

**TURNBULL CREEK
COMMUNITY DEVELOPMENT DISTRICT
ST. JOHNS COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2016**

**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

Report on the Financial Statements

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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2016, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated June 30, 2017, on our consideration of the District's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

June 30, 2017

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, 2016. 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 most recent fiscal year resulting in a net position deficit balance of (\$4,162,736).
- The change in the District's total net position in comparison with the prior fiscal year was \$133,594, an increase. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2016, the District's governmental funds reported combined ending fund balances of \$1,638,795, a decrease of (\$171,680) in comparison with the prior fiscal year. A portion of fund balance is restricted for debt service and capital projects, non-spendable for prepaid items, assigned for capital reserve and the remainder is unassigned fund balance which is available for spending at the District's discretion.
- During fiscal year 2016, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Please see New Accounting Standards Adopted in Note 2 of the financial statements for additional information.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

The government-wide financial statements include all governmental activities that are principally supported by special 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 outflow of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

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

The District maintains three governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and capital projects fund, 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 to demonstrate compliance with the budget.

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

	NET POSITION	
	SEPTEMBER 30,	
	2016	2015
Current and other assets	\$ 1,653,345	\$ 2,033,683
Capital assets, net of depreciation	12,763,258	12,961,058
Total assets	14,416,603	14,994,741
Current liabilities	313,273	549,956
Long-term liabilities	18,266,066	18,741,115
Total liabilities	18,579,339	19,291,071
Net Position		
Net investment in capital assets	(5,502,808)	(5,780,057)
Restricted	1,013,717	1,019,283
Unrestricted	326,355	464,444
Total net position	\$ (4,162,736)	\$ (4,296,330)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

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

The District's net position increased during the most recent fiscal year. The increase is a result of the gain realized from the cancellation of the Developer Advance and a reduction interest expense.

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

	CHANGES IN NET POSITION FOR THE FISCAL YEAR END SEPTEMBER 30,	
	2016	2015
Revenues:		
Program revenues		
Charges for services	\$ 2,380,673	\$ 2,366,655
Operating grants and contributions	2,250	106
General revenues		
Unrestricted investment earnings	839	101
Other revenue	35,724	3,739
Total revenues	<u>2,419,486</u>	<u>2,370,601</u>
Expenses:		
General government	169,492	179,487
Recreation and amenity facilities	642,900	617,578
Maintenance and operations	506,477	491,993
Interest	777,187	937,217
Bond issuance costs	216,215	481,602
Total expenses	<u>2,312,271</u>	<u>2,707,877</u>
Special items	<u>26,379</u>	<u>554,968</u>
Change in net position	<u>133,594</u>	<u>217,692</u>
Net position - beginning	(4,296,330)	(4,514,022)
Net position - ending	<u>\$ (4,162,736)</u>	<u>\$ (4,296,330)</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2016 was \$2,312,271. The costs of the District's activities were primarily funded by program revenues. In total, expenses, including depreciation, decreased from the prior fiscal year. The decrease is mainly due to the reduction in interest expense from the refunding of the Bonds.

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, 2016.

The actual general fund expenditures for the current 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, 2016, the District had \$16,629,986 invested in capital assets. In the government-wide financial statements, depreciation of \$3,866,728 has been taken, which resulted in a net book value of \$12,763,258. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2016, the District had \$18,336,000 in Bonds outstanding. During the 2016 fiscal year, the District issued \$4,196,000 Series 2016 Special Assessment Refunding Bonds. During the 2016 fiscal year, the District paid off the balance due to the Developers. More detailed information about the District's capital debt is presented in the notes of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

For the subsequent fiscal year, the District anticipates that the cost of general operations will remain fairly constant.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, land owners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the 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 POSITION
SEPTEMBER 30, 2016**

	Governmental Activities
ASSETS	
Cash	\$ 461,290
Investments	39
Assessments receivable	26,103
Prepays	27,576
Restricted assets:	
Cash	1,351
Investments	1,136,986
Capital assets:	
Nondepreciable	3,846,133
Depreciable, net	8,917,125
Total assets	14,416,603
 LIABILITIES	
Accounts payable	14,550
Accrued interest payable	298,723
Non-current liabilities:	
Due within one year	645,000
Due in more than one year	17,621,066
Total liabilities	18,579,339
 NET POSITION	
Net investment in capital assets	(5,502,808)
Restricted for debt service	752,683
Restricted for capital projects	261,034
Unrestricted	326,355
Total net position	\$ (4,162,736)

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, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:				
General government	\$ 169,492	\$ 169,492	\$ -	\$ -
Recreation and amenity facilities	642,900	348,353	-	(294,547)
Maintenance and operations	506,477	440,463	303	(65,711)
Interest on long-term debt	777,187	1,422,365	1,947	647,125
Bond issuance costs	216,215	-	-	(216,215)
Total governmental activities	2,312,271	2,380,673	2,250	70,652
General revenues:				
				839
				35,724
				36,563
Special item - Gain on the settlement of debt				26,379
				26,379
Change in net position				133,594
Net position - beginning				(4,296,330)
Net position - ending				\$ (4,162,736)

See notes to the financial statements

**TURNBULL CREEK COMMUNITY DEVELOPMENT DISTRICT
ST. JOHNS COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
ASSETS				
Cash	\$ 197,256	\$ 1,351	\$ 264,034	\$ 462,641
Investments	39	1,034,541	102,445	1,137,025
Assessments receivable	10,589	15,514	-	26,103
Prepays	27,576	-	-	27,576
Total assets	<u>\$ 235,460</u>	<u>\$ 1,051,406</u>	<u>\$ 366,479</u>	<u>\$ 1,653,345</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 11,550	\$ -	\$ 3,000	\$ 14,550
Total liabilities	<u>11,550</u>	<u>-</u>	<u>3,000</u>	<u>14,550</u>
Fund balances:				
Nonspendable:				
Prepaid items	27,576	-	-	27,576
Restricted for:				
Debt service	-	1,051,406	-	1,051,406
Capital projects	-	-	102,445	102,445
Assigned to:				
Capital reserves	-	-	261,034	261,034
Unassigned	196,334	-	-	196,334
Total fund balances	<u>223,910</u>	<u>1,051,406</u>	<u>363,479</u>	<u>1,638,795</u>
Total liabilities and fund balances	<u>\$ 235,460</u>	<u>\$ 1,051,406</u>	<u>\$ 366,479</u>	<u>\$ 1,653,345</u>

See notes to the financial statements

**TURNBULL CREEK COMMUNITY DEVELOPMENT DISTRICT
ST. JOHNS COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

Fund balance - governmental funds \$ 1,638,795

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

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

Cost of capital assets	16,629,986	
Accumulated depreciation	<u>(3,866,728)</u>	12,763,258

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	(298,723)	
Bonds payable	<u>(18,266,066)</u>	<u>(18,564,789)</u>
Net position of governmental activities		<u>\$ (4,162,736)</u>

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 SEPTEMBER 30, 2016**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
REVENUES				
Assessments	\$ 958,308	\$ 1,422,365	\$ -	\$ 2,380,673
Interest earnings	839	1,947	303	3,089
Other revenue	35,724	-	-	35,724
Total revenues	994,871	1,424,312	303	2,419,486
EXPENDITURES				
Current:				
General government	169,492	-	-	169,492
Recreation and amenity facilities	375,701	-	-	375,701
Maintenance and operations	348,353	-	32,147	380,500
Debt Service:				
Principal	-	873,247	3,736,753	4,610,000
Interest	-	676,703	124,972	801,675
Bond issuance costs	-	-	216,215	216,215
Repayment to Developer	-	-	38,207	38,207
Capital outlay	-	-	195,376	195,376
Total expenditures	893,546	1,549,950	4,343,670	6,787,166
Excess (deficiency) of revenues over (under) expenditures	101,325	(125,638)	(4,343,367)	(4,367,680)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	115,142	92,905	208,047
Transfers (out)	(47,250)	(45,655)	(115,142)	(208,047)
Bond issuance	-	-	4,196,000	4,196,000
Total other financing sources (uses)	(47,250)	69,487	4,173,763	4,196,000
Net change in fund balances	54,075	(56,151)	(169,604)	(171,680)
Fund balances - beginning	169,835	1,107,557	533,083	1,810,475
Fund balances - ending	\$ 223,910	\$ 1,051,406	\$ 363,479	\$ 1,638,795

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 SEPTEMBER 30, 2016**

Net change in fund balances - total governmental funds	\$ (171,680)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position.	195,376
Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.	(393,176)
Governmental funds report the face amount of Bonds issued as financial resources when debt is first issued, whereas these amounts are eliminated in the statement of activities and recognized as long-term liabilities in the statement of net position.	(4,196,000)
Amortization of Bond discounts/premiums is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.	(3,537)
Repayment of long-term liabilities are reported as expenditures in the governmental fund financial statements, but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities.	4,610,000
Repayment of developer advances are expenditures in the governmental fund financial statements, but such repayemnts reduce liabilities in the statement of net position and are eliminated in the statement of activities	38,207
The gain on the settlement of debt is not recognized in the governmental fund financial statements, but is reported as a special item in the statement of activities.	26,379
The change in accrued interest on long-term liabilities between the current and prior fiscal years is recorded in the statement of activities, but not in the governmental fund financial statements.	28,025
Change in net position of governmental activities	<u>\$ 133,594</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 by the qualified resident electors residing within the District. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the responsibility for:

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Assessments

Assessments are non-ad valorem assessments on benefited property within the District. Operating and maintenance assessments are based upon the adopted budget and levied annually at a public hearing of the District. Debt service assessments are levied when Bonds are issued and assessed and collected on an annual basis. The District may collect assessments directly or utilize the uniform method of collection under Florida Statutes. Direct collected assessments are due as 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.

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 and for capital reserves for future major repair and replacement costs.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Standards Adopted

During fiscal year 2016, the District adopted three new accounting standards as follows:

GASB 72, Fair Value Measurement and Application

The Statement improves financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, *Measurement of Elements of Financial Statements*, and other relevant literature.

GASB 76 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

The Statement identifies—in the context of the current governmental financial reporting environment—the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles.

GASB 79 - Certain External Investment Pools and Pool Participants

This Statement establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement also establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost.

Assets, Liabilities and Net Position or Equity

Restricted Assets

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

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. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

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	10 - 30

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

Unearned Revenue

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

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized ratably over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

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

Deferred Outflows/Inflows of Resources

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

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

Fund Equity/Net Position

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Fund Equity/Net Position (Continued)

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

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

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

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

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

Other Disclosures

Use of Estimates

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

NOTE 3 - BUDGETARY INFORMATION

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

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

- a) Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain public comments.
- c) Prior to October 1, the budget is legally adopted by the District Board.
- d) All budget changes must be approved by the District Board.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

NOTE 4 - DEPOSITS AND INVESTMENTS

Deposits

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer, except for the balances in the debt service and capital projects funds which is trust fund held separately and apart from any other funds of the bank subject to Office of the Comptroller of the Currency (OCC) regulations. 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, 2016:

	Amortized Cost	Credit Risk	Maturities
Federated Government Obligation #5	\$ 197,889	S&P: AAAm	Weighted average of the fund portfolio: 45 days
First American Government Obligation Fund CL Z	939,097	S&P: AAAm	Weighted average of the fund portfolio: 25 days
Florida prime	39	S&P: AAAm	Weighted average of the fund portfolio: 50 days
	<u>\$ 1,137,025</u>		

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

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

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

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

Fair Value Measurement – When applicable, the District measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- *Level 1:* Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the District has the ability to access;
- *Level 2:* Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- *Level 3:* Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Money market investments that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost. Accordingly, the District's investments have been reported at amortized cost above.

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended September 30, 2016 were as follows:

Fund	Transfer in	Transfer out
General	\$ -	\$ (47,250)
Debt service	115,142	(45,655)
Capital projects	92,905	(115,142)
	<u>\$ 208,047</u>	<u>\$ (208,047)</u>

Transfers from general fund and capital projects fund were to fund the capital reserves. Transfers from the debt service fund to the capital projects fund were to fund deferred costs. Transfers from the capital projects fund to the debt service fund were made in order to meet the reserve requirement for the newly issued Series 2016 debt.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2016 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
Construction in progress	829,021	195,376	(1,024,397)	-
Total capital assets, not being depreciated	<u>4,675,154</u>	<u>195,376</u>	<u>(1,024,397)</u>	<u>3,846,133</u>
Capital assets, being depreciated				
Infrastructure - storm drainage	3,779,317	1,024,397	-	4,803,714
Building and recreational facilities	7,980,139	-	-	7,980,139
Total capital assets, being depreciated	<u>11,759,456</u>	<u>1,024,397</u>	<u>-</u>	<u>12,783,853</u>
Less accumulated depreciation for:				
Infrastructure - storm drainage	(1,111,730)	(125,977)	-	(1,237,707)
Building and recreational facilities	(2,361,822)	(267,199)	-	(2,629,021)
Total accumulated depreciation	<u>(3,473,552)</u>	<u>(393,176)</u>	<u>-</u>	<u>(3,866,728)</u>
Total capital assets, being depreciated, net	<u>8,285,904</u>	<u>631,221</u>	<u>-</u>	<u>8,917,125</u>
Governmental activities capital assets, net	<u>\$ 12,961,058</u>	<u>\$ 826,597</u>	<u>\$ (1,024,397)</u>	<u>\$ 12,763,258</u>

In the prior fiscal year, the District commenced Phase 1 – Pond Bank Reconstruction Project, which consists of the reconstruction of portions of the stormwater management system pond banks at three of the District’s ponds. The District Engineer has estimated the cost of the Phase 1 - Pond Bank Reconstruction Project to be approximately \$1,100,000. Phase 1 – Pond Bank Reconstruction Project was financed with a portion of the Series 2015B Bonds as well as a portion of the newly issued Series 2016 refunding bonds. During the current fiscal year, the District incurred a total of \$195,376 toward the Phase 1 – Pond Bank Reconstruction Project. The Phase 1 – Pond Bank Reconstruction Project was completed and placed into service in the current fiscal year.

Depreciation expense was charged to function/programs as follows:

Recreation and amenity facilities	\$ 267,199
Maintenance and operations	125,977
Total depreciation expense	<u>\$ 393,176</u>

NOTE 7 - LONG TERM LIABILITIES

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 and the principal is to be paid annually on each May 1, commencing May 1, 2008. The Bonds were refunded during the current fiscal year.

Series 2015

On March 12, 2015, the District issued \$13,375,000 of Special Assessments Refunding Bonds, Series 2015A and \$1,280,000 of Special Assessments Bonds, Series 2015B. The Series 2015A Bonds were issued to refund the District's outstanding Special Assessment Bonds, Series 2005 and the Series 2015B Bonds were issued to pay all of the costs of the Phase 1 – Pond Bank Reconstruction Project. The Series 2015A and 2015B Bonds are consisted of the following:

Series	Components	Original Face Amount	Interest Rate	Maturity
2015A-1	Senior Bonds	\$ 10,650,000	1.250% - 4.375%	May 1, 2035
2015A-2	Subordinate Bonds	2,725,000	4.750%	May 1, 2035
2015B-1	Senior Bonds	1,020,000	1.250% - 4.500%	May 1, 2045
2015B-2	Subordinate Bonds	260,000	4.750% - 5.000%	May 1, 2045

The Series 2015A and 2015B Bonds are subject to redemption at the option of the District prior to maturity in the manner provided the Bond Indenture. The Series 2015A and 2015B 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, 2016.

Series 2016

On April 28, 2016, the District issued \$4,196,000 of Special Assessment Refunding Bonds, Series 2016. The Bonds are due May 1, 2037 with a fixed interest rate of 3.700%. The Bonds were issued to refund the District's outstanding Special Assessments Bonds, Series 2006, and make the final payment of the deferred costs. 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, 2017.

The Series 2016 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, 2016.

Refunded Bonds

The District current refunded the Series 2006 Special Assessment Bonds, which had an outstanding balance of \$4,095,000 at the time of the current refunding with the proceeds from the Series 2016 Bonds. The refunding was a current refunding and resulted in a difference in cash flows required to pay the respective debt service of \$546,668. The refunding resulted in a net present value of savings from cash flow of \$366,446. The refunded Bonds have been paid off as of September 30, 2016.

NOTE 7 - LONG TERM LIABILITIES (Continued)

Developers Advances and Settlement Agreement

For the capital projects fund, there are certain agreements between the District and the Developers whereby the Developers advanced funds to the District for construction. In accordance with these agreements, 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.

In the prior fiscal year, the District, the Developer, and other deferred costs recipients (the "Deferred Costs Recipients") entered into the Settlement Agreement and Release to establish the terms under which the District will use certain proceeds of the Series 2005 Bonds to fully satisfied any present or future liability for the 2005 Deferred Costs and to come to an agreement on the discount rate to be applied to the deferred costs to be paid to the Deferred Costs recipients as full satisfaction of the future deferred costs liability in the event the District refinances its Series 2006 Bonds in the future. Pursuant to the Settlement Agreement and Release, in the prior fiscal year the District and the Deferred Costs Recipients settled the 2005 deferred costs obligations for a lump sum of \$345,000 (the "Settlement Payment") in full satisfaction of any present and future deferred costs. As a result of this settlement, \$554,968 of the Series 2005 deferred costs obligation was cancelled.

Also pursuant to the Settlement Agreement and Release, the District and the Deferred Costs Recipients agreed to settle the 2006 deferred costs liability in the same manner in which the 2005 deferred costs liability were treated. Specifically, the District and the Deferred Costs Recipients agreed to calculate the amount of the lump sum 2006 deferred costs settlement based on a net present value discount rate of 4.1893%. Upon payment of this amount by the District, the Deferred Costs Recipients agreed to release any and all claims they have or may have in the future to the 2006 deferred costs pursuant to the 2006 Acquisition Agreement and any other document or agreement. Pursuant to this agreement, the District made a settlement payment of \$38,207 in the current fiscal year. The remaining balance of \$26,379 has been cancelled and represents the gain on the settlement of debt reflected in the government-wide statement of activities.

Changes in long-term liability activity for the fiscal year ended September 30, 2016 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2006	\$ 4,095,000	\$ -	\$ 4,095,000	\$ -	\$ -
Series 2015A	13,375,000	-	490,000	12,885,000	485,000
Original issue discount	(61,701)	-	(3,140)	(58,561)	-
Series 2015B	1,280,000	-	25,000	1,255,000	25,000
Original issue discount	(11,770)	-	(397)	(11,373)	-
Series 2016	-	4,196,000	-	4,196,000	135,000
Due to Developers - Series 2006	64,586	-	64,586	-	-
Total	\$ 18,741,115	\$ 4,196,000	\$ 4,671,049	\$ 18,266,066	\$ 645,000

At September 30, 2016, the scheduled debt service requirements on the long-term debt were as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2017	\$ 645,000	\$ 716,076	\$ 1,361,076
2018	660,000	698,595	1,358,595
2019	680,000	680,372	1,360,372
2020	700,000	660,222	1,360,222
2021	721,000	638,089	1,359,089
2022-2026	4,043,000	2,784,008	6,827,008
2027-2031	4,946,000	1,909,744	6,855,744
2032-2036	5,094,000	763,821	5,857,821
2037-2041	567,000	109,153	676,153
2042-2045	280,000	26,475	306,475
	\$ 18,336,000	\$ 8,986,555	\$ 27,322,555

NOTE 8 – DEVELOPER TRANSACTIONS

D.R. Horton Settlement Agreement

During the current fiscal year, the District and D.R. Horton entered into a Settlement Agreement to settle a dispute over damages that the District believed was caused by D.R. Horton. The District believed that construction defects on certain lots contributed to the need to reconstruct the pond banks adjacent to those lots. D.R. Horton denied such construction defects; however, to avoid the expense of protracted negotiations and potential litigation and to relieve the current owners of the lots from defending against the District's claims, it agreed to contribute \$12,916 toward the reconstruction of the pond banks in exchange for a release of liability from the District relating to the perceived construction defects. This contribution is reflected in the Other Revenue line item in the statement of revenue, expenditures, and changes in net position.

NOTE 9 – DEFICIT NET POSITION

The District has a government-wide net position deficit of (\$4,162,736) as of September 30, 2016. There is no such deficit reflected in the governmental fund statements. The deficit in the government-wide statement of net position primarily relates to the excess of the amount of long-term debt outstanding over the amount of capital assets, net of accumulated depreciation. In a prior year, various infrastructure improvements necessary to complete the District were financed through the issuance of long-term debt but were conveyed to other entities for maintenance. 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.

NOTE 10 - MANAGEMENT COMPANY

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

NOTE 11 - 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. There were no settled claims during the past three years.

NOTE 12 – SUBSEQUENT EVENTS

Bond Payments

Subsequent to fiscal year end, the District prepaid \$25,000 of the Series 2015A Bonds and \$15,000 of the Series 2016 Bonds. The prepayments were extraordinary mandatory redemptions as outlined in the Bond Indentures.

**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, 2016**

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Assessments	\$ 945,994	\$ 958,308	\$ 12,314
Interest and miscellaneous	2,000	34,813	32,813
Amenities revenue	2,000	1,750	(250)
Total revenues	949,994	994,871	44,877
EXPENDITURES			
Current:			
General government	170,710	169,492	1,218
Recreation and amenity facilities	392,782	375,701	17,081
Maintenance and operations	401,502	348,353	53,149
Total expenditures	964,994	893,546	71,448
Excess (deficiency) of revenues over (under) expenditures	(15,000)	101,325	116,325
OTHER FINANCING SOURCES (USES)			
Interfund transfer (out)	15,000	-	(15,000)
Other financing sources (uses)	15,000	-	(15,000)
Net change in fund balances	\$ -	101,325	\$ 101,325
Fund balance - beginning		169,835	
Fund balance - ending		\$ 271,160	

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, 2016.

The actual general fund expenditures for the current fiscal year were lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Turnbull Creek Community Development District, St. Johns County, Florida ("District") as of and for the fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated June 30, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

June 30, 2017



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

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

We have examined Turnbull Creek Community Development District, St. Johns County, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2016. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2016.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, and the Board of Supervisors of Turnbull Creek Community Development District, St. Johns County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

June 30, 2017



**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

Report on the Financial Statements

We have audited the accompanying basic financial statements of Turnbull Community Development District, St. Johns County, Florida ("District") as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated June 30, 2017.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 30, 2017, should be considered in conjunction with this management letter.

Purpose of this Letter

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

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

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, as applicable, management, and the Board of Supervisors of Turnbull Creek Community Development District, St. Johns County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank 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 30, 2017

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

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

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

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

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2015.

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

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2016.

3. Noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2016.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.
5. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2016 financial audit report.
6. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
7. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2016. 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.