

**Westchase Community
Development District**

ANNUAL FINANCIAL REPORT

September 30, 2009

Westchase Community Development District

ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2009

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Report of Independent Auditors

To the Board of Supervisors
Westchase Community Development District
Tampa, Florida

We have audited the accompanying basic financial statements of Westchase Community Development District as of and for the year ended September 30, 2009, as listed in the table of contents. These basic financial statements are the responsibility of Westchase Community Development 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 Westchase Community Development District as of September 30, 2009, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2009, on our consideration of Westchase Community Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Fort Pierce / Stuart

To the Board of Supervisors
Westchase Community Development District
Tampa, Florida

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

December 31, 2009

**Westchase Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2009**

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements comprise three components; 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to 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 debt service.

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

**Westchase Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2009**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Financial Highlights:

The following are the highlights of financial activity for the year ended September 30, 2009.

- The District's total assets exceeded total liabilities by \$ 4,596,555 (net assets). Unrestricted net assets for Governmental Activities were \$1,228,219. Governmental activities restricted net assets were \$879,716.
- Governmental activities revenues totaled \$2,365,105 while governmental activities expenses totaled \$1,650,751.

**Westchase Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2009**

Financial Analysis of the District

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

Net Assets

	Governmental Activities	
	2009	2008
Current assets	\$ 1,664,234	\$ 1,563,019
Restricted assets	1,498,926	1,528,696
Capital assets	<u>4,187,225</u>	<u>4,501,634</u>
Total Assets	<u>7,350,385</u>	<u>7,593,349</u>
Current liabilities	938,830	1,061,148
Non-current liabilities	<u>1,815,000</u>	<u>2,650,000</u>
Total Liabilities	<u>2,753,830</u>	<u>3,711,148</u>
Net assets - invested in capital assets, net of related debt	2,488,620	2,534,394
Net assets - restricted	879,716	369,642
Net assets - unrestricted	<u>1,228,219</u>	<u>978,165</u>
Total Net Assets	<u>\$ 4,596,555</u>	<u>\$ 3,882,201</u>

The decreases in Capital assets are related to depreciation expense in the current year.

The decrease in Non-current liabilities is due to the principal payment on long-term debt in the current year.

Total Net Assets increased because of the change in net assets for the year.

**Westchase Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2009**

Financial Analysis of the District (Continued)

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

Change in Net Assets

	Governmental Activities	
	2009	2008
Program Revenues		
Charges for services	\$ 2,338,857	\$ 2,509,657
General Revenues		
Investments earnings	18,187	105,010
Other revenues	8,061	3,647
Total Revenues	<u>2,365,105</u>	<u>2,618,314</u>
Expenses		
General government	189,113	285,692
Physical environment	1,233,304	1,166,985
Interest on long-term debt	228,334	318,089
Total Expenses	<u>1,650,751</u>	<u>1,770,766</u>
Change in Net Assets	714,354	847,548
Net Assets - Beginning of Year	<u>3,882,201</u>	<u>3,034,653</u>
Net Assets - End of year	<u>\$ 4,596,555</u>	<u>\$ 3,882,201</u>

Total revenues decreased because of the reduction in special assessment and investment earnings during the year.

The increase in total net assets is due to the current year positive change in net assets.

**Westchase Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2009**

Capital Assets Activity

The following schedule provides a summary of the District's capital assets as of September 30, 2009 and 2008.

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Land and improvements	\$ 391,261	\$ 391,261
Infrastructure	6,351,107	6,351,107
Buildings	90,946	90,946
Improvements other than buildings	2,950,335	2,950,335
Machinery and equipment	407,230	394,929
Accumulated depreciation	<u>(6,003,654)</u>	<u>(5,676,944)</u>
Total Capital Assets (Net)	<u>\$ 4,187,225</u>	<u>\$ 4,501,634</u>

Capital assets of \$12,301 were added to machinery and equipment during the year and depreciation expense totaled \$326,710.

General Fund Budgetary Highlights

There were no amendments to the September 30, 2009 budget and revenues were under budget while expenditures did not exceed the adopted budget for the year.

Debt Management

Governmental Activities debt includes the following:

- In July 1991, the District issued \$11,190,000 Series 1991 Capital Improvement Revenue Bonds. The bonds were issued to finance the acquisition and construction of certain infrastructure within certain areas of the District. The balance outstanding at September 30, 2008 was \$415,000.
- In July 1996, the District issued \$8,785,000 Series 1996 Special Assessment Refunding Bonds. These bonds were issued to refund a portion of the Series 1991 Capital Improvement Revenue Bonds. The balance outstanding at September 30, 2008 was \$2,230,000.
- In 2005, the District, along with Westchase East Community Development District jointly obtained a \$2,500,000 non-revolving line of credit to finance the costs of various community infrastructure improvements. The District paid off the line of credit during the year.

**Westchase Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2009**

Economic Factors and Next Year's Budget

Westchase Community Development District does not expect any economic factors to have any significant effect on the financial position or results of operations of the District in fiscal year 2010.

Request for Information

The financial report is designed to provide a general overview of Westchase 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 Westchase Community Development District, Severn Trent Services, Inc., 210 North University Drive, Suite 702, Coral Springs, Florida 33071.

Westchase Community Development District
STATEMENT OF NET ASSETS
September 30, 2009

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 1,622,989
Accrued interest receivable	87
Assessments receivable	1,867
Due from other governmental units	29,350
Other current assets	9,941
Total Current Assets	<u>1,664,234</u>
Non-current Assets	
Restricted assets	
Investments - debt service	1,498,926
Capital assets, not being depreciated	
Land and improvements	391,261
Capital assets, being depreciated	
Buildings	90,946
Infrastructure	6,351,107
Improvements other than buildings	2,950,335
Equipment	407,230
Less: accumulated depreciation	<u>(6,003,654)</u>
Total Non-current Assets	<u>5,686,151</u>
Total Assets	<u><u>\$ 7,350,385</u></u>
 LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	\$ 39,566
Accrued interest	69,264
Bonds payable	825,000
Total Current Liabilities	<u>933,830</u>
Non-current liabilities	
Bonds payable	<u>1,820,000</u>
Total Liabilities	<u>2,753,830</u>
 NET ASSETS	
Invested in capital assets, net of related debt	2,488,620
Restricted for	
Debt service	495,090
Capital projects	384,626
Unrestricted	<u>1,228,219</u>
Total Net Assets	<u><u>\$ 4,596,555</u></u>

See accompanying notes.

Westchase Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expenses) Revenues and Changes in Net Assets</u>
<u>Primary government</u>		<u>Charges for Services</u>	<u>Governmental Activities</u>
Governmental Activities			
General government	\$ (189,113)	\$ 178,768	\$ (10,345)
Physical environment	(1,233,304)	1,165,841	(67,463)
Interest on long-term debt	(228,334)	994,248	765,914
Total Governmental Activities	<u>\$ (1,650,751)</u>	<u>\$ 2,338,857</u>	<u>688,106</u>
General Revenues			
Investment earnings			18,187
Miscellaneous			8,061
Total General Revenues			<u>26,248</u>
Change in Net Assets			714,354
Net Assets - October 1, 2008			3,882,201
Net Assets - September 30, 2009			<u>\$ 4,596,555</u>

See accompanying notes.

Westchase Community Development District
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2009

	General	1991 Debt Service	1996 Debt Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,237,614	\$ 506	\$ -	\$ 384,869	\$ 1,622,989
Accrued interest receivable	87	-	-	-	87
Accounts receivable	1,867	-	-	-	1,867
Due from other governments	19,690	1,620	8,040	-	29,350
Due from other funds	2,728	-	-	-	2,728
Other current assets	7,691	-	2,250	-	9,941
Restricted assets					
Investments, at fair value	-	471,034	1,027,892	-	1,498,926
Total Assets	<u>\$ 1,269,677</u>	<u>\$ 473,160</u>	<u>\$1,038,182</u>	<u>\$ 384,869</u>	<u>\$ 3,165,888</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued expenses	\$ 38,973	\$ -	\$ 593	\$ -	\$ 39,566
Due to other funds	2,485	-	-	243	2,728
Total liabilities	<u>41,458</u>	<u>-</u>	<u>593</u>	<u>243</u>	<u>42,294</u>
Fund Balances:					
Reserved for:					
Debt service	-	473,160	1,037,589	-	1,510,749
Capital projects	-	-	-	384,626	384,626
Unreserved:					
Designated for maintenance	376,056	-	-	-	376,056
Unreserved and undesignated	852,163	-	-	-	852,163
Total Fund Balances	<u>1,228,219</u>	<u>473,160</u>	<u>1,037,589</u>	<u>384,626</u>	<u>3,123,594</u>
Total Liabilities and Fund Balances	<u>\$ 1,269,677</u>	<u>\$ 473,160</u>	<u>\$1,038,182</u>	<u>\$ 384,869</u>	<u>\$ 3,165,888</u>

See accompanying notes.

Westchase Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
September 30, 2009

Total Governmental Fund Balances	\$ 3,123,594
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets (\$10,190,879) net of accumulated depreciation (\$6,003,654), used in governmental activities are not financial resources and; therefore, are not reported in the funds.	4,187,225
Long-term liabilities, including bonds payable (\$2,645,000), are not payable i the current period and; therefore, are not reported in the funds.	(2,645,000)
Accrued interest expense for long-term debt is not a financial use and; therefore, is not reported in the funds.	<u>(69,264)</u>
Net Assets of Governmental Activities	<u><u>\$ 4,596,555</u></u>

See accompanying notes.

Westchase Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2009

	General	1991 Debt Service	1996 Debt Service	Capital Projects	Totals Governmental Funds
Revenues					
Special assessments	\$ 1,344,609	\$ 166,760	\$ 827,488	\$ -	\$ 2,338,857
Investment income	10,203	1,924	4,534	1,526	18,187
Miscellaneous income	8,061	-	-	-	8,061
Total Revenues	<u>1,362,873</u>	<u>168,684</u>	<u>832,022</u>	<u>1,526</u>	<u>2,365,105</u>
Expenditures					
Current					
General government	188,541	-	-	572	189,113
Physical environment	906,594	-	-	-	906,594
Capital Outlay	12,301	-	-	-	12,301
Debt service					
Principal	117,924	115,000	675,000	-	907,924
Interest	2,759	46,375	168,200	-	217,334
Other	-	5,780	17,701	-	23,481
Total Expenditures	<u>1,228,119</u>	<u>167,155</u>	<u>860,901</u>	<u>572</u>	<u>2,256,747</u>
Excess of revenues over/(under) expenditures	134,754	1,529	(28,879)	954	108,358
Fund Balances - October 1, 2008	<u>1,093,465</u>	<u>471,631</u>	<u>1,066,468</u>	<u>383,672</u>	<u>3,015,236</u>
Fund Balances - September 30, 2009	<u>\$ 1,228,219</u>	<u>\$ 473,160</u>	<u>\$1,037,589</u>	<u>\$ 384,626</u>	<u>\$ 3,123,594</u>

See accompanying notes.

Westchase 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, 2009

Net Change in Fund Balances -Total Governmental Funds	\$ 108,358
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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 that current year depreciation expense (\$326,710) exceeds capital outlay expenditures (\$12,301).	(314,409)
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	907,924
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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 in the current period.	<u>12,481</u>
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Change in Net Assets of Governmental Activities	<u><u>\$ 714,354</u></u>
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See accompanying notes.

Westchase Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$ 1,331,022	\$ 1,331,022	\$ 1,344,609	\$ 13,587
Investment income	33,510	33,510	10,203	(23,307)
Miscellaneous income	-	-	8,061	8,061
	<u>1,364,532</u>	<u>1,364,532</u>	<u>1,362,873</u>	<u>(1,659)</u>
Total Revenues				
Expenditures				
Current				
General government	227,400	227,400	188,541	38,859
Physical environment	1,054,622	1,054,622	906,594	148,028
Capital outlay	-	0	12,301	(12,301)
Debt Service				
Principal	115,005	115,005	117,924	(2,919)
Interest	2,505	2,505	2,759	(254)
	<u>1,399,532</u>	<u>1,399,532</u>	<u>1,228,119</u>	<u>171,413</u>
Total Expenditures				
Excess of revenues over expenditures	(35,000)	(35,000)	134,754	169,754
Fund Balances - October 1, 2008	<u>35,000</u>	<u>35,000</u>	<u>1,093,465</u>	<u>1,058,465</u>
Fund Balances - September 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,228,219</u>	<u>\$ 1,228,219</u>

See accompanying notes.

Westchase Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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 November 13, 1990, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), by Ordinance #91-3 of the Board of County Commissioners of Hillsborough County, as a Community Development District. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing district roads, landscaping, and other basic infrastructure projects within or without the boundaries of the Westchase Community Development District. The District is governed by a Board of Supervisors who are elected to four year terms. The District operates within the criteria established by Chapter 190.

As required by GAAP, these financial statements present the Westchase 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 in Governmental Accounting Standards Board Statement Number 14, The Financial Reporting Entity, 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

Westchase Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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 special assessments 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.

Westchase Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds

When both restricted and unrestricted resources are combined in a fund, qualified expenses are considered to be paid first from restricted resources, and then from unrestricted resources. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues and other 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.

Westchase Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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.

1991 Debt Service Fund - Accounts for debt service requirements to retire the capital improvement revenue bonds which were used to finance the construction of District infrastructure improvements. The bond series is secured by a pledge of revenues derived from the collection of non ad-valorem special assessments.

1996 Debt Service Fund - Accounts for debt service requirements to retire the special assessment refunding revenue bonds which were used to refund a portion of the Series 1991 Capital Improvement Revenue Bonds. The bond series is secured by a pledge of revenues derived from the collection of non ad-valorem special assessments.

Capital Projects Fund – The Capital Projects Fund accounts for construction of infrastructure improvements within the boundaries of the district.

b. Non-current Governmental Assets/Liabilities

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

Westchase Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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.

b. Restricted Assets

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

c. Capital Assets

Capital assets, which include land and improvements, buildings and improvements infrastructure, and equipment are reported in the governmental activities column.

Westchase Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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.

Depreciation of capital assets is charged to operations using the straight-line method over the assets' estimated service lives, ranging from 10-40 years.

d. 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. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Formal budgets are adopted for the general and debt service funds. As a result, deficits in the budget columns of the accompanying financial statements may occur.

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 (\$3,123,594) differs from "net assets" of governmental activities (\$4,596,555) 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.

Westchase Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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 (land, buildings and improvements and infrastructure 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.

Capital assets	\$ 10,190,879
Accumulated depreciation	<u>(6,003,654)</u>
Total	<u>\$ 4,187,225</u>

Long-term debt transactions

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Assets. Balances at September 30, 2009 were:

Bonds payable	<u>\$ (2,645,000)</u>
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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>\$ (69,264)</u>
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Westchase Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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 (\$108,358) differs from the “change in net assets” for governmental activities (\$714,354) 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. This is the amount of current year depreciation expense net of capital outlay expenditures.

Depreciation expense	\$ (326,710)
Capital outlay	<u>12,301</u>
Total	<u>\$ (314,409)</u>

Long-term debt transactions

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

Debt principal payments	<u>\$ 907,924</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 payable	<u>\$ 12,481</u>
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**Westchase Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2009**

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 follows the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2009, the District's bank balance was \$1,284,453 and the carrying value was \$1,237,333. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

As of September 30, 2009, the District had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Cost</u>
First American Government Obligation CI Y	N/A	\$ 957	\$ 957
U.S. Treasury Bills	N/A	1,497,926	1,497,969
		<u>\$ 1,498,883</u>	<u>\$ 1,498,926</u>

Interest Rate Risk

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

Credit Risk

The District's investments in treasury funds, commercial paper, and government loans are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. As of September 30, 2009, the District's investment in the First American Government Obligation Fund Class Y was rated AAAM by Standard & Poor's.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The investments in First American Government Obligation Fund Class Y are 1% of the District's total investments. The investments in U.S. Treasury Bill are 99% of the District's total investments. The types of deposits and investments and their level of risk exposure as of September 30, 2009 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary.

Westchase Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE D – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2009 was as follows:

	Balance October 1, 2008	Additions	Deletions	Balance September 30, 2009
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 391,261	\$ -	\$ -	\$ 391,261
Capital assets, being depreciated:				
Infrastructure	6,351,107	-	-	6,351,107
Improvements other than buildings	2,950,335	-	-	2,950,335
Machinery and equipment	394,929	12,301	-	407,230
Buildings	<u>90,946</u>	<u>-</u>	<u>-</u>	<u>90,946</u>
Total capital assets, being depreciated	<u>9,787,317</u>	<u>12,301</u>	<u>-</u>	<u>9,799,618</u>
Total capital assets	<u>10,178,578</u>	<u>12,301</u>	<u>-</u>	<u>10,190,879</u>
Less accumulated depreciation for:				
Infrastructure	(3,061,647)	(218,208)	-	(3,279,855)
Improvements other than buildings	(2,308,013)	(74,839)	-	(2,382,852)
Machinery and equipment	(289,791)	(28,346)	-	(318,137)
Buildings and improvements	<u>(17,493)</u>	<u>(5,317)</u>	<u>-</u>	<u>(22,810)</u>
Total accumulated depreciation	<u>(5,676,944)</u>	<u>(326,710)</u>	<u>-</u>	<u>(6,003,654)</u>
Total capital assets being depreciated, net	<u>\$ 4,501,634</u>	<u>\$ (314,409)</u>	<u>\$ -</u>	<u>\$ 4,187,225</u>

Depreciation expense of \$326,710 was charged to physical environment.

Westchase Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE E – LONG-TERM DEBT

The following is a summary of the activity of long-term debt for the year ended September 30, 2009:

	Restated Balance October 1, <u>2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>2009</u>
Special Assessment Refunding Revenue Bonds, Series 1996	\$ 2,905,000	\$ -	\$ 675,000	\$ 2,230,000
Capital Improvement Revenue Bonds, Series 1991	530,000	-	115,000	415,000
Non-revolving line of credit	115,057	-	115,057	-
Capital lease obligations	<u>2,867</u>	<u>-</u>	<u>2,867</u>	<u>-</u>
	<u>\$ 3,552,924</u>	<u>\$ -</u>	<u>\$ 907,924</u>	<u>\$ 2,645,000</u>

Long-term debt is comprised of the following:

\$8,785,000 Special Assessment Refunding Bonds, Series 1996, due in annual installments through 2012. Interest is due semi-annually on May 1 and November 1, at rates ranging from 3.75% to 5.35% through 2006 and 5.80% thereafter.	\$ 2,230,000
\$11,190,000 Capital Improvement Revenue Bonds, Series 1991, due in annual installments through 2012, at a rate of 8.75%.	<u>415,000</u>
Total	<u>\$ 2,645,000</u>

Westchase Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE E – LONG-TERM DEBT (CONTINUED)

The annual debt service requirements until maturity at September 30, 2009 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 825,000	\$ 165,653	\$ 990,653
2011	885,000	113,825	998,825
2012	<u>935,000</u>	<u>58,365</u>	<u>993,365</u>
Totals	<u>\$ 2,645,000</u>	<u>\$ 337,843</u>	<u>\$ 2,982,843</u>

SUMMARY OF SIGNIFICANT BONDS RESOLUTION TERMS AND COVENANTS

Special Assessment Refunding Revenue Bonds, Series 1996

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 1996 Reserve Account is funded from the proceeds of the Series 1996 Bonds in an amount equal to 10% of the outstanding principal amount of the 1996 Bonds. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

	<u>Special Assessment Refunding Revenue Bonds</u>	
	<u>Reserve Balance</u>	<u>Reserve Requirement</u>
Series 1996 Special Assessment Refunding Revenue Bonds	<u>\$ 807,765</u>	<u>\$ 807,765</u>

**Westchase Community Development District
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2009**

NOTE E – LONG-TERM DEBT (CONTINUED)

Capital Improvement Revenue Bonds, Series 1991

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 1991 Reserve Account consists of an amount equal to ten percent of the outstanding principal amount of the 1991. Monies in the Reserve Fund shall be used only for the purpose of payment of maturing principal and interest on the bonds when monies in the Sinking Fund are insufficient.

	Capital Improvement Revenue Bonds	
	Reserve Balance	Reserve Requirement
Series 1991 Capital Improvement Revenue Bonds	<u>\$ 270,000</u>	<u>\$ 269,944</u>

NOTE F – 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 for which the government carries commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

For the year ended September 30, 2009, the District participated in the Florida League of Cities (FLC) risk pool. This is a statewide pool with several hundred governmental members. FLC provided the District with general liability and property coverages. The FLC pool is nonassessable. There is no self-insured retention for the District excluding a \$250 per occurrence deductible. FLC provided the District with \$1,000,000 in general liability coverage.

NOTE G – RETIREMENT PLAN

The District participates in defined contribution pension plan sponsored by Westchase and Westchase East Community Development Districts, covering all employees who meet a certain pay requirement. The District's required contribution is 2% of the total salaries of qualified participants. Total salaries of the qualified participants for the year ending September 30, 2009 were \$175,039. Each participant is fully vested. Employer contributions for the period were \$3,501.



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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
Westchase Community Development District
Tampa, Florida

We have audited the basic financial statements of Westchase Community Development District (the "District") as of and for the year ended September 30, 2009, and have issued our report thereon dated December 31, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be significant deficiencies or material weaknesses. A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential, will not be prevented or detected by the entity's internal control. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over the financial reporting and its operation that we consider to be significant deficiencies or material weaknesses.

To the Board of Supervisors
Westchase 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 and contracts, 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 and other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board of Supervisors, management, federal and state awarding agencies, pass-through entities and the Auditor General of the State of Florida 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

December 31, 2009



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Management Letter

To the Board of Supervisors
Westchase Community Development District
Tampa, Florida

We have audited the financial statements of the Westchase Community Development District, Florida as of and for the year ended September 30, 2009, and have issued our report thereon dated December 31, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report which is dated December 31, 2009 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. Those rules (Section 10.554(1)(i)) require that we address in the management letter, if not already addressed in the auditors' report on compliance and internal control whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no findings in the prior year audit.

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 Westchase 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 auditors report on compliance and internal controls: (1) violations of laws, rules, regulations, and contractual provisions have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g. the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies,

Fort Pierce / Stuart

To the Board of Supervisors
Westchase Community Development District

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.

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.

Westchase Community Development District has not met one or more of the conditions described in Section 218.503(1), Florida Statutes and is not in a state of financial emergency.

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, 2009, filed with the Department of Banking Finance pursuant to Section 218.32, Florida Statutes, is in agreement with our annual financial audit report for the fiscal year ended September 30, 2009.

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

*Berger, Toombs, Elam,
Gaines & Frank*

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

December 31, 2009