

September 23, 2010

To the Board of Directors of
St Lucie West Services District:

We have audited the financial statements of the St. Lucie West Services District (the District) for the year ended September 30, 2009, and have issued our report thereon dated September 23, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 23, 2009. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by St Lucie West Services District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2009. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the allowance for doubtful accounts, which has been estimated at approximately \$65,000. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

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gmv@jmco.com

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Telephone: 850/386-6184
Fax: 850/422-2074
thh@jmco.com

121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386/257-4100
Fax: 386/255-3261
dab@jmco.com

The disclosure on deposits and investments in Note 3 to the financial statements is significant due to the required disclosures about the District's investment policies under GASB 40, including credit risk, interest rate risk, foreign currency risk and custodial credit risk.

Difficulties Encountered in Performing the Audit

The completion of our audit was delayed because requested information was not received in timely manner from the management company. Wrap up of audit fieldwork was delayed several months due to additional time needed to provide adequate audit support and evidence. We also encountered difficulty due to the lack of year-end reconciliations, which caused significant adjustments as mentioned in section above on "Audit Adjustments".

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

- Correction of journal entry to capitalize fixed assets in the water and sewer fund, including an approximate \$2.63 million entry to net assets, \$887,000 entry to construction in process, and \$1.74 million entry to offset capital outlay expenditure accounts.
- Adjustment for approximately \$1.68 million between the general and water and sewer funds to balance interfund accounts.
- Accrual of approximately \$178,000 of accounts payable for 2009 expenditures posted in 2010.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 23, 2010.

Management Consultations with Other Independent Accountants

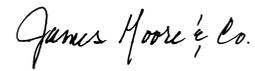
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards general accepted in the United States of America require us to indicate that this letter is intended solely for the use of the Board of Supervisors and management of St. Lucie West Services District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "James Moore & Co.".

JAMES MOORE & CO., P.L.