

EATONVILLE COMMUNITY REDEVELOPMENT AGENCY

(A Component Unit of the Town of Eatonville, Florida)

ANNUAL FINANCIAL STATEMENTS

**Year Ended
September 30, 2010**

**Prepared by:
Department of Finance**

EATONVILLE COMMUNITY REDEVELOPMENT AGENCY
Annual Financial Statements
Year Ended September 30, 2010

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Independent Auditors' Report

Honorable Chairman and Board Members of the
Eatonville Community Redevelopment Agency
Town of Eatonville, Florida:

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Eatonville Community Redevelopment Agency (the "CRA"), a component unit of the Town of Eatonville, Florida, as of and for the fiscal year ended September 30, 2010, which collectively comprise the CRA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the CRA'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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of the CRA as of September 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2012, on our consideration of the CRA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and required supplementary information identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Cheng, Behaert & Holland, L.L.P.

Orlando, Florida
May 10, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS



Management's Discussion and Analysis

The Management Discussion and Analysis ("MD&A") of the Town of Eatonville, Florida (the "Town") Community Redevelopment Agency (the "CRA") is offered by management to readers of the CRA financial statements as a narrative overview and analysis of the financial activities of the CRA for the fiscal year ended September 30, 2010. This information is designed to assist the reader on significant financial issues, provide an overview of the CRA's financial activity, and identify key changes in the CRA's financial position.

This information contained in this MD&A is only a component of the entire financial statement report. Please read it in conjunction with the accompanying financial statements.

Financial Highlights

1. The assets of the CRA exceeded its liabilities at the close of the most recent fiscal year by \$458,973 (*net assets*), \$450,992 of which were unrestricted.
2. Comparing fiscal year 2010 with 2009, overall revenues increased \$48,578 to \$250,877 total revenues. This increase in revenue was offset by a significant increase in expenses of \$241,092 to \$245,130 total expenses. In fiscal year 2010, the results of these activities produced an increase in the CRA's total net assets of \$5,747.
3. As of the close of the current fiscal year, the CRA's General Fund reported an ending fund balance of \$450,992 which represents an increase of \$6,030 in comparison with prior year.

Overview of the Financial Statements

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

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

The *statement of net assets* presents information on all of the CRA's assets and liabilities, with the difference between the two being 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 CRA is improving or deteriorating.

The *statement of activities* presents information that demonstrates 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 (for example, amounts due from the Town and increase in current liabilities).

All of the CRA revenues and expenditures are considered to be governmental activities for community redevelopment.

These government-wide financial statements can be found on pages 7-8 of this report.

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 CRA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The CRA is considered a governmental fund.

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 government'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 CRA'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 CRA maintains one individual governmental fund, the General Fund, for its activities.

The CRA adopts an annual appropriated budget for its governmental funds. Budgetary comparison schedules have been provided to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 9-10 of this report.

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. The notes to the financial statements can be found on pages 11-14 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report presents certain *required supplementary information* concerning the CRA's General Fund budgetary comparison schedule. Required supplementary information can be found on page 15 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the CRA, assets exceeded liabilities by \$458,973 at the close of the most recent fiscal year, an increase of \$5,747 over prior year. By far the largest portion of the CRA's net assets (98%) are unrestricted. The CRA uses these resources to implement the Redevelopment Plan.

Summary of Net Assets
September 30, 2010 and 2009

	Governmental Activities		Total	
	2010	2009	2010	2009
Assets				
Current and other assets	\$ 465,749	\$ 449,962	\$ 465,749	\$ 449,962
Capital Assets	7,981	8,264	7,981	8,264
Total assets	<u>473,730</u>	<u>458,226</u>	<u>473,730</u>	<u>458,226</u>
Liabilities				
Current Liabilities	14,757	5,000	14,757	5,000
Total liabilities	<u>14,757</u>	<u>5,000</u>	<u>14,757</u>	<u>5,000</u>
Net assets				
Invested in capital assets	7,981	8,264	7,981	8,264
Unrestricted	450,992	444,962	450,992	444,962
Total Net Assets	<u>\$ 458,973</u>	<u>\$ 453,226</u>	<u>\$ 458,973</u>	<u>\$ 453,226</u>

Government Activities

As mentioned previously and indicated below, governmental activities resulted in a \$5,747 increase in the CRA's total net assets.

Summary of Changes in Net Assets
For the fiscal years ended September 30, 2010 and 2009

	Governmental Activities		Total	
	2010	2009	2010	2009
Revenues:				
General revenues:				
Tax Increment Financing	\$ 250,000	\$ 200,000	250,000	200,000
Miscellaneous Revenue	12	1,483	12	1,483
Interest earnings	865	816	865	816
Total revenue	<u>250,877</u>	<u>202,299</u>	<u>250,877</u>	<u>202,299</u>
Expenses:				
General government	181,682	4,038	181,682	4,038
Economic Environment	63,448	-	63,448	-
Total expenses	<u>245,130</u>	<u>4,038</u>	<u>245,130</u>	<u>4,038</u>
Changes in net assets	5,747	198,261	5,747	198,261
Net assets - beginning	453,226	254,965	453,226	254,965
Net assets - ending	<u>\$ 458,973</u>	<u>\$ 453,226</u>	<u>\$ 458,973</u>	<u>\$ 453,226</u>

The main change in revenue relates to tax increment financing revenue received from the Town and Orange County, Florida. The increase in fiscal year 2010 over prior year is due to increased contributions that were required per the interlocal agreement. General government expenditures increased \$177,644 as the CRA hired new employees who initiated new projects and activities in fiscal year 2010, including repairs and maintenance of the building that housed the CRA employees. This building, while maintained by the CRA, is a capital asset of the Town. Additionally, significant professional fees resulted from a dispute with the Town over tax increment financing payments due.

Financial Analysis of the General Fund

As noted earlier, the CRA uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

The focus of the CRA General Fund is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the CRA financing requirements. At the end of the fiscal year 2010, the CRA had a fund balance of \$450,992. This is a slight increase of 1% from prior year. Expenditures increased due to new projects and activities by \$232,545. As a measure of the CRA's liquidity, it may be useful to compare both unreserved fund balance to total fund expenditures. Unreserved fund balance represents 194% of CRA fund expenditures for 2010. While CRA's net resources have only slightly increased, the CRA still has ample funds available for future expenditures.

General Fund Budgetary Highlights

As the CRA did not make adjustments to its original budget, the original and final budgets were identical in amounts. Overall, revenues were \$877 above final appropriations and expenses were \$5,513 under final appropriations for the year.

Capital Asset and Debt Administration

Long-term Debt: Currently, the CRA has no long-term liabilities. All payables incurred by the CRA are operational and are classified as current liabilities.

Capital Assets: The CRA's investment in capital assets for its governmental activities as of September 30, 2010 amounts to \$7,981 (net of accumulated depreciation). This investment in capital assets includes a concrete sign built for the Catalina Park neighborhood of the Town. Capital assets are discussed in Note 1 on page 12.

Contacting the CRA's Financial Management

This financial report is designed to provide a general overview of the CRA finances and to show the CRA accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Town of Eatonville's Finance Department, 307 W. Kennedy Blvd., Eatonville, Florida 32751.

FINANCIAL STATEMENTS



EATONVILLE COMMUNITY REDEVELOPMENT AGENCY

Statement of Net Assets

September 30, 2010

	Primary Government	
	Governmental Activities	Total Primary Government
Assets		
Current Assets		
Cash and cash equivalents	\$ 196,666	\$ 196,666
Prepaid items	4,372	4,372
Due from the Town	264,711	264,711
Total current assets	<u>465,749</u>	<u>465,749</u>
Noncurrent Assets		
Depreciable capital assets (net of accumulated depreciation)	7,981	7,981
Total noncurrent assets	<u>7,981</u>	<u>7,981</u>
Total assets	<u>473,730</u>	<u>473,730</u>
Liabilities		
Current Liabilities		
Accounts payable	14,757	14,757
Total current liabilities	<u>14,757</u>	<u>14,757</u>
Total liabilities	<u>14,757</u>	<u>14,757</u>
Net assets		
Invested in capital assets	7,981	7,981
Unrestricted	450,992	450,992
Total net assets	<u>\$ 458,973</u>	<u>\$ 458,973</u>

EATONVILLE COMMUNITY REDEVELOPMENT AGENCY
Statement of Activities
Year Ended September 30, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 181,682	\$ -	\$ -	\$ -	\$ (181,682)	\$ (181,682)
Economic environment	63,448	-	-	-	(63,448)	(63,448)
Total primary government	245,130	-	-	-	(245,130)	(245,130)
General revenues:						
Tax Increment Financing					250,000	250,000
Miscellaneous Revenue					12	12
Interest earnings					865	865
Total general revenues					250,877	250,877
Change in net assets					5,747	5,747
Net assets - beginning					453,226	453,226
Net assets - ending					458,973	458,973

EATONVILLE COMMUNITY REDEVELOPMENT AGENCY

**Balance Sheet
Governmental Fund
September 30, 2010**

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 196,666
Prepaid items	4,372
Due from the Town	<u>264,711</u>
Total assets	<u>\$ 465,749</u>
Liabilities and fund balance	
Liabilities:	
Accounts payable	\$ 14,757
Total liabilities	<u>14,757</u>
Fund balance	
Reserved for prepaid items	4,372
Unreserved	<u>446,620</u>
Total fund balance	<u>450,992</u>
Total liabilities and fund balance	<u>\$ 465,749</u>
Total fund balance	\$ 450,992
Capital assets reported in government-wide financial statements	<u>7,981</u>
Net assets of governmental activities	<u>\$ 458,973</u>

EATONVILLE COMMUNITY REDEVELOPMENT AGENCY
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
Year Ended September 30, 2010

	General Fund
Revenues	
Tax Increment Financing	\$ 250,000
Miscellaneous Revenue	12
Interest earnings	865
Total revenues	250,877
Expenditures	
General government	181,399
Economic environment	63,448
Total expenditures	244,847
Net change in fund balance	6,030
Fund balance - beginning	444,962
Fund balance - ending	\$ 450,992
Net change in fund balance	\$ 6,030
Governmental funds report all capital outlay as expenditures. However, in the statements of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	
Depreciation	(283)
Change in net assets of governmental activities	\$ 5,747

EATONVILLE COMMUNITY REDEVELOPMENT AGENCY

Notes to the Financial Statements

Year Ended September 30, 2010

Note 1 – Summary of Significant Accounting Policies

The following is a summary of the more significant accounting policies of the Eatonville Community Redevelopment Agency (the “CRA”), all of which conform to generally accepted accounting principles as applicable to governmental units:

The CRA is a component unit of the Town of Eatonville, Florida (the “Town”). The governing board of the CRA consists of the Town Council members who govern the Town.

On December 16, 1997, the Town adopted a Resolution which created the CRA and designated the Redevelopment Area. The Redevelopment Plan for the Town is intended to formulate and implement a strategy for the CRA, for the comprehensive and coordinated revitalization of the Town’s CRA Redevelopment Area encompassing the entire extent of the Town limits. The Community Redevelopment Area Act (Florida Statutes Chapter 163, Part III), as adopted by the Florida Legislature, provides the legislative authority for local governments to use creative approaches to redevelop unused or underutilized property within their communities. The Act primarily focuses upon overcoming the burdens of deteriorated, older areas of a community by outlining a comprehensive program to provide the legal framework and financing mechanisms for local governments’ use to arrest the deterioration and encourage redevelopment of those “blighted” areas.

Section three, Ordinance #97-08, established the Redevelopment Trust Fund. Funds allocated to and deposited into this fund shall be used by the CRA to finance or refinance any community redevelopment the CRA undertakes in the Redevelopment Area pursuant to the Act and the approved community redevelopment plan, and when directly related to the financing or refinancing of redevelopment in the Redevelopment Area, may be expended for any purpose authorized by the Act.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government 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 CRA considers tax increment financing revenue to be available if collected within sixty days of the end of the current fiscal period and all other revenues to be available if collected with ninety days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The CRA reports the following major governmental fund in the basic financial statements:

General Fund – The General Fund is the operating fund of the CRA. This fund is used to account for all sources and uses of financial resources. Resources are consumed in operations and improvements specifically designated by the CRA.

Program revenues, if applicable, include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues, rather than as program revenues. Likewise, general revenues include all taxes.

EATONVILLE COMMUNITY REDEVELOPMENT AGENCY

Notes to the Financial Statements

Year Ended September 30, 2010

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

The CRA's capital asset, which consists of a \$8,500 sign constructed in 2009, is reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the CRA as assets with an initial individual cost of more than \$1,000, and an estimated useful life in excess of one year.

The sign is depreciated using the straight line method over a 30 year estimated useful life, resulting in \$283 of depreciation during fiscal year 2010 and \$519 of accumulated depreciation at September 30, 2010.

Note 2 – Cash and Cash Equivalents

Deposits consist of demand accounts with a financial institution. Deposits are insured by the Federal Depository Insurance Corporation or by collateral held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer, or other banking institution, eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are deemed as insured or collateralized with securities held by the CRA or its agent in the CRA's name.

Note 3 – Due From the Town

The due from the Town balance of \$264,711 results from services provided to the Town prior to 2009, together with reimbursements of expenditures and \$140,112 of amounts due for excess rebates related to tax increment financing. The Town provided bookkeeping services for the CRA at no charge; there were no other services or charges provided in fiscal year 2010 between the CRA and the Town.

EATONVILLE COMMUNITY REDEVELOPMENT AGENCY

Notes to the Financial Statements

Year Ended September 30, 2010

Note 4 – Deposits and Withdrawals

As required by Florida Statute, additional description of CRA financial information during fiscal year 2010 is as follows:

Source of Deposits

Tax increment financing - Town	\$ 617,160
Tax increment financing - Orange County	394,950
Interest earnings	865
Miscellaneous revenue	12
Total sources	<u>\$ 1,012,987</u>

Purpose of Withdrawals

Tax increment financing rebate - Town	464,716
Tax increment financing rebate - Orange County	297,394
Professional services	100,750
Salaries	50,168
Repairs and maintenance	30,604
Operations	19,886
Marketing and economic analysis	17,500
Neighborhood enhancements	16,573
Travel	9,366
Total withdrawals	<u>\$ 1,006,957</u>

The CRA has not pledged incremental revenues or incurred any debt to carry out its activities.

Note 5 – Contingent Liabilities

The CRA is involved in legal actions and claims arising in the normal course of business. After taking into consideration legal counsel's evaluation of such actions, management is of the opinion that their outcome will not have a significant effect on the CRA's financial statements.

EATONVILLE COMMUNITY REDEVELOPMENT AGENCY

Notes to the Financial Statements

Year Ended September 30, 2010

Note 6 – Tax Increment Financing

The CRA funding is derived by growth in property taxes over the “base year”. The base year for the establishment of the CRA is the 1996 tax roll. Orange County, Florida and the Town are required to make tax increment payments to the CRA trust fund by January 1st of each year in accordance with Florida Statutes. Payments are determined by the 2004 interlocal agreement between the Town, the CRA, and Orange County. In 2010, payment provided \$250,000 of tax increment financing revenue. The 2004 interlocal agreement provides that the payment will effectively provide a net \$250,000 in tax increment financing revenue for fiscal years 2010 through 2014, a net \$300,000 in tax increment financing revenue from 2015 through 2019 and a net \$350,000 in tax increment financing revenue from 2020 through 2027.

Note 7 – Subsequent Events

There was a dispute between the CRA and the Town about the Town not making any annual contributions into the CRA trust fund between 1997 and 2003. The issue had initially been settled in late 2004 with an agreement between Orange County and the Town; however, this settlement was subsequently disputed by the CRA.

On December 6, 2011, the Town passed Resolution 2011-48, which was a joint agreement between the Town and the CRA. The joint resolution ratified the previous resolution from 2004, and the Town Council (which also comprises the majority of the governing body for the CRA) determined that the Town did not owe any money to the CRA beyond what was stipulated in the 2004 settlement. Accordingly, no further obligation from the Town to the CRA is presented.

REQUIRED SUPPLEMENTARY INFORMATION



EATONVILLE COMMUNITY REDEVELOPMENT AGENCY
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts	Variances
	Original	Final		Final Budget Positive/ (Negative)
Resources (inflows)				
Tax Increment Financing	\$ 221,500	\$ 221,500	\$ 250,000	\$ 28,500
Charges for services	28,500	28,500	-	(28,500)
Interest	-	-	865	865
Miscellaneous Revenue	-	-	12	12
Amounts available for appropriations	250,000	250,000	250,877	877
Charges to appropriations (outflows)				
General government	185,000	185,000	181,399	3,601
Capital outlay	65,000	65,000	63,448	1,552
Total charges to appropriations	250,000	250,000	244,847	5,153
Excess (deficiency) of resources over (under) charges to appropriations	\$ -	\$ -	\$ 6,030	\$ 6,030

The budget is prepared on a modified accrual basis consistent with accounting principles generally accepted in the United States of America (GAAP). The level of control (level at which expenditures may not exceed budget) is at the fund level. Unexpended balances of appropriations lapse at year end. Formal budgetary integration is employed as a management control device during the year.

COMPLIANCE SECTION





**Independent Auditors' 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***

Honorable Chairman and Board Members of the
Eatonville Community Redevelopment Agency
Town of Eatonville, Florida:

We have audited the financial statements of the Eatonville Community Redevelopment Agency (the "CRA"), a component unit of the Town of Eatonville, Florida, as of and for the year ended September 30, 2010, and have issued our report thereon dated May 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of control 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 the 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 CRA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of material noncompliance required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of CRA management, the CRA's Board of Directors and applicable state agencies and is not intended to be and should not be used by anyone other than these specified parties.

Cheng, Bohart & Holland, L.L.P.

Orlando, Florida
May 10, 2012



Independent Auditors' Management Letter

Honorable Chairman and Board Members of the
Eatonville Community Redevelopment Agency
Town of Eatonville, Florida:

We have audited the financial statements of the Eatonville Community Redevelopment Agency (the "CRA"), as of and for the year ended September 30, 2010, and have issued our report thereon dated May 10, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated May 10, 2012, should be considered in conjunction with this management letter.

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

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit. There were no findings or recommendations made in the preceding annual financial audit report.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit of the financial statements of the CRA, nothing came to our attention that would cause us to believe that the CRA was in noncompliance with Section 218.415 regarding the investment of public funds.

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

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we noted that the CRA's financial statements were not issued within the one year requirement specified in the Florida Statutes. We did not have any other findings.

Section 10.554(1)(i)6., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. Such disclosure is included in notes to the financial statements.

Section 10.554(1)(i)7.a., *Rules of the Auditor General*, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit of the financial statements of the CRA, the results of our tests did not indicate the CRA met any of the specified conditions of a financial emergency contained in Section 218.503(1), Florida Statutes. However, our audit does not provide a legal determination on the CRA's compliance with the requirement.

Section 10.554(1)(i)7.b., *Rules of the Auditor General*, requires that we determine whether the annual financial report for the CRA for the fiscal year ended September 30, 2010, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2010. Our comparison of the financial report filed with the Florida Department of Financial Services to the CRA's 2010 audited financial statements resulted in no material differences.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), *Rules of the Auditor General*, we applied financial condition assessment procedures as of September 30, 2010. It is management's responsibility to monitor the CRA's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

This letter is intended solely for the information and use of CRA management, Board Members, the Florida Auditor General and applicable state and federal agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Cheng, Behaert & Holland, L.L.P.

Orlando, Florida
May 10, 2012