2005, the District issued \$15,515,000 Series 2005 Special Assessment Bonds. The bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. The balance outstanding at September 30, 2011 was \$13,915,000.
- In October 2006, the District issued \$4,850,000 Series 2006 Special Assessment Bonds. The bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. The balance outstanding at September 30, 2011 was \$4,555,000.

**Turnbull Creek Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2011**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Economic Factors and Next Year's Budget**

Turnbull Creek Community Development District does not expect any economic factors to have a significant effect on the financial position or results of operations of the District in fiscal year 2012.

**Request for Information**

The financial report is designed to provide a general overview of Turnbull Creek Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Turnbull Creek Community Development District, Governmental Management Services, 9655 Florida Mining Boulevard, Building 300, Suite 305 & 306, Jacksonville, Florida 32257.

**Turnbull Creek Community Development District**  
**STATEMENT OF NET ASSETS**  
**September 30, 2011**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 119,954
Investments	286,042
Assessments receivable, net	21,396
Due from other governments	1,491
Prepaid expenses	280
Total Current Assets	429,163
Non-Current Assets	
Restricted assets	
Investments	1,949,331
Bond issuance costs, net	553,097
Capital assets, not being depreciated	
Land	3,846,133
Capital assets, being depreciated	
Buildings	7,864,849
Infrastructure	3,670,702
Less: accumulated depreciation	(1,921,496)
Total Non-Current Assets	15,962,616
Total Assets	16,391,779
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable and accrued expenses	20,351
Accrued interest	435,920
Bonds payable	360,000
Total Current Liabilities	816,271
Non-Current Liabilities	
Due to Developer	1,699,022
Bonds payable	18,110,000
Total Non-Current Liabilities	19,809,022
Total Liabilities	20,625,293
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	(442,724)
Restricted for debt service	799,928
Restricted for Capital Projects	6,866
Unrestricted	(4,597,584)
Total Net Assets	\$ (4,233,514)

See accompanying notes.

**Turnbull Creek Community Development District**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2011**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenues and Changes in Net Assets</u>
<b>Primary government</b>		<b>Charges for Services</b>	<b>Governmental Activities</b>
Governmental Activities			
General government	\$ (115,523)	\$ 136,396	\$ 20,873
Physical environment	(461,631)	401,844	(59,787)
Culture and recreation	(543,195)	331,810	(211,385)
Interest on long-term debt	(1,080,271)	1,464,362	384,091
Total Governmental Activities	<u>\$ (2,200,620)</u>	<u>\$ 2,334,412</u>	<u>133,792</u>
		<b>General Revenues</b>	
		Investment earnings	1,660
		Miscellaneous revenues	4,628
		Total General Revenues	<u>6,288</u>
		Change in Net Assets	140,080
		Net Assets - October 1, 2010	<u>(4,373,594)</u>
		Net Assets - September 30, 2011	<u>\$ (4,233,514)</u>

See accompanying notes.

**Turnbull Creek Community Development District  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2011**

	General	Debt Service	Capital Projects	Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 118,603	\$ 1,351	\$ -	\$ 119,954
Investments	286,042	-	6,866	292,908
Assessments receivable, net	8,145	13,251	-	21,396
Due from other governments	1,491	-	-	1,491
Prepaid expenses	280	-	-	280
Restricted assets				
Investments, at fair value	-	1,942,465	-	1,942,465
Total Assets	\$ 414,561	\$ 1,957,067	\$ 6,866	\$ 2,378,494
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 20,351	\$ -	\$ -	\$ 20,351
 Fund Balances:				
Nonspendable - prepaid expenses	280	-	-	280
Restricted - debt service	-	1,957,067	-	1,957,067
Restricted - capital projects	-	-	6,866	6,866
Unassigned	393,930	-	-	393,930
Total Fund Balances	394,210	1,957,067	6,866	2,358,143
Total Liabilities and Fund Balances	\$ 414,561	\$ 1,957,067	\$ 6,866	\$ 2,378,494

See accompanying notes.

**Turnbull Creek Community Development District  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
September 30, 2011**

Total Governmental Fund Balances	\$ 2,358,143
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets (land (\$3,846,133), buildings (7,864,849), and infrastructure (\$3,670,702), net of accumulated depreciation (\$1,921,496)) used in governmental activities are not financial resources and; therefore, are not reported in the funds.	13,460,188
Long-term liabilities, including bonds payable (\$18,470,000), and Developer payable (\$1,699,022), are not due and payable in the current period and; therefore, are not reported in the funds.	(20,169,022)
Bond issuance costs (\$691,809), net of accumulated amortization of (\$138,712) are not financial resources and; therefore, are not reported in the funds.	553,097
Accrued interest expense for long-term debt is not a financial use and; therefore, is not reported in the funds.	<u>(435,920)</u>
Net Assets of Governmental Activities	<u><u>\$ (4,233,514)</u></u>

See accompanying notes.

**Turnbull Creek Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2011**

	General	Debt Service	Capital Projects	Totals Governmental Funds
<b>Revenues</b>				
Special assessments	\$ 870,050	\$1,464,362	\$ -	\$ 2,334,412
Investment earnings	342	1,317	1	1,660
Miscellaneous revenues	4,628	-	-	4,628
Total Revenues	<u>875,020</u>	<u>1,465,679</u>	<u>1</u>	<u>2,340,700</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	115,523	-	-	115,523
Physical environment	340,349	-	-	340,349
Culture and recreation	281,033	-	-	281,033
Capital Outlay	34,400	-	-	34,400
<b>Debt service</b>				
Principal	-	340,000	-	340,000
Interest	-	1,065,487	-	1,065,487
Other	-	422	-	422
Total Expenditures	<u>771,305</u>	<u>1,405,909</u>	<u>-</u>	<u>2,177,214</u>
Excess of revenues over expenditures	<u>103,715</u>	<u>59,770</u>	<u>1</u>	<u>163,486</u>
<b>Other financing sources (uses)</b>				
Operating transfers in	-	-	5,935	5,935
Operating transfers out	-	(5,935)	-	(5,935)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(5,935)</u>	<u>5,935</u>	<u>-</u>
Net change in fund balances	103,715	53,835	5,936	163,486
Fund Balances - October 1, 2010	<u>290,495</u>	<u>1,903,232</u>	<u>930</u>	<u>2,194,657</u>
Fund Balances - September 30, 2011	<u>\$ 394,210</u>	<u>\$1,957,067</u>	<u>\$ 6,866</u>	<u>\$ 2,358,143</u>

See accompanying notes.

**Turnbull Creek Community Development District**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2011**

Net Change in Fund Balances -Total Governmental Funds	\$ 163,486
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount that capital outlay (\$34,400) was less than depreciation expense (\$(383,444)) in the current period.	(349,044)
Repayments of bond principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Assets.	340,000
Amortization of bond issuance costs is not recognized in the governmental fund statements, but is reported as interest expense in the statement of activities	(22,395)
In the Statement of Activities, interest is accrued on outstanding bonds; whereas in governmental funds, interest expenditures are reported when due. This is the change in accrued interest in the current period.	<u>8,033</u>
Change in Net Assets of Governmental Activites	<u><u>\$ 140,080</u></u>

See accompanying notes.

**Turnbull Creek Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended September 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Special assessments	\$ 859,697	\$ 859,697	\$ 870,050	\$ 10,353
Investment earnings	-	-	342	342
Miscellaneous revenues	3,900	3,900	4,628	728
Total Revenues	<u>863,597</u>	<u>863,597</u>	<u>875,020</u>	<u>11,423</u>
<b>Expenditures</b>				
Current				
General government	161,959	161,959	115,523	46,436
Physical environment	352,846	352,846	340,349	12,497
Culture and recreation	273,792	273,792	281,033	(7,241)
Capital outlay	75,000	75,000	34,400	40,600
Total Expenditures	<u>863,597</u>	<u>863,597</u>	<u>771,305</u>	<u>92,292</u>
Net change in fund balances	-	-	103,715	103,715
Fund Balances - October 1, 2010	<u>-</u>	<u>-</u>	<u>290,495</u>	<u>290,495</u>
Fund Balances - September 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 394,210</u>	<u>\$ 394,210</u>

See accompanying notes.

**Turnbull Creek Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2011**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**1. Reporting Entity**

The District was created on June 28, 2004, by Ordinance 2004-47 of St. Johns County, Florida, pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing or re-constructing, enlarging or extending, equipping, operating and maintaining water management, bridges or culverts, district roads, landscaping, street lights and other basic infrastructure projects within or without the boundaries of the Turnbull Creek Community Development District. The District is governed by a five-member Board of Supervisors who are elected for four year terms. The District operates within the criteria established by Chapter 190, Florida Statutes.

As required by GAAP, these financial statements present the Turnbull Creek Community Development District (the primary government) as a local unit of special purpose government. The reporting entity for the District includes all functions of government in which the District's Board exercises oversight responsibility including, but not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based upon the application of the above-mentioned criteria as set forth in Governmental Accounting Standards Board Statement Number 14, The Financial Reporting Entity, the District has identified no component units.

**2. Measurement Focus and Basis of Accounting**

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

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

**Turnbull Creek Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**a. Government-wide Financial Statements**

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include all the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities are supported by special assessments, developer contributions, intergovernmental revenues and interest. Program revenues are netted with program expenses in the Statement of Activities to present the net cost of each program

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

**b. Fund Financial Statements**

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

**Turnbull Creek Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds**

The District implemented the Governmental Accounting Standards Board Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications include non-spendable, restricted, committed, assigned and unassigned.

The District has various policies governing the fund balance classifications.

**Nonspendable Fund Balance** – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

**Restricted Fund Balance** – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**Assigned Fund Balance** – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed. The assigned fund balances can also be assigned by the District's management company.

**Unassigned Fund Balance** – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Fund Balance Spending Hierarchy** - For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

**Turnbull Creek Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources are expended, rather than as fund assets. In addition, the proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

Debt service expenditures are recorded only when payment is due.

**3. Basis of Presentation**

**a. Governmental Major Funds**

General Fund - The General Fund is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Funds - Accounts for debt service requirements to retire the special assessment bonds which were used to finance the construction of District infrastructure improvements. The bond series is secured by a pledge of all available special assessment revenues in any fiscal year related to the improvements and a first lien on the special assessment revenues from the District lien on all acreage of benefited land.

Capital Projects Funds – Accounts for construction of infrastructure improvements within the district.

**Turnbull Creek Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. Basis of Presentation (Continued)**

**b. Non-current Governmental Assets/Liabilities**

GASB Statement 34 requires that non-current governmental assets, such as infrastructure and improvements, and non-current governmental liabilities, such as general obligation bonds, be reported in the governmental activities column in the government-wide Statement of Net Assets.

**4. Assets, Liabilities, and Net Assets or Equity**

**a. Cash and Investments**

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

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

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

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

**Turnbull Creek Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**b. Restricted Assets**

Certain net assets of the District are classified as restricted assets on the statement of net assets because their use is limited either by law through constitutional provisions or enabling legislation, or by restrictions imposed externally by creditors. In a fund with both restricted and unrestricted assets, qualified expenses are considered to be paid first from restricted net assets and then from unrestricted net assets.

**c. Capital Assets**

Capital assets, which include land and improvements, are reported in the governmental activities column in the government-wide statements.

The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two year. The valuation basis for all assets is historical cost.

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

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

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

Infrastructure, recreational facilities, irrigation, and other 30-40 years

**d. Budgets**

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190 and Section 200.065, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Formal budgets are adopted for the general and debt service funds.

**Turnbull Creek Community Development District  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2011**

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

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

“Total fund balances” of the District’s governmental funds (\$2,358,143) differs from “net assets” of governmental activities (\$(4,233,514)) reported in the Statement of Net Assets. This difference primarily results from the long-term economic focus of the Statement of Net Assets versus the current financial resources focus of the Governmental Fund Balance Sheet. The effect of the differences is illustrated below.

**Capital related items**

When capital assets (infrastructure and improvements that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Assets included those capital assets among the assets of the District as a whole.

Land	\$ 3,846,133
Buildings	7,864,849
Infrastructure	3,670,702
Accumulated depreciation	<u>(1,921,496)</u>
Total	<u>\$ 13,460,188</u>

**Long-term debt transactions**

Long-term liabilities applicable to the District’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Assets.

Balances at September 30, 2011 were:

Bonds payable	\$ (18,470,000)
Due to Developer	<u>(1,699,022)</u>
Total	<u>\$ (20,169,022)</u>

**Bond issuance costs**

When intangible assets (legal fees, trustee fees, and other bond related costs are to be used in governmental activities) are expended, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Assets includes those intangible assets among the assets of the District as a whole.

Bond issuance costs	\$ 691,809
Accumulated amortization	<u>(138,712)</u>
Total	<u>\$ 553,097</u>

**Turnbull Creek Community Development District  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2011**

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

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

**Accrued interest**

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

Accrued interest	\$ <u>(435,920)</u>
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**2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities**

The “net change in fund balances” for government funds (\$163,486) differs from the “change in net assets” for governmental activities (\$140,080) reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

**Capital related items**

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. Therefore, when those assets are later conveyed, a fund level expenditure is not recorded, but the undepreciated balance is shown as a special item in the Statement of Activities. The following is the amount of depreciation expense, and amount of capital asset acquisitions.

Depreciation expense	\$ (383,444)
Capital asset acquisitions	<u>34,400</u>
Total	<u>\$ (349,044)</u>

**Long-term debt transactions**

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

Bond principal payments	\$ <u>340,000</u>
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**Turnbull Creek Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**

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

**2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities (Continued)**

**Long-term debt transactions (Continued)**

Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest payable	\$ <u>8,033</u>
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**Deferred charges**

When bond issuance costs used in governmental activities are expended, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as amortization costs. As a result, fund balances decrease by the amount of financial resources expended, whereas net assets decrease by the amount of amortization expense charged for the year.

Interest expense	\$ <u>(22,395)</u>
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**NOTE C – CASH AND INVESTMENTS**

All deposits are held in qualified public depositories and are included on the accompanying balance sheet and statement of net assets as cash and investments.

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The investment policy of the District follows the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2011, the District's bank balance was \$120,298 and the carrying value was \$119,954. The District controls its exposure to custodial credit risk because it maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

**Turnbull Creek Community Development District  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2011**

**NOTE C – CASH AND INVESTMENTS (CONTINUED)**

As of September 30, 2011, the District had the following investments and maturities.

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Book Value</u>
First American Government Obligation Fund CI Z	N/A	<u>\$ 2,235,373</u>	<u>\$ 2,235,373</u>

Interest Rate Risk

The District monitors investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's investments government loans are limited by state statutory requirements and bond compliance. As of September 30, 2011, the District's investment in the First American Government Obligation Fund Class Y was rated AAAM by Standard & Poor's.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one issuer. Of the District's total investments, 100% are invested in First American Government Obligation Fund Class Z.

The types of deposits and investments and their level of risk exposure as of September 30, 2011 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary. In addition, the District has the ability to hold investments to maturity that have fair values less than cost. The District's investments are recorded at fair value.

**NOTE D – INTERFUND TRANSFERS**

Interfund transfers for the fiscal year ended September 30, 2011 were as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Transfer out</u>
Debt service	\$ -	\$ 5,935
Capital projects	5,935	-
	<u>\$ 5,935</u>	<u>\$ 5,935</u>

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.

**Turnbull Creek Community Development District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**

**NOTE E – SPECIAL ASSESSMENT REVENUES**

Special assessment revenues recognized for the 2010-2011 fiscal year were levied in October 2010. All assessments are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Per Section 197.162, Florida Statutes, discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Assessments paid in March are without discount. All unpaid assessments become delinquent as of April 1. Virtually all unpaid assessments that were on the assessment roll certified and delivered to the Tax Collector are collected via the sale of tax certificates on or prior to June 1. For certain parcels, the District bills and collects the annual assessments.

**NOTE F – CAPITAL ASSETS**

Capital Asset activity for the year ended September 30, 2011 was as follows:

	Balance October 1, 2010	Additions	Deletions	Balance September 30, 2011
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 3,846,133	\$ -	\$ -	\$ 3,846,133
Total Capital Assets, Not Being Depreciated	<u>3,846,133</u>	<u>-</u>	<u>-</u>	<u>3,846,133</u>
Capital assets, being depreciated:				
Infrastructure - storm drainage	3,636,302	34,400	-	3,670,702
Recreation facilities, irrigation, other	7,864,849	-	-	7,864,849
Total Capital Assets Being Depreciated	<u>11,501,151</u>	<u>34,400</u>	<u>-</u>	<u>11,535,551</u>
Less accumulated depreciation for:				
Infrastructure - storm drainage	(498,894)	(121,282)	-	(620,176)
Recreation facilities, irrigation, other	(1,039,158)	(262,162)	-	(1,301,320)
Total Accumulated Depreciation	<u>(1,538,052)</u>	<u>(383,444)</u>	<u>-</u>	<u>(1,921,496)</u>
Governmental Activities Capital Assets	<u>\$ 13,809,232</u>	<u>\$ (349,044)</u>	<u>\$ -</u>	<u>\$ 13,460,188</u>

Depreciation expense was charged to function/programs as follows:

Physical environment	\$ 121,282
Culture and recreation	<u>262,162</u>
Total Depreciation Expense	<u>\$ 383,444</u>

**Turnbull Creek Community Development District  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2011**

**NOTE G – LONG-TERM DEBT**

The following is a summary of activity in the long-term debt of the District for the year ended September 30, 2011:

Long-term debt at October 1, 2010	\$ 20,509,022
Principal payments	<u>(340,000)</u>
Long-term debt at September 30, 2011	<u>\$ 20,169,022</u>

Long-term debt is comprised of the following:

**Capital Improvement Revenue Bonds**

\$15,515,000 Series 2005 Special Assessment Bonds due in annual principal installments beginning May 2005 and maturing May 1, 2035. Interest at a rate of 5.8% is due May and November beginning November 2006.	\$ 13,915,000
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\$4,850,000 Series 2006 Special Assessment Bonds due in annual principal installments beginning May 2006 and maturing May 1, 2037. Interest at a rate of 5.25% is due May and November beginning November 2007.	4,555,000
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**Developer 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 is not included in the maturity schedule below.	<u>1,699,022</u>
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\$ 20,169,022

**Turnbull Creek Community Development District  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2011**

**NOTE G – LONG-TERM DEBT (CONTINUED)**

The annual requirements to amortize the principal and interest of long-term debt outstanding as of September 30, 2011 are as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 360,000	\$ 1,046,208	\$ 1,406,208
2013	380,000	1,025,795	1,405,795
2014	405,000	1,004,250	1,409,250
2015	425,000	981,283	1,406,283
2016	445,000	957,183	1,402,183
2017-2021	2,685,000	4,371,753	7,056,753
2022-2026	3,560,000	3,517,208	7,077,208
2027-2031	4,720,000	2,382,595	7,102,595
2032-2036	5,175,000	873,658	6,048,658
2037	315,000	16,538	331,538
Totals	<u>\$ 18,470,000</u>	<u>\$ 16,176,471</u>	<u>\$ 34,646,471</u>

Summary of Significant Bonds Resolution Terms and Covenants

Special Assessment Revenue Bonds, Series 2005.

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

1. Reserve Fund - The 2005 Reserve Account is funded from the proceeds of the Bonds in an amount equal to 7.046% of the aggregate principal amount of the Deemed Outstanding Bonds. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

	<u>Bonds</u>	
	<u>Reserve Balance</u>	<u>Reserve Requirement</u>
Series 2005 Special Assessment Bonds	<u>\$ 1,016,033</u>	<u>\$ 980,231</u>

**Turnbull Creek Community Development District  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2011**

**NOTE G – LONG-TERM DEBT (CONTINUED)**

Special Assessment Revenue Bonds, Series 2006.

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

2. Reserve Fund - The 2006 Reserve Account is funded from the proceeds of the Bonds in an amount equal to 6.6653% of the aggregate principal amount of the Deemed Outstanding Bonds. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

	Bonds	
	Reserve Balance	Reserve Requirement
Series 2006 Special Assessment Bonds	\$ 308,937	\$ 299,766

**NOTE H – 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. These risks are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.



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

We have audited the financial statements of Turnbull Creek Community Development District as of and for the year ended September 30, 2011 and have issued our report thereon dated May 30, 2012. 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**

Management of Turnbull Creek Community Development District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Turnbull Creek Community Development District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Turnbull Creek Community Development District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Turnbull Creek Community Development 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 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.

To the Board of Supervisors  
Turnbull Creek Community Development District

**Compliance and Other Matters**

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

This report is intended solely for the information and use of the Board, Management, others within the entity the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than those specified parties.

*Berger, Toombs, Elam,  
Gaines & Frank*

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

May 30, 2012



# Berger, Toombs, Elam, Gaines & Frank

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## Management Letter

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

We have audited the financial statements of the Turnbull Creek Community Development District, Florida as of and for the year ended September 30, 2011, and have issued our report thereon dated May 30, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our 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*. Disclosures in that report which is dated May 30, 2012 should be considered in conjunction with this Management Letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General. Those rules (Section 10.554(1)(i)) require that we address in the Management Letter, if not already addressed in the auditors' report on compliance and internal control whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no findings in the prior year audit.

The Rules of the Auditor General (Section 10.554(1)(i)1.) require that we address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls, whether or not recommendations made in the preceding annual financial report have been followed. There were no recommendations made in the preceding audit report.

As required by the Rules of the Auditor General (Section 10.554(1)(i)2.) the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes regarding the investment of public funds. In connection with our audit, we determined that Turnbull Creek Community Development District complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(i)3, 4 and 5.) require that we address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls: improvements in financial management and violations of contracts or grant agreements, fraud, illegal acts or abuse and deficiencies in internal control that are not significant deficiencies, other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. Our audit did not discover any of the above items that require to be disclosed.

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.c and Section 10.556(7)), we applied financial conditions assessment procedures. It is Management's responsibility to monitor the entity's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same.

Turnbull Creek Community Development District has not met one or more of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.b.), we determined that the annual financial report for the District for the fiscal year ended September 30, 2011, filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in agreement with our annual financial audit report for the fiscal year ended September 30, 2011.

Pursuant to Chapter 119, Florida Statutes, this Management Letter is a public record and its' distribution is not limited. However, in accordance with auditing standards generally accepted in the United States of America, this Management Letter is intended solely for the information of Turnbull Creek Community Development District and Management, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*Berger Toombs Elam  
Gaines & Frank*

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

May 30, 2012