

**Pine Ridge Plantation
Community Development District**

ANNUAL FINANCIAL REPORT

September 30, 2012

Pine Ridge Plantation Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2012

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Report of Independent Auditors

To the Board of Supervisors
Pine Ridge Plantation Community Development District
Clay County, Florida

We have audited the accompanying basic financial statements of Pine Ridge Plantation Community Development District (the "District") as of and for the year ended September 30, 2012, 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, 2012, and the respective changes in financial position and the budgetary comparison for the General Fund for the period 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 June 13, 2013 on our consideration of Pine Ridge Plantation Community Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. 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.



Berger, Toombs, Elam,
Gaines & Frank

Certified Public Accountants PL

To the Board of Supervisors
Pine Ridge Plantation 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

June 13, 2013

**Pine Ridge Plantation Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2012**

Management's discussion and analysis of Pine Ridge Plantation Community Development District (the "District") financial performance for its first period of operations 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 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 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, physical environment and interest on long term debt.

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.

**Pine Ridge Plantation Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2012**

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 land and improvements 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 special assessment bonds, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, reconciliation is provided from the *fund financial statements* to the *government-wide financial statements*.

Notes to 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 financial statements*.

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2012.

- ◆ The District's total liabilities exceeded total assets by (\$6,172,803) (net assets). Unrestricted net assets for Governmental Activities were \$(5,854,025). Invested in capital assets, net of related debt is \$(520,622). Net assets Restricted for debt service were \$201,844.
- ◆ Governmental activities revenues totaled \$1,292,230, while governmental activities expenses totaled \$1,257,563.

**Pine Ridge Plantation Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2012**

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	
	2012	2011
Current assets	\$ 542,113	\$ 603,195
Restricted assets	1,436,255	1,471,369
Capital assets	4,685,143	4,811,425
Other non-current assets	<u>257,621</u>	<u>269,832</u>
 Total Assets	 <u>6,921,132</u>	 <u>7,155,821</u>
 Current liabilities	 576,933	 557,629
Non-current liabilities	<u>12,517,002</u>	<u>12,805,662</u>
 Total Liabilities	 <u>13,093,935</u>	 <u>13,363,291</u>
 Net assets invested in capital, net of debt	 (520,622)	 (357,129)
Net assets - restricted	201,844	209,514
Net assets - unrestricted	<u>(5,854,025)</u>	<u>(6,059,855)</u>
 Total Net Assets	 <u>\$ (6,172,803)</u>	 <u>\$ (6,207,470)</u>

The decrease in current assets is primarily due to decreases in cash and equivalents as a result of the excess of expenditures over revenues at the fund level.

The decrease in capital assets is primarily due to depreciation in the current year.

The decrease in non-current liabilities is primarily due to principal payments on bonds in the current year.

**Pine Ridge Plantation Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2012**

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	
	<u>2012</u>	<u>2011</u>
Program Revenues		
Charges for services	\$ 1,279,052	\$ 5,744,889
General Revenues		
Investment earnings	2,176	2,285
Miscellaneous	11,002	2,405
Total Revenues	<u>1,292,230</u>	<u>5,749,579</u>
Expenses		
General government	95,794	104,929
Culture and recreation	122,090	111,621
Physical environment	318,492	315,229
Interest on long-term debt	721,187	888,857
Total Expenses	<u>1,257,563</u>	<u>1,420,636</u>
Change in Net Assets	34,667	4,328,943
Net Assets - Beginning of Year	<u>(6,207,470)</u>	<u>(10,536,413)</u>
Net Assets - End of Year	<u>\$ (6,172,803)</u>	<u>\$ (6,207,470)</u>

The decrease in charges for services was primarily due to a decrease in assessments related to the maturity of the Series 2006B Bonds in the prior year.

The decrease in interest on long-term debt was due to a decrease in bonds outstanding during the current year.

**Pine Ridge Plantation Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2012**

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, 2012.

<u>Description:</u>	Governmental Activities	
	2012	2011
Infrastructure	\$ 2,677,336	\$ 2,677,336
Buildings and improvements	2,325,000	2,300,000
Equipment	15,416	-
Accumulated depreciation	(332,609)	(165,911)
	<u>\$ 4,685,143</u>	<u>\$ 4,811,425</u>

During the year, \$25,000 in improvements and \$15,416 in equipment were added and depreciation expense was \$166,698.

General Fund Budgetary Highlights

The budget exceeded governmental expenditures primarily because of fewer repair and maintenance expenses and lower management costs than were anticipated.

There were no amendments to the September 30, 2012 budget.

Debt Management

Governmental Activities debt includes the following:

- ◆ In September 2006, the District issued \$14,090,000 Series 2006A Capital Improvement Revenue Bonds and \$5,980,000 Series 2006B Capital Improvement Revenue Bonds. The Bonds are the first series of securities to be issued by the District and are being used to: (i) finance a portion of the Cost of the acquisition, construction, installation and equipping of certain Assessable Improvements and (ii) pay certain costs associated with the issuance of the Bonds. The Series 2006B Capital Improvement Revenue Bonds matured in the prior year. The balance outstanding for the Series 2006A Bonds at September 30, 2012 was \$12,815,000.

**Pine Ridge Plantation Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2012**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Economic Factors and Next Year's Budget

Pine Ridge Plantation Community Development District does not expect any economic factors to have a significant effect on the financial position or results of operations of the District in fiscal year 2013.

Request for Information

The financial report is designed to provide a general overview of Pine Ridge Plantation 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 Pine Ridge Plantation Community Development District, 5385 N Nob Hill Road, Sunrise, FL 33351.

Pine Ridge Plantation Community Development District
STATEMENT OF NET ASSETS
September 30, 2012

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash	\$ 169,329
Investments	372,784
Total Current Assets	<u>542,113</u>
Non-Current Assets:	
Restricted assets:	
Investments	1,436,255
Bond issuance costs, net	257,621
Capital assets not being depreciated:	
Infrastructure	2,677,336
Buildings and improvements	2,325,000
Equipment	15,416
Accumulated depreciation	<u>(332,609)</u>
Total Non-Current Assets	<u>6,379,019</u>
Total Assets	<u>6,921,132</u>
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued expenses	18,597
Accrued interest	288,336
Bonds payable	270,000
Total Current Liabilities	<u>576,933</u>
Non-Current Liabilities:	
Bonds payable	<u>12,517,002</u>
Total Liabilities	<u>13,093,935</u>
NET ASSETS	
Invested in capital assets, net of related debt	(520,622)
Restricted for debt service	201,844
Unrestricted	<u>(5,854,025)</u>
Total Net Assets	<u>\$ (6,172,803)</u>

See accompanying notes to financial statements.

Pine Ridge Plantation Community Development District
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2012

ASSETS	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Cash	\$ 89,329	\$ -	\$ 80,000	\$ 169,329
Investments	372,784	-	-	372,784
Due from other funds	4,996	-	-	4,996
Restricted assets:				
Investments, at fair value	-	1,354,600	81,655	1,436,255
Total Assets	<u>\$ 467,109</u>	<u>\$ 1,354,600</u>	<u>\$ 161,655</u>	<u>\$ 1,983,364</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	\$ 18,597	\$ -	\$ -	\$ 18,597
Due to other funds	-	-	4,996	4,996
Total Liabilities	<u>\$ 18,597</u>	<u>\$ -</u>	<u>\$ 4,996</u>	<u>\$ 23,593</u>
FUND BALANCES				
Restricted:				
Debt service	\$ -	\$ 1,354,600	\$ -	\$ 1,354,600
Capital projects	-	-	76,659	76,659
Assigned - capital projects	-	-	80,000	80,000
Unassigned	448,512	-	-	448,512
Total Fund Balance	<u>448,512</u>	<u>1,354,600</u>	<u>156,659</u>	<u>1,959,771</u>
Total Liabilities and Fund Balances	<u>\$ 467,109</u>	<u>\$ 1,354,600</u>	<u>\$ 161,655</u>	<u>\$ 1,983,364</u>

See accompanying notes to financial statements.

**Pine Ridge Plantation Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
September 30, 2012**

Total Governmental Fund Balances	\$	1,959,771
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets being depreciated infrastructure, \$2,677,336, buildings and improvements, \$2,325,000, and equipment, \$15,416, less accumulated depreciation, \$(332,609), used in governmental activities are not financial resources and therefore, are not reported in the funds.		4,685,143
Bond issuance costs, \$461,050, net of accumulated amortization, \$(203,429), used in governmental activities are not financial resources and therefore, are not reported in the funds.		257,621
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.		(12,815,000)
Bonds payable include a bond discount, \$42,700, and is reported net of accumulated amortization, \$(14,702).		27,998
Accrued interest expense for long-term debt is not a financial use and; therefore, is not reported in the funds.		<u>(288,336)</u>
Net Assets of Governmental Activities	<u>\$</u>	<u>(6,172,803)</u>

See accompanying notes to financial statements.

Pine Ridge Plantation Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2012

	General	Debt Service	Capital Projects	Totals Governmental Funds
Revenues:				
Special assessments	\$ 309,054	\$ 969,998	\$ -	\$ 1,279,052
Investment earnings	1,347	763	66	2,176
Other income	2,869	8,133	-	11,002
Total Revenues	<u>313,270</u>	<u>978,894</u>	<u>66</u>	<u>1,292,230</u>
Expenditures:				
Current				
General government	95,794	-	-	95,794
Culture and recreation	122,090	-	-	122,090
Physical environment	149,647	-	2,147	151,794
Capital outlay	-	-	40,416	40,416
Debt service				
Principal	-	255,000	-	255,000
Interest	-	705,240	-	705,240
Other debt service	-	8,134	-	8,134
Total Expenditures	<u>367,531</u>	<u>968,374</u>	<u>42,563</u>	<u>1,378,468</u>
Revenues over/(under) expenditures	<u>(54,261)</u>	<u>10,520</u>	<u>(42,497)</u>	<u>(86,238)</u>
Other financing sources/(uses)				
Transfers in	-	-	30,000	30,000
Transfers out	(30,000)	-	-	(30,000)
Total Other Financing Sources/(Uses)	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
Net change in fund balances	(84,261)	10,520	(12,497)	(86,238)
Fund Balances - October 1, 2011	<u>532,773</u>	<u>1,344,080</u>	<u>169,156</u>	<u>2,046,009</u>
Fund Balances - September 30, 2012	<u>\$ 448,512</u>	<u>\$ 1,354,600</u>	<u>\$ 156,659</u>	<u>\$ 1,959,771</u>

See accompanying notes to financial statements.

**Pine Ridge Plantation 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, 2012**

Net Change in Fund Balances - Total Governmental Funds \$ (86,238)

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 of depreciation, \$(166,698), in excess of capital outlay, \$40,416, in the current period. (126,282)

Bond issuance costs are reported as expenditures in the governmental funds, but are reported as an asset in the Statement of Net Assets and amortized over the life of the bond. This is the amount of bond issuance costs amortization in the current period. (12,211)

Bond discounts are reported as expenditures in the governmental funds, but are reported as a liability in the Statement of Net Assets and amortized over the life of the bond. This is the amount of bond discount amortization in the current period. (1,340)

Principal payments are reported as expenditures in the governmental funds, but are reported as reductions of liabilities in the Statement of Net Assets. 255,000

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 during the current period. 5,738

Change in Net Assets of Governmental Activities \$ 34,667

See accompanying notes to financial statements.

**Pine Ridge Plantation Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND**

For the Year Ended September 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$ 298,875	\$ 298,875	\$309,054	\$ 10,179
Investment income	-	-	1,347	1,347
Other income	-	-	2,869	2,869
Total Revenues	<u>298,875</u>	<u>298,875</u>	<u>313,270</u>	<u>14,395</u>
Expenditures				
Current				
General government	104,010	104,010	95,794	8,216
Culture and recreation	198,050	198,050	122,090	75,960
Physical environment	221,718	221,718	149,647	72,071
Capital outlay	1,250	1,250	-	1,250
Total Expenditures	<u>525,028</u>	<u>525,028</u>	<u>367,531</u>	<u>157,497</u>
Revenues over/(under) expenditures	(226,153)	(226,153)	(54,261)	171,892
Other financing sources/(uses)				
Transfers out	-	-	(30,000)	(30,000)
Net change in fund balance	(226,153)	(226,153)	(84,261)	141,892
Fund Balances - October 1, 2011	<u>226,153</u>	<u>226,153</u>	<u>532,773</u>	<u>306,620</u>
Fund Balances - September 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$448,512</u>	<u>\$ 448,512</u>

See accompanying notes to financial statements.

Pine Ridge Plantation Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

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 was created on March 8, 2006, pursuant to Clay County Ordinance Number 2006-05 and Chapter 190, Florida Statutes. 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 for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing or re-constructing, enlarging or extending, equipping, operating and maintaining water management, bridges or culverts, district roads, landscaping, street lights and other basic infrastructure projects within or outside the boundaries of the Pine Ridge Plantation Community Development District. The District is governed by a five-member Board of Supervisors who are elected for two and four year terms. The District operates within the criteria established by Chapter 190.

As required by GAAP, these financial statements present the Pine Ridge Plantation 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 including, but 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 by the Governmental Accounting Standards Board, the District has identified no component units.

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

Pine Ridge Plantation Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

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 developer contributions 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 an other financing 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.

Pine Ridge Plantation Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds

The District classifies fund balance according to Governmental Accounting Standards Board Statement 54 - Fund Balance Reporting and Governmental Fund Type Definitions. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The District has various policies governing the fund balance classifications.

Nonspendable Fund Balance – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balance – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Assigned Fund Balance – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed. The assigned fund balances can also be assigned by the District's management company.

Unassigned Fund Balance – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fund Balance Spending Hierarchy - For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

Pine Ridge Plantation Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

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. 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.

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 financing 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 an other financing source rather than as a fund liability.

Debt service expenditures are recorded only when payment is due.

Pine Ridge Plantation Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

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.

2006A/B Debt Service Fund - Accounts for debt service requirements to retire the capital improvement 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's liens on all benefited land within the District.

2006 Capital Projects Fund – The Capital Projects Fund accounts for the proceeds from debt issued in 2006.

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, be reported in the governmental activities column in the government-wide Statement of Net Assets.

Pine Ridge Plantation Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less and held in a qualified public depository as defined by Section 280.02, Florida Statutes.

b. Restricted Assets

Certain net assets of the District will be 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 includes construction in progress, are reported in governmental activities.

Pine Ridge Plantation Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

c. Capital Assets (Continued)

The District defines capital assets as assets with an initial, individual cost of \$5,000 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.

d. Unamortized Bond Issuance Costs

Bond issuance costs and legal fees associated with the issuance of bonds are amortized over the life of the bonds using the effective interest rate method of accounting.

e. Budgets

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190 and Section 200.065, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. Formal budgets are adopted for the general fund. The legal level of budgetary control is at the fund level. As a result, deficits in the budget columns of the accompanying financial statements may occur. All budgeted appropriations lapse at year end.

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 (\$1,959,771) differs from “net assets” of governmental activities (\$(6,172,803)) 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 below.

Pine Ridge Plantation Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

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)

Capital related items

When capital assets (buildings and improvements, infrastructure, 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.

Infrastructure	\$ 2,677,336
Buildings and improvements	2,325,000
Equipment	15,416
Accumulated depreciation	<u>(332,609)</u>
Total	<u>\$ 4,685,143</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, net	<u>\$ 257,621</u>
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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, 2012 were:

Bonds payable	\$ (12,815,000)
Bond discount, net	<u>27,998</u>
Total	<u>\$ (12,787,002)</u>

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>\$ (288,336)</u>
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Pine Ridge Plantation Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

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

The “net change in fund balances” for government funds, \$(86,238), differs from the “change in net assets” for governmental activities, \$34,667, 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 period.

Depreciation expense		\$ (166,698)
Capital outlay		<u>40,416</u>
Total		<u><u>\$ (126,282)</u></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 period.

Amortization expense		<u><u>\$ (12,211)</u></u>
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Pine Ridge Plantation Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

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

When bond discount 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 period.

Amortization expense	\$ <u>(1,340)</u>
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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.

Bond principal payments	\$ <u>255,000</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>5,738</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, 2012, the District's bank balance was \$170,061 and the carrying value was \$169,329. 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.

Pine Ridge Plantation Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE C – CASH AND INVESTMENTS (CONTINUED)

As of September 30, 2012, the District had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
First American Government Obligation Fund Z	N/A	\$ 1,436,255
Local Government Surplus Trust Fund Investment Pool	N/A	<u>372,784</u>
		<u>\$ 1,809,039</u>

Investments

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes. Among other investments, the policy allows the District to invest in the State Board of Administration Local Government Surplus Trust Funds.

Cash placed with the State Board of Administration represents the District's participation in the Local Government Surplus Trust Funds Investment Pool and is reported at fair value. As a pool participant the District invests in pools of investments in which shares are owned in the pool rather than the underlying investments.

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 and government loans are limited by state statutory requirements and bond compliance. The Local Government Surplus Funds Trust is an authorized investment under Section 218.415, Florida Statutes. The District's investments in the state investment pool are limited by state statutory requirements and bond compliance. The District has monies invested with the Local Government Surplus Funds Trust Fund (Fund), at September 30, 2012. The Fund met the requirements of a "2a-7 like pool" as defined in Government Accounting Standards Board, Statement 31. The District has no investment policy that would further limit its investment choices.

Pine Ridge Plantation Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE C – CASH AND INVESTMENTS (CONTINUED)

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 Government Obligation Fund are 79% of the District's total investments. The District's remaining investments are in the State Board Administration Trust Fund.

The types of deposits and investments and their level of risk exposure as of September 30, 2012 were typical of these items during the fiscal year then ended. The District's investment in the First American Government Obligation Fund Class Z was rated AAAM by Standard & Poor's. The District considers any decline in fair value for certain investments to be temporary.

NOTE D – 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.

**Pine Ridge Plantation Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2012**

NOTE E – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2012 was as follows:

	Balance October 1, 2011	Additions	Deletions	Balance September 30, 2012
<u>Governmental Activities:</u>				
Capital assets, being depreciated:				
Infrastructure	\$ 2,677,336	\$ -	\$ -	\$ 2,677,336
Buildings and improvements	2,300,000	25,000	-	2,325,000
Equipment	-	15,416	-	15,416
Total Capital Assets, Being Depreciated	<u>4,977,336</u>	<u>40,416</u>	<u>-</u>	<u>5,017,752</u>
Less accumulated depreciation for:				
Infrastructure	(89,244)	(89,245)	-	(178,489)
Buildings and improvements	(76,667)	(76,944)	-	(153,611)
Equipment	-	(509)	-	(509)
Total Accumulated Depreciation	<u>(165,911)</u>	<u>(166,698)</u>	<u>-</u>	<u>(332,609)</u>
Governmental Activities Capital Assets	<u>\$ 4,811,425</u>	<u>\$ (126,282)</u>	<u>\$ -</u>	<u>\$ 4,685,143</u>

NOTE F – LONG-TERM DEBT

The following is a summary of debt activity for the District for the year ended September 30, 2012.

Debt at October 1, 2011	\$ 13,070,000
Bond payments	<u>(255,000)</u>
Debt at September 30, 2012	12,815,000
Less bond discount, net	<u>(27,998)</u>
Net Bonds Payable at September 30, 2012	<u>\$ 12,787,002</u>

Capital Improvement Revenue Bonds

\$14,090,000 Series 2006A Bonds, interest at 5.4%, maturing thru May 1, 2037, payable on May 1 and November 1; collateralized by the pledged revenues of special assessments levied against the benefited property owners.

\$ 12,815,000

Pine Ridge Plantation Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE F – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2012 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 270,000	\$ 691,470	\$ 961,470
2014	260,000	677,430	937,430
2015	275,000	663,390	938,390
2016	290,000	648,540	938,540
2017	310,000	632,880	942,880
2018-2022	1,825,000	2,894,400	4,719,400
2023-2027	2,380,000	2,344,950	4,724,950
2028-2032	3,120,000	1,626,480	4,746,480
2033-2037	4,085,000	686,070	4,771,070
Totals	<u>\$ 12,815,000</u>	<u>\$ 10,865,610</u>	<u>\$ 23,680,610</u>

Summary of Significant Bonds Resolution Terms and Covenants

Depository Funds - The bond resolution establishes certain funds and determines 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 2006A Reserve Account was funded from the proceeds of the Bonds in an amount equal to the one sixth annual interest payment of the 2006A Bonds. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

The annual reserve requirement is as follows:

	<u>Special Assessment Bonds</u>	
	<u>Reserve Balance</u>	<u>Reserve Requirement</u>
Series 2006A Special Assessment Bonds	<u>\$ 880,702</u>	<u>\$ 864,420</u>

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.



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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
Pine Ridge Plantation Community Development District
Clay County, Florida

We have audited the financial statements of Pine Ridge Plantation Community Development District (the District) as of and for the year ended September 30, 2012 and have issued our report thereon dated June 13, 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 Pine Ridge Plantation Community Development District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Pine Ridge Plantation Community Development 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 Pine Ridge Plantation Community Development District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Pine Ridge Plantation Community Development 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.



To the Board of Supervisors
Pine Ridge Plantation Community Development District

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 of Supervisors, Management, others within the entity 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.

*Berger, Toombs, Elam,
Gaines & Frank*

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

June 13, 2013



Berger, Toombs, Elam, Gaines & Frank

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MANAGEMENT LETTER

To the Board of Supervisors
Pine Ridge Plantation Community Development District
Clay County, Florida

We have audited the financial statements of the Pine Ridge Plantation Community Development District, Florida as of and for the year ended September 30, 2012, and have issued our report thereon dated June 13, 2013.

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 and Chapter 10.550, Rules of the Florida Auditor General. 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 June 13, 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 governs the conduct of local entity audits performed in the State of Florida.

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 Pine Ridge Plantation Community Development District complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(i)3, 4 and 5.) require that we address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls: improvements in financial management and violations of contracts or grant agreements, fraud, illegal acts or abuse and deficiencies in internal control that are not significant deficiencies, other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. Our audit did not discover any of the above items that require to be disclosed.

To the Board of Supervisors
Pine Ridge Plantation 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.

Pine Ridge Plantation 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, 2012, filed with the 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, 2012.

Our Management Letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies and applicable management 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

June 13, 2013