

**Bartram Park
Community Development District**

ANNUAL FINANCIAL REPORT

September 30, 2010

Bartram Park Community Development District

ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2010

TABLE OF CONTENTS

	<u>Page Number</u>
REPORT OF INDEPENDENT AUDITORS	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-8
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Assets	9
Statement of Activities	10
Fund Financial Statements	
Balance Sheet – Governmental Funds	11
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	15
Notes to the Financial Statements	16-29
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 <i>Government Auditing Standards</i>	30-31
Management Letter	32-33



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Report of Independent Auditors

To the Board of Supervisors
Bartram Park Community Development District
Duval County, Florida

We have audited the accompanying basic financial statements of Bartram Park Community Development District (the "District") as of and for the year ended September 30, 2010, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2010, the respective changes in financial position, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 2, 2011 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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To the Board of Supervisors
Bartram Park Community Development District

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

*Berger, Toombs, Elam,
Gaines & Frank*

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

August 2, 2011

**Bartram Park Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2010**

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The statement of activities presents information on all revenues and expenses of the District and the change in net assets. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities. Governmental activities financed by the District include general government and debt service.

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

**Bartram Park Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2010**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

The *government-wide financial statements* and the *fund financial statements* provide different pictures of the District. The government-wide financial statements provide an overall picture of the District's financial standing. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets of the District, including buildings, land, roads, bridges, and traffic signals are reported in the **statement of net assets**. All liabilities, including principal outstanding on bonds are included. The **statement of activities** includes depreciation on all long lived assets of the District, but transactions between the different functions of the District have been eliminated in order to avoid "doubling up" the revenues and expenses. The *fund financial statements* provide a picture of the major funds of the District. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as general obligation bonds, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, a reconciliation is provided from the *fund financial statements* to the *government-wide financial statements*.

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

Financial Highlights:

The following are the highlights of financial activity for the year ended September 30, 2010.

- The District's total assets exceeded total liabilities by \$1,375,988 (net assets). Unrestricted net assets for Governmental Activities were (\$130,349).
- Governmental activities revenues totaled \$2,898,888 while governmental activities expenses totaled \$4,169,639.

**Bartram Park Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2010**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District

The following schedule provides a summary of the assets, liabilities and net assets of the District and is presented by category for comparison purposes.

Net Assets

	Governmental Activities	
	2010	2009
Current assets	\$ 34,440	\$ 352,999
Restricted assets	8,953,034	10,262,227
Capital assets	<u>48,685,301</u>	<u>49,344,175</u>
Total Assets	<u>57,672,775</u>	<u>59,959,401</u>
Current liabilities	2,266,787	2,242,662
Non-current liabilities	<u>54,030,000</u>	<u>55,070,000</u>
Total Liabilities	<u>56,296,787</u>	<u>57,312,662</u>
Invested in capital assets, net of related debt	1,506,337	1,620,496
Net assets - unrestricted	<u>(130,349)</u>	<u>1,026,243</u>
Total Net Assets	<u>\$ 1,375,988</u>	<u>\$ 2,646,739</u>

Current assets decreased due to a decrease in developer receivables.

Restricted assets decreased due to debt service payments.

Current liabilities increased due to the current portion of long term debt.

Non-current liabilities decreased due to principal payments on long term debt.

**Bartram Park Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2010**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

The following schedule provides a summary of the changes in net assets of the District and is presented by category for comparison purposes.

	Governmental Activities	
	2010	2009
Program Revenues		
Charges for services	\$ 2,888,833	\$ 1,225,556
Operating grants and contributions	-	2,926,217
General Revenues		
Investment revenues	10,055	106,947
Total Revenues	<u>2,898,888</u>	<u>4,258,720</u>
Expenses		
General government	170,270	109,031
Physical environment	988,577	506,720
Interest on long-term debt	<u>3,010,792</u>	<u>3,064,129</u>
Total Expenses	<u>4,169,639</u>	<u>3,679,880</u>
Change in Net Assets	(1,270,751)	578,840
Net Assets - Beginning of Year	<u>2,646,739</u>	<u>2,067,899</u>
Net Assets - End of Year	<u>\$ 1,375,988</u>	<u>\$ 2,646,739</u>

Operating grants and contributions decreased because significant direct assessments were not collected from landowners.

Investment revenues decreased because of decreased investment balances and a reduction in interest rates.

The increase in physical environment is related to the allowance for doubtful accounts established for an amount due from a developer.

**Bartram Park Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2010**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets as of September 30, 2010 and 2009.

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Construction in progress	\$ 18,196,124	\$ 18,129,916
Land	10,513,758	10,513,758
Infrastructure	20,314,852	20,314,852
Accumulated depreciation	(1,352,020)	(674,858)
Total Capital Assets (Net)	<u>\$ 47,672,714</u>	<u>\$ 48,283,668</u>

During the year, the District placed \$66,208 of Construction in Progress into service. Depreciation expense was \$677,162.

General Fund Budgetary Highlights

Budgeted expenditures exceeded actual expenditures because actual costs were lower than expected.

There were no budget amendments during the fiscal year.

Debt Management

Governmental Activities debt includes the following:

- In July 2005, the District issued \$28,715,000 Series 2005 Special Assessment Bonds. These bonds were issued to fund the acquisition, construction, installation, and equipping of certain master infrastructure improvements. The balance outstanding at September 30, 2010 was \$26,100,000.
- In October 2006, the District issued \$30,255,000 Series 2006 Special Assessment Bonds. These bonds were issued to fund the acquisition, construction, installation, and equipping of certain master infrastructure improvements. The balance outstanding at September 30, 2010 was \$28,945,000.

**Bartram Park Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2010**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Economic Factors and Next Year's Budget

For fiscal year 2011, the District will levy a non ad-valorem special assessment on all taxable property within the District to fund all of the general operating expenditures for the fiscal year. The high rate of non-payment of debt service assessments among developers will have a negative effect on the District's ability to make scheduled debt service payments on the Series 2006 Bonds. There is no way to predict what other significant effects current economic conditions will have on the financial position or results of operations of the District in fiscal year 2011.

Request for Information

The financial report is designed to provide a general overview of Bartram Park Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Bartram Park Community Development District, Governmental Management Services, LLC, 475 West Town Place, Suite 111, St. Augustine, Florida 32092.

Bartram Park Community Development District
STATEMENT OF NET ASSETS
September 30, 2010

	Governmental Activities
ASSETS	
Current Assets	
Cash and equivalents	\$ 21,155
Prepaid expenses	10,250
Interest receivable	3,035
Total Current Assets	34,440
Non-current Assets	
Restricted	
Investments	8,953,034
Bond issuance costs, net	1,012,587
Capital assets, not being depreciated	
Land	10,513,758
Construction in progress	18,196,124
Capital assets, being depreciated	
Infrastructure	20,314,852
Less: accumulated depreciation	(1,352,020)
Total Non-current Assets	57,638,335
Total Assets	\$ 57,672,775
LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	\$ 13,965
Contracts payable	14,806
Accrued interest	1,223,016
Bonds payable	1,015,000
Total Current Liabilities	2,266,787
Non-current Liabilities	
Bonds payable	54,030,000
Total Liabilities	\$ 56,296,787
NET ASSETS	
Invested in capital assets, net of related debt	\$ 1,506,337
Unrestricted	(130,349)
Total Net Assets	\$ 1,375,988

See accompanying notes.

Bartram Park Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Assets Governmental Activities</u>
Primary Government			
Governmental Activities			
General government	\$ (170,270)	\$ 104,828	\$ (65,442)
Physical environment	(988,577)	-	(988,577)
Interest on long-term debt	(3,010,792)	2,784,005	(226,787)
Total Governmental Activities	<u>\$ (4,169,639)</u>	<u>\$ 2,888,833</u>	<u>(1,280,806)</u>
General Revenues			
Investment earnings			10,055
Total General Revenues			<u>10,055</u>
			Change in Net Assets (1,270,751)
			Net Assets - October 1, 2009 2,646,739
			<u>\$ 1,375,988</u>

Bartram Park Community Development District
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2010

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash	\$ 21,155	\$ -	\$ -	\$ 21,155
Interest receivable	-	2,575	460	3,035
Prepaid expenses	10,250	-	-	10,250
Due from other funds	5,041	-	-	5,041
Restricted assets				
Investments, at fair value	-	4,416,231	4,536,803	8,953,034
Total Assets	<u>\$ 36,446</u>	<u>\$4,418,806</u>	<u>\$ 4,537,263</u>	<u>\$ 8,992,515</u>
 LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued expenses	\$ 13,965	\$ -	\$ -	\$ 13,965
Contracts payable	-	-	14,806	14,806
Due to other funds	-	5,041	-	5,041
Total Liabilities	13,965	5,041	14,806	33,812
Fund Balances				
Reserved for debt service	-	4,413,765	-	4,413,765
Reserved for capital projects	-	-	4,522,457	4,522,457
Unreserved and undesignated	22,481	-	-	22,481
Total Fund Balances	22,481	4,413,765	4,522,457	8,958,703
Total Liabilities and Fund Balances	<u>\$ 36,446</u>	<u>\$4,418,806</u>	<u>\$ 4,537,263</u>	<u>\$ 8,992,515</u>

See accompanying notes.

Bartram Park Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
September 30, 2010

Total Governmental Fund Balances	\$ 8,958,703
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets not being depreciated, land (\$10,513,758) and construction in progress (\$18,196,124) used in governmental activities are not financial resources and; therefore, are not reported in the funds.	28,709,882
Capital assets being depreciated, infrastructure (\$20,314,852) net of accumulated depreciation (\$1,352,020) used in governmental activities are not financial resources and; therefore, are not reported in the funds.	18,962,832
Bond issuance costs being amortized (\$1,224,653) net of accumulated amortization (\$212,066) used in governmental activities are not financial resources and; therefore, are not reported in the funds.	1,012,587
Long-term liabilities, including bonds payable are not due and payable in the current period and; therefore, are not reported in the funds.	(55,045,000)
Accrued interest expense for long-term debt is not a financial use and; therefore, is not reported in the funds.	<u>(1,223,016)</u>
Net Assets of Governmental Activities	<u><u>\$ 1,375,988</u></u>

See accompanying notes.

Bartram Park Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2010

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Special assessments	\$ 104,828	\$ 2,784,005	\$ -	\$ 2,888,833
Investment earnings	-	5,542	4,513	10,055
Total Revenues	<u>104,828</u>	<u>2,789,547</u>	<u>4,513</u>	<u>2,898,888</u>
Expenditures				
Current				
General government	126,086	-	-	126,086
Physical environment	-	-	311,415	311,415
Capital outlay	-	-	66,208	66,208
Debt service				
Principal	-	990,000	-	990,000
Interest	-	2,983,988	-	2,983,988
Other	-	44,184	-	44,184
Total Expenditures	<u>126,086</u>	<u>4,018,172</u>	<u>377,623</u>	<u>4,521,881</u>
Excess of revenues over/(under) expenditures	<u>(21,258)</u>	<u>(1,228,625)</u>	<u>(373,110)</u>	<u>(1,622,993)</u>
Other financing sources/(uses)				
Transfers in	-	-	59,759	59,759
Transfers out	-	(59,759)	-	(59,759)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>(59,759)</u>	<u>59,759</u>	<u>-</u>
Excess of revenues and other sources over/(under) expenditures and other uses	(21,258)	(1,288,384)	(313,351)	(1,622,993)
Fund Balances - October 1, 2009	<u>43,739</u>	<u>5,702,149</u>	<u>4,835,808</u>	<u>10,581,696</u>
Fund Balances - September 30, 2010	<u>\$ 22,481</u>	<u>\$ 4,413,765</u>	<u>\$ 4,522,457</u>	<u>\$ 8,958,703</u>

See accompanying notes.

Bartram Park Community Development District
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2010

Net Change in Fund Balances - Total Governmental Funds	\$ (1,622,993)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$(677,162)) exceeded capital outlay (\$66,208) in the current period.	(610,954)
Repayments of principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	990,000
Governmental funds report bond issuance costs as expenditures. However, in the Statement of Activities, the cost of those assets are allocated based on an effective interest rate as amortization expense. This is the amount of amortization in the current period.	(47,920)
In the statement of activities, interest is accrued on outstanding bonds; whereas in governmental funds, interest expenditures are reported when due. This is the change in accrued interest from September 30, 2009 to September 30, 2010.	<u>21,116</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (1,270,751)</u></u>

See accompanying notes.

Bartram Park Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$ 145,750	\$ 145,750	\$ 104,828	\$ (40,922)
Total Revenues	<u>145,750</u>	<u>145,750</u>	<u>104,828</u>	<u>(40,922)</u>
Expenditures				
Current				
General government	145,750	145,750	126,086	19,664
Total Expenditures	<u>145,750</u>	<u>145,750</u>	<u>126,086</u>	<u>19,664</u>
Excess of revenues over/(under) expenditures	-	-	(21,258)	(21,258)
Fund Balances - October 1, 2009	<u>-</u>	<u>-</u>	<u>43,739</u>	<u>43,739</u>
Fund Balances - September 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,481</u>	<u>\$ 22,481</u>

See accompanying notes.

Bartram Park Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

The District is a local unit of special purpose government located in Duval County, Florida (County), which was created on January 25, 2005, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), established by Ordinance 2004-1280-E of the City of Jacksonville, as a Community Development District. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds and levy assessments for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing or re-constructing, enlarging or extending, equipping, operating and maintaining water management, water supply, sewer and waste water management, bridges or culverts, District roads, landscaping, street lights and other basic infrastructure projects within or without the boundaries of the Bartram Park Community Development District. The District is governed by a five-member Board of Supervisors who are elected on an at-large basis by the owners of property within the District, each landowner being entitled to one vote for each acre of land with fractions thereof rounded upward to the nearest whole number. The District operates within the criteria established by Chapter 190.

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

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

Bartram Park Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting

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

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

a. Government-wide Financial Statements

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

Governmental activities are supported by special assessments, miscellaneous revenues and interest. Program revenues include charges for services, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the Statement of Activities to present the net cost of each program.

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

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

b. Fund Financial Statements

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

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

Bartram Park Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds

When both restricted and unrestricted resources are combined in a fund, qualified expenses are considered to be paid first from restricted resources, and then from unrestricted resources. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon 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. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

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

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

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

Debt service expenditures are recorded only when payment is due.

Bartram Park Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation

a. Governmental Major Funds

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

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

Capital Projects Fund - The Capital Project Fund accounts for construction of infrastructure improvements within the boundaries of the District.

b. Non-current Governmental Assets/Liabilities

GASB Statement 34 requires that non-current governmental assets, such as land and buildings, and non-current governmental liabilities, such as general obligation bonds, due to developer and accrued compensated absences be reported in the governmental activities column in the government-wide Statement of Net Assets.

4. Assets, Liabilities, and Net Assets or Equity

a. Cash and Investments

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

Bartram Park Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

a. Cash and Investments (Continued)

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

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

b. Restricted Assets

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

c. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column.

The District defines capital assets as assets with an initial, individual cost of \$750 or more and an estimated useful life in excess of one year. The valuation basis for all assets is historical cost.

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

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

Bartram Park Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

c. Capital Assets (Continued)

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

Infrastructure	20-40 years
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d. Bond Premiums and Issuance Costs

Bond issuance costs are amortized over the life of the bonds using the effective interest method of accounting.

e. Budgets

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

f. Net Assets

Net assets represent the difference between assets and liabilities and are reported in three categories. Net assets invested in capital assets, net of related debt, represent capital assets, net of accumulated depreciation and any outstanding debt related to those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by legislation, or external restrictions imposed by other governments, creditors, or grantors. Unrestricted net assets are assets that do not meet definitions of the classifications previously described.

Bartram Park Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

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

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

“Total fund balances” of the District’s governmental funds (\$8,958,703) differs from “net assets” of governmental activities (\$1,375,988) reported in the Statement of Net Assets. This difference primarily results from the long-term economic focus of the Statement of Net Assets versus the current financial resources focus of the Governmental Fund Balance Sheet. The effect of the differences is illustrated as follows.

Capital related items

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

Construction in progress	\$ 18,196,124
Land	10,513,758
Infrastructure	20,314,852
Accumulated depreciation	<u>(1,352,020)</u>
Total	<u>\$ 47,672,714</u>

Bond issuance costs

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

Bond issuance costs	\$ 1,224,653
Accumulated amortization	<u>(212,066)</u>
Total	<u>\$ 1,012,587</u>

Long-term debt transactions

Long-term liabilities applicable to the District’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Assets. Balances at September 30, 2010 were:

Bonds payable	<u>\$ (55,045,000)</u>
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Bartram Park Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

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

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

Accrued interest

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

Accrued interest	<u>\$ (1,223,016)</u>
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2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities

The “net change in fund balances” for government funds ((\$1,622,993)) differs from the “change in net assets” for governmental activities (\$1,270,751) reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.

Depreciation on expense	\$ 677,162
Capital outlay	<u>(66,208)</u>
Difference	<u>\$ 610,954</u>

Bond issuance costs

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

Amortization expense	<u>\$ (47,920)</u>
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Bartram Park Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

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

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

Long-term debt transactions

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

Debt principal payments	\$ <u>990,000</u>
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Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest	\$ <u>21,116</u>
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NOTE C - CASH AND INVESTMENTS

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk; however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2010, the District's bank balance was \$21,155 and the carrying value was \$21,155. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

As of September 30, 2010, the District had the following investments and maturities:

Investment	Maturities	Fair Value	Cost
First American Prime Obligation Fund	N/A	\$ 5,611,501	\$ 5,611,501
US Treasury Bills	10/21/2010	<u>3,341,533</u>	<u>3,341,533</u>
		<u>\$ 8,953,034</u>	<u>\$ 8,953,034</u>

Bartram Park Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE C - CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

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

Credit Risk

The District's investments in treasury funds, commercial paper, and government loans are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. As of September 30, 2010, the District's investments in the First American Prime Obligation Fund was rated AAAm by Standard & Poor's.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The district's investments in the First American Prime Obligation Fund are 63% of the District's total investments. The district's investments in U.S. Treasury Bills are 37% of the District's total investments. The types of deposits and investments and their level of risk exposure as of September 30, 2010 were typical of these items during the fiscal year then ended. The District considers any decline in fair value to be temporary.

Bartram Park Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE D – CAPITAL ASSETS

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

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 10,513,758	\$ -	\$ -	\$ 10,513,758
Construction in progress	18,129,916	66,208	-	18,196,124
Total Capital Assets, Not Being Depreciated	<u>28,643,674</u>	<u>66,208</u>	<u>-</u>	<u>28,709,882</u>
Capital assets, being depreciated:				
Infrastructure	20,314,852	-	-	20,314,852
Total Capital Assets, Being Depreciated	<u>20,314,852</u>	<u>-</u>	<u>-</u>	<u>20,314,852</u>
Less accumulated depreciation for:				
Infrastructure	(674,858)	(677,162)	-	(1,352,020)
Total Accumulated Depreciation	<u>(674,858)</u>	<u>(677,162)</u>	<u>-</u>	<u>(1,352,020)</u>
Total Capital Assets Depreciated, Net	<u>19,639,994</u>	<u>(677,162)</u>	<u>-</u>	<u>18,962,832</u>
Governmental Activities Capital Assets	<u>\$ 48,283,668</u>	<u>\$ (610,954)</u>	<u>\$ -</u>	<u>\$ 47,672,714</u>

Depreciation expense of \$677,162 was allocated to physical environment.

NOTE E – SPECIAL ASSESSMENT REVENUES

Assessments are non-ad valorem assessments on benefitted property within the District. Operating and Maintenance Assessments are based upon adopted budget and levied annually. Debt Service Assessments are levied when bonds are issued and collected annually. The District may collect assessments directly or utilize the uniform method of collection (Chapter 197.3632, 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 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 all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. As of September 30, 2010, \$1,252,821 of direct assessments have not been collected and are considered uncollectible. All other revenue items are considered to be measurable and available only when cash is received by the government.

Bartram Park Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE F – LONG-TERM DEBT

The following is a summary of activity in the long-term debt of the District for the year ended September 30, 2010:

Long term debt at October 1, 2009	\$ 56,035,000
Principal payments	<u>(990,000)</u>
Long term debt	55,045,000
Current portion of long term debt	<u>(1,015,000)</u>
Long Term Debt at September 30, 2010	<u><u>\$ 54,030,000</u></u>

Long-term debt is comprised of the following:

\$28,715,000 Special Assessment Bonds, Series 2005; due in annual installments through May 1, 2035; interest payable semi-annually at 4.975-5.3%.	\$ 26,100,000
\$30,255,000 Special Assessment Bonds, Series 2006; due in annual installments through May 1, 2037; interest payable semi-annually at 5.4%.	<u>28,945,000</u>
	<u><u>\$ 55,045,000</u></u>

Transactions for the period ended September 30, 2010, are summarized as follows:

	Balance 10/1/2009	Additions	Deletions	Balance 9/30/2010	Due Within One Year
Series 2005	\$ 26,630,000	\$ -	\$ (530,000)	\$ 26,100,000	\$ 530,000
Series 2006	<u>29,405,000</u>	<u>-</u>	<u>(460,000)</u>	<u>28,945,000</u>	<u>485,000</u>
Total	<u><u>\$ 56,035,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (990,000)</u></u>	<u><u>\$ 55,045,000</u></u>	<u><u>\$ 1,015,000</u></u>

Bartram Park Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE F – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2010 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,015,000	\$ 2,935,238	\$ 3,950,238
2012	1,070,000	2,883,210	3,953,210
2013	1,125,000	2,828,344	3,953,344
2014	1,190,000	2,770,665	3,960,665
2015	930,000	2,709,634	3,639,634
2016-2020	7,345,000	12,637,438	19,982,438
2021-2025	9,585,000	11,866,500	21,451,500
2026-2030	12,535,000	10,079,770	22,614,770
2031-2035	16,385,000	7,117,345	23,502,345
2036-2040	<u>3,865,000</u>	<u>315,900</u>	<u>4,180,900</u>
Totals	<u>\$ 55,045,000</u>	<u>\$ 56,144,044</u>	<u>\$ 111,189,044</u>

SUMMARY OF SIGNIFICANT BONDS RESOLUTION TERMS AND COVENANTS

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

1. Reserve Fund - The 2005 Reserve Account is funded from the proceeds of the Series 2005 Bonds in an amount equal to \$1,768,631. The 2006 Reserve Account is funded from the proceeds of the Series 2006 Bonds in an amount equal to \$1,574,948. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture and the supplement thereto.

Bartram Park Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE F – LONG-TERM DEBT (CONTINUED)

	<u>Special Assessment Bonds</u>	
	Reserve	Reserve
	<u>Balance</u>	<u>Requirement</u>
Series 2005 Special Assessment Refunding Bonds	\$ 1,768,631	\$ 1,733,432
Series 2006 Special Assessment Refunding Bonds	1,574,948	1,951,044

The District utilized a portion of the 2006 reserve account to meet the May, 2010 debt service payment.

NOTE G – RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

NOTE H – INTERFUND BALANCES

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers and are reported as other financing sources (uses) in the governmental funds. Interfund balances at September 30, 2010 consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Funds:		
General Fund	\$ 5,041	\$ -
Debt Service Fund	-	5,041
Capital Projects Fund	-	-
	<u>\$ 5,041</u>	<u>\$ 5,041</u>

NOTE I – SUBSEQUENT EVENT

Subsequent to year end, the District made another withdrawal of \$639,594 from the Series 2006 Debt Reserve Fund to make the November 2010 debt service payment. After such withdrawal, the balance of the Series 2006 Debt Reserve Fund is \$935,354. The Reserve Fund Requirement is \$1,951,038.

Direct assessments receivable for the year ended September 30, 2011 in the amount of \$692,375 have not been collected and are considered uncollectible.



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

To the Board of Supervisors
Bartram Park Community Development District
Duval County, Florida

We have audited the financial statements of Bartram Park Community Development District (the District) as of and for the year ended September 30, 2010 and have issued our report thereon dated August 2, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Bartram Park Community Development District
Duval County, Florida

Compliance and Other Matters

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

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

*Berger, Toombs, Elam,
Gaines & Frank*

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

August 2, 2011



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Management Letter

To the Board of Supervisors
Bartram Park Community Development District
Duval County, Florida

We have audited the financial statements of the Bartram Park Community Development District, Florida as of and for the year ended September 30, 2010, and have issued our report thereon dated August 2, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report which is dated May x, 2011 should be considered in conjunction with this Management Letter.

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

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

The Rules of the Auditor General (Section 10.554(1)(i)3. and 4.) require that we address in the Management Letter: (1) recommendations to improve financial management, and (2) violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. Our audit did not discover any of the above items that are required to be disclosed.

The Rules of the Auditor General (Section 10.554(1)(i)5.) require that we may, based on professional judgment report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. Our audit did not discover any of the above items that may to be disclosed.

To the Board of Supervisors
Bartram Park Community Development District

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

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

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.b.), we determined that the annual financial report for the District for the fiscal year ended September 30, 2010, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with our annual financial audit report for the fiscal year ended September 30, 2010.

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

*Berger, Toombs, Elam,
Gaines & Frank*

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

August 2, 2011