

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

**ENTERPRISE COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Supervisors  
Enterprise Community Development District  
Osceola County, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the remaining nonmajor fund of Enterprise Community Development District, Osceola 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, the business-type activities, each major fund, and the remaining nonmajor fund of the District as of September 30, 2010, and the respective changes in financial position, and, where applicable, cash flows 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 August 10, 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, 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.

  
August 10, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Enterprise Community Development District, Osceola County, Florida's ("District") financial performance provides an 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 \$22,267,381.
- The change in the District's total net assets in comparison with the prior fiscal year was \$1,378,485, 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 analysis section.
- At September 30, 2010, the District's governmental funds reported combined ending fund balances of \$2,917,778, an increase of \$242,561 in comparison with the prior year. A portion of fund balance is reserved for debt service, capital projects, and other items and the remainder is unreserved fund balance 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 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.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by assessments (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general government and physical environment. The business-type activities of the District include a water and sewer operation.

## OVERVIEW OF FINANCIAL STATEMENTS (Continued)

### **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. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

#### 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 outflow 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 balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District currently maintains three 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 and capital projects funds. The general and debt service funds are considered to be major funds and the capital projects fund is considered to be a nonmajor fund.

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.

#### Proprietary Fund

The District maintains one type of proprietary fund, an enterprise fund. An enterprise fund is used to report the same function presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for the operations of the water and sewer facilities within the District.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

### **3) Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data included 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.

Key components of the District's net assets were as follows:

	NET ASSETS					
	SEPTEMBER 30,					
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets, excluding capital assets	\$ 3,196,263	\$ 2,914,507	\$ 8,832,135	\$ 7,456,123	\$ 12,028,398	\$ 10,370,630
Capital assets, net of depreciation	6,237,614	6,455,100	23,694,394	24,440,595	29,932,008	30,895,695
Total assets	9,433,877	9,369,607	32,526,529	31,896,718	41,960,406	41,266,325
Liabilities, excluding long-term liabilities	388,158	286,597	1,324,108	1,125,297	1,712,266	1,411,894
Long-term liabilities	4,315,000	4,895,000	13,665,759	14,070,535	17,980,759	18,965,535
Total liabilities	4,703,158	5,181,597	14,989,867	15,195,832	19,693,025	20,377,429
Net Assets						
Invested in capital assets, net of related debt	2,006,100	1,643,939	10,312,613	10,668,984	12,318,713	12,312,923
Restricted for debt service and related	1,691,975	1,658,446	4,454,479	3,861,589	6,146,454	5,520,035
Unrestricted	1,032,644	885,625	2,769,570	2,170,313	3,802,214	3,055,938
Total net assets	\$ 4,730,719	\$ 4,188,010	\$ 17,536,662	\$ 16,700,886	\$ 22,267,381	\$ 20,888,896

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.

The District's net assets increased during the most recent fiscal year. The majority of the increase represents the extent to which ongoing program revenues exceeded the cost of operations and depreciation expense.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The key elements of the District's change in net assets are reflected in the following table:

	CHANGES IN NET ASSETS					
	FOR THE FISCAL YEAR ENDED SEPTEMBER 30,					
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues						
Charges for services	\$ 1,502,144	\$ 1,461,995	\$ 5,531,058	\$ 4,188,994	\$ 7,033,202	\$ 5,650,989
Operating grants and contributions	372	5,378			372	5,378
General revenues						
Investment income	15,848	(2,667)	9,058	29,453	24,906	26,786
Loss on disposal of assets			(329)		(329)	
Total revenues	<u>1,518,364</u>	<u>1,464,706</u>	<u>5,539,787</u>	<u>4,218,447</u>	<u>7,058,151</u>	<u>5,683,153</u>
Expenses:						
General government	118,914	113,314			118,914	113,314
Maintenance and operations	573,226	652,603			573,226	652,603
Interest	283,515	317,265	768,990	804,328	1,052,505	1,121,593
Water and sewer expenses			3,935,021	3,949,496	3,935,021	3,949,496
Total expenses	<u>975,655</u>	<u>1,083,182</u>	<u>4,704,011</u>	<u>4,753,824</u>	<u>5,679,666</u>	<u>5,837,006</u>
Change in net assets	<u>542,709</u>	<u>381,524</u>	<u>835,776</u>	<u>(535,377)</u>	<u>1,378,485</u>	<u>(153,853)</u>
Net assets beginning	<u>4,188,010</u>	<u>3,806,486</u>	<u>16,700,886</u>	<u>17,236,263</u>	<u>20,888,896</u>	<u>21,042,749</u>
Net assets ending	<u>\$ 4,730,719</u>	<u>\$ 4,188,010</u>	<u>\$ 17,536,662</u>	<u>\$ 16,700,886</u>	<u>\$ 22,267,381</u>	<u>\$ 20,888,896</u>

### Governmental activities

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2010 was \$975,655. The costs of the District's activities were primarily funded by program revenues. Program revenues were comprised primarily of assessments for both fiscal years noted in the table above. The District also received funds from investment earnings and right-of-way-fees which are included in program revenues. In total, expenses, including depreciation, decreased from the prior fiscal year. The majority of the decrease was the result of an decrease in professional services including the landscape maintenance and repairs.

### Business-type activities

Business-type activities reflect the operations of the water and sewer facilities within the District. The cost of operations is covered primarily by charges to customers. Charges for services increased due to a rate change and an increase in connection fees. Water and sewer expenses decreased from the prior fiscal year due primarily to a reduction in interest expense.

## 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. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2010.

The variance between budgeted and actual general fund revenues for the 2010 fiscal year was partially the result of the collection of assessments that were deferred in the prior fiscal year. The actual general fund expenditures for the 2010 fiscal year were lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At September 30, 2010, the District had \$9,438,130 invested in land, infrastructure and improvements, for its governmental activities. In the government-wide financial statements depreciation of \$3,200,516 has been taken, which resulted in a net book value of \$6,237,614. The District's business-type activities reported net capital assets of \$23,694,394. 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 \$4,315,000 in Bonds outstanding for its governmental activities. For business-type activities, the District had Bonds outstanding of \$13,765,000. 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

The District does not anticipate any major projects or significant changes to its infrastructure maintenance program for fiscal year 2011. In addition, it is anticipated that the general operations of the District will remain fairly constant. For the utility operations, it is anticipated that any future growth would come primarily from commercial development. The District is continuing to work with the engineer to consider future anticipated capacity requirements for available commercial property.

## 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 Enterprise Community Development District's Finance Department at 210 N. University Drive, Suite 702, Coral Springs, FL 33071.

**ENTERPRISE COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2010**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 1,297,574	\$ 2,474,431	\$ 3,772,005
Investments	35,976	9,498	45,474
Interest receivable	4,676	4,450	9,126
Accounts receivable	5,737	540,931	546,668
Assessments receivable	11,174	-	11,174
Due from Governmental Activities	-	202,841	202,841
Prepays	2,409	2,410	4,819
Restricted assets:			
Cash	45,568	540,403	585,971
Investments	1,793,149	4,773,193	6,566,342
Deferred charges	-	283,978	283,978
Capital assets:			
Nondepreciable	4,413,271	218,400	4,631,671
Depreciable, net	1,824,343	23,475,994	25,300,337
Total assets	<u>9,433,877</u>	<u>32,526,529</u>	<u>41,960,406</u>
<b>LIABILITIES</b>			
Accounts payable	30,076	508,602	538,678
Accrued interest payable	109,673	318,714	428,387
Deposits	45,568	496,792	542,360
Due to Business-type Activities	202,841	-	202,841
Non-current liabilities:			
Due within one year	615,000	430,000	1,045,000
Due in more than one year	3,700,000	13,235,759	16,935,759
Total liabilities	<u>4,703,158</u>	<u>14,989,867</u>	<u>19,693,025</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,006,100	10,312,613	12,318,713
Restricted for debt service	1,691,975	4,454,479	6,146,454
Unrestricted	1,032,644	2,769,570	3,802,214
Total net assets	<u>\$ 4,730,719</u>	<u>\$ 17,536,662</u>	<u>\$ 22,267,381</u>

See notes to the financial statements

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

<u>Functions/Programs</u>	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			Total
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
General government	\$ 118,914	\$ 118,914	\$ -	\$ -	\$ -	\$ -
Maintenance and operations	573,226	476,761	-	(96,465)	-	(96,465)
Interest on long-term debt	283,515	906,469	372	623,326	-	623,326
Total governmental activities	975,655	1,502,144	372	526,861	-	526,861
Business-type activities:						
Water and sewer expenses	3,935,021	5,531,058	-	-	1,596,037	1,596,037
Interest on long-term debt	768,990	-	-	-	(768,990)	(768,990)
Total business-type activities	4,704,011	5,531,058	-	-	827,047	827,047
General revenues:						
Unrestricted investment earnings				15,848	9,058	24,906
Loss on disposal of capital assets					(329)	(329)
Total general revenues				15,848	8,729	24,577
Change in net assets				542,709	835,776	1,378,485
Net assets - beginning				4,188,010	16,700,886	20,888,896
Net assets - ending				\$ 4,730,719	\$ 17,536,662	\$ 22,267,381

See notes to the financial statements

**ENTERPRISE COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010**

	Major Funds		NonMajor	Total Governmental Funds
	General	Debt Service	Capital Projects	
<b>ASSETS</b>				
Cash	\$ 1,214,088	\$ -	\$ 83,486	\$ 1,297,574
Investments	35,976	1,793,149	-	1,829,125
Assessments receivable	4,179	6,995	-	11,174
Accounts receivable	5,737	-	-	5,737
Interest receivable	3,172	1,504	-	4,676
Prepays	2,409	-	-	2,409
Cash - restricted	45,568	-	-	45,568
Total assets	\$ 1,311,129	\$ 1,801,648	\$ 83,486	\$ 3,196,263
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 30,076	\$ -	\$ -	\$ 30,076
Due to other funds	202,841	-	-	202,841
Liability payable from restricted asset	45,568	-	-	45,568
Total liabilities	278,485	-	-	278,485
Fund balances:				
Reserved for:				
Debt service		1,801,648		1,801,648
Capital projects			83,486	83,486
Other	2,409			2,409
Unreserved, reported in:				
General fund	1,030,235			1,030,235
Total fund balances	1,032,644	1,801,648	83,486	2,917,778
Total liabilities and fund balances	\$ 1,311,129	\$ 1,801,648	\$ 83,486	\$ 3,196,263

See notes to the financial statements

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

Fund balance - governmental funds		\$ 2,917,778
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>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.</p>		
Cost of capital assets	\$ 9,438,130	
Accumulated depreciation	<u>(3,200,516)</u>	6,237,614
<p>Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.</p>		
Accrued interest payable	(109,673)	
Bonds payable	<u>(4,315,000)</u>	(4,424,673)
Net assets of governmental activities		<u><u>\$ 4,730,719</u></u>

See notes to the financial statements

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

	Major Funds		NonMajor	Total Governmental Funds
	General	Debt Service	Capital Projects	
<b>REVENUES</b>				
Assessments	\$ 541,230	\$ 955,548	\$ -	\$ 1,496,778
Interest income	15,623	372	225	16,220
Right of way fees	52,305	-	-	52,305
Other revenues	29,927	-	-	29,927
Total revenues	639,085	955,920	225	1,595,230
<b>EXPENDITURES</b>				
Current:				
General government	108,539	9,797	578	118,914
Maintenance and operations	355,740	-	-	355,740
Debt Service:				
Principal	-	580,000	-	580,000
Interest	-	298,015	-	298,015
Total expenditures	464,279	887,812	578	1,352,669
Excess (deficiency) of revenues over (under) expenditures	174,806	68,108	(353)	242,561
Fund balances - beginning	857,838	1,733,540	83,839	2,675,217
Fund balances - ending	\$ 1,032,644	\$ 1,801,648	\$ 83,486	\$ 2,917,778

See notes to the financial statements

**ENTERPRISE COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA 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	\$ 242,561
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation of capital assets is not recognized in the governmental fund statements but is reported as an expense in the statement of activities.	(217,486)
Repayments of long-term liabilities are reported as expenditures in the governmental fund statement but such repayments reduce liabilities in the statement of net assets and are eliminated in the statement of activities.	580,000
Certain revenues were deferred for the fund financial statements in the prior fiscal year. In the current fiscal year, these revenues were recorded in the fund financial statements.	(76,866)
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.	14,500
Change in net assets of governmental activities	\$ 542,709

See notes to the financial statements

**ENTERPRISE COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
STATEMENT OF NET ASSETS - PROPRIETARY FUND  
SEPTEMBER 30, 2010**

	<u>Business-type Activities Enterprise Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 2,474,431
Investments	9,498
Interest receivable	4,450
Accounts receivable	540,931
Due from other funds	202,841
Prepays and deposits	2,410
Total current assets	<u>3,234,561</u>
Noncurrent assets:	
Restricted assets:	
Cash	540,403
Investments	4,773,193
Deferred charges	283,978
Capital assets:	
Land	218,400
Improvements	29,599,796
Less accumulated depreciation	<u>(6,123,802)</u>
Total capital assets, net	<u>23,694,394</u>
Total noncurrent assets	<u>29,291,968</u>
Total assets	<u>32,526,529</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	508,602
Payable from restricted assets:	
Accrued bond interest payable	318,714
Deposits	496,792
Bonds payable	430,000
Total current liabilities	<u>1,754,108</u>
Noncurrent liabilities	
Bonds payable	<u>13,235,759</u>
Total noncurrent liabilities	<u>13,235,759</u>
Total liabilities	<u>14,989,867</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	10,312,613
Restricted for debt service and bond covenant accounts	4,454,479
Unrestricted	2,769,570
Total net assets	<u>\$ 17,536,662</u>

See notes to the financial statements

**ENTERPRISE COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET ASSETS - PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	<u>Business-type Activities Enterprise Fund</u>
Operating revenues:	
Charges for sales services:	
Water and sewer revenue	\$ 4,840,855
Other operating revenue	<u>16,077</u>
Total operating revenues	<u>4,856,932</u>
 Operating expenses:	
Water purchases and wastewater treatment	2,166,661
General and administrative	935,661
Depreciation	<u>812,529</u>
Total operating expenses	<u>3,914,851</u>
 Operating income	<u>942,081</u>
 Nonoperating revenues (expenses):	
Water and sewer connection fees	674,126
Amortization	(20,170)
Interest income	9,058
Interest expense	(768,990)
Loss on asset disposal	<u>(329)</u>
Total nonoperating revenues (expenses)	<u>(106,305)</u>
 Change in net assets	835,776
 Total net assets, beginning	<u>16,700,886</u>
 Total net assets, ending	<u>\$ 17,536,662</u>

See notes to the financial statements

**ENTERPRISE COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	Business-type Activiites <u>Enterprise Fund</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 4,833,467
Payments to suppliers	<u>(3,003,453)</u>
Net cash provided by operating activities	<u>1,830,014</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Connection fees	674,126
Purchase of capital assets	(66,657)
Principal paid	(410,000)
Interest paid	<u>(785,412)</u>
Net cash (used by) capital and related financing activities	<u>(587,943)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	(577,371)
Interest income	4,633
Net cash (used) by investing activities	<u>(572,738)</u>
Net increase in cash and cash equivalents	669,333
Cash and cash equivalents - October 1	<u>2,345,501</u>
Cash and cash equivalents - September 30	<u>\$ 3,014,834</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 942,081
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	812,529
(Increase) decrease in:	
Accounts receivable	(24,990)
Interfund receivables	(112,429)
Prepays	(2,410)
Increase (decrease) in:	
Accounts payable	213,708
Customer deposits payable	1,525
Total adjustments	<u>887,933</u>
Net cash provided by operating activities	<u>\$ 1,830,014</u>

See notes to the financial statements

**ENTERPRISE COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY**

Enterprise Community Development District ("District") was created on March 29, 1994 by Rule 42R of the Florida Land and Water Adjudicatory Commission, 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 encompasses approximately 1,552 acres of an anticipated 9,500 acre planned community ("Enterprise") being developed by the Celebration Company ("Developer"), a subsidiary of The Walt Disney Company.

The District is governed by the Board of Supervisors ("Board"), which is composed of five members. The 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. At September 30, 2010 certain of the Board members are affiliated with the Developer and the Walt Disney Company.

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)

### Government-Wide and Fund Financial Statements (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. In addition, the water and sewer fund receive connection fees from new customers for connection to the system. Operating expenses of the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

### Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide and proprietary fund 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 or directly by the District. 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

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.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The District also reports the following nonmajor governmental fund:

#### Capital Projects Fund

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

The District reports the following major proprietary fund:

#### Water and Sewer Fund

The water and sewer fund accounts for the water and sewer operations of the District that are financed and supported primarily by user charges.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The District has elected not to apply subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are internal receivable and payable balances between governmental and business-type activities.

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 and other contractual restrictions.

#### Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits. The District considered highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

The District has adopted a policy for its investments specifying that investment alternatives, (other than publicly traded securities) must have an established market. Investments shall be subject to the cash flow needs of the District. Such cash flows are subject to revisions as market conditions and the District's needs change. It is the intent of the District to avoid assets that require a significant time to liquidate. Investment of District funds may include, subject to certain restrictions and requirements, Local Government Surplus Funds Trust Fund or similar common trust fund which is established pursuant to State law as a legal depository of public moneys; negotiable direct obligations of, or obligations of which the principal and interest are unconditionally guaranteed by, the United States Government; bonds, debentures, or other evidences of indebtedness issued or guaranteed by any agency or corporation; investment agreements with any bank or other financial institution; deposits, federal funds or bankers acceptances of any domestic bank, including a branch office of a foreign bank which branch office is located in the United States; repurchase agreements collateralized by Direct Obligations with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank; prime commercial paper of a United States corporation, finance company or banking institution if such commercial paper is rated at least "P-1" by

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Assets, Liabilities and Net Assets or Equity (Continued)

#### Deposits and Investments (Continued)

Moody's or at least "A-1 +" by S&P and if such commercial paper is stated to mature in not more than 270 days; securities of or other investments in, any open-ended or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C . ss. 80a-1 et seq., as amended from time to time, provided the portfolio of such investment company or investment trust is limited to United States Government obligations and provided such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian; securities permitted by Sections 218.345 and 218.415(15), Florida Statutes, as amended from time to time; and such other securities as approved by resolution of the governing body of the District.

In addition, Bond proceeds are required to be held in investments as specified in the Bond Indenture.

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

#### Receivables and Payables

During the course of operations, transactions occur between individual funds. Any residual balances outstanding between governmental activities and business-type activities for internal borrowing are reported in the government-wide financial statements as Due to/from Governmental/Business type activities.

Accounts receivable and revenues for the enterprise fund are shown net of an allowance for uncollectible amounts. These receivables will be recognized as revenue as they are collected. For water and sewer accounts receivable, an estimated 18% of amounts outstanding of approximately \$117,963 comprised the allowance at September 30, 2010. This balance is comprised primarily of accounts with outstanding balances in excess of 120 days. In addition, late accounts are charged a fee of 18%.

#### 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>
Improvements	10 - 50
Infrastructure	10 - 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 Charges

In connection with the issuance of certain debt in a prior year, the District incurred certain costs that have been capitalized and amortized over the estimated life of the Bonds. At September 30, 2010 the District reported deferred charges, net of accumulated amortization of \$283,978 for its business-type activities.

#### 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 addition, deferred amounts on refunding are amortized ratably over the shorter of the remaining life of the old debt or the life of the new debt. Bonds payable are reported net of applicable deferred amounts.

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 the 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 3 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.

#### Investments

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

	Fair Value	Credit Risk	Maturities
First American Government Obligation Fund Class D	\$ 44	S&P AAAM	Weighted average of the fund portfolio: 45 days
US Treasury Bill	652,955	Not Applicable	10/21/2010
US Treasury Note	634,395	Not Applicable	4/30/2011
State Bank of India CD	149,952	Not rated	1/31/11
US Bank Commercial Paper	800,000	A-1+/P-1/F1+	4/11/2011
US Bank Commercial Paper	3,434,294	A-1+/P-1/F1+	3/1/2011
GE Money Bank CD	194,550	Not rated	8/5/2011
US Bank Commercial Paper	400,000	A-1+/P-1/F1+	10/13/2010
Americas United Bank CD	99,678	Not rated	2/22/2011
Brand Banking CD	99,235	Not rated	11/26/2010
First Coml Bk CD	99,659	Not rated	2/22/2011
Investment in Local Government Surplus Funds Trust Fund (Florida PRIME)	21,381	*	*
Investment in Fund B Surplus Funds Trust Fund	25,673	*	*
<b>Total Investments</b>	<b>\$ 6,611,816</b>		

#### **NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)**

##### Investments (Continued)

\* The State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool ("Pool") was restructured on December 4, 2007 into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately 86% of Pool assets. Pool B consisted of assets that have either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B and certain restrictions were implemented. On December 21, 2007, Standard and Poor's Ratings Services assigned its "AAAm" principal stability fund rating to Pool Fund A. Pool Fund B is not rated by any nationally recognized statistical rating agency. Pool A has been subsequently renamed as Florida PRIME and Pool B has subsequently been renamed as Fund B Surplus Funds Trust Fund ("Fund B").

There are two options for accounting and reporting for money market investment pools either "2a-7 like" or fluctuating net asset value ("NAV"). "2a-7 like" pool is an external investment pool that is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, the pool operates essentially as a money market fund. Rule 2a-7 is the rule that allows money market funds to use amortized cost to maintain a constant NAV of \$1.00 per share, provided that such funds meet certain conditions. The Local Government Surplus Funds Trust Fund Investment Pool (Florida PRIME) is considered a 2a7-like fund and the District has reported its investment in Florida PRIME at the same value as the pooled shares allocated to the District. The estimated weighted average maturity of the Florida PRIME portfolio is 52 days. Fund B is accounted for as a fluctuating NAV pool and the fair value factor for September 30, 2010 was .707058094. The District has multiplied its account balance by the factor to determine the investment balance to be reported. The NAV balance in Fund B was \$25,673 for a net unrealized loss of approximately (\$10,636). Due to the nature of the securities in Fund B, the weighted average maturity is not available. The weighted average life of the fund is estimated at 7.49 years. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

*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 money market investments and Local Government Surplus Funds Trust Fund investments are not evidenced by securities that exist in physical or book entry form. The remaining 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 – RESTRICTED ACCOUNTS

At September 30, 2010 the District reported the following restricted asset accounts for its governmental activities:

	Governmental Activities
Cash:	
Restricted cash for right of way agreement	\$ 45,568
Investments:	
Debt service reserve - Bond covenant account	\$ 426,809
Other debt service accounts	1,366,340
	<u>\$ 1,793,149</u>

In a prior year the District entered into an agreement whereby the District receives payments monthly for certain right of way easement access. Right of way revenues for the fiscal year ended September 30, 2010 were approximately \$52,305. In addition, the District has restricted cash of \$45,568 and a deposit liability in connection with the easement agreement. In connection with the District's Bond discussed in Note 8, amounts held in the investment trust accounts are to be set aside for specific purposes.

At September 30, 2010 the District reported the following restricted asset accounts for its business-type activities:

	Business-type Activities
Cash:	
Restricted for customer deposits	\$ 496,792
Restricted for accrued interest payable	9,749
Connection fees	33,862
	<u>\$ 540,403</u>
Investments:	
Sinking fund	\$ 308,965
Connection fees - Bond covenant account	639,270
Debt service reserve - Bond covenant account	1,236,527
Maintenance reserve - Bond covenant account	1,810,050
Operating reserve - Bond covenant account	778,381
	<u>\$ 4,773,193</u>

In connection with the District's water and sewer operations, deposits collected from customers are subject to refund and are therefore restricted. In addition, in connection with the District's Bonds discussed in Note 8, water and sewer connection fees and certain other amounts are to be set aside for a specific purpose.

## NOTE 6 – INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at September 30, 2010 were as follows:

Fund	Receivable	Payable
General	\$ -	\$ 202,841
Water and sewer	202,841	
Total	<u>\$ 202,841</u>	<u>\$ 202,841</u>

The outstanding balances between funds result primarily from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. In the case of the District, the balances between the general fund and the water & sewer fund relate primarily to general fund expenditures paid by the water and sewer fund that have not reimbursed.

## NOTE 7 – 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	\$ 4,413,271	\$ -	\$ -	\$ 4,413,271
Total capital assets, not being depreciated	4,413,271			4,413,271
Capital assets, being depreciated				
Infrastructure	4,076,642	-	-	4,076,642
Improvements	948,217	-	-	948,217
Total capital assets, being depreciated	5,024,859	-	-	5,024,859
Less accumulated depreciation for:				
Infrastructure	2,037,755	180,041	-	2,217,796
Improvements	945,275	37,445	-	982,720
Total accumulated depreciation	2,983,030	217,486	-	3,200,516
Total capital assets, being depreciated, net	2,041,829	(217,486)	-	1,824,343
Governmental activities capital assets, net	\$ 6,455,100	\$ (217,486)	\$ -	\$ 6,237,614
<u>Business type activities</u>				
Capital assets, not being depreciated				
Land and land improvements	\$ 218,400	\$ -	\$ -	\$ 218,400
Total capital assets, not being depreciated	218,400	-	-	218,400
Capital assets, being depreciated				
Improvements	29,533,468	66,657	(329)	29,599,796
Total capital assets, being depreciated	29,533,468	66,657	(329)	29,599,796
Less accumulated depreciation for:				
Improvements	5,311,273	812,529	-	6,123,802
Total accumulated depreciation	5,311,273	812,529	-	6,123,802
Total capital assets, being depreciated, net	24,222,195	(745,872)	(329)	23,475,994
Business type activities capital assets, net	\$ 24,440,595	\$ (745,872)	\$ (329)	\$ 23,694,394

For governmental activities, depreciation expense was charged to the maintenance and operations function/program.

## NOTE 8 – LONG-TERM LIABILITIES

The financing of the District contemplated the issuance of up to \$235,000,000 of Bonds. At September 30, 2010 the District has the following Bond issues outstanding.

### Series 1994

In June 1994, the District issued \$14,555,000 of Special Assessment Revenue Bonds, Series 1994 due on May 1, 2016 with interest rates from 4.75% to 6.10%. 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 is due serially from May 1997 to May 1, 2016.

The Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds and 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 in compliance with the requirements of the Bond Indenture as of September 30, 2010.

## NOTE 8 – LONG-TERM LIABILITIES (Continued)

### Series 1999

In September 1999, the District issued \$16,855,000 of Water and Sewer Revenue Bonds, Series 1999 due on May 1, 2029 with interest rates from 4.10% to 5.75%. The Bonds were issued to finance the acquisition and construction of certain water and sewer facilities of the District. Interest is payable semiannually on each May 1 and November 1. Principal is payable on an annual basis commencing May 1, 2002 through May 1, 2029.

The Bonds are payable from pledged revenue which includes, without limitation, net revenue received by the District from the users of the water and sewer services. The Series 1999 Bonds are secured by the pledged revenue as defined in the Master Trust Indenture.

The Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirement as defined in the Indenture. In addition, the Bond Indenture has certain restrictions and requirements relating principally to the procedures to be followed in the collection of pledged revenues and the application of the revenues to the various restricted accounts. The District is materially in compliance with the requirements of the Bond Indenture at September 30, 2010.

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 1994	\$ 4,895,000	\$ -	\$ (580,000)	\$ 4,315,000	\$ 615,000
Total	<u>\$ 4,895,000</u>	<u>\$ -</u>	<u>\$ (580,000)</u>	<u>\$ 4,315,000</u>	<u>\$ 615,000</u>
<u>Business-type activities</u>					
Bonds payable:					
Series 1999	\$ 14,175,000	\$ -	\$ (410,000)	\$ 13,765,000	\$ 430,000
Less discounts	(104,465)		5,224	(99,241)	
Total	<u>\$ 14,070,535</u>	<u>\$ -</u>	<u>\$ (404,776)</u>	<u>\$ 13,665,759</u>	<u>\$ 430,000</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	\$ 615,000	\$ 263,215	\$ 878,215
2012	655,000	225,700	880,700
2013	695,000	185,745	880,745
2014	740,000	143,350	883,350
2015	780,000	98,210	878,210
2016	830,000	50,630	880,630
Total	<u>\$ 4,315,000</u>	<u>\$ 966,850</u>	<u>\$ 5,281,850</u>

**NOTE 8 – LONG-TERM LIABILITIES (Continued)**

Year ending September 30:	Business-type Activities		
	Principal	Interest	Total
2011	\$ 430,000	\$ 764,913	\$ 1,194,913
2012	450,000	742,983	1,192,983
2013	475,000	719,583	1,194,583
2014	500,000	694,408	1,194,408
2015	525,000	665,658	1,190,658
2016-2020	3,130,000	2,841,725	5,971,725
2021-2025	4,090,000	1,876,800	5,966,800
2026-2029	4,165,000	608,275	4,773,275
Total	<u>\$ 13,765,000</u>	<u>\$ 8,914,343</u>	<u>\$ 22,679,343</u>

**NOTE 9 – 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 10 – 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.

**NOTE 11 – OTHER INFORMATION**

In the prior year, as a result of a landowner filing for bankruptcy protection, the District filed two proofs of claim in the amounts of \$560,187 and \$404,751 - \$545,731 for various secured and unsecured claims associated with both debt service and operation and maintenance assessments, as well as for utility services provided. During the current fiscal year, the landowner sold its interest in the real property. Pursuant to the terms of the sale, the District successfully collected all of its secured claims with interest. In addition, the District collected a portion of its unsecured claims, primarily charges related to utility fees.

**ENTERPRISE COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA 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 <u>Original &amp; Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Assessments	\$ 503,661	\$ 541,230	\$ 37,569
Interest	3,600	15,623	12,023
Right of way fees	69,000	52,305	(16,695)
Miscellaneous income	-	29,927	29,927
Total revenues	<u>576,261</u>	<u>639,085</u>	<u>62,824</u>
<b>EXPENDITURES</b>			
Current:			
General government	121,189	108,539	12,650
Maintenance and operations	454,978	355,740	99,238
Total expenditures	<u>576,167</u>	<u>464,279</u>	<u>111,888</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 94</u>	174,806	<u>\$ 174,712</u>
Fund balance - beginning		<u>857,838</u>	
Fund balance - ending		<u>\$ 1,032,644</u>	

See notes to required supplementary information

**ENTERPRISE COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA 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 for the fiscal year ended September 30, 2010.

The variance between budgeted and actual general fund revenues for the 2010 fiscal year was partially the result of the collection of assessments that were deferred in the prior fiscal year. The actual general fund expenditures for the 2010 fiscal year were lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.



**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  
Enterprise Community Development District  
Osceola County, Florida

We have audited the financial statements of governmental activities, the business-type activities, each major fund and the remaining nonmajor fund of Enterprise Community Development District, Osceola 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 August 10, 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*.

This report is intended for the information and use of the management, Board of Supervisors of Enterprise Community Development District, Osceola 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.

August 10, 2011



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

To the Board of Supervisors  
Enterprise Community Development District  
Osceola County

We have audited the accompanying basic financial statements of Enterprise Community Development District, Osceola County, Florida ("District") as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated August 10, 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 State. 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 August 10, 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 Enterprise Community Development District, Osceola 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 Enterprise Community Development District, Osceola 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.

August 10, 2011

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

### 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.

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.

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.
- 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.

## **REPORT TO MANAGEMENT (Continued)**

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.