

Paseo Community Development District

Financial Statements

September 30, 2012

Paseo Community Development District
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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Paseo Community Development District
Fort Myers, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Paseo Community Development District (hereinafter referred to as "District"), as of and for the year ended September 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of September 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 5 to the financial statements, In November 2011, the Developer and the District, with the consent of the bondholders, entered into an agreement, whereby a portion of the Series 2005A, 2005B, and 2006 bonds were exchanged for Series 2011A-1 and 2011A-2 Capital Improvement Revenue Bonds. As a result of the new terms, the District removed certain matured principal payments that are no longer considered due and payable from the fund level financial statements. In addition, the District reversed certain delinquent accrued interest amounts that have been released by the bondholders.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 19, 2013 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* and should be considered in assessing the results of our audit.

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.

Caru, Riggs & Ingram, L.L.C.

Miramar Beach, Florida
June 19, 2013

Management's Discussion And Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Paseo Community Development District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2012. Please read it in conjunction with the District's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- At September 30, 2012, the assets of the District exceed its liabilities by approximately \$5.1 million.
- During the fiscal year ended September 30, 2012, the District incurred approximately \$1.2 million of interest expenditures and \$567,000 of bond issuance costs and repaid principal of approximately \$388,000.
- In November 2011, the Developer and the District, with the consent of the bondholders, entered into an agreement, whereby a portion of the Series 2005A, 2005B, and 2006 bonds were exchanged for Series 2011A-1 and 2011A-2 Capital Improvement Revenue Bonds. As a result of the new terms, the District removed certain matured principal payments that are no longer considered due and payable from the fund level financial statements. In addition, the District reversed certain delinquent accrued interest amounts that have been released by the bondholders.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets 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 Assets 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 assets and changes in them. You can think of the District's net assets – 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 assets are 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 5. The fund financial statements begin on page 9 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. We describe the relationship (or differences) between governmental activities and governmental funds in a reconciliation with the fund financial statements.

THE DISTRICT AS A WHOLE

The following table reflects the condensed Statement of Net Assets and is compared to the prior year.

<i>September 30,</i>	2012	2011	Change
Assets			
Current and other assets	\$ 3,946,238	\$ 6,377,822	\$ (2,431,584)
Capital assets, net	43,418,911	44,199,932	(781,021)
Total assets	\$ 47,365,149	\$ 50,577,754	\$ (3,212,605)
Liabilities			
Current liabilities	\$ 218,991	\$ 23,093,065	\$ (22,874,074)
Other liabilities	42,047,292	25,505,000	16,542,292
Total liabilities	42,266,283	48,598,065	(6,331,782)
Net assets			
Invested in capital assets, net of related debt	1,989,471	3,180,236	(1,190,765)
Restricted for:			
Debt service	2,739,006	-	2,739,006
Capital projects	-	243	(243)
Unrestricted	370,389	(1,200,790)	1,571,179
Total net assets	5,098,866	1,979,689	3,119,177
Total liabilities and net assets	\$ 47,365,149	\$ 50,577,754	\$ (3,212,605)

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

During the fiscal year ended September 30, 2012, total assets and liabilities decreased approximately \$3.2 million and \$6.3 million, respectively. The decrease in assets is primarily due to transactions associated with the bond refunding and depreciation on capital assets. The decrease in liabilities and the change in allocation between current and other liabilities are primarily due to the bond debt restructuring (see Note 5).

The following schedule compares the Statement of Activities for the current and previous fiscal year.

<i>Year ended September 30,</i>	2012	2011	Change
Revenues:			
Program revenues:			
Charges for services	\$ 1,518,197	\$ 1,107,609	\$ 410,588
Grants and contributions	1,294,730	1,322,891	(28,161)
General revenues:			
Developer contributions	238,387	-	238,387
Interest and other revenues	4,036	4,378	(342)
<i>Special Item:</i>			
Bond debt restructure	3,794,054	-	3,794,054
Total revenues	6,849,404	2,434,878	4,414,526
Expenses:			
General government	169,279	507,185	(337,906)
Maintenance and operations	1,514,614	1,392,140	122,474
Interest	2,046,334	2,062,383	(16,049)
Total expenses	3,730,227	3,961,708	(231,481)
Change in net assets	3,119,177	(1,526,830)	4,646,007
Net assets, beginning of year	1,979,689	3,506,519	(1,526,830)
Net assets, end of year	\$ 5,098,866	\$ 1,979,689	\$ 3,119,177

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

Revenues increased approximately \$4.4 million from the prior year, while total expenses decreased approximately \$231,000. The increase in revenues is largely due to the special item related to the release of the accrued interest in connection with the bond restructuring accompanied by an increase in fiscal year 2012 assessment rates and collection of excess assessments. In addition, the Developer contributed funds in the current year to aide in the facilitation of the bond restructuring. The decrease in expenses is primarily due to a reduction in transactions associated with the bond restructuring. The overall result was a \$3.1 million increase in net assets for fiscal year 2012.

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 \$3.2 million, which is an increase from last year's deficit balance that totaled approximately \$15.9 million. Significant transactions are discussed below.

- During the fiscal year ended September 30, 2012, the District incurred approximately \$1.2 million of interest expenditures and \$567,000 of bond issuance costs and repaid principal of approximately \$388,000.
- In November 2011, the Developer and the District, with the consent of the bondholders, entered into an agreement, whereby a portion of the Series 2005A, 2005B, and 2006 bonds were exchanged for Series 2011A-1 and 2011A-2 Capital Improvement Revenue Bonds. As a result of the new terms, the District removed certain matured principal payments that are no longer considered due and payable from the fund level financial statements. In addition, the District reversed certain delinquent accrued interest amounts that have been released by the bondholders.

The overall increase in fund balance for the year ended September 30, 2012 totaled approximately \$19.1 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2012, the District had approximately \$43.4 million invested in capital assets (net of accumulated depreciation). This amount represents a decrease of approximately \$781,000 from the fiscal year 2011 total.

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

<i>September 30,</i>	2012	2011	Change
Capital assets not being depreciated	\$ 18,002,328	\$ 18,812,422	\$ (810,094)
Capital assets being depreciated	29,307,093	28,496,999	810,094
Total, prior to depreciation	47,309,421	47,309,421	-
Accumulated depreciation	(3,890,510)	(3,109,489)	(781,021)
Net capital assets	\$ 43,418,911	\$ 44,199,932	\$ (781,021)

More information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

At September 30, 2012, the District had approximately \$42.2 million of debt outstanding. This amount represents a net decrease of approximately \$900,000 from the fiscal year 2011 total. During the year, the District exchanged a portion of the Series 2005A, 2005B, and 2006 bonds for Series 2011A-1 and 2011A-2 bonds.

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

<i>September 30,</i>	2012	2011	Change
Capital Improvement Revenue Bonds:			
Series 2005 A	\$ 6,355,000 *	\$ 11,855,000	\$ (5,500,000)
Series 2005 B	8,615,000 *	16,125,000	(7,510,000)
Series 2006	7,675,000 *	15,135,000	(7,460,000)
Series 2011 A-1	3,950,000	-	3,950,000
Series 2011 A-2	15,619,359	-	15,619,359
	\$ 42,214,359	\$ 43,115,000	\$ (900,641)

* The unexchanged portions of the Series 2005 and 2006 bonds are subordinate to the Series 2011 bonds.

More information about the District's long-term debt is presented in Note 5 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 24.

The District experienced a favorable variance in revenues and expenditures as compared to the budget in the amount of \$141,316 and \$109,329, respectively. The variance in revenues occurred primarily due to the collection of excess ad-valorem tax assessments. The variance in expenditures occurred primarily due to anticipated budgeted operating expenses that were not incurred during the year.

FUTURE FINANCIAL FACTORS

Paseo 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 2013 were established to provide for the operations of the District as well as necessary debt service requirements.

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 Paseo Community Development District's finance department at 3434 Colwell Avenue, Suite 200, Tampa, Florida 33614.

Basic Financial Statements

Paseo Community Development District

Statement of Net Assets

<i>September 30,</i>	2012
	Governmental Activities
Assets	
Cash and cash equivalents	\$ 377,848
Investments	2,857,800
Prepaid expenses	32,437
Deposits	5,168
Deferred charges, net	672,985
Capital assets:	
Not being depreciated	18,002,328
Capital assets, net	25,416,583
Total assets	47,365,149
Liabilities	
Accounts payable	43,512
Accrued interest payable	88,875
Prepaid revenue	1,604
Non-current liabilities:	
Due within one year	85,000
Due in more than one year	42,047,292
Total liabilities	42,266,283
Net assets	
Invested in capital assets, net of related debt	1,989,471
Restricted for:	
Debt service	2,739,006
Unrestricted	370,389
Total net assets	\$ 5,098,866

See accompanying notes to financial statements.

Paseo Community Development District

Statement of Activities

Year ended September 30,

2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ (169,279)	\$ 210,748	\$ -	\$ -	\$ 41,469
Maintenance and operations	(1,514,614)	913,302	-	-	(601,312)
Interest	(2,046,334)	394,147	1,294,719	11	(357,457)
Total governmental activities	\$(3,730,227)	\$1,518,197	\$1,294,719	\$ 11	(917,300)

General revenues

Developer contributions	238,387
Interest and other revenues	4,036
<i>Special item</i> - bond debt restructure	3,794,054
Total general revenues	4,036,477
Change in net assets	3,119,177
Net assets - beginning of year	1,979,689
Net assets - end of year	\$ 5,098,866

See accompanying notes to financial statements.

Paseo Community Development District

Balance Sheet - Governmental Funds

September 30,

2012

	General	Debt Service 2005	Debt Service 2006	Debt Service 2011	Non-Major Fund	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 377,767	\$ 56	\$ 25	\$ -	\$ -	\$ 377,848
Investments	-	-	-	2,857,800	-	2,857,800
Prepaid expenditures	32,437	-	-	-	-	32,437
Deposits	5,168	-	-	-	-	5,168
Total assets	\$ 415,372	\$ 56	\$ 25	\$ 2,857,800	\$ -	\$ 3,273,253
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 43,512	\$ -	\$ -	\$ -	\$ -	\$ 43,512
Prepaid revenue	1,604	-	-	-	-	1,604
Total liabilities	45,116	-	-	-	-	45,116
Fund balances						
Nonspendable	37,605	-	-	-	-	37,605
Restricted for debt service	-	56	25	2,857,800	-	2,857,881
Unassigned	332,651	-	-	-	-	332,651
Total fund balances (deficit)	370,256	56	25	2,857,800	-	3,228,137
Total liabilities and fund balances	\$ 415,372	\$ 56	\$ 25	\$ 2,857,800	\$ -	\$ 3,273,253

See accompanying notes to financial statements.

Paseo Community Development District

Reconciliation of the Balance Sheet to the Statement of Net Assets

<i>September 30,</i>	2012
Total fund balances, governmental funds	\$ 3,228,137
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund level statements.	43,418,911
Bond issue costs are not financial resources and therefore are not reported as assets in governmental funds. The Statement of Net Assets includes these costs, net of amortization.	672,985
Liabilities not due and payable from current resources, including accrued interest, are not reported in the fund level statements.	(42,221,167)
Total net assets - governmental activities	\$ 5,098,866

See accompanying notes to financial statements.

Paseo Community Development District

Statement of Revenues, Expenditures and Changes in Fund Balances-
Governmental Funds

Year ended September 30,	2012					
	General	Debt Service 2005	Debt Service 2006	Debt Service 2011	Non-Major Fund	Total Governmental Funds
Revenues						
Special assessments	\$ 1,124,050	\$ -	\$ -	\$ 394,147	\$ -	\$ 1,518,197
Developer contributions	-	-	-	238,387	-	238,387
Prepayment revenue	-	-	-	1,294,422	-	1,294,422
Interest and other revenues	4,036	204	93	-	11	4,344
Total revenues	1,128,086	204	93	1,926,956	11	3,055,350
Expenditures						
Current:						
General government	143,848	13,524	11,907	-	-	169,279
Maintenance and operations	733,593	-	-	-	-	733,593
Debt service:						
Principal	-	-	-	387,845	-	387,845
Interest	-	713,132	378,375	103,626	-	1,195,133
Cost of issuance	-	-	-	567,172	-	567,172
Total expenditures	877,441	726,656	390,282	1,058,643	-	3,053,022
Excess (deficit) of revenues over expenditures	250,645	(726,452)	(390,189)	868,313	11	2,328
Other Financing Sources (Uses)						
Proceeds of refunding bonds	-	-	-	19,224,032	-	19,224,032
Debt service - principal	-	-	-	(19,224,032)	-	(19,224,032)
Transfers in	16,569	185,498	196,115	2,006,056	-	2,404,238
Transfers out	-	(2,200,622)	(1,549)	(16,569)	(185,498)	(2,404,238)
Total other financing sources (uses)	16,569	(2,015,124)	194,566	1,989,487	(185,498)	-
Special item - bond debt restructure	-	10,643,026	8,503,622	-	-	19,146,648
Net change in fund balances	267,214	7,901,450	8,307,999	2,857,800	(185,487)	19,148,976
Fund balances (deficit), beginning of year	103,042	(7,901,394)	(8,307,974)	-	185,487	(15,920,839)
Fund balances (deficit), end of year	\$ 370,256	\$ 56	\$ 25	\$ 2,857,800	\$ -	\$ 3,228,137

See accompanying notes to financial statements.

Paseo Community Development District

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities

<i>Year ended September 30,</i>	2012
Net change in fund balances - governmental funds	\$ 19,148,976
Depreciation on capital assets is not recognized in the fund financial statements but is reported as an expense in the Statement of Activities	(781,021)
Governmental funds report the effect of bond issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	538,018
Certain transactions that involve unpaid principal amounts previously reported as a component of the District's debt service obligation are reported as revenue and expenditure items on the fund level financial statements but have no impact on the government-wide Statement of Activities.	(16,290,000)
The accretion of interest is not recognized in the government fund statement but is reported as an expense in the Statement of Activities.	(733,172)
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.	848,531
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 Assets.	387,845
Change in net assets of governmental activities	\$ 3,119,177

See accompanying notes to financial statements.

NOTE 1 – NATURE OF ORGANIZATION

Paseo Community Development District (the “District”) was established on November 15, 2004 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by the City of Fort Myers Ordinance No. 3243. The Act provides, among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by 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. Certain supervisors are currently affiliated with the Developer of the community, Stock Development, LLC (the “Developer”). The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the final responsibility for:

1. Allocating and levying special 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) in Statements No. 14 and No. 61. Based on the criteria identified, 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 Assets and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The business-type activities are reported separately in government-wide financial statements; however, at September 30, 2012, 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 assessments and 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 1st and ends on September 30th. 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 lands as described in each resolution imposing the special assessment for each series of bonds issued by the District. Certain debt service assessments are collected upon the closing of those lots subject to short term debt and are used to prepay a portion of the bonds outstanding.

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.

The District reports the following major governmental funds:

General Fund – 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Service Fund Series 2005 – The Debt Service Fund Series 2005 is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

Debt Service Fund Series 2006 – The Debt Service Fund Series 2006 is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

Debt Service Fund Series 2011 – The Debt Service Fund Series 2011 is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

For the year ended September 30, 2012, 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, the 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 negotiable direct or indirect obligations which are secured by the United States Government; the Local Government Surplus Trust Funds as created by Section 218.415, 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.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 following estimated useful lives:

Infrastructure	Years
Infrastructure and related improvements	20 - 50

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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective-interest or straight-line method. Bonds payable are reported net of premiums or discounts. Bond issuance costs are shown as deferred charges and are presented net of \$933,509 of accumulated amortization. In conjunction with the bond debt restructuring in fiscal year 2012, \$85,191 was removed from deferred charges and was recharacterized as deferred refunding costs

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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.

Fund Equity

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)

Net assets in the government-wide financial statements are categorized as invested in capital assets, net of related debt, restricted or unrestricted. Invested in capital assets, net of related debt represents net assets related to infrastructure and property, plant and equipment, net of any related debt. Restricted net assets represent the net assets restricted by the District’s bond covenants.

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.

Budgets

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

All investments held at September 30, 2012 are reported at fair value, which approximates amortized cost.

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

<i>September 30,</i>	2012	Credit Risk	Maturities
Short-term Money Market Funds	\$ 2,857,800	S&P AAAM	54 days
Total investments	\$ 2,857,800		

NOTE 3 – INVESTMENTS (CONTINUED)

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, 2012, none of the investments listed above are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

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

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.

NOTE 4 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2012:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 18,002,328	\$ -	\$ -	\$ 18,002,328
Infrastructure under construction	810,094	-	(810,094)	-
Total capital assets not being depreciated	18,812,422	-	(810,094)	18,002,328
Capital assets being depreciated				
Infrastructure and related improvements	28,496,999	810,094	-	29,307,093
Total capital assets being depreciated	28,496,999	810,094	-	29,307,093
Less accumulated depreciation for:				
Infrastructure and related improvements	(3,109,489)	(781,021)	-	(3,890,510)
Total accumulated depreciation	(3,109,489)	(781,021)	-	(3,890,510)
Total capital assets being depreciated, net	25,387,510	29,073	-	25,416,583
Governmental activities capital assets, net	\$44,199,932	\$ 29,073	\$ (810,094)	\$ 43,418,911

Depreciation expense of \$781,021 was allocated to maintenance and operations on the Statement of Activities.

NOTE 5 – BONDS PAYABLE

On June 16, 2005, the District issued \$33,405,000 of Capital Improvement Revenue Bonds, Series 2005 consisting of \$12,405,000 Series 2005 A Bonds and \$21,000,000 of Series 2005 B Bonds with fixed interest rates of 5.400% and 4.875%, respectively. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is paid semiannually on each May 1 and November 1. Principal on the Series 2005 A Bonds is due in full May 1, 2036. Principal on the Series 2005 B Bonds was scheduled to be paid in full on May 1, 2010. As discussed below, a portion of the Series 2005 bonds was exchanged for Series 2011 A-1 and 2011 A-2 Bonds.

On February 9, 2006, the District issued \$20,260,000 of Capital Improvement Revenue Bonds, Series 2006 with a fixed interest rate of 5.00%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is paid semiannually on each May 1 and November 1. Principal on the Series 2006 Bonds was due in full on February 1, 2011. As discussed below, a portion of the Series 2006 bonds was exchanged for Series 2011 A-1 and 2011 A-2 Bonds.

In November 2011, the District entered into an exchange agreement, whereby the District exchanged approximately \$5.4 million, \$7.3 million, and \$6.5 million of the Series 2005A, 2005B, and 2006 bonds, respectively, for Capital Improvement Revenue Bonds Series 2011 A-1 and 2011 A-2. The Series 2011 Bonds were issued with various terms. The A-1 series bears interest at 5.4%. Interest is paid semi-annually, and principal payments commence on May 1, 2012. The A-2 series, as shown below, will accrete over a period of time. The maximum accreted value for the A-2 bonds totals approximately \$56 million. However, the ultimate conversion date accreted value at maturity, as discussed further below, will be less than the maximum amount.

Series	Initial Principal Amount	Conversion Date Accreted Value	Interest Rate	Maturity Date	Principal Payments Commencing	Interest Payments Commencing
2011A-1	\$ 4,040,000	n/a	5.40%	May 1, 2036	May 1, 2012	May 1, 2012
2011A-2	15,184,032	55,945,000	5.40%	May 1, 2036	May 1, 2036	n/a
	<u>\$ 19,224,032</u>	<u>\$ 55,945,000</u>				

The Bonds were issued to permit the Developer to reposition, continue development and complete the project. The Series 2011 A-2 bonds are due in full on the maturity date noted above. The “conversion date accreted value” represents the face amount of the bonds at issuance and includes the initial principal amount of the bonds plus accreted interest between the date of issuance and the date that principal payments commence. At September 30, 2012, the remaining estimated accreted value of the Series 2011A-2 Bonds totaled approximately \$54.9 million and will be due on May 1, 2036 unless principal payments are made and/or the Bonds convert to current interest Bonds prior to maturity as per the Trust Indenture. However, it is likely that additional payments will be made against the bonds prior to conversion to current interest bonds. This will reduce the outstanding face amount further. The current balance on the Series 2011A-2 bonds totaled approximately \$15.6 million. This balance represents the initial principal amount of the bonds plus accreted interest to date.

In accordance with the restructuring agreement, the exchanged bonds will be cancelled by the trustee. The unexchanged bonds totaling approximately \$6.4 million, \$8.6 million, and \$7.7 million

Paseo Community Development District

Notes to Financial Statements

NOTE 5 – BONDS PAYABLE (CONTINUED)

of Series 2005A, 2005B, and 2006 bonds, respectively, remain outstanding. The District’s payment obligations with respect to the unexchanged bonds will be (i) subordinate to the District’s payment obligations with respect to the Series 2011 Bonds, and (ii) the rights and remedies of the holders of the unexchanged bonds will be modified so that (a) no default or Event of Default under the prior bond indentures with respect to the unexchanged bonds shall constitute a default or Event of Default with respect to the Series 2011 Bonds, and (b) upon the occurrence and continuation of an Event of Default with respect to the unexchanged bonds, the trustee and/or the owners of the unexchanged bonds are only entitled to enforce those remedies available under Florida law and under the prior bond indentures that do not or will not adversely affect the owners of the Series 2011 bonds.

In connection with the issuance of the Series 2011 Bonds to refund a portion of the Series 2005A, 2005B, and 2006 Bonds, the obligation to pay certain delinquent accrued interest amounts was released by the bondholders. In addition, certain matured principal payments were no longer considered due and payable. These amounts totaled \$19,146,648 on the fund-level statements and \$3,794,054 on the government-wide Statement of Activities as of the date of the refunding. The District has reported a benefit on its financial statements as a result of these transactions. Because of the infrequent nature of these transactions, the amounts are reflected as a special item.

The Bond Indentures have 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 1) levy special assessments in annual amounts adequate to provide payment of debt service and 2) to meet the reserve requirements. In accordance with the exchange agreement, the District is in compliance with the requirements of the Series 2011 Bond Indentures as of September 30, 2012.

The Bond Indenture for the Series 2011 A-1 bonds require that the District maintain adequate funds in a reserve account to meet the debt service reserve requirements as defined in the Indentures. The debt service reserve requirement has been met for the fiscal year ended September 30, 2012. In accordance with the exchange agreement, the Series 2005 A, 2005 B, and 2006 bonds no longer have a reserve requirement.

Long-term liability activity for the year ended September 30, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Activities</i>					
Bonds Payable:					
Series 2005 A	\$ 11,855,000	\$ -	\$ (5,500,000)	\$ 6,355,000	\$ -
Series 2005 B	16,125,000	-	(7,510,000)	8,615,000	-
Series 2006	15,135,000	-	(7,460,000)	7,675,000	-
Series 2011 A-1	-	4,040,000	(90,000)	3,950,000	85,000
Series 2011 A-2	-	15,917,204 *	(297,845)	15,619,359	-
	\$ 43,115,000	\$ 19,957,204	\$ (20,857,845)	\$ 42,214,359	\$ 85,000

* This addition includes an interest amount totaling \$733,172 that has accreted to the outstanding balance of the bonds.

Paseo Community Development District

Notes to Financial Statements

NOTE 5 – BONDS PAYABLE (CONTINUED)

At September 30, 2012, the scheduled debt service requirements on long-term debt are as follows:

<i>Year Ending September 30,</i>	Principal	Interest	Total Debt Service
2013	\$ 85,000	\$ 213,300	\$ 298,300
2014	90,000	208,710	298,710
2015	95,000	203,850	298,850
2016	100,000	198,720	298,720
2017	105,000	193,320	298,320
2018 - 2022	610,000	875,880	1,485,880
2023 - 2027	790,000	692,820	1,482,820
2028 - 2032	1,035,000	454,680	1,489,680
2033 - 2036	39,304,359	39,399,314	78,703,673
	\$ 42,214,359	\$ 42,440,594	\$ 84,654,953

As discussed earlier, the unexchanged Series 2005 and Series 2006 bonds are subordinate to the Series 2011 bonds. For purposes of the above schedule, the balances of the unexchanged Series 2005 and Series 2006 bonds are shown as maturing in May 2036, the final due date associated with the Series 2011 bonds.

The balance of the long-term bonds at September 30, 2012 is summarized as follows:

<i>September 30,</i>	2012
Bond principal balance	\$ 42,214,359
Less unamortized deferred refunding	(82,067)
Net balance	\$ 42,132,292

NOTE 6 – 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.

Paseo Community Development District

Notes to Financial Statements

NOTE 7 – 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. The District has not filed any claims under this commercial coverage during the last three years.

NOTE 8 – INTERFUND TRANSFERS

Interfund transfers during the fiscal year ended September 30, 2012 were as follows:

<i>Funds</i>	Interfund	
	Transfers in	Transfers out
Major funds:		
General	\$ 16,569	\$ -
Debt Service 2005	185,498	2,200,622
Debt Service 2006	196,115	1,549
Debt Service 2011	2,006,056	16,569
Non-major fund	-	185,498
Total	\$ 2,404,238	\$ 2,404,238

The transfers between funds were in conjunction with the issuance of the Series 2011 Bonds and are in accordance with the Bond Indenture.

NOTE 9 – CONCENTRATION

At September 30, 2012, the Developer owned a significant portion of the assessable property located within the District boundaries. A significant portion of the District's future activity is dependent upon the continued involvement of the Developer.

NOTE 10 – RELATED PARTY TRANSACTIONS

For the year ended September 30, 2012, the District directly assessed the Developer \$623,799 for operations and maintenance. The Developer paid \$87,242 for debt service costs on lots sold. In addition, the Developer was assessed \$8,863 and \$11,977 for operations and maintenance and debt service costs, respectively, through the local tax collector.

During the fiscal year ended September 30, 2012, the Developer advanced funds totaling \$238,387 to facilitate the bond restructuring, which is recorded as Developer contributions on the accompanying Statement of Activities and Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.

Required Supplemental Information
(Other Than MD&A)

Paseo Community Development District

Budget to Actual Comparison Schedule - General Fund

<i>Year ended September 30,</i>	2012		
	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Special assessments	\$ 982,770	\$ 1,124,050	\$ 141,280
Interest and other revenues	4,000	4,036	36
Total revenues	986,770	1,128,086	141,316
Expenditures			
General government	142,765	143,848	(1,083)
Maintenance and operations	844,005	733,593	110,412
Total expenditures	986,770	877,441	109,329
Excess of revenues over expenditures	\$ -	\$ 250,645	\$ 250,645



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**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
Paseo Community Development District
Fort Myers, Florida

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Paseo Community Development District (hereinafter referred to as the "District"), as of and for the year ended September 30, 2012, which collectively comprise the District's basic financial statements and have issued our report dated June 19, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective 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 opinions 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.

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 for the information of management, the Board of Supervisors, others within the District, and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than those specified parties.

Carly Riggs & Ingram, L.L.C.

Miramar Beach, Florida
June 19, 2013



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MANAGEMENT LETTER

To the Board of Supervisors
Paseo Community Development District
Fort Myers, Florida

We have audited the financial statements of Paseo Community Development District ("District") as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated June 19, 2013.

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; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's 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*. Disclosures in this report, which is dated June 19, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report:

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. Corrective actions have been taken to address findings made in the preceding annual audit report.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include 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 the District complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address 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. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor 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. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., 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.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of 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 during the year ended September 30, 2012.

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 2012, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2012. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), 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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Miramar Beach, Florida
June 19, 2013