

**OAKSTEAD COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2009**

**OAKSTEAD COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Oakstead Community Development District
Pasco County, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Oakstead Community Development District, Pasco County, Florida (the "District") as of and for the fiscal year ended September 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2009, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2010, 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.

The management's discussion and analysis and budgetary comparison information 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.



May 20, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Oakstead Community Development District, Pasco County, Florida's ("District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2009. 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 \$14,848,198.
- The change in the District's total net assets in comparison with the prior fiscal year was (\$855,816) a decrease. The key components of the District's net assets and change in net assets are reflected in the table in the government-wide financial statements analysis section.
- At September 30, 2009, the District's governmental funds reported combined ending fund balances of \$1,268,731, a decrease of \$(341,042) in comparison with the prior year. Of the total fund balance, a portion is reserved for debt service, capital projects and other items and the remainder is unreserved which is available for spending at the District's discretion.

OVERVIEW OF FINANCIAL STATEMENTS

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

1) Government-Wide Financial Statements

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

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

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

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

2) Fund Financial Statements

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

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

2) Fund Financial Statements (Continued)

Governmental Funds

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

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

The District currently maintains 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, debt service, and capital project funds are considered to be major funds.

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

3) Notes to the Financial Statements

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

A portion of 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. They are funds set aside for debt service under the District's Bond Indentures. The remaining balance of unrestricted net assets may be used to meet the District's other obligations.

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE INFORMATION (Continued)

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

NET ASSETS SEPTEMBER 30,		
	2009	2008
Assets, excluding capital assets	\$ 1,899,938	\$ 2,316,489
Capital assets, net of depreciation	23,459,366	24,197,637
Total assets	<u>25,359,304</u>	<u>26,514,126</u>
Liabilities, excluding long-term liabilities	323,091	391,481
Long-term liabilities	10,188,015	10,418,631
Total liabilities	<u>10,511,106</u>	<u>10,810,112</u>
Net Assets		
Invested in capital assets, net of related debt	14,062,951	14,950,099
Restricted for debt service	90,048	81,475
Unrestricted	695,199	672,440
Total net assets	<u>\$ 14,848,198</u>	<u>\$ 15,704,014</u>

The change in the District's total net assets during the most recent fiscal year was a decrease. The majority of the change represents the degree to which the cost of operations, including depreciation, and interest on the District's long-term debt exceeded revenues.

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

CHANGES IN NET ASSETS FOR THE FISCAL YEAR END SEPTEMBER 30,		
	2009	2008
Revenues:		
Program revenues		
Charges for services	\$ 1,803,702	\$ 1,821,348
Operating grants and contributions	719	7,546
Capital grants and contribution	14,324	37,644
General revenues	5,250	19,455
Total revenues	<u>1,823,995</u>	<u>1,885,993</u>
Expenses:		
General government	184,634	188,525
Maintenance and operations	1,541,643	1,828,265
Parks and recreation	372,991	
Interest	580,543	591,710
Total expenses	<u>2,679,811</u>	<u>2,608,500</u>
Change in net assets	<u>(855,816)</u>	<u>(722,507)</u>
Net assets, beginning	15,704,014	16,426,521
Net assets, ending	<u>\$ 14,848,198</u>	<u>\$ 15,704,014</u>

As in the prior fiscal year, the majority of the costs of the District's activities were paid by program revenues. In both fiscal years reflected above, program revenues were comprised primarily of assessments. The District also received funds from franchise revenue and interest earned which are reflected in capital grants and contributions and general revenues respectively.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District's general fund includes all activities related to providing management and operating services.

In the table below we have presented the cost of the largest functions/programs as a percentage of total governmental funds.

	FOR THE FISCAL YEAR END SEPTEMBER 30,			
	2009		2008	
General government	\$ 184,634	9%	\$ 188,525	8%
Maintenance and operations	610,742	28%	702,455	31%
Parks and recreation	147,906	7%		
Interest and principal on long-term debt	794,525	37%	795,525	35%
Capital outlay	417,715	19%	588,457	26%
Total	<u>\$ 2,155,522</u>	<u>100%</u>	<u>\$ 2,274,962</u>	<u>100%</u>

Debt service comprised the majority of expenditures for total governmental activities for both the current and prior fiscal years.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. The general fund budget was amended to increase revenues and appropriations by \$9,515.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2009, the District had \$30,169,175 invested in land, infrastructure, buildings, furniture, fixtures and equipment. In the government-wide statements depreciation of \$6,709,809 has been taken, which resulted in a net book value of \$23,459,366. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2009, the District had \$11,475,000 in Bonds outstanding for its governmental activities, a decrease of approximately 2% from the prior year. More detailed information about the District's capital debt is presented in the notes of the financial statements.

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 Oakstead Community Development District's Finance Department at 210 N. University Drive, Suite 702, Coral Springs, Florida, 33071.

**OAKSTEAD COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 425,025
Certificates of deposit	300,000
Investments	12,958
Assessments receivable	9,515
Accounts receivable	2,263
Due from other governments	14,053
Interest receivable	1,349
Deposits	1,055
Restricted assets:	
Investments	627,566
Deferred charges	506,154
Capital assets:	
Nondepreciable	1,500,000
Depreciable, net	21,959,366
Total assets	25,359,304
 LIABILITIES	
Accounts payable	75,038
Accrued interest payable	207,553
Deferred revenue	40,500
Non-current liabilities:	
Due within one year	295,000
Due in more than one year	9,893,015
Total liabilities	10,511,106
 NET ASSETS	
Invested in capital assets, net of related debt	14,062,951
Restricted for debt service	90,048
Unrestricted	695,199
Total net assets	\$ 14,848,198

See notes to the financial statements

**OAKSTEAD COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 184,634	\$ 184,634	\$ -	\$ -	\$ -
Maintenance and operations	1,541,643	805,636		14,324	(721,683)
Parks and recreation	372,991				(372,991)
Interest on long-term debt	580,543	813,432	719		233,608
Total governmental activities	2,679,811	1,803,702	719	14,324	(861,066)
General revenues:					
Unrestricted investment earnings					5,250
Total general revenues					5,250
Change in net assets					(855,816)
Net assets - beginning					15,704,014
Net assets - ending					\$ 14,848,198

See notes to the financial statements

**OAKSTEAD COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
ASSETS				
Cash and cash equivalents	\$ 425,025	\$ -	\$ -	\$ 425,025
Certificates of deposit	300,000			300,000
Investments	12,958	297,601	329,965	640,524
Assessment receivable	9,515			9,515
Accounts receivable	308		1,955	2,263
Due from other government	14,053			14,053
Interest receivable	1,349			1,349
Deposits	1,055			1,055
Due from other funds	1,923			1,923
Total assets	<u>\$ 766,186</u>	<u>\$ 297,601</u>	<u>\$ 331,920</u>	<u>\$ 1,395,707</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 70,987	\$ -	\$ 4,051	\$ 75,038
Deferred revenue	9,515		40,500	50,015
Due to other funds			1,923	1,923
Total liabilities	<u>80,502</u>	<u>-</u>	<u>46,474</u>	<u>126,976</u>
Fund balances:				
Reserved for:				
Debt service		297,601		297,601
Capital projects			285,446	285,446
Other	1,055			1,055
Unreserved, designated for:				
Next year's budget	70,000			70,000
Future improvements and asset replacement	376,614			376,614
Unreserved, undesignated reported in:				
General fund	238,015			238,015
Total fund balances	<u>685,684</u>	<u>297,601</u>	<u>285,446</u>	<u>1,268,731</u>
Total liabilities and fund balances	<u>\$ 766,186</u>	<u>\$ 297,601</u>	<u>\$ 331,920</u>	<u>\$ 1,395,707</u>

See notes to the financial statements

**OAKSTEAD COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009**

Fund balance - governmental funds		\$ 1,268,731
<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 accumulated depreciation, in the net assets of the government as a whole.</p>		
Cost of capital assets	30,169,175	
Accumulated depreciation	<u>(6,709,809)</u>	23,459,366
<p>Assets that are not available to pay for current-period expenditures are deferred in the fund statements</p>		
		9,515
<p>Bond issue costs are not financial resources; and, therefore are not reported as assets in the governmental funds. The statements of net assets includes these costs, net of any amortization.</p>		
Bond issue costs	570,306	
Accumulated amortization	<u>(64,152)</u>	506,154
<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	(207,553)	
Discount on Bonds	199,094	
Amortization of discount on Bonds	(22,392)	
Deferred amount on refunding	1,251,043	
Amortization of deferred amount on refunding	(140,760)	
Bonds payable	<u>(11,475,000)</u>	<u>(10,395,568)</u>
Net assets of governmental activities		<u><u>\$ 14,848,198</u></u>

See notes to the financial statements

**OAKSTEAD COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
REVENUES				
Assessments	\$ 967,376	\$ 813,432	\$ -	\$ 1,780,808
Franchise revenue			13,500	13,500
Interest	5,250	719	824	6,793
Miscellaneous	13,379			13,379
Total revenues	<u>986,005</u>	<u>814,151</u>	<u>14,324</u>	<u>1,814,480</u>
EXPENDITURES				
Current:				
General government	168,831	15,803		184,634
Maintenance and operations	610,742			610,742
Parks and recreation	147,906			147,906
Debt Service:				
Principal		285,000		285,000
Interest		509,525		509,525
Capital outlay	45,282		372,433	417,715
Total expenditures	<u>972,761</u>	<u>810,328</u>	<u>372,433</u>	<u>2,155,522</u>
Excess (deficiency) of revenues over (under) expenditures	13,244	3,823	(358,109)	(341,042)
Fund balances - beginning	<u>672,440</u>	<u>293,778</u>	<u>643,555</u>	<u>1,609,773</u>
Fund balances - ending	<u>\$ 685,684</u>	<u>\$ 297,601</u>	<u>\$ 285,446</u>	<u>\$ 1,268,731</u>

See notes to the financial statements

**OAKSTEAD COMMUNITY DEVELOPMENT DISTRICT
PASCO 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, 2009**

Net change in fund balances - total governmental funds	\$ (341,042)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays and capitalizable maintenance costs as expenditures; however, in the statement of activities, the cost of those assets is eliminated and capitalized as capital assets.	446,385
Depreciation on capital assets is not recognized in the governmental fund statements but is reported as an expense in the statement of activities.	(1,184,656)
Revenues in the statement of activities that do not provide current financial resources are deferred and not reported as revenues in the fund financial statements.	9,515
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.	285,000
Governmental funds report the effect of issuance of costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Amortization of Bond issuance costs	(21,384)
Amortization of discount on refunding Bonds issued	(7,464)
Amortization of deferred amounts on refunding	(46,920)
The change in accrued interest on long-term liabilities between the current and prior fiscal year and the amortization of deferred charges is recorded in the statement of activities but not in the fund financial statements.	<u>4,750</u>
Change in net assets of governmental activities	<u><u>\$ (855,816)</u></u>

See notes to the financial statements

**OAKSTEAD COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Oakstead Community Development District ("District") was created on October 19, 1999 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by Pasco County Ordinance 99-25. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

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

The District is governed by the Board of Supervisors ("Board"), which is composed of five members. The Supervisors are elected on an at large basis by the owners of the property within the District. Ownership of land within the District entitles the owner to one vote per acre. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the responsibility for:

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

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

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 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Assessments

Assessments are non-ad valorem assessments on benefited lands within the District. Assessments are levied to pay for the operations and maintenance of the District. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. The District's annual assessments for operations and debt service are billed and collected by the County Tax Assessor/Collector. The amounts remitted to the District are net of applicable discounts or fees and include interest on monies held from the day of collection to the day of distribution.

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.

Capital Projects Fund

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

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

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Assets or Equity

Restricted Assets

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

Deposits and Investments

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

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

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

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

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

Inventories and Prepaid Items

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

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

Capital Assets

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

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

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

	<u>Assets</u>	<u>Years</u>
Building		30
Infrastructure		30
Furniture, fixtures and equipment		10

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Assets or Equity (Continued)

Capital Assets

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, the District incurred costs totaling \$570,306. In the government-wide financial statements, these amounts have been capitalized and amortized ratably over the estimated life of the Bonds. At September 30, 2009 the District has reported accumulated amortization of \$64,152. In addition, the original issue discount of \$199,094 is being amortized ratably over the estimated life of the Bonds and reported in the government-wide financial statements net of Bonds payable. At September 30, 2009, the accumulated amortization amount was \$22,392.

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, and deferred amounts on refunding.

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.

Deferred Amount on Refunding

For refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The deferred amount is offset against the new liability. In connection with the issuance of certain debt, the District had a deferred amount on refunding of \$1,251,043. In the government-wide financial statements, that amount has been amortized ratably over the estimated life of the Bonds. At September 30, 2009, the District reported an accumulated amortization of \$140,760.

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.

Deferred revenue includes a fee received in a prior year from a cable company for the right to market cable services within the District for a ten year period. The fee of \$135,000 is being amortized over a ten year period. As a result, franchise fee revenue for the fiscal year ended September 30, 2009 was \$13,500 and the deferred revenue balance at September 30, 2009 was \$40,500.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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 - DEPOSITS AND INVESTMENTS

Deposits

The District's cash balances, including the money market accounts and certificates of deposit, 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, 2009:

	<u>Fair Value</u>	<u>Credit Risk</u>	<u>Maturities</u>
Money Market Mutual Fund - First American Government Obligation Fund Class Y	\$ 353,579	S&P AAAM	Weighted average of the fund portfolio: 45 days
US Treasury Bill	273,986	Not Applicable	10/29/2009
Investment in Local Government Surplus Trust Funds Investment Pool - Fund A	1,077	*	*
Investment in Local Government Surplus Trust Funds Investment Pool - Fund B	11,881	*	*
Total Investments	<u>\$ 640,524</u>		

NOTE 3 - CASH 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 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. Fund B is not rated by any nationally recognized statistical rating agency.

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 is considered a 2a7-like fund and the District has reported its investment in Fund A at the same value as the pooled shares allocated to the District. The estimated weighted average maturity of the fund portfolio is 33 days. Fund B is accounted for as a fluctuating NAV pool and the fair value factor for September 30, 2009 was .54915069. The net unrealized loss is approximately (\$5,357) and it has not been recorded in the financial statements. The weighted average life of the fund is 6.69 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 a policy which limits the type of instruments which can be used for the investment of excess public funds. The money market mutual funds are not evidenced by securities that exist in physical or book entry form. The U.S. Treasury investment is 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 4 - CAPITAL ASSETS

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

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000
Total capital assets, not being depreciated	1,500,000	-	-	1,500,000
Capital assets, being depreciated				
Water control systems	11,840,408			11,840,408
Roadways and street lights	10,002,128			10,002,128
Bridges and culverts	1,041,274			1,041,274
Security and landscaping	3,448,250	58,450		3,506,700
Recreational infrastructure	839,925	360,642		1,200,567
Buildings	840,618			840,618
Furniture, fixtures and equipment	210,187	27,293		237,480
Total capital assets, being depreciated	28,222,790	446,385	-	28,669,175
Less accumulated depreciation for:				
Water control systems	(1,905,612)	(394,680)		(2,300,292)
Roadways and street lights	(1,664,965)	(333,404)		(1,998,369)
Bridges and culverts	(160,422)	(34,709)		(195,131)
Security and landscaping	(1,356,402)	(344,825)		(1,701,227)
Recreational infrastructure	(138,873)	(27,998)		(166,871)
Buildings	(196,391)	(28,021)		(224,412)
Furniture, fixtures and equipment	(102,488)	(21,019)		(123,507)
Total accumulated depreciation	(5,525,153)	(1,184,656)	-	(6,709,809)
Total capital assets, being depreciated, net	22,697,637	(738,271)	-	21,959,366
Governmental activities capital assets, net	\$ 24,197,637	\$ (738,271)	\$ -	\$ 23,459,366

In connection with the issuance of the 2006 Capital Improvement and Refunding Revenue Bonds discussed in Note 5, the funds of approximately \$2,200,000 were apportioned to the capital project fund for the acquisition, replacement, and repair of certain capital assets. The majority of the additions for the fiscal year ended September 30, 2009 were related to those improvements.

Depreciation was charged to function/programs as follows:

Maintenance and operations	\$ 959,571
Parks and recreation	225,085
Total depreciation expense	<u>1,184,656</u>

NOTE 5 - LONG TERM LIABILITIES

On September 7, 2007, the District issued Capital Improvement and Refunding Revenue Bonds consisting of \$6,520,000 Series 2006A-1 and \$5,780,000 Series 2006 A-2. The Series 2006 Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District and to refund \$5,400,000 of the Capital Improvement Revenue Bonds, Series 2000A and \$4,820,000 of the Capital Improvement Revenue Bonds, Series 2002A. The Series 2006 Bonds bear interest at rates from 3.6% to 4.5%. Interest is paid semiannually on each May 1 and November 1, commencing November 1, 2006. Principal on the 2006 Bonds is paid serially, and the Bonds mature at various dates through May 1, 2033.

The Series 2006 Bonds maturing on or after May 1, 2017 are subject to redemption at the option of the District, in whole or in part, at any time on or after May 1, 2016 at a redemption price as set forth in the Bond Indenture. The Bonds are also subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

NOTE 5 - LONG TERM LIABILITIES (Continued)

The Bond Indenture established a debt service reserve requirement and has certain 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 reserve requirement has been met through the purchase of a debt service reserve surety insurance policy. 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 is in compliance with the requirements of the Bond Indenture as of September 30, 2009.

In connection with the issuance of the Series 2006 Bonds certain amounts were placed in an escrow account for the purpose of repaying the refunded bonds. At September 30, 2009 the balance owed on the defeased debt was approximately \$9,775,000.

Changes in long-term liability activity for the fiscal year ended September 30, 2009 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2006 A1	\$ 6,225,000		\$ (155,000)	\$ 6,070,000	\$ 160,000
Series 2006 A2	5,535,000		(130,000)	5,405,000	135,000
Less deferred amounts:					
For issuance discount	(184,166)		7,464	(176,702)	
On refunding	(1,157,203)		46,920	(1,110,283)	
Total	<u>\$ 10,418,631</u>	<u>\$ -</u>	<u>\$ (230,616)</u>	<u>\$ 10,188,015</u>	<u>\$ 295,000</u>

At September 30, 2009, the scheduled debt service requirements on the long - term debt were as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2010	\$ 295,000	\$ 498,124	\$ 793,124
2011	305,000	486,324	791,324
2012	320,000	475,268	795,268
2013	330,000	463,268	793,268
2014	340,000	450,894	790,894
2015-2019	1,935,000	2,038,842	3,973,842
2020-2024	2,415,000	1,581,074	3,996,074
2025-2029	3,020,000	985,950	4,005,950
2030-2033	2,515,000	260,996	2,775,996
Total	<u>\$ 11,475,000</u>	<u>\$ 7,240,740</u>	<u>\$ 18,715,740</u>

NOTE 6 - LEASE AGREEMENT

In September 2008, the District ("Lessor") entered into a lease agreement with the Pasco County School Board ("Lessee") for the lease of certain property within District boundaries that is also adjacent to a county school. The Lessee is permitted to use the leased premises solely as a park and to install certain park improvements (i.e. picnic tables, picnic shelter, and playground equipment). In regards to the District's potential liability, the Lessee assumes all liability and is required to maintain both a public liability insurance policy and a fire/casualty insurance policy throughout the life of the agreement. The lease term is for a five year period commencing on July 1, 2008 and ending on June 30, 2013 with annual rent of one dollar (\$1.00). The lease may be renewed.

NOTE 7 - DEVELOPER ASSESSMENTS

The Developer owns a minor portion of land within the District. The assessments on that land for the fiscal year ended September 30, 2009 for the general fund were approximately \$9,515. As of September 30, 2009 \$9,515 remains payable to the District and is reported as deferred revenue on the fund financial statements.

NOTE 8 - 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 9 - 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.

**OAKSTEAD COMMUNITY DEVELOPMENT DISTRICT
PASCO COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 961,922	\$ 971,437	\$ 967,376	\$ (4,061)
Interest	15,000	15,000	5,250	(9,750)
Miscellaneous	5,200	5,200	13,379	8,179
Total revenues	<u>982,122</u>	<u>991,637</u>	<u>986,005</u>	<u>(5,632)</u>
EXPENDITURES				
Current:				
General government	191,465	191,465	168,831	22,634
Maintenance and operations	686,575	691,332	610,742	80,590
Parks and recreation	152,082	156,840	147,906	8,934
Capital outlay	12,000	12,000	45,282	(33,282)
Total expenditures	<u>1,042,122</u>	<u>1,051,637</u>	<u>972,761</u>	<u>78,876</u>
Excess (deficiency) of revenues over (under) expenditures	(60,000)	(60,000)	13,244	73,244
OTHER FINANCING SOURCES				
Use of fund balance	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>(60,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	13,244	<u>\$ 13,244</u>
Fund balance - beginning			<u>672,440</u>	
Fund balance - ending			<u>\$ 685,684</u>	

See notes to required supplementary information

**OAKSTEAD COMMUNITY DEVELOPMENT DISTRICT
PASCO 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, 2009. The general fund budget was amended to increase revenues and appropriations by \$9,515.

**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
Oakstead Community Development District
Pasco County, Florida

We have audited the financial statements of the governmental activities and each major fund of Oakstead Community Development District, Pasco County, Florida ("District") as of and for the fiscal year ended September 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 20, 2010. 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 control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 of the management, Board of Supervisors of Oakstead Community Development District, Pasco 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.

A handwritten signature in blue ink, appearing to read "D. P. Cant".

May 20, 2010

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

To the Board of Supervisors
Oakstead Community Development District
Pasco County, Florida

We have audited the accompanying basic financial statements of Oakstead Community Development District, Pasco County, Florida, ("District") as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated May 20, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In addition, we have issued our Report on Internal Control over Financial Reporting and Compliance and Other Matters dated May 20, 2010. 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 Oakstead Community Development District, Pasco 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 Oakstead Community Development District, Pasco 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.



May 20, 2010

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, 2008.

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, 2009.

4. Violations of provisions of contracts or grant agreements, or abuse 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, 2009.

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 laws, regulations, and contracts or grant agreements, or abuse that have occurred, or are likely to have occurred.

- b. Control deficiencies 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, 2009.

REPORT TO MANAGEMENT (Continued)

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, 2009 financial audit report.
8. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
9. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and no deteriorating financial conditions were noted. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.