

**WESTCHASE
COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2010**

**WESTCHASE COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2-5
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Assets	6
Statement of Activities	7
Fund Financial Statements:	
Balance Sheet – Governmental Funds	8
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	9
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Notes to Financial Statements	12–19
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	20
Notes to Required Supplementary Information	21
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	22
MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550 OF THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	23-25

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Westchase Community Development District
Hillsborough County, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Westchase Community Development District, Hillsborough County, Florida (the "District") as of and for the fiscal year ended September 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2010, and the respective changes in financial position thereof for the fiscal 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 January 26, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts, agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



January 26, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Westchase Community Development District, Hillsborough County, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2010. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year resulting in a net asset balance of \$5,056,038.
- The change in the District's total net assets in comparison with the prior fiscal year was \$459,483, an increase. The key components of the District's net assets and change in net assets are reflected in the table in the government-wide financial statements analysis section.
- At September 30, 2010, the District's governmental funds reported combined ending fund balance of \$2,612,489, a decrease of (\$511,105) in comparison with the prior year. Of the total fund balance, a portion is reserved for debt service, capital projects and other items and the remainder is unreserved which is available for spending at the District's discretion.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as the introduction to the District's basic financial statements.

The District's basic financial statements are comprised of three components: **1)** government-wide financial statements, **2)** fund financial statements, and **3)** notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

1) Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by special assessment revenues. The District does not have any business-type activities. The governmental activities of the District include the general government (management), physical environment (maintenance), and culture and recreation functions.

2) Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund category: governmental funds.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

2) Fund Financial Statements (Continued)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District currently maintains four individual governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, debt service 1991, debt service 1996 and capital projects funds, all of which are considered major funds.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

3) Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE INFORMATION

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets exceeded liabilities at the close of the most recent fiscal year.

The District's net assets reflects its investment in capital assets (e.g. land, land improvements and infrastructure); less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the District's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the District's other obligations.

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE INFORMATION (Continued)

Key components of the District's net assets are reflected in the following table:

NET ASSETS SEPTEMBER 30,		2010	2009
Assets, excluding capital assets	\$	2,648,138	\$ 3,163,160
Capital assets, net of depreciation		4,010,524	4,187,225
Total assets		<u>6,658,662</u>	<u>7,350,385</u>
Liabilities, excluding long-term liabilities		72,624	938,830
Long-term liabilities		1,530,000	1,815,000
Total liabilities		<u>1,602,624</u>	<u>2,753,830</u>
Net Assets			
Invested in capital assets, net of related debt		2,865,765	2,488,620
Restricted for debt service		973,286	879,716
Unrestricted		1,216,987	1,228,219
Total net assets	\$	<u>\$ 5,056,038</u>	<u>\$ 4,596,555</u>

The District's net assets increased during the most recent fiscal year. The majority of the increase is as a result of a decrease in debt service payments in the current fiscal year.

Key elements of the change in net assets are reflected in the following table:

CHANGES IN NET ASSETS FOR THE FISCAL YEAR ENDED SEPTEMBER 30,		2010	2009
Revenues:			
Program revenues:			
Charges for services	\$	2,003,330	\$ 2,338,857
General revenues:			
Investment earnings		5,984	18,187
Miscellaneous		-	8,061
Total revenues		<u>2,009,314</u>	<u>2,365,105</u>
Expenses:			
General government		216,488	189,113
Physical environment		1,186,489	1,233,304
Culture and recreation		13,490	-
Interest		133,364	228,334
Total expenses		<u>1,549,831</u>	<u>1,650,751</u>
Change in net assets		<u>459,483</u>	<u>714,354</u>
Net assets, beginning		<u>4,596,555</u>	<u>3,882,201</u>
Net assets, ending	\$	<u>\$ 5,056,038</u>	<u>\$ 4,596,555</u>

Program revenues were comprised primarily of assessments for both fiscal years noted in the table above. The majority of the decrease in program revenue is as a result of no assessment levy in the current year for the Series 1991 Bond. The District had enough funds on hand to pay off the remaining outstanding balance for this Bond.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. The general fund budget for the fiscal year ended September 30, 2010 was amended to increase revenues by \$4,954, appropriations by \$25,911 and use of fund balance by \$20,957. The variance between final budgeted and actual general fund revenues for the 2010 fiscal year was not considered significant.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2010, the District had \$10,338,256 invested in infrastructure and other capital assets including buildings, machinery and equipment. In the government-wide financial statements depreciation of \$6,327,732 has been taken, which resulted in a net book value of \$4,010,524. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2010, the District had \$1,530,000 in Bonds outstanding for its governmental activities. More detailed information about the District's capital debt is presented in the notes of the financial statements.

ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND OTHER EVENTS

For the fiscal year 2011, the District anticipates that the cost of general operations will remain fairly constant. In addition, no new debt was issued during the 2010 fiscal year and the District has no immediate need to issue additional debt. The District anticipates paying off the Series 1996 Bonds in May 2011.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, land owners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Westchase Community Development District's Finance Department at 210 N. University Drive, Suite 702, Coral Springs, Florida 33071.

**WESTCHASE COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010**

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 385,723
Equity in pooled cash	1,229,051
Due from other government	17,704
Interest receivable	687
Prepaid expenses	3,716
Other assets	7,755
Restricted assets:	
Investments	1,003,502
Capital assets:	
Non-depreciable	391,261
Depreciable, net	3,619,263
Total assets	<u>6,658,662</u>
 LIABILITIES	
Accounts payable	27,592
Wages payable	8,057
Accrued interest payable	36,975
Non-current liabilities:	
Due within one year	745,000
Due in more than one year	785,000
Total liabilities	<u>1,602,624</u>
 NET ASSETS	
Invested in capital assets, net of related debt	2,865,765
Restricted for debt service	973,286
Unrestricted	1,216,987
Total net assets	<u>\$ 5,056,038</u>

See notes to the financial statements

**WESTCHASE COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Assets Governmental Activities</u>
Primary government:			
Governmental activities:			
General government	\$ 216,488	\$ 216,488	\$ -
Physical environment	1,186,489	950,203	(236,286)
Culture and recreation	13,490	13,476	(14)
Interest on long-term debt	133,364	823,163	689,799
Total governmental activities	1,549,831	2,003,330	453,499
General revenues:			
Investment earnings			5,984
Total general revenues			5,984
Change in net assets			459,483
Net assets - beginning			4,596,555
Net assets - ending			\$ 5,056,038

See notes to the financial statements

**WESTCHASE COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010**

	Major Funds			Total Governmental Funds	
	General	Debt Service 1991	Debt Service 1996		Capital Projects
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ 385,723	\$ 385,723
Equity in pooled cash	1,232,395	-	(3,105)	(239)	1,229,051
Investments	-	-	1,003,502	-	1,003,502
Due from other government	10,799	-	6,905	-	17,704
Interest receivable	8	-	679	-	687
Due from other funds	243	-	-	-	243
Prepaid expenses	1,436	-	2,280	-	3,716
Other assets	7,755	-	-	-	7,755
Total assets	<u>\$ 1,252,636</u>	<u>\$ -</u>	<u>\$ 1,010,261</u>	<u>\$ 385,484</u>	<u>\$ 2,648,381</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 27,592	\$ -	\$ -	\$ -	\$ 27,592
Wages payable	8,057	-	-	-	8,057
Due to other funds	-	-	-	243	243
Total liabilities	<u>35,649</u>	<u>-</u>	<u>-</u>	<u>243</u>	<u>35,892</u>
Fund balances:					
Reserved for:					
Debt service	-	-	1,010,261	-	1,010,261
Capital projects	-	-	-	385,241	385,241
Other - prepaids and deposits	1,436	-	-	-	1,436
Unreserved, reported in:					
General fund	1,215,551	-	-	-	1,215,551
Total fund balances	<u>1,216,987</u>	<u>-</u>	<u>1,010,261</u>	<u>385,241</u>	<u>2,612,489</u>
Total liabilities and fund balances	<u>\$ 1,252,636</u>	<u>\$ -</u>	<u>\$ 1,010,261</u>	<u>\$ 385,484</u>	<u>\$ 2,648,381</u>

See notes to the financial statements

**WESTCHASE COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010**

Fund balance - governmental funds \$ 2,612,489

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net assets includes those capital assets, net of any accumulated depreciation, in the net assets of the government as a whole.

Cost of capital assets	10,338,256	
Accumulated depreciation	<u>(6,327,732)</u>	4,010,524

Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund financial statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Accrued interest payable	(36,975)	
Bonds payable	<u>(1,530,000)</u>	<u>(1,566,975)</u>
Net assets of governmental activities		<u><u>\$ 5,056,038</u></u>

See notes to the financial statements

**WESTCHASE COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	Major Funds			Capital Projects	Total Governmental Funds
	General	Debt Service 1991	Debt Service 1996		
REVENUES					
Assessments	\$ 1,166,691	\$ -	\$ 823,163	\$ -	\$ 1,989,854
Interest	4,875	10	61	1,038	5,984
Miscellaneous revenue	13,476	-	-	-	13,476
Total revenues	<u>1,185,042</u>	<u>10</u>	<u>823,224</u>	<u>1,038</u>	<u>2,009,314</u>
EXPENDITURES					
Current:					
General government	192,268	2,585	21,212	423	216,488
Physical environment	844,824	-	-	-	844,824
Culture and recreation	13,490	-	-	-	13,490
Debt Service:					
Principal	-	415,000	700,000	-	1,115,000
Interest	-	36,313	129,340	-	165,653
Capital outlay	164,964	-	-	-	164,964
Total expenditures	<u>1,215,546</u>	<u>453,898</u>	<u>850,552</u>	<u>423</u>	<u>2,520,419</u>
Excess (deficiency) of revenues over (under) expenditures	(30,504)	(453,888)	(27,328)	615	(511,105)
OTHER FINANCING SOURCES (USES)					
Transfers in	19,272	-	-	-	19,272
Transfers (out)	-	(19,272)	-	-	(19,272)
Total other financing sources (uses)	<u>19,272</u>	<u>(19,272)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(11,232)	(473,160)	(27,328)	615	(511,105)
Fund balances - beginning	<u>1,228,219</u>	<u>473,160</u>	<u>1,037,589</u>	<u>384,626</u>	<u>3,123,594</u>
Fund balances - ending	<u>\$ 1,216,987</u>	<u>\$ -</u>	<u>\$ 1,010,261</u>	<u>\$ 385,241</u>	<u>\$ 2,612,489</u>

See notes to the financial statements

**WESTCHASE COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Net change in fund balances - total governmental funds	\$	(511,105)
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 eliminated and capitalized as capital assets.		147,377
Depreciation on capital assets is not recognized in the governmental fund financial statements but is reported as an expense in the statement of activities.		(324,078)
Repayment of long-term liabilities are reported as expenditures in the governmental fund financial statements but such repayments reduce liabilities in the statement of net assets and are eliminated in the statement of activities.		1,115,000
The change in accrued interest on long-term liabilities between the current and prior fiscal year is recorded in the statement of activities but not in the fund financial statements.		<u>32,289</u>
Change in net assets of governmental activities	\$	<u><u>459,483</u></u>

See notes to the financial statements

**WESTCHASE COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

Westchase Community Development District ("District") was created on January 9, 1991 by Ordinance 91-1 of the Board of County Commissioners of Hillsborough County, Florida, pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

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

The District is governed by the Board of Supervisors ("Board"), which is composed of five members. The Board of Supervisors are elected by the owners of the property within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the responsibility for:

1. Assessing and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement 14, and Statement 39, an amendment of GASB Statement 14. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment. Operating-type special assessments for maintenance and debt service are treated as charges for services. and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assessments

Assessments are non-ad valorem assessments on benefited lands within the District. Assessments are levied to pay for the operations and maintenance of the District. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. The District's annual assessments for operations and debt service are billed and collected by the County Tax Collector. The amounts remitted to the District are net of applicable discounts or fees and include interest on monies held from the day of collection to the day of distribution. For debt service assessments, amounts collected as advance payments are used to prepay a portion of the Bonds outstanding. Otherwise, assessments are collected annually to provide funds for the debt service on the portion of the Bonds which are not paid with prepaid assessments.

Assessments and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

General Fund

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund 1991

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt, Series 1991.

Debt Service Fund 1996

The debt service fund is used to account for the accumulation of resources for the payment of principal and interest on long-term debt, Series 1996.

Capital Projects Fund

This fund accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

Assets, Liabilities and Net Assets or Equity

Restricted Assets

These assets represent cash and investments set aside pursuant to Bond covenants.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

Securities listed in paragraphs c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured and any unspent Bond proceeds are required to be held in investments as specified in the Bond Indentures.

The District records all interest revenue related to investment activities in the respective funds and reports investments at fair value.

Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	20 - 40

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Assets or Equity (Continued)

Capital Assets (Continued)

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized ratably over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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

Other Disclosures

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 – BUDGETARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

- a) Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing jthe following October 1.
- b) Public hearings are conducted to obtain comments.
- c) Prior to October 1, the budget is legally adopted by the District Board.
- d) All budget changes must be approved by the District Board.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

NOTE 4 – DEPOSITS AND INVESTMENTS

Deposits

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

The District pools cash with Westchase East Community Development District. The District's portion of the pool is reported as equity in pooled cash on the balance sheet and statement of net assets.

Investments

The District's investments were held as follows at September 30, 2010:

	Fair Value	Credit Risk	Maturities
US Treasury Bills	\$ 91,994	N/A	10/21/2010
US Treasury Note	372,959	S&P AAA	4/30/2011
U.S. Bank N.A. Int Bearing Commercial Paper	65,000	S&P A-1+	10/10/2010
U.S. Bank N.A. Int Bearing Commercial Paper	250,000	S&P A-1+	3/10/2011
U.S. Bank N.A. Open Monthly Commercial Paper	223,549	S&P A-1+	Open ended
Total Investments	\$ 1,003,502		

Custodial risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk. The U.S. Treasury investments and the commercial paper investments are held by the trustee or agent but not in the District's name.

Credit risk – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

Concentration risk – The District places no limit on the amount the District may invest in any one issuer.

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

However, the Bond Indenture limits the type of investments held using unspent proceeds.

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended September 30, 2010 were as follows:

Fund	Transfer in	Transfer out
General	\$ 19,272	\$ -
Debt service 1991		19,272
Total	\$ 19,272	\$ 19,272

The transfer was to move remaining amounts held on deposit in the Series 1991 Bond trust accounts after the Bonds were paid off in the current year. Transfer is pursuant to the Bond Indenture.

NOTE 6 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land and improvements	\$ 391,261	-	-	\$ 391,261
Total capital assets, not being depreciated	391,261	-	-	391,261
Capital assets, being depreciated				
Infrastructure	6,351,107	110,867	-	6,461,974
Buildings	90,946	-	-	90,946
Improvements other than buildings	2,950,335	36,510	-	2,986,845
Machinery and equipment	407,230	-	-	407,230
Total capital assets, being depreciated	9,799,618	147,377	-	9,946,995
Less accumulated depreciation for:				
Infrastructure	(3,279,855)	(218,208)	-	(3,498,063)
Buildings	(22,810)	(5,317)	-	(28,127)
Improvements other than buildings	(2,382,852)	(75,042)	-	(2,457,894)
Machinery and equipment	(318,137)	(25,511)	-	(343,648)
Total accumulated depreciation	(6,003,654)	(324,078)	-	(6,327,732)
Total capital assets, being depreciated, net	3,795,964	(176,701)	-	3,619,263
Governmental activities capital assets	\$ 4,187,225	\$ (176,701)	\$ -	\$ 4,010,524

Depreciation expense was charged to the physical environment function/program.

NOTE 7 – LONG-TERM LIABILITIES

Series 1991

On November 7, 1991 the District issued \$11,190,000 of Capital Improvement Revenue Bonds, Series 1991 due May 1, 2012, with a fixed interest rate of 8.75%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially commencing May 1, 1993 through May 1, 2012.

The Series 1991 Bonds are subject to redemption at the option of the District prior to their maturity as outlined in the Bond Indenture. The Bonds are also subject to extraordinary mandatory redemption prior to their selected maturity in the manner outlined in the Bond Indenture. This occurred during the year, as the District paid off the Bonds in full.

Series 1996

On June 26, 1996, the District issued \$8,785,000 of Special Assessment Refunding Revenue Bonds, Series 1996 consisting of \$4,585,000 Serial Bonds due May 1, 2006 with interest rates ranging from 3.75% to 5.50%, \$4,200,000 Term Bonds due on May 1, 2012 with a fixed interest rate of 5.80%. The Bonds were issued to refund a portion of the District's outstanding Capital Improvements Revenue Bonds, Series 1991; and pay certain costs associated with the issuance of the Bonds. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Serial and Term Bonds is to be paid commencing May 1, 1997 through May 1, 2012.

The Series 1996 Bonds are subject to redemption at the option of the District prior to their maturity as outlined in the Bond Indenture. The Bonds are also subject to special mandatory redemption prior to their selected maturity in the manner outlined in the Bond Indenture.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements including the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District was not in compliance with the reserve requirement at September 30, 2010. See management letter for finding.

Long-term debt activity

Changes in long-term liability activity for the fiscal year ended September 30, 2010 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 1991	\$ 415,000	\$ -	(415,000)	\$ -	\$ -
Series 1996	2,230,000		(700,000)	1,530,000	745,000
Total Bonds payable	<u>\$ 2,645,000</u>	<u>\$ -</u>	<u>\$ (1,115,000)</u>	<u>\$ 1,530,000</u>	<u>\$ 745,000</u>

At September 30, 2010, the scheduled debt service requirements on the long-term debt were as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2011	\$ 745,000	\$ 88,740	\$ 833,740
2012	785,000	45,530	830,530
Total	<u>\$ 1,530,000</u>	<u>\$ 134,270</u>	<u>\$ 1,664,270</u>

NOTE 8 –DISTRICT MERGER

In January 2010, the District and Westchase East Community Development District passed resolutions allowing actions to be taken to merge the Districts. Pursuant to the agreement, Westchase Community Development District will be the surviving District and will assume all indebtedness of, and receive all title to, all property owned by Westchase East. Since Westchase will be the surviving District, its Board of Supervisors will continue to serve on the same terms and with the same election timetable. The anticipated merger date is fiscal year 2012.

NOTE 9 – COST SHARE AGREEMENT

The District and Westchase East Community Development District have agreed to share the costs of certain expenditures between each other in the following manner.

	<u>Westchase</u>	<u>Westchase East</u>	<u>Total</u>
Administrative	42.11%	57.89%	100.00%
Flood Control	39.04%	60.96%	100.00%
Field services	45.69%	54.31%	100.00%
Parks and recreation	38.32%	61.68%	100.00%

NOTE 10 – RETIREMENT PLAN

The District participates in a defined contribution pension 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 qualified participants for the year ended September 30, 2010 were \$82,373. Each participant is fully vested. Employer contributions for the period were \$1,647.

NOTE 11 – MANAGEMENT COMPANY

The District has contracted with a management company to perform management advisory services, which include financial and accounting services. Certain employees of the management company also serve as officers of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

NOTE 12 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

**WESTCHASE COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 1,160,081	\$ 1,157,886	\$ 1,166,691	\$ 8,805
Interest	3,652	4,876	4,875	(1)
Other revenue	-	5,925	13,476	7,551
Total revenues	<u>1,163,733</u>	<u>1,168,687</u>	<u>1,185,042</u>	<u>16,355</u>
EXPENDITURES				
Current:				
General government	215,795	193,099	192,268	831
Physical environment	966,890	1,021,165	844,824	176,341
Culture and recreation	22,478	16,810	13,490	3,320
Capital outlay	-	-	164,964	(164,964)
Total expenditures	<u>1,205,163</u>	<u>1,231,074</u>	<u>1,215,546</u>	<u>15,528</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(41,430)</u>	<u>(62,387)</u>	<u>(30,504)</u>	<u>31,883</u>
OTHER FINANCING SOURCES (Uses)				
Use of fund balance	41,430	62,387	-	(62,387)
Transfer in	-	-	19,272	19,272
Total other financing sources (uses)	<u>41,430</u>	<u>62,387</u>	<u>19,272</u>	<u>(43,115)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(11,232)</u>	<u>\$ (11,232)</u>
Fund balance - beginning			<u>1,228,219</u>	
Fund balance - ending			<u>\$ 1,216,987</u>	

See notes to required supplementary information

**WESTCHASE COMMUNITY DEVELOPMENT DISTRICT
HILLSBOROUGH COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations. The general fund budget for the fiscal year ended September 30, 2010 was amended to increase revenues by \$4,954, appropriations by \$25,911 and use of fund balance by \$20,957. The variance between final budgeted and actual general fund revenues for the 2010 fiscal year was not considered significant.

**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
Hillsborough County, Florida

We have audited the financial statements of the governmental activities and each major fund Westchase Community Development District, Hillsborough County, Florida ("District") as of and for the fiscal year ended September 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 26, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, and 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*.

We noted a matter that we reported to management of the District in a separate letter dated January 26, 2011.

This report is intended for the information and use of the management, Board of Supervisors of Westchase Community Development District, Hillsborough County, Florida 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.



January 26, 2011

**MANAGEMENT LETTER PURSUANT TO THE RULES OF
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Board of Supervisors
Westchase Community Development District
Hillsborough County, Florida

We have audited the accompanying basic financial statements of Westchase Community Development District, Hillsborough County Florida ("District") as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated January 26, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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.


In addition, we have issued our Report on Internal Control over Financial Reporting and Compliance and Other Matters dated January 26, 2011. Disclosures in that report should be considered in conjunction with this management letter.

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

This report is intended for the information of the management, Board of Supervisors of Westchase Community Development District, Hillsborough County, Florida 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.

We wish to thank Westchase Community Development District, Hillsborough County, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.



January 26, 2011

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Bond Reserve Compliance

Observation: During procedures it was determined that the District was not in compliance with the reserve requirement set forth in the Series 1996 Bond Indenture. There was a deficit of approximately \$26,500 at September 30, 2010.

Recommendation: The District should perform reserve calculations on a timely basis to ensure compliance with Bond Indenture.

Management Response: The District rectified the reserve requirement and is now in compliance with the Indenture.

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2009.

2. A statement as to whether or not the local governmental entity complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

The District complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

3. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2010, except as noted above.

4. Violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2010, except as noted above.

5. For matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors, the following may be reported based on professional judgment:

- a. Violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse.

REPORT TO MANAGEMENT (Continued)

b. Deficiencies in internal control that are not significant deficiencies.

There were no such matters discovered by, or that came to the attention of, the auditor, that, in our judgment, are required to be reported, for the fiscal year ended September 30, 2010.

6. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.
7. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2010 financial audit report.
8. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
9. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and no deteriorating financial conditions were noted. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.