# **Turtle Run Community Development District**

**FINANCIAL STATEMENTS** 

September 30, 2018



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#### **INDEPENDENT AUDITORS' REPORT**

To the Board of Supervisors
Turtle Run Community Development District
City of Coral Springs, Florida

Carr, Riggs & Ingram, LLC Certified Public Accountants 500 Grand Boulevard Suite 210 Miramar Beach, Florida 32550

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#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Turtle Run Community Development District (hereinafter referred to as "District"), as of and for the year ended September 30, 2018, 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.

#### Auditors' 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 auditors' 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, 2018, and the respective changes in financial position for the 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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CARR, RIGGS & INGRAM, LLC

Cau, Rigge & Ingram, L.L.C.

Miramar Beach, Florida April 30, 2019 **Management's Discussion And Analysis** 

Our discussion and analysis of the Turtle Run Community Development District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2018. Please read it in conjunction with the District's financial statements, which begin on page 8.

#### **FINANCIAL HIGHLIGHTS**

- At September 30, 2018, the assets of the District exceed its liabilities by approximately \$5.5 million.
- During the year ended September 30, 2018, the District issued \$7,545,000 of Series 2017 Special Assessment Bonds.
- During the fiscal year ended September 30, 2018, the District established additional infrastructure of approximately \$2.3 million, incurred approximately \$127,000 of interest expenditures, and repaid principal of \$130,000.

#### **USING THE ANNUAL REPORT**

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

#### Reporting the District as a Whole

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

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

assessment base and the condition of the District's infrastructure, to assess the overall health of the District.

#### Reporting the District's Most Significant Funds

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

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

#### THE DISTRICT AS A WHOLE

The following table reflects the condensed Statement of Net Position and is compared to the prior year. Certain amounts in the 2017 column have been restated (see Note 10).

September 30,		2018		2017		Change
Assets						
Current and other assets	\$	8,006,023	\$	2,017,734	\$	5,988,289
Capital assets, net		5,660,350		3,388,239		2,272,111
	_		_		_	
Total assets	\$	13,666,373	\$	5,405,973	\$	8,260,400
Liabilities						
Current liabilities	\$	757,119	\$	99,194	\$	657,925
Other liabilities		7,387,587		-	\$	7,387,587
Total liabilities		8,144,706		99,194		8,045,512
Net position						
Net investment in capital assets		3,107,939		3,388,239		(280,300)
Restricted for:						-
Capital projects		558,824		-		558,824
Debt service		32,637		-		32,637
Unrestricted		1,822,267		1,842,534		(20,267)
Total net position		5,521,667		5,230,773		290,894
Total liabilities and net position	\$	13,666,373	\$	5,329,967	\$	8,336,406

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

During the fiscal year ended September 30, 2018, total assets and total liabilities increased by approximately \$8.3 million and \$8 million, respectively. The increase in assets is primarily due to the issuance of Series 2017 Special Assessment Bonds and current year capital asset additions. The increase in liabilities is due to the issuance of Series 2017 Special Assessment Bonds accompanied by the accrual of interest on the bonds and contracts payable.

The following schedule compares the Statement of Activities for the current and previous fiscal year. Certain amounts in the 2017 column have been restated (see Note 10).

Year ended September 30,	2018		2017	Change
Revenues:				
Program revenues:				
Charges for services	\$	1,765,051	\$ 1,765,397 \$	(346)
Grants and contributions		5,226	-	5,226
General revenues:				
Interest and other revenues		172,500	93,353	79,147
Total revenues		1,942,777	1,858,750	84,027
Expenses:				
General government		180,110	163,581	16,529
Maintenance and operations		835,261	938,574	(103,313)
Bond issue costs		390,434	-	390,434
Interest		246,078	-	246,078
Total expenses		1,651,883	1,102,155	549,728
Change in net position		290,894	756,595	(465,701)
Net position - beginning of year, as restated				
(see Note 10)		5,230,773	4,474,178	756,595
Net position - end of year	\$	5,521,667	\$ 5,230,773 \$	290,894

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

Revenues and expenses increased by approximately \$84,000 and \$550,000 from the prior year, respectively. The increase in revenues is primarily due to the accrual of insurance proceeds from Hurricane Irma (see Note 11). The increase in expenses is primarily due to the issuance of the Series 2017 Special Assessment Bonds and the related costs of issuance and interest expenditures. The overall result was a \$290,894 increase in net position for fiscal year 2018.

#### THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 10) reported a combined fund balance of approximately \$7.5 million, which is an increase over last year's balance that totaled approximately \$1.8 million. Significant transactions are discussed below.

- During the year ended September 30, 2018, the District issued \$7,545,000 of Series 2017 Special Assessment Bonds.
- During the fiscal year ended September 30, 2018, the District established additional infrastructure of approximately \$2.3 million, incurred approximately \$127,000 of interest expenditures, and repaid principal of \$130,000.

The overall increase in fund balance for the year ended September 30, 2018 totaled approximately \$5.6 million.

#### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

At September 30, 2018, the District had approximately \$5.7 million invested in capital assets (net of accumulated depreciation). This amount represents a net increase of approximately \$2.3 million over the fiscal year 2017 total.

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

September 30,		2018	2017	Change
Land and land browns are	<b>,</b>	2 477 622 6	2.477.622 6	
Land and land improvements	\$	2,477,623 \$	2,477,623 \$	-
Construction in progress		2,938,667	642,693	2,295,974
Capital assets being depreciated		5,353,220	5,353,220	-
Total, prior to depreciation		10,769,510	8,473,536	2,295,974
Accumulated depreciation		(5,109,160)	(5,085,297)	(23,863)
Net capital assets	\$	5,660,350 \$	3,388,239 \$	2,272,111

More information about the District's capital assets is presented in Note 8 to the financial statements.

#### Debt

At September 30, 2018, the District had approximately \$7.4 million of bonds outstanding. This amount represents a net increase of approximately \$7.4 million from the fiscal year 2017 total.

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

September 30,	2018	2017		Change
Series 2017	\$ 7,415,000	\$	- \$	7,415,000
	\$ 7,415,000	\$	- \$	7,415,000

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

#### **GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS**

An Operating budget was established by the governing board for the District pursuant to the requirements of Florida Statutes. The budget to actual comparison for the general fund, including the original budget and final adopted budget, is shown at page 25.

The District experienced an unfavorable variance in revenues as compared to the budget in the amounts of \$346,149. Conversely, the District experienced a favorable variance in expenditures as compared to the budget in the amount of \$60,463. The variance in revenues is primarily due to the allocation of a portion of current year assessments to the Debt Service Fund. The variance in expenditures is primarily due to anticipated maintenance and operations expenditures that were not incurred during the year.

#### **FUTURE FINANCIAL FACTORS**

Turtle Run Community Development District is an independent special district that operates under the provisions of Chapter 190, Florida Statutes. The District operates under an elected Board of Supervisors, which establishes policy and sets assessment rates. Assessment rates for fiscal year 2019 were established to provide for the operations of the District.

#### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the Turtle Run Community Development District's management company at 5385 N. Nob Hill Road, Sunrise, Florida 33351.



## Turtle Run Community Development District Statement of Net Position

September 30,	2018					
		Governmental				
	Activitie	S				
Assets						
Cash and cash equivalents	\$ 11	1,492				
Investments	7,83	0,040				
Accounts receivable	6	4,391				
Deposits		100				
Capital assets:						
Not being depreciated	5,41	6,290				
Depreciable, net	24	4,060				
Total assets	13,66	6,373				
Liabilities						
Accounts payable	2	7,276				
Accrued interest payable	12	3,381				
Deposits payable	2	3,500				
Contracts payable	43	2,962				
Non-current liabilities:						
Due within one year	150	0,000				
Due in more than one year	7,38	7,587				
Total liabilities	8,14	4,706				
Net Position						
Net investment in capital assets	3,10	7,939				
Restricted for:	,	-				
Capital projects	55	8,824				
Debt service		, 2,637				
Unrestricted		2,267				
Total net position	\$ 5,52	1,667				

## **Turtle Run Community Development District Statement of Activities**

Year ended September 30,	2018				
	<u>Program Revenues</u>	Net Revenue and Changes in <u>Net Position</u>			
Functions/Programs	Operating Charges for Grants and Expenses Services Contributions	Governmental Activities			
Primary government: Governmental activities: General government Maintenance and operations Bond issue costs Interest	\$ (180,110) \$ 246,161 \$ - (835,261) 1,108,960 - (390,434) (246,078) 409,930 5,226	\$ 66,051 273,699 (390,434) 169,078			
Total governmental activities	\$ (1,651,883) \$ 1,765,051 \$ 5,226	118,394			
	General revenues Interest and other revenues	172,500			
	Change in net position	290,894			
	Net position - beginning of year, as restated (see Note 10)				
	Net position - end of year	\$ 5,521,667			

## Turtle Run Community Development District Balance Sheet – Governmental Funds

September 30,	2018							
								Total
						oital	Go	vernmenta
	General		De	bt Service	Projects			l Funds
Assets								
Cash and cash equivalents	\$ 61,34		\$			50,150	\$	111,492
Investments	1,757,52			379,002	5,6	93,517		7,830,040
Accounts receivable	55,70			583		8,106		64,391
Deposits	100	O				-		100
Due from other funds				1,622		-		1,622
Total assets	\$ 1,874,66	5	\$	381,207	\$ 5,7	51,773	\$	8,007,645
Liabilities and Fund Balance								
Liabilities								
Accounts payable	\$ 27,27	6	\$	-	\$	-	\$	27,276
Deposits	23,50	0		-		-		23,500
Contracts payable		-		-	4	32,962		432,962
Due to other funds	1,62	2		-		-		1,622
Total liabilities	52,39	8		-	4	32,962		485,360
Deferred inflows of resources								
Deferred revenue	44,84			-		-		44,844
Total deferred inflows of resources	44,84	<u>4</u>		-		-		44,844
Fund balances								
Nonspendable	100	0		-		-		100
Restricted for debt service		-		381,207		-		381,207
Restricted for capital projects		-		-	5,3	18,811		5,318,811
Committed for:								
Emergency fund	1,196,76	7		-		-		1,196,767
Subsequent years expenditures	271,81	4		-		-		271,814
Unassigned	308,74	2		-		-		308,742
Total fund balances	1,777,42	3		381,207	5,3	18,811		7,477,441
Total liabilities, deferred inflows of								
resources and fund balances	\$ 1,874,66	5	\$	381,207	\$ 5 7	51.773	\$	8,007,645
resources and runa balances	₹ ±,07±,00.		7	301,207	7 3,7	51,773	γ	0,007,043

# Turtle Run Community Development District Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

September 30,	2018
Total fund balances, governmental funds	\$ 7,477,441
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund level statements.	5,660,350
Liabilities not due and payable from current resources, including accrued interest, are not reported in the fund level statements.	(7,660,968)
Revenues in the Statement of Activities that do not provide current financial resources are reported as deferred inflows in the fund level financial statements.	44,844
Total net position - governmental activities	\$ 5,521,667

# Turtle Run Community Development District Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

Year ended September 30,		2018		
				Total
		Debt	Capital	Governmental
	General	Service	Projects	Funds
Revenues				
Assessments	\$ 1,355,121	\$ 409,930	\$ -	\$ 1,765,051
Interest and other revenues	40,312	5,226	87,344	132,882
Total revenues	1,395,433	415,156	87,344	1,897,933
Expenditures				
Current:				
General government	177,666	_	2,444	180,110
Maintenance and operations	811,398	-	-	811,398
Debt service:	,			,
Principal	-	130,000	-	130,000
Interest	-	126,629	-	126,629
Bond issue costs	-	-	390,434	390,434
Capital outlay	-	-	2,295,974	2,295,974
Total expenditures	989,064	256,629	2,688,852	3,934,545
Excess (deficit) of revenues over				-
expenditures	406,369	158,527	(2,601,508)	(2,036,612)
Other Financing Sources (Uses)				
Bond issuance proceeds	-	222,680	7,322,320	7,545,000
Bond premium	-	-	206,109	206,109
Bond discount	-	-	(79,590)	(79,590)
Total other financing sources (uses)	-	222,680	7,448,839	7,671,519
Net change in fund balances	406,369	381,207	4,847,331	5,634,907
Fund balances - beginning of year, restat	ted			
(See Note 10)	1,371,054	-	471,480	1,842,534
Fund balances - end of year	\$ 1,777,423	\$ 381,207	\$ 5,318,811	\$ 7,477,441

#### Turtle Run Community Development District Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year ended September 30,	2018
Net change in fund balances - governmental funds	\$ 5,634,907
Capital outlay, reported as expenditures in the governmental funds, is shown as capital assets on the Statement of Net Position.	2,295,974
Depreciation on capital assets is not recognized in the fund financial statements but is reported as an expense in the Statement of Activities.	(23,863)
Amortization of original issue premium and discount are not recognized in the governmental fund financial statements but are reported as an expense in the Statement of Activities.	3,932
Governmental funds report principal payments on bonds when debt is paid, whereas these payments are eliminated in the Statement of Activities and recognized as a decrease in bonds payable in the Statement of Net Position.	130,000
Governmental funds report the effects of the bond issue premium and discount when debt is first issued, whereas these amounts are deferrred and amortized in the Statement of Activities.	(126,519)
Bond proceeds which are reported as other financing sources in the governmental funds are recognized as long-term liabilities in the Statement of Net Position.	(7,545,000)
The change in accrued interest between the current and prior year is recorded on the Statement of Activities but not on the fund financial statements.	(123,381)
Certain revenues that do not represent current financial resources are deferred on the fund level financial statements but are recognized as revenue in the government-wide Statement of Activities.	44,844
Change in net position of governmental activities	\$ 290,894

#### **NOTE 1: NATURE OF ORGANIZATION**

The Turtle Run Community Development District (the "District") was established on December 12, 1986 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by the City of Coral Springs, Florida Ordinance No. 86-163. 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 certain infrastructure necessary for community development within the District.

The District is governed by a Board of Supervisors ("Board"), which is comprised of five members. The Supervisors are elected on an at large basis by the owners of the property within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the final responsibility for:

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

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

#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **Government-wide and Fund Financial Statements**

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government.

#### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities are reported separately in government-wide financial statements; however, at September 30, 2018, the District did not have any significant business-type activities. Therefore, no business-type activities are reported. Assessments and other items not properly included as program revenues (i.e., charges to customers or applicants who purchase, use, or directly benefit from goods or services) are reported as general revenues.

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

#### Measurement Focus, Basis of Accounting and Basis of Presentation

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

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

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

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

#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The District reports the following major governmental funds:

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

<u>Debt Service Fund</u> – 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.

<u>Capital Projects Fund</u> – The Capital Projects Fund accounts for the financial resources to be used in the acquisition or construction of major infrastructure within the District.

For the year ended September 30, 2018, the District does not report any proprietary funds.

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

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

#### Cash, Deposits and Investments

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

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

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

#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### Capital Assets

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

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

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

Asset	Years
Fountains	10
Infrastructure-wall	20
Infrastructure-roads, drainage	
system, irrigation, and lighting	25
Equipment	10

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

#### **Long-Term Obligations**

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

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

#### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position and/or Balance Sheet – Governmental Funds will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any of this type of item at September 30, 2018.

In addition to liabilities, the Statement of Net Position and/or Balance Sheet-Governmental Funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one of this type of item, deferred revenues, which qualifies for reporting in this category. Deferred revenue resulted from the determination of whether the funds are current financial resources (i.e. received within 60 days of year-end).

#### **Estimates**

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

#### **Fund Equity**

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

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

#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Budgets**

The District is required to establish a budgetary system and an approved annual budget. Annual budgets are legally adopted on a budgetary basis consistent with GAAP for the General Fund.

The accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present the financial statements in accordance with GAAP for the General Fund. Reconciliation of the budgetary and GAAP basis for the General Fund for the year ended September 30, 2018 is included on page 25. Any revision to the budget must be approved by the District Board. The budgets are compared to actual expenditures. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represents final authorization amounts. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

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

#### **NOTE 3: INVESTMENTS**

The District's investments consist of money market funds and similar instruments in which shares are owned in the fund rather than the underlying investments. In accordance with GAAP, these amounts are reported at amortized cost. There are no limitations or restrictions on withdrawals from Florida PRIME, although on the occurrence of an event that has a material impact on liquidity or operations of the fund, the fund's executive director may limit contributions or withdrawals from the trust fund for a period of 48 hours.

Concentration risk – The District's investment policy requires diversification, but does not specify limits on types of investments.

Custodial credit risk – For an investment, custodial credit risk is the risk that the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk. At September 30, 2018, none of the investments noted above are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

#### **NOTE 3: INVESTMENTS (Continued)**

Interest rate risk – The District does not have a formal policy for addressing interest rate risk; however, investments are made with discretion, to seek reasonable returns, preserve capital, and in general, avoid speculative investments. The District manages its exposure to declines in fair values from interest rate changes by reviewing the portfolio on an ongoing basis for changes in effective yield amounts.

The following is a summary of the District's investments:

September 30,	2018	Credit Risk	Maturities
Government Obligation Money Market Funds State Board of Administration Investment Florida PRIME	\$ , ,	S&P AAAm S&P AAAm	29 days 33 days
	\$ 7,830,040		

#### **NOTE 4: BONDS PAYABLE**

In November 2017, the District issued \$7,545,000 of Special Assessment Bonds, Series 2017, consisting of \$3,505,000 Series 2017-1 bonds and \$4,040,000 Series 2017-2 bonds to finance the acquisition and construction of the 2017 project. Interest is paid semiannually on each May 1 and November 1. Principal payments on the Series 2017 bonds are made serially commencing on May 1, 2018 through May 1, 2047. The maturity date and interest rate for each Term Bond is as follows:

		<b>Maturity Date</b>	
_	 Amount	May 1,	Interest Rate
Series 2017-1	\$ 70,000	2018	2.000%
	80,000	2019	2.000%
	80,000	2020	2.000%
	80,000	2021	2.000%
	85,000	2022	2.000%
	85,000	2023	2.125%
	85,000	2024	2.250%
	90,000	2025	2.500%
	90,000	2026	2.600%
	95,000	2027	2.750%
	95,000	2028	2.875%
	420,000	2032	3.100%
	605,000	2037	3.250%
	1,545,000	2047	3.400%
Series 2017-2	\$ 885,000	2028	4.000%
	1,135,000	2037	5.000%
	2,020,000	2047	5.000%

#### **NOTE 4: BONDS PAYABLE (Continued)**

The balance of the long-term bonds at September 30, 2018 is summarized as follows:

September 30,	2018
Bond principal balance	\$ 7,415,000
Add unamortized bond premium	199,704
Less unamortized bond discount	(77,117)
	\$ 7,537,587

Long-term liability activity for the year ended September 30, 2018 was as follows:

	Beginning	g					Ending	Dι	ie Within
	Balance		,	Additions	Re	eductions	Balance	0	ne Year
Governmental Activities									
Bonds Payable:									
Series 2017	\$	-	\$	7,545,000	\$	(130,000)	\$ 7,415,000	\$	150,000

At September 30, 2018, the scheduled debt service requirements on the long-term debt were as follows:

Year Ending September 30,		Principal		Interest		Total Debt Service
2019	\$	150,000	\$	295,015	\$	445,015
2020	Ψ	150,000	7	291,715	Y	441,715
2021		155,000		287,265		442,265
2022		160,000		282,690		442,690
2023		165,000		277,938		442,938
2024 - 2028		910,000		1,308,120		2,218,120
2029 - 2033		1,100,000		1,128,664		2,228,664
2034 - 2038		1,355,000		880,874		2,235,874
2039 - 2043		1,655,000		567,867		2,222,867
2044 - 2047		1,615,000		182,462		1,797,462
	\$	7,415,000	\$	5,502,610	\$	12,917,610

#### **NOTE 4: BONDS PAYABLE (Continued)**

The bond indenture has certain 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 agreed to levy special assessments in annual amounts adequate to provide payment of debt service. The District is in compliance with the requirements of the Bond Indenture.

The Bond Indentures require that the District maintain adequate funds in the reserve accounts to meet debt service requirements as defined in the Indentures. The requirement has been met for the fiscal year ending September 30, 2018.

#### **NOTE 5: RETIREMENT PLAN**

The District has established a defined contribution retirement plan (the "Plan") which is available to all District employees upon completion of one year of service. The Plan provides that the District will contribute 6% of a participating employee's salary. Vesting occurs at 20% per year for each year of service. Forfeitures are used to reduce the District's contribution. For the fiscal year ended September 30, 2018, payroll for the one employee contributing to the Plan totaled approximately \$73,193. Employer contributions for the period totaled \$4,422.

#### **NOTE 6: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District maintains commercial insurance coverage to mitigate the risk of loss. Coverage may not extend to all situations. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in the previous three years.

#### **NOTE 7: MANAGEMENT COMPANY**

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

**NOTE 8: CAPITAL ASSETS** 

The following is a summary of changes in the capital assets for the year ended September 30, 2018:

	Beginning					
	Balance	Additions	Transfers		End	ling Balance
Governmental Activities:						
Capital assets not being depreciated						
Land and land improvements	\$ 2,477,623	\$ -	\$	-	\$	2,477,623
Construction in progress	642,693	2,295,974		-		2,938,667
Total capital assets, not being						
depreciated	3,120,316	2,295,974		_		5,416,290
Capital assets being depreciated						
Fountains	67,160	-		-		67,160
Infrastructure-wall	92,574	-		-		92,574
Infrastructure-roadways,						
drainage and irrigation	5,031,979	-		-		5,031,979
Equipment	161,507	-		-		161,507
Total capital assets, being depreciated	5,353,220	-		-		5,353,220
Less accumulated depreciation						
Fountains	67,160	-		-		67,160
Infrastructure-wall	18,738	4,629		-		23,367
Infrastructure-roadways,						
drainage and irrigation	4,967,648	3,083		-		4,970,731
Equipment	31,751	16,151		-		47,902
Total accumulated depreciation	5,085,297	23,863		-		5,109,160
Total capital assets, being depreciated,						
net	267,923	(23,863)		-		244,060
Governmental activities capital assets,	 					
net	\$ 3,388,239	\$ 2,272,111	\$	-	\$	5,660,350

Depreciation expense of \$23,863 was allocated to maintenance and operations on the accompanying Statement of Activities.

#### **NOTE 9: COMMITMENTS**

In January 2019, the District entered into an agreement for the installation of decorative street signs. The contract totaled \$140,895 and the work will be completed during fiscal year 2019.

#### **NOTE 9: COMMITMENTS (Continued)**

In March 2019, the District entered into two agreements for the construction of two entry walls and a fountain and the installation of artificial turf in a roundabout. The contracts totaled \$637,070 and \$76,850, respectively. The work on the entry wall project will begin during fiscal year 2019 and the turf project was put on hold as of April 2019.

During fiscal year 2018, the District entered into a contract totaling approximately \$978,000 for the streetlighting project. The District has approximately \$274,000 remaining on this contract. The District expects the work will be completed during fiscal year 2019.

#### **NOTE 10: PRIOR PERIOD RESTATEMENT**

The accompanying financial statements have been restated to correct an error regarding hurricane expenses. During the current year, it was determined that expenses related to Hurricane Irma should have been recognized in the prior year. The effect of the restatement was to decrease net position and General fund balance at the beginning of the year by \$76,006. Net position and General fund balance at the beginning of the year have been adjusted for the effects of the restatement.

#### **NOTE 11: NATURAL DISASTER**

The District sustained damage as a result of Hurricane Irma, which struck the Broward County area in September 2017. The District filed an insurance claim as a result of the damage and received \$44,844 in January 2019, which is included in Other revenues in the accompanying Statement of Activities. The revenue has been deferred in the fund level financial statements, since it was not received within 60 days of year-end and is not considered a current financial resource.

Required Supplemental Information (Other Than MD&A)

#### Turtle Run Community Development District Budget to Actual Comparison Schedule – General Fund

Year ended September 30, 2018

	Original and Final Budget		Actual Amounts (Budgetary Basis) (See Note A)			Variance vith Final Budget
Revenues						
Assessments	\$	1,740,582	\$	1,355,121	\$	(385,461)
Interest and other revenues		1,000		40,312		39,312
Total revenues		1,741,582		1,395,433		(346,149)
Expenditures						
General government		181,725		177,666		4,059
Maintenance and operations		967,802		911,398		56,404
Capital outlay		592,055		592,055		-
Total expenditures		1,741,582		1,681,119		60,463
Excess (deficit) of revenues over expenditures		-		(285,686)		(285,686)
Fund balance - beginning of year		-		2,063,109		2,063,109
Fund balance - end of year	\$	-	\$	1,777,423	\$	1,777,423

#### **Note to Budgetary Comparison Schedule**

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Budgetary and Financial Statement Fund	Ex	penditures	Beginning Fund Balance
Actual amounts (budgetary basis) from the budgetary comparison schedule	\$	1,681,119	\$ 2,063,109
Committed for emergency (Maintenance and operations) Committed for capital replacements (Capital outlay)		(100,000) (592,055)	(100,000) (592,055)
As reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$	989,064	\$ 1,371,054



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## INDEPENDENT AUDITORS' 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
Turtle Run Community Development District
City of Coral Springs, 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 Turtle Run Community Development District (hereinafter referred to as the "District"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 30, 2019.

#### **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 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control below as IC2018-001 that we consider to be a material weakness.

#### **IC2018-001: Accrued Expenses**

- Condition: The District did not accrue fiscal year 2017 hurricane expenditures of approximately \$76,000, even though the work was performed during fiscal year 2017.
- Criteria: Internal controls should be in place to provide reasonable assurance that payables and the related expenditures are appropriate and properly accrued.
- Effect: A prior period restatement totaling approximately \$76,000 was required to properly state net position and General fund balance as of the beginning of the year.
- Recommendation: We recommend the District review vendor activity within a reasonable timeframe from year-end to ensure that all applicable liabilities are identified and recorded.

The District's response to the finding identified in our audit is described below. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

• Management Response: The District has already taken further steps to ensure that this oversight is avoided in the future.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CARR, RIGGS & INGRAM, LLC

Can Rigge & Ingram, L.L.C.

Miramar Beach, Florida April 30, 2019



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#### **MANAGEMENT LETTER**

To the Board of Supervisors
Turtle Run Community Development District
City of Coral Springs, Florida

#### **Report on the Financial Statements**

We have audited the financial statements of Turtle Run Community Development District ("District") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated April 30, 2019.

#### **Auditors' Responsibility**

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

#### **Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 30, 2019, should be considered in conjunction with this management letter.

#### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual audit report.

#### Official Title and Legal Authority

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

#### **Financial Condition and Management**

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

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

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

#### **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

#### **Purpose of this Letter**

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

CARR, RIGGS & INGRAM, LLC

Can, Rigge & Ingram, L.L.C.

Miramar Beach, Florida April 30, 2019



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#### INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Supervisors
Turtle Run Community Development District
City of Coral Springs, Florida

We have examined Turtle Run Community Development District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

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

CARR, RIGGS & INGRAM, LLC

Can, Rigge & Ingram, L.L.C.

Miramar Beach, Florida April 30, 2019