

**Sampson Creek  
Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2010**

**Sampson Creek Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2010**

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## **Report of Independent Auditors**

To the Board of Supervisors  
Sampson Creek Community Development District  
St. Johns County, Florida

We have audited the accompanying basic financial statements of Sampson Creek Community Development District (the "District") as of and for the year ended September 30, 2010, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated July 19, 2011 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

To the Board of Supervisors  
Sampson Creek Community Development District

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Berger, Toombs, Elam,  
Gaines & Frank*

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

July 19, 2011

**Sampson Creek Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2010**

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The District's basic financial statements comprise three components; 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to financial statements*. The *Government-wide financial statements* present an overall picture of the District's financial position and results of operations. The *Fund financial statements* present financial information for the District's major funds. The *Notes to financial statements* provide additional information concerning the District's finances.

The *Government-wide financial statements* are the **statement of net assets** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net assets of governmental activities and the change in net assets. Governmental activities are primarily supported by special assessments.

The **statement of net assets** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net assets. Net assets are reported in three categories; 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Assets, liabilities, and net assets are reported for all Governmental activities.

**The statement of activities** presents information on all revenues and expenses of the District and the change in net assets. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities. Governmental activities financed by the District include general government, physical environment and interest on long term debt.

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

**Sampson Creek Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2010**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

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

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

**Financial Highlights**

The following are the highlights of financial activity for the year ended September 30, 2010.

- ◆ The District's total assets exceeded total liabilities by \$7,207,840 (net assets). Unrestricted net assets for Governmental Activities were \$770,145. Invested in capital assets, net of related debt was \$6,399,990. Restricted net assets were \$37,705.
- ◆ Governmental activities revenues totaled \$1,550,279 while governmental activities expenses totaled \$1,791,633.

**Sampson Creek Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2010**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District**

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

**Net Assets**

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
Current assets	\$ 1,054,123	\$ 778,053
Restricted assets	172,523	182,553
Capital assets	12,511,550	13,107,646
Other non-current assets	<u>508,968</u>	<u>551,806</u>
Total Assets	<u>14,247,164</u>	<u>14,620,058</u>
Current liabilities	424,051	380,936
Non-current liabilities	<u>6,615,273</u>	<u>6,789,928</u>
Total Liabilities	<u>7,039,324</u>	<u>7,170,864</u>
Net assets - invested in capital assets, net of related debt	6,399,990	7,199,202
Net assets - restricted	37,705	44,374
Net assets - unrestricted	<u>770,145</u>	<u>205,618</u>
Total Net Assets	<u>\$ 7,207,840</u>	<u>\$ 7,449,194</u>

The increase in current assets is related to the excess of revenues over expenditures in the current year.

The decrease in total assets is related to amortization and depreciation on capital assets and bond issuance costs.

The decrease in non-current liabilities is related to principal payments on the debt in the current year.

**Sampson Creek Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2010**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District (Continued)**

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

	<b>Financial Activity</b>	
	<b><u>Governmental Activities</u></b>	
	<b><u>2010</u></b>	<b><u>2009</u></b>
Program Revenues		
Charges for services	\$ 1,506,886	\$ 1,495,561
General Revenues		
Investment earnings	1,372	11,103
Miscellaneous	<u>42,021</u>	<u>41,650</u>
Total Revenues	<u>1,550,279</u>	<u>1,548,314</u>
Expenses		
General government	115,483	111,913
Physical environment	1,250,498	1,254,231
Interest on long-term debt	<u>425,652</u>	<u>459,403</u>
Total Expenses	<u>1,791,633</u>	<u>1,825,547</u>
Change in Net Assets	(241,354)	(277,233)
Net Assets - Beginning of Year	<u>7,449,194</u>	<u>7,726,427</u>
Net Assets - End of Year	<u><u>\$ 7,207,840</u></u>	<u><u>\$ 7,449,194</u></u>

The decrease in expenses was related to the decrease in interest expense.

**Sampson Creek Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2010**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Capital Assets Activity**

The following schedule provides a summary of the District's capital assets activity as of September 30, 2010:

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Capital assets not being depreciated:		
Land improvements	\$ 1,648,125	\$ 1,648,125
Capital assets being depreciated:		
Improvements other than buildings	14,907,504	14,907,504
Equipment	33,806	33,806
Accumulated depreciation	(4,077,885)	(3,481,789)
Total Capital Assets	<u>\$ 12,511,550</u>	<u>\$ 13,107,646</u>

There were no new additions or deletions during the year, and depreciation expense was \$596,096.

**General Fund Budgetary Highlights**

The budget exceeded governmental expenditures primarily because of lower operating costs than were expected.

**Debt Management**

Governmental Activities debt includes the following:

- ◆ In December 2006, the District issued \$8,055,000 Series 2006 Capital Improvement Revenue Refunding Bonds. These bonds were issued to advance refund the Series 2000A and 2002A Capital Improvement Revenue Bonds which were issued to fund certain infrastructure and facilities benefitting the lands of the District. The balance outstanding at September 30, 2010 was \$7,280,000.

**Economic Factors and Next Year's Budget**

Sampson Creek Community Development District does not expect any economic factors to have any significant effect on the financial position or results of operations of the District in fiscal year 2011.

**Sampson Creek Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2010**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Request for Information**

The financial report is designed to provide a general overview of Sampson Creek Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Sampson Creek Community Development District, Governmental Management Services, 475 West Town Place, Suite 111, St. Augustine, FL 32092.

**Sampson Creek Community Development District**  
**STATEMENT OF NET ASSETS**  
**September 30, 2010**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 44,582
Investments	982,432
Accounts receivable	26,271
Interest receivable	18
Deposits	820
Total Current Assets	1,054,123
Non-current Assets:	
Restricted assets:	
Investments	172,523
Bond issuance costs, net	508,968
Capital assets not being depreciated:	
Land improvements	1,648,125
Capital assets being depreciated:	
Improvements other than buildings	14,907,504
Equipment	33,806
Less: accumulated depreciation	(4,077,885)
Total Non-current Assets	13,193,041
Total Assets	14,247,164
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	65,310
Deferred revenue	2,959
Accrued interest payable	140,782
Bonds payable	215,000
Total Current Liabilities	424,051
Non-current liabilities:	
Bonds payable	6,615,273
Total liabilities	7,039,324
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	6,399,990
Restricted for debt service	37,705
Unrestricted	770,145
Total Net Assets	\$ 7,207,840

See accompanying notes.

**Sampson Creek Community Development District**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2010**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenues and Changes in Net Assets Governmental Activities</u>
Governmental Activities			
General government	\$ (115,483)	\$ 153,362	\$ 37,879
Physical environment	(1,250,498)	792,358	(458,140)
Interest on long-term debt	(425,652)	561,166	135,514
Total governmental Activities	<u>\$ (1,791,633)</u>	<u>\$ 1,506,886</u>	<u>(284,747)</u>
	<b>General revenues:</b>		
			1,372
			42,021
			<u>43,393</u>
			(241,354)
			7,449,194
			<u>\$ 7,207,840</u>

See accompanying notes.

**Sampson Creek Community Development District**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2010**

<b>ASSETS</b>	General	Debt Service	Total Governmental Funds
Cash and cash equivalents	\$ 44,582	\$ -	\$ 44,582
Investments	982,432	-	982,432
Accounts receivable	20,325	5,946	26,271
Accrued interest receivable	-	18	18
Deposits	820	-	820
Restricted investments	-	172,523	172,523
Total Assets	<u>\$1,048,159</u>	<u>\$178,487</u>	<u>\$ 1,226,646</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 65,310	\$ -	\$ 65,310
Deferred revenue	2,959	-	2,959
Total Liabilities	<u>68,269</u>	<u>-</u>	<u>68,269</u>
 <b>FUND BALANCES</b>			
Reserved for:			
Debt service	-	178,487	178,487
Unreserved and undesignated	979,890	-	979,890
Total Fund Balances	<u>979,890</u>	<u>178,487</u>	<u>1,158,377</u>
Total Liabilities and Fund Balances	<u>\$1,048,159</u>	<u>\$178,487</u>	<u>\$ 1,226,646</u>

See accompanying notes.

**Sampson Creek Community Development District  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
September 30, 2010**

Total Governmental Fund Balances	\$ 1,158,377
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets not being depreciated (land improvements (\$1,648,125)), used in governmental activities are not financial resources and; therefore, are not reported in the funds.	1,648,125
Capital assets being depreciated (improvements other than building (\$14,907,504) and equipment (\$33,806) net of accumulated depreciation (\$4,077,885)) used in governmental activities are not financial resources and; therefore, are not reported in the funds.	10,863,425
Bond issuance costs (\$664,775) less accumulated amortization (\$155,807) used in governmental activities are not financial resources and; therefore, are not reported in the funds.	508,968
Long-term liabilities, including bonds payable (\$7,280,000), plus net bond premium (\$119,112) less net deferred amount on refunding(\$568,839) are not due and payable in the current period and; therefore, are not reported in the funds.	(6,830,273)
Accrued interest expense for long-term debt is not a financial use and; therefore, is not reported in the funds.	<u>(140,782)</u>
Net Assets of Governmental Activities	<u><u>\$ 7,207,840</u></u>

*See accompanying notes.*

**Sampson Creek Community Development District  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
For the Year Ended September 30, 2010**

	General	Debt Service 2006	Total Governmental Funds
Revenues			
Special assessments	\$ 945,720	\$ 561,166	\$ 1,506,886
Investment earnings	1,150	222	1,372
Miscellaneous	42,021	-	42,021
Total Revenues	<u>988,891</u>	<u>561,388</u>	<u>1,550,279</u>
Expenditures			
Current			
General government	124,848	-	124,848
Physical environment	645,037	-	645,037
Debt service			
Principal	-	210,000	210,000
Interest	-	345,750	345,750
Total Expenditures	<u>769,885</u>	<u>555,750</u>	<u>1,325,635</u>
Net change in fund balances	219,006	5,638	224,644
Other financing sources/(uses)			
Transfers in	15,588	-	15,588
Transfers out	-	(15,588)	(15,588)
Total Other Financing Sources/(Uses)	<u>15,588</u>	<u>(15,588)</u>	<u>-</u>
Net change in fund balances	234,594	(9,950)	224,644
Fund Balances - October 1, 2009	<u>745,296</u>	<u>188,437</u>	<u>933,733</u>
Fund Balances - September 30, 2010	<u><u>\$ 979,890</u></u>	<u><u>\$ 178,487</u></u>	<u><u>\$ 1,158,377</u></u>

See accompanying notes.

**Sampson Creek Community Development District**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2010**

Net Change in Fund Balances - Total Governmental Funds \$ 224,644

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation in the current period. (596,096)

Governmental funds report bond issuance costs as expenditures. However, in the Statement of Activities, the cost of those assets are allocated based on an effective interest rate as amortization expense. This is the amount of amortization in the current period. (42,838)

Repayment of long-term liabilities are reported as expenditures in the governmental fund statement but such repayments reduce liabilities in the statement of net assets. 210,000

Amortization expense of a bond premium does not require the use of current resources and therefore is not reported in the governmental funds. This is the amount of amortization in the current period. 6,055

The deferred amount of refunding is a deferred liability and is amortized in the Statement of Activities, but not in the governmental funds. This is the amount of amortization in the current year. (46,400)

In the Statement of Activities, interest is accrued on outstanding bonds; whereas in governmental funds, interest expenditures are reported when due. This is the change in accrued interest from the prior year. 3,281

Change in Net Assets of Governmental Activities \$ (241,354)

*See accompanying notes.*

**Sampson Creek Community Development District  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND**

**For the Year Ended September 30, 2010**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues				
Special assessments	\$ 916,438	\$916,438	\$ 945,720	\$ 29,282
Investment earnings	3,500	3,500	1,150	(2,350)
Miscellaneous	34,500	34,500	42,021	7,521
Total Revenues	<u>954,438</u>	<u>954,438</u>	<u>988,891</u>	<u>34,453</u>
Expenditures				
Current				
General government	115,628	115,628	124,848	(9,220)
Physical environment	846,101	846,101	645,037	201,064
Total Expenditures	<u>961,729</u>	<u>961,729</u>	<u>769,885</u>	<u>191,844</u>
Net change in fund balances	(7,291)	(7,291)	219,006	226,297
Other financing sources/(uses)				
Transfers in	7,291	7,291	15,588	8,297
Total Other Financing Sources/(Uses)	<u>7,291</u>	<u>7,291</u>	<u>15,588</u>	<u>8,297</u>
Net change in fund balances	-	-	234,594	234,594
Fund Balances - October 1, 2009	<u>-</u>	<u>-</u>	<u>745,296</u>	<u>745,296</u>
Fund Balances - September 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$979,890</u>	<u>\$ 979,890</u>

See accompanying notes.

**Sampson Creek Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

**1. Reporting Entity**

The District was created on August 1, 2000, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing or re-constructing, enlarging or extending, equipping, operating and maintaining water management, bridges or culverts, district roads, landscaping, street lights and other basic infrastructure projects within or without the boundaries of the Sampson Creek Community Development District. The District is governed by a five-member Board of Supervisors who are elected on an at-large basis in a general election by qualified electors within the District. The District operates within the criteria established by Chapter 190.

As required by GAAP, these financial statements present the Sampson Creek Community Development District (the primary government) as a stand-alone government. The reporting entity for the District includes all functions of government in which the District's Board exercises oversight responsibility including, but not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based upon the application of the above-mentioned criteria as set forth in Governmental Accounting Standards Board Statement Number 14, The Financial Reporting Entity, the District has identified no component units.

**2. Measurement Focus and Basis of Accounting**

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

**Sampson Creek Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**a. Government-wide Financial Statements**

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include all the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities are supported by special assessments. Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the Statement of Activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

**b. Fund Financial Statements**

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

**Sampson Creek Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds**

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

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

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources are expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

Debt service expenditures are recorded only when payment is due.

**Sampson Creek Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. Basis of Presentation**

**a. Governmental Major Funds**

General Fund - The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund - Accounts for debt service requirements to retire the revenue refunding bonds which were used to refund the capital improvement bonds issued to finance the construction of District infrastructure improvements.

**b. Non-current Governmental Assets/Liabilities**

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

**4. Assets, Liabilities, and Net Assets or Equity**

**a. Cash and Investments**

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

The District is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

**Sampson Creek Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Liabilities, and Net Assets or Equity (Continued)**

**b. Restricted Assets**

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

**c. Capital Assets**

Capital assets, which include land improvements, improvements other than buildings, and equipment are reported in governmental activities.

The District defines capital assets as assets with an initial, individual cost of \$750 or more and an estimated useful life in excess of one year. The valuation basis for all assets is historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Depreciation of capital assets is computed and recorded by utilizing the straight-line method over the assets' estimated useful lives ranging from 5 to 30 years.

**d. Bond Premiums and Issuance Costs**

Bond premiums and legal fees associated with the issuance of bonds are amortized over the life of the bonds using the effective interest method of accounting.

**e. Budgets**

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190 and Section 200.065, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. Formal budgets are adopted for the general fund. The legal level of budgetary control is at the fund level. As a result, deficits in the budget columns of the accompanying financial statements may occur. All budgeted appropriations lapse at year end.

**Sampson Creek Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Liabilities, and Net Assets or Equity (Continued)**

**f. Net Assets**

Net assets represent the difference between assets and liabilities and are reported in three categories. Net assets invested in capital assets, net of related debt, represent capital assets, net of accumulated depreciation and any outstanding debt related to those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by legislation, or external restrictions imposed by other governments, creditors, or grantors. Unrestricted net assets are assets that do not meet definitions of the classifications previously described.

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets**

“Total fund balances” of the District’s governmental funds (\$1,158,377) differs from “net assets” of governmental activities (\$7,207,840) reported in the Statement of Net Assets. This difference primarily results from the long-term economic focus of the Statement of Net Assets versus the current financial resources focus of the Governmental Fund Balance Sheet. The effect of the differences is illustrated below.

**Capital related items**

When capital assets (improvements and equipment that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Assets includes those capital assets among the assets of the District as a whole.

Land Improvements	\$ 1,648,125
Improvements other than buildings	14,907,504
Equipment	33,806
Accumulated depreciation	<u>(4,077,885)</u>
Total	<u><u>\$ 12,511,550</u></u>

**Sampson Creek Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2010**

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets (Continued)**

**Bond issuance costs**

When intangible assets (legal fees, trustee fees, discounts or premiums and other bond related costs to be used in governmental activities) are expended, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Assets includes those intangible assets of the District as a whole.

Bond issuance costs	\$ 664,775
Amortization expense	<u>(155,807)</u>
Total	<u><u>\$ 508,968</u></u>

**Long-term debt transactions**

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Assets. Balances at September 30, 2010 were:

Bonds payable	\$ (7,280,000)
Bond premium, net	(119,112)
Deferred amount on refunding, net	<u>568,839</u>
Total	<u><u>\$ (6,830,273)</u></u>

**Accrued interest**

Accrued liabilities in the Statement of Net Assets differ from the amount reported in governmental funds due to the accrued interest on bonds.

Accrued interest	<u><u>\$ (140,782)</u></u>
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**2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities**

The "net change in fund balances" for government funds (\$224,644) differs from the "change in net assets" for governmental activities (\$(241,354)) reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

**Sampson Creek Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2010**

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities (Continued)**

**Capital related items**

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.

Depreciation expense	\$ <u>(596,096)</u>
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**Bond issuance costs**

Amortization expense of the bond issuance costs does not require the use of current resources and therefore are not reported in the governmental funds.

Amortization of bond issuance cost	\$ <u>(42,838)</u>
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**Long-term debt transactions**

Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Net decrease in accrued interest payable	\$ <u>3,281</u>
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Repayment 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.

Debt principal payments	\$ <u>210,000</u>
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Amortization expense of the bond premium and the deferred amount on refunding does not require the use of current resources and therefore are not reported in the governmental funds.

Amortization of bond premium	\$ 6,055
Amortization of deferred amount on refunding	<u>(46,400)</u>
Total	<u>\$ (40,345)</u>

**Sampson Creek Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2010**

**NOTE C – CASH AND DEPOSITS**

All deposits are held in qualified public depositories and are included on the accompanying balance sheet as cash and investments.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District follows the provisions of Chapter 280, Florida Statutes regarding deposits and investments to manage custodial credit risk. The District maintains all deposits in a qualified public depository, so that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes. As of September 30, 2010, the District's bank balance was \$50,845 and the carrying value was \$44,582.

As of September 30, 2010, the District had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Cost</u>
Local Government Surplus Trust Fund			
Investment Pool - LGIP	N/A	\$ 479,240	\$ 479,240
First American Prime			
Obligation Fund, Class Z	N/A	<u>675,715</u>	<u>675,715</u>
		<u>\$ 1,154,955</u>	<u>\$ 1,154,955</u>

Investments

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes. Among other investments, the policy allows the District to invest in the State Board of Administration Local Government Surplus Trust Funds.

Cash placed with the State Board of Administration represents the District's participation in the Local Government Surplus Trust Funds Investment Pool and is reported at fair value. As a pool participant the District invests in pools of investments in which shares are owned in the pool rather than the underlying investments.

Interest Rate Risk

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

**Sampson Creek Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2010**

**NOTE C – CASH AND DEPOSITS (CONTINUED)**

Credit Risk

The District's investments in treasury funds, commercial paper, and government loans are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. The Local Government Surplus Funds Trust is an authorized investment under Section 218.415, Florida Statutes. The District's investments in the state investment pool and government loans are limited by state statutory requirements and bond compliance. The District had monies invested with the Local Government Surplus Funds Trust Fund (Fund), at September 30, 2010. This fund met the requirements of a "2-7a like pool" as defined in Government Accounting Standards Board, Statement 31.

Concentration of Credit Risk

The District places no limit on the amount it may invest. The investment in First American Government Obligation Funds represents 59% of the District's total investments. The investment in Local Government Surplus Funds Trust represents 41% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2010 were typical of these items during the fiscal year then ended. As of September 30, 2010, the District's investment in the First American Government Obligation Fund was rated AAAM by Standard & Poor's. The District considers any decline in fair value for certain investments to be temporary.

**NOTE D – SPECIAL ASSESSMENT REVENUES**

Assessments are non-ad valorem assessments on benefitted property within the District. Operating and Maintenance Assessments are based upon adopted budget and levied annually at a public hearing of the District. Debt Service Assessments are levied when bonds are issued and collected annually for the term of the bond. The District may collect assessments directly or utilize the uniform method of collection (Chapter 197.3632, Florida Statutes). Direct collected assessments are due as determined by annual assessment resolution adopted by the Board of Supervisors. Assessments collected under the uniform method are mailed by County Tax Collector on November 1 and due on or before March 31 of each year. Property owners may prepay a portion or all of the Debt Service Assessments on their property subject to various provisions in the bond documents.

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only 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.

**Sampson Creek Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2010**

**NOTE E – CAPITAL ASSETS**

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

	Balance 9/30/09	Additions	Deletion	Balance 09/30/10
<u>Governmental Activities:</u>				
Capital assets, not depreciated:				
Land and improvements	\$ 1,648,125	\$ -	\$ -	\$ 1,648,125
Total Capital Assets, Not Depreciated	<u>1,648,125</u>	<u>-</u>	<u>-</u>	<u>1,648,125</u>
Capital assets, being depreciated:				
Improvements other than building	14,907,504	-	-	14,907,504
Equipment	33,806	-	-	33,806
Total Capital Assets, Being Depreciated	<u>14,941,310</u>	<u>-</u>	<u>-</u>	<u>14,941,310</u>
Total Capital Assets	<u>\$ 16,589,435</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,589,435</u>
Less accumulated depreciation for:				
Improvements other than building	\$ (3,457,010)	\$ (593,087)	\$ -	\$ (4,050,097)
Equipment	(24,779)	(3,009)	-	(27,788)
Total Accumulated Depreciation	<u>(3,481,789)</u>	<u>(596,096)</u>	<u>-</u>	<u>(4,077,885)</u>
Total Capital Assets Depreciated, Net	<u>11,459,521</u>	<u>(596,096)</u>	<u>-</u>	<u>10,863,425</u>
Governmental Activities Capital Assets	<u>\$ 13,107,646</u>	<u>\$ (596,096)</u>	<u>\$ -</u>	<u>\$ 12,511,550</u>

Depreciation expense of \$596,096 was allocated to physical environment.

**NOTE F – LONG-TERM DEBT**

The following is a summary of debt activity for the District for the year ended September 30, 2010:

	Balance 10/1/2009	Additions	Deletions	Balance 9/30/2010
<u>Governmental Funds:</u>				
Bonds payable:				
Series 2006	\$ 7,490,000	\$ -	\$ (210,000)	\$ 7,280,000
Premium	125,167	-	(6,055)	119,112
Less Deferred amount on refunding	<u>(615,239)</u>	<u>-</u>	<u>46,400</u>	<u>(568,839)</u>
Governmental Funds Liabilities	<u>\$ 6,999,928</u>	<u>\$ -</u>	<u>\$ (169,655)</u>	<u>\$ 6,830,273</u>

District debt is comprised of the following at September 30, 2010:

**Sampson Creek Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2010**

**NOTE F – LONG-TERM DEBT (CONTINUED)**

**Special Assessment Refunding Bond**

\$8,055,000 Series 2006 Capital Improvement Revenue Refunding Bonds maturing through 2031, interest between 3.5% and 5.0%, payable May 1 and November 1.	<u>\$ 7,280,000</u>
Less:	
Deferred amount on refunding, net	(568,839)
Plus:	
Bond premium, net	<u>119,112</u>
Total	<u><u>\$ 6,830,273</u></u>

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2010 are as follows:

Year Ending September 30,	Principal	Interest	Total
2011	\$ 215,000	\$ 337,875	\$ 552,875
2012	225,000	329,813	554,813
2013	235,000	321,375	556,375
2014	240,000	312,563	552,563
2015-2019	1,370,000	1,404,613	2,774,613
2020-2024	1,745,000	1,039,700	2,784,700
2025-2029	2,205,000	596,300	2,801,300
2030-2031	1,045,000	79,000	1,124,000
Totals	<u>\$ 7,280,000</u>	<u>\$ 4,421,239</u>	<u>\$ 11,701,239</u>

Significant Bond Provisions

The Bond Indenture established certain amounts be maintained in a reserve account. The reserve requirements are met by the purchase of bond reserve insurance. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt in accordance with Bond Indenture.

**Sampson Creek Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2010**

**NOTE G – RELATED PARTIES**

The District has contracted with a management company to perform management advisory services, which include financial and accounting advisory 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 H – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

**NOTE I – DEFEASED DEBT OUTSTANDING**

In prior years, the District has defeased certain debt, the proceeds of which were placed in an escrow account to provide for all future debt service payments on the Series 2000A and 2002A defeased bonds. As such, the escrowed assets and related liability are not included in the accompanying financial statements. At September 30, 2010 the amount held in the escrow account had a fair value of \$289,900.



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**INDEPENDENT AUDITOR'S 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  
Sampson Creek Community Development District  
St. Johns County, Florida

We have audited the financial statements of Sampson Creek Community Development District as of and for the year ended September 30, 2010 and have issued our report thereon dated July 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered Sampson Creek Community Development District'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 Sampson Creek Community Development District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sampson Creek Community Development District's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

*A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

To the Board of Supervisors  
Sampson Creek Community Development District

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Sampson Creek Community Development District'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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the entity and is not intended to be and should not be used by anyone other than those specified parties.

*Berger, Toombs, Elam,  
Gaines & Frank*

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

July 19, 2011



# Berger, Toombs, Elam, Gaines & Frank

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## Management Letter

To the Board of Supervisors  
Sampson Creek Community Development District  
St. Johns County, Florida

We have audited the financial statements of the Sampson Creek Community Development District, Florida as of and for the year ended September 30, 2010, and have issued our report thereon dated July 19, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report which is dated July 19, 2011 should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General. Those rules (Section 10.554(1)(i)) require that we address in the Management Letter, if not already addressed in the auditors' report on compliance and internal control whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no findings in the prior year audit.

The Rules of the Auditor General (Section 10.554(1)(i)1.) require that we address in the Management Letter, if not already addressed in the auditors' report on compliance and internal controls, whether or not recommendations made in the preceding annual financial report have been followed. There were no recommendations made in the preceding audit report.

As required by the Rules of the Auditor General (Section 10.554(1)(i)2.) the scope of our audit included a review of the provisions of Section 218.415., Florida Statutes regarding the investment of public funds. In connection with our audit, we determined that Sampson Creek Community Development District complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(i)3, 4 and 5.) require that we address in the management letter, if not already addressed in the auditors' report on compliance and internal controls: (1) violations of laws, rules, regulations, and contractual provisions have occurred, or are likely to have occurred that have an effect on the financial statements that is less than material but more than inconsequential; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g. the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies,

To the Board of Supervisors  
Sampson Creek Community Development District

shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. Our audit did not discover any of the above items that require to be disclosed.

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.c and Section 10.556(7)), we applied financial conditions assessment procedures. It is management's responsibility to monitor the entity's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same.

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

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.b.), we determined that the annual financial report for the District for the fiscal year ended September 30, 2010, filed with the Department of Banking Finance pursuant to Section 218.32, Florida Statutes, is in agreement with our annual financial audit report for the fiscal year ended September 30, 2010.

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

*Berger, Toombs, Elam,  
Gaines & Frank*

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

July 19, 2010