Lake Powell Residential Golf Community Development District

FINANCIAL STATEMENTS

September 30, 2017

Lake Powell Residential Golf Community Development District
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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Lake Powell Residential Golf Community Development District
Bay County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Lake Powell Residential Golf Community Development District (hereinafter referred to as "District"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
April 30, 2018

Management’s Discussion And Analysis

Our discussion and analysis of the Lake Powell Residential Golf Community Development District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2017. Please read it in conjunction with the District's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- At September 30, 2017, the assets and deferred outflows of resources of the District exceeded its liabilities by approximately $8.6 million within the governmental activities.
- During the fiscal year ended September 30, 2017, the District incurred approximately $240,000 of interest expenditures and repaid $180,000 of outstanding long-term principal.
- At September 30, 2017, the assets of the District exceeded its liabilities by approximately $263,000 within the business-type activities.
- During the fiscal year ended September 30, 2017, the District transferred the business-type operations to the City of Panama City Beach (the "City") and conveyed or disposed of related net capital assets totaling $784,525.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 9 – 10 provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the District as a Whole

Our analysis of the District as a whole begins on page 5. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and related changes during the current year. You can think of the Districts' net position – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors; however, such as changes in the District's assessment base and the condition of the District's infrastructure, to assess the overall health of the District.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities – Most of the District's basic services are reported here, including general administration, operations and maintenance. Owner assessments finance most of these activities.

- Business-type activities – The District charges a fee to members and other users to help it cover the costs associated with the operations of the water and sewer utilities.

Reporting the District's Most Significant Funds

Our analysis of the District's major funds begins on page 6. The fund financial statements begin on page 11 and provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants.

- *Governmental funds* – All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

- *Proprietary funds* – When the District charges customers for the services it provides (water and sewer utilities), these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise fund, a type of proprietary fund, is the same as the business-type activities we report in the government-wide statements but provides more detail and additional information, such as cash flows.

THE DISTRICT AS A WHOLE

The following table reflects the condensed Statement of Net Position and is compared to the prior year (in thousands).

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	$ 1,925	$ 1,781	$ 263	$ 379	$ 2,188	$ 2,160
Capital assets, net	10,751	11,161	-	773	10,751	11,934
Total assets	12,676	12,942	263	1,152	12,939	14,094
Deferred outflows of resources						
Deferred charge on refunding	142	151	-	-	142	151
Total deferred outflows of resources	142	151	-	-	142	151
Total assets and deferred outflows of resources	$ 12,818	$ 13,093	$ 263	$ 1,152	$ 13,081	$ 14,245
Liabilities						
Current liabilities	$ 312	$ 331	$ -	$ 184	$ 312	$ 515
Other liabilities	3,931	4,115	-	-	3,931	4,115
Total liabilities	4,243	4,446	-	184	4,243	4,630
Net position						
Net investment in capital assets	6,997	7,242	-	773	6,997	8,015
Restricted for debt service	275	259	-	-	275	259
Unrestricted	1,303	1,146	263	195	1,566	1,341
Total net position	8,575	8,647	263	968	8,838	9,615
Total liabilities and net position	$ 12,818	$ 13,093	$ 263	$ 1,152	$ 13,081	$ 14,245

For more detailed information, see the accompanying Statement of Net Position.

During the fiscal year ended September 30, 2017, total primary government assets and liabilities decreased by approximately $1.2 million and $387,000, respectively, from the prior fiscal year. Deferred outflows of resources remained substantially unchanged. The decrease in assets was primarily a result of the District disposing of or conveying all business-type capital assets to the City in fiscal year 2017. The decrease in liabilities is primarily due to the payment of long term debt, as well as a decrease in business-type customer deposits and payables.

The following schedule compares the Statement of Activities for the current and previous fiscal year (in thousands).

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Program revenues						
Charges for services	$ 1,220	$ 1,234	$ 410	$ 525	$ 1,630	$ 1,759
Operating grants and contributions	1	7	-	-	1	7
General revenues						
Interest and other revenues	1	3	19	-	20	3
Total revenues	1,222	1,244	429	525	1,651	1,769
Expenses:						
General government	149	166	-	-	149	166
Maintenance and operations	894	983	-	-	894	983
Water and sewer utility	-	-	350	512	350	512
Conveyance	-	-	784	-	784	-
Interest	251	261	-	-	251	261
Total expenses	1,294	1,410	1,134	512	2,428	1,922
Increase (decrease) in net position	(72)	(166)	(705)	13	(777)	(153)
Net position, beginning of year	8,647	8,813	968	955	9,615	9,768
Net position, end of year	$ 8,575	$ 8,647	$ 263	$ 968	$ 8,838	$ 9,615

For more detailed information, see the accompanying Statement of Activities.

During the fiscal year ended September 30, 2017, the primary government total revenues decreased by approximately $118,000, while total expenses increased by approximately $506,000 over the prior fiscal year. The decrease in revenues is primarily due to the business-type operations being transferred to the City in fiscal year 2017. The increase in expenses is primarily due to the conveyance of capital assets to the City in fiscal year 2017.

THE DISTRICT'S FUNDS

Governmental Funds

As the District completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a combined fund balance of approximately $1.9 million, which represents an increase over last year's combined fund balance of approximately $1.7 million. Significant transactions are discussed below.

- During the fiscal year ended September 30, 2017, the District incurred approximately $240,000 of interest expenditures and repaid $180,000 of outstanding long-term principal.

The overall increase in fund balance for the year ended September 30, 2017 totaled approximately $170,000.

Proprietary Fund

The District's proprietary fund provides the same type of information found in the business-type activities column of the government-wide financial statements, but in more detail. Significant transactions are discussed below.

- During the fiscal year ended September 30, 2017, the District transferred the business-type operations to the City of Panama City Beach (the "City") and conveyed or disposed of related capital assets totaling $784,525.

Net position decreased from the prior year by approximately $705,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2017, the District had approximately $10.8 million invested in capital assets (net of accumulated depreciation). This amount represents a net decrease of approximately $1.2 million from the fiscal year 2016 total.

A listing of capital assets by major category for the current and prior year follows (in thousands):

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Land	$ 4,742	$ 4,742	$ -	$ -	$ 4,742	$ 4,742
Infrastructure	10,513	10,513	-	555	10,513	11,068
Equipment	517	517	-	345	517	862
Improvements	1,119	1,119	-	-	1,119	1,119
	16,891	16,891	-	900	16,891	17,791
Accumulated depreciation	(6,140)	(5,730)	-	(127)	(6,140)	(5,857)
Totals	$ 10,751	$ 11,161	$ -	$ 773	$ 10,751	$ 11,934

More information about the District's capital assets is presented in Note 6 to the financial statements.

Debt

At September 30, 2017, the District had approximately $4.2 million of bonds outstanding. This amount represents a decrease of $185,000 from the fiscal year 2016 total.

A listing of debt amounts outstanding for the current and prior year is as follows (in thousands):

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenue bonds	$ 4,200	$ 4,380	$ -	$ -	$ 4,200	$ 4,380
Totals	$ 4,200	$ 4,380	$ -	$ -	$ 4,200	$ 4,380

More information about the District's long-term debt is presented in Note 7 to the financial statements.

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

An Operating budget was established by the governing board for the District pursuant to the requirements of Florida Statutes. The budget to actual comparison for the general fund, including the original budget and final adopted budget, is shown at page 30.

The District experienced a favorable variance in revenues and expenditures as compared to the budget in the amount of $12,961 and $144,965, respectively. The variance in revenues is primarily due to the excess amounts received from the tax collector. The variance in expenditures is primarily due to anticipated maintenance and operations expenditures that were not incurred during the year.

FUTURE FINANCIAL FACTORS

Lake Powell Residential Golf Community Development District is an independent special district that operates under the provisions of Chapter 190, Florida Statutes. The District operates under an elected Board of Supervisors, which establishes policy and sets assessment rates. Assessment rates for fiscal year 2018 were established to provide for the operations of the District as well as the necessary debt service requirements.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the Lake Powell Residential Golf Community Development District's management company, Wrathell, Hunt & Associates, LLC, at 2300 Glades Road, Suite 410W, Boca Raton, Florida 33431.

Basic Financial Statements

Lake Powell Residential Golf Community Development District
Statement of Net Position

September 30,	2017		
	Governmental Activities	**Business-type Activities**	**Total**
Assets			
Cash and cash equivalents	$ 1,331,221	$ 86,226	$ 1,417,447
Investments	689,406	-	689,406
Accounts receivable, net	-	2,222	2,222
Internal balances	(95,651)	95,651	-
Due from other government	-	79,077	79,077
Prepaid expenses and deposits	225	-	225
Capital assets:			
Not being depreciated	4,741,888	-	4,741,888
Depreciable, net	6,009,284	-	6,009,284
Total assets	12,676,373	263,176	12,939,549
Deferred outflows of resources			
Deferred charge on refunding	142,301	-	142,301
Total deferred outflows of resources	142,301	-	142,301
Liabilities			
Accounts payable	29,019	355	29,374
Accrued interest payable	98,011	-	98,011
Non-current liabilities:			
Bonds payable - due within one year	185,000	-	185,000
Bonds payable - due in more than one year	3,930,828	-	3,930,828
Total liabilities	4,242,858	355	4,243,213
Net position			
Net investment in capital assets	6,997,076	-	6,997,076
Restricted for debt service	274,969	-	274,969
Unrestricted	1,303,771	262,821	1,566,592
Total net position	$ 8,575,816	$ 262,821	$ 8,838,637

The accompanying notes are an integral part of these financial statements.

Lake Powell Residential Golf Community Development District
Statement of Activities

Year ended September 30, **2017**

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Primary government:						
Governmental activities:						
General government	$ (148,884)	$ 205,561	$ -	$ 56,677	$ -	$ 56,677
Maintenance and operations	(894,269)	574,694	-	(319,575)	-	(319,575)
Interest	(251,158)	439,653	1,361	189,856	-	189,856
Total governmental activities	(1,294,311)	1,219,908	1,361	(73,042)	-	(73,042)
Business-type activities:						
Water and sewer utilities	(349,602)	409,719	-	-	60,117	60,117
Conveyance	(784,525)	-	-	-	(784,525)	(784,525)
Total business-type activities	(1,134,127)	409,719	-	-	(724,408)	(724,408)
Total primary government	$ (2,428,438)	$ 1,629,627	$ 1,361	(73,042)	(724,408)	(797,450)
General revenues						
Interest and other revenues				1,567	19,441	21,008
Total general revenues				1,567	19,441	21,008
Change in net position				(71,475)	(704,967)	(776,442)
Net position - beginning of year				8,647,291	967,788	9,615,079
Net position - end of year				$ 8,575,816	$ 262,821	$ 8,838,637

The accompanying notes are an integral part of these financial statements.

Lake Powell Residential Golf Community Development District
Balance Sheet – Governmental Funds

September 30,	2017		
	General	Debt Service	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 1,331,221	$ -	$ 1,331,221
Investments	-	689,406	689,406
Prepaid expenditures and deposits	225	-	225
Due from enterprise fund	1,344	-	1,344
Total assets	$ 1,332,790	$ 689,406	$ 2,022,196
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 29,019	$ -	$ 29,019
Due to enterprise fund	-	96,995	96,995
Total liabilities	29,019	96,995	126,014
Fund balances			
Nonspendable	225	-	225
Restricted for debt service	-	592,411	592,411
Committed for disaster relief	150,000	-	150,000
Committed for bridge project	10,000	-	10,000
Committed for road project	125,000	-	125,000
Committed for storm system upgrades	250,000	-	250,000
Assigned for working capital	192,215	-	192,215
Unassigned	576,331	-	576,331
Total fund balances	1,303,771	592,411	1,896,182
Total liabilities and fund balances	$ 1,332,790	$ 689,406	$ 2,022,196

The accompanying notes are an integral part of these financial statements.

Lake Powell Residential Golf Community Development District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

September 30,		**2017**
Total fund balances, governmental funds	$	1,896,182
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund level financial statements.		10,751,172
Deferred charges on refunding are not financial resources and, therefore are not reported in the governmental funds. The Statement of Net Position includes these charges, net of amortization.		142,301
Liabilities not due and payable from current resources, including accrued interest, are not reported in the fund level financial statements.		(4,213,839)
Total net position - governmental activities	$	8,575,816

The accompanying notes are an integral part of these financial statements.

Lake Powell Residential Golf Community Development District
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

Year ended September 30,	2017		
	General	**Debt Service**	**Total Governmental Funds**
Revenues			
Assessments	$ 780,255	$ 439,653	$ 1,219,908
Interest and other revenues	1,567	1,361	2,928
Total revenues	781,822	441,014	1,222,836
Expenditures			
Current:			
General government	139,871	9,013	148,884
Maintenance and operations	484,025	-	484,025
Debt service:			
Principal	-	180,000	180,000
Interest	-	240,081	240,081
Total expenditures	623,896	429,094	1,052,990
Excess of revenues over expenditures	157,926	11,920	169,846
Fund balances, beginning of year	1,145,845	580,491	1,726,336
Fund balances, end of year	$ 1,303,771	$ 592,411	$ 1,896,182

The accompanying notes are an integral part of these financial statements.

Lake Powell Residential Golf Community Development District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year ended September 30,		**2017**
Net change in fund balances - governmental funds	$	169,846
Governmental funds report principal payments on bonds when debt is paid, whereas these payments are eliminated in the Statement of Activities and recognized as a decrease in bonds payable in the Statement of Net Position.		180,000
Depreciation on capital assets is not recognized in the fund financial statements but is reported as an expense in the Statement of Activities		(410,244)
Bond discount and refunding costs are amortized over the lives of the bonds in the statement of activites, but are recognized as expenditures in the governmental funds.		(15,014)
The change in accrued interest between the current and prior year is recorded in the Statement of Activities but not in the fund financial statements.		3,937
Change in net position of governmental activities	$	(71,475)

The accompanying notes are an integral part of these financial statements.

Lake Powell Residential Golf Community Development District
Statement of Net Position - Proprietary Fund

September 30,		**2017**
		Enterprise Fund
Assets		
Current assets:		
Cash and cash equivalents	$	86,226
Accounts receivable, net		2,222
Due from other funds		96,995
Due from other government		79,077
Total assets	$	264,520
Liabilities and Net Position		
Liabilities		
Current Liabilities:		
Accounts payable	$	355
Due to other funds		1,344
Total current liabilities		1,699
Net position		
Unrestricted		262,821
Total net position		262,821
Total liabilities and net position	$	264,520

The accompanying notes are an integral part of these financial statements.

Lake Powell Residential Golf Community Development District
Statement of Revenues, Expenses and Change in Net Position - Proprietary Fund

Year ended September 30,		**2017**
		Enterprise Fund
Revenues		
Charges for services:		
Water and sewer	$	215,815
Assessments		193,904
Total revenues		409,719
Operating expenses		
Water and sewer		300,838
Administrative and other		10,835
Depreciation		37,929
Total operating expenses		349,602
Operating income		60,117
Nonoperating income (expense)		
Interest income		4
Miscellaneous income		227
Gain on sale of capital assets		19,210
Conveyance of capital assets		(784,525)
Net income (loss)		(704,967)
Net position - beginning of year		967,788
Net position - end of year	$	262,821

The accompanying notes are an integral part of these financial statements.

Lake Powell Residential Golf Community Development District
Statement of Cash Flows - Proprietary Fund

Year ended September 30,		**2017**
		Enterprise Fund
Cash flows from operating activities		
Receipts from customers	$	445,850
Receipts from other governments		4,872
Payments to customers		(74,810)
Payments to suppliers		(420,422)
Net cash used by operating activities		(44,510)
Cash flows from non-capital financing activities		
Due to/(from) other funds, net		(97,903)
Net cash used by non-capital financing activities		(97,903)
Cash flows from capital and related financing activities		
Acquisition of capital assets		(49,164)
Proceeds from sale of capital assets		19,210
Net cash used by capital and related financing activities		(29,954)
Cash flows from investing activities		
Redemption of money market funds		13,719
Miscellaneous receipts		227
Interest revenue		4
Net cash provided by investing activities		13,950
Net increase (decrease) in cash and cash equivalents		(158,417)
Cash and cash equivalents, beginning of year		244,643
Cash and cash equivalents, end of year	$	86,226
Non-cash items:		
Conveyance of capital assets		(784,525)

(continued)

The accompanying notes are an integral part of these financial statements.

Lake Powell Residential Golf Community Development District
Statement of Cash Flows - Proprietary Fund (Continued)

Year ended September 30,		**2017**
		Enterprise Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income	$	60,117
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization		37,929
Change in operating assets and liabilities:		
Accounts receivable, net		36,131
Due from other government		4,872
Accounts payable		(103,764)
Retainage payable		(4,985)
Customer deposits		(74,810)
Net cash used by operating activities	$	(44,510)

The accompanying notes are an integral part of these financial statements.

NOTE 1: NATURE OF ORGANIZATION

The Lake Powell Residential Golf Community Development District (the "District") was created on July 25, 2000 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by Bay County Ordinance 00-19. 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 a Board of Supervisors ("Board"), which is comprised of five members. The Supervisors are elected on an at large basis by the owners of the property within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the final 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.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth by Generally Accepted Accounting Principles (GAAP) as defined by the Governmental Accounting Standards Board (GASB). Based on the foregoing criteria, no potential component units were found.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to GAAP as applicable to governments in accordance with those promulgated by GASB. The following is a summary of the more significant policies:

Government-wide and Fund Financial Statements

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The business-type activities are reported separately in government-wide financial statements. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included as program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of 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 the related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and other 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 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. However, debt service expenditures are recorded only when payment is due.

Assessments, including debt service assessments along with operation and maintenance assessments, are non-ad valorem special assessments imposed on all lands located within the District and benefited by the District's activities, operation and maintenance. Assessments are levied and certified for collection by the District prior to the start of the fiscal year which begins October 1st and ends on September 30th. Operation and maintenance special assessments are imposed upon all benefited lands located in the District. Debt service special assessments are imposed upon certain lots and lands as described in each resolution imposing the special assessment for each series of bonds issued by the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

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 for the Series 2012 bonds.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred

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

Proprietary funds include the following enterprise fund type:

Water and Sewer Fund – The Water and Sewer Fund is used to account for the operations that provide water and sewer utilities within the District. The District transitioned the water and sewer activities and infrastructure to the City of Panama City Beach (the "City") in fiscal year 2017.

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 District's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use in the governmental fund financial statements, it is the government's policy to use committed resources first, followed by assigned resources, and then unassigned resources as needed.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Deposits and Investments

The District maintains deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities in accordance with collateral requirements determined by the State's Chief Financial Officer. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories.

Under this method, all the District's deposits are fully insured or collateralized at the highest level of security as defined by GASB, Statement Number 40*, Deposits and Investment Disclosures (An Amendment of GASB, Statement Number 3).*

The District is authorized to invest in financial instruments as established by Section 218.415, Florida Statutes. The authorized investments include among others negotiable direct or indirect obligations which are secured by the United States Government; the Local Government Surplus Trust Funds as created by Section 218.405, Florida Statutes; SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and interest-bearing time deposits or savings accounts in authorized financial institutions.

Receivables

The water and sewer receivables are shown net of an allowance for uncollectible accounts. At September 30, 2017, the allowance for doubtful accounts totaled $395.

The revenue certificate receivable recorded in the proprietary fund as Due from other government is related to revenue certificates, totaling $431,834, from the City. These revenue receipts are impact fees that are owed to the District when there is a new landowner. The revenue certificates were previously recorded as revenue in the year received beginning in 2002. The original receivable of $400,000 is to be received over a period not to exceed twenty (20) years. During the fiscal year 2017, the District received approximately $5,000 from the City. The revenue certificate receivable is $79,077 as of September 30, 2017.

Capital Assets

Capital assets, which include primarily infrastructure assets (e.g., roads, sidewalks, water management systems and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial/individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives: equipment: 5-7 years; improvements: 20 years; infrastructure: 20-40 years.

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.

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 Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line or effective interest method. Bonds payable are reported net of these premiums or discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current period expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the 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 Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometime include a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category: the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any of this type of item at September 30, 2017.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity

Net position in the government-wide financial statements represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents assets related to infrastructure and property, plant and equipment, net of any related debt. Restricted net position represents the assets restricted by the District's bond covenants.

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the District board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the District board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budgets

The District is required to establish a budgetary system and an approved annual budget. Annual budgets are legally adopted on a basis consistent with GAAP for the General Fund. Any revision to the budget must be approved by the District Board. The budgets are compared to actual expenditures. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represent final authorization amounts.

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. A public hearing is 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. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

NOTE 3: INVESTMENTS

The District's investments consist of money market funds in which shares are owned in the fund rather than the underlying investments. In accordance with GASB 72, *Fair Value Measurement and Application*, these amounts are reported at amortized cost.

The following is a summary of the District's investments:

September 30,		**2017**	**Credit Risk**	**Maturities**
Short-term Money Market Funds	$	689,406	S&P AAAm	23 days
Total investments	$	689,406		

Custodial credit risk – For an investment, custodial credit risk is the risk that the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk. At September 30, 2017, the money market funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration risk – The District's investment policy requires diversification, but does not specify limits on types of investments.

Interest rate risk – The District does not have a formal policy for addressing interest rate risk; however, investments are made with discretion, to seek reasonable returns, preserve capital, and in general, avoid speculative investments. The District manages its exposure to declines in fair values from interest rate changes by reviewing the portfolio on an ongoing basis for changes in effective yield amounts.

NOTE 4: 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 maintains commercial insurance coverage to mitigate the risk of loss. Coverage may not extend to all situations. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in the previous three years.

NOTE 5: MANAGEMENT COMPANY

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 (Board appointed non-voting positions) of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, and other administrative costs.

NOTE 6: CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended September 30, 2017:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land and land improvements	$ 4,741,888	$ -	$ -	$ 4,741,888
Total capital assets not being depreciated	4,741,888	-	-	4,741,888
Capital assets being depreciated				
Machinery and equipment	517,804	-	-	517,804
Improvements other than buildings	1,119,115	-	-	1,119,115
Infrastructure	10,512,987	-	-	10,512,987
Total capital assets being depreciated	12,149,906	-	-	12,149,906
Less accumulated depreciation for:				
Machinery and equipment	(462,487)	(5,021)	-	(467,508)
Improvements other than buildings	(727,425)	(55,956)	-	(783,381)
Infrastructure	(4,540,466)	(349,267)	-	(4,889,733)
Total accumulated depreciation	(5,730,378)	(410,244)	-	(6,140,622)
Total capital assets being depreciated, net	6,419,528	(410,244)	-	6,009,284
Governmental activities capital assets, net	$ 11,161,416	$ (410,244)	$ -	$ 10,751,172

Depreciation expense of $410,244 was allocated to maintenance and operations on the accompanying Statement of Activities.

	Beginning Balance	Additions	Conveyances/ Disposals	Ending Balance
Business-type Activities				
Capital assets being depreciated				
Infrastructure	$ 555,181	$ 49,164	$ (604,345)	$ -
Machinery and equipment	345,181	-	(345,181)	-
Total capital assets being depreciated	900,362	49,164	(949,526)	-
Less accumulated depreciation for:				
Infrastructure	(67,855)	(23,013)	90,868	-
Equipment	(59,217)	(14,916)	74,133	-
Total accumulated depreciation	(127,072)	(37,929)	165,001	-
Total capital assets being depreciated, net	773,290	11,235	(784,525)	-
Business-type activities capital assets, net	$ 773,290	$ 11,235	$ (784,525)	$ -

NOTE 6: CAPITAL ASSETS (Continued)

Depreciation expense relating to business-type activities of $37,929 is recorded in water and sewer utilities in the Statement of Activities. During the year ended September 30, 2017, the District sold certain fully depreciated equipment assets and received proceeds totaling approximately $19,000. In September 2017, the District conveyed the water and sewer utilities infrastructure and remaining machinery and equipment assets to the City (see Note 10).

NOTE 7: BONDS PAYABLE

On March 30, 2012, the District issued $5,160,000 of Special Assessment Revenue Refunding Bonds, Series 2012 with a fixed interest rate of 5.25% for the first term bond totaling $1,905,000 and a fixed interest rate of 5.75% for the second term bond totaling $3,255,000. The Series 2012 Bonds were applied together with other legally available funds to refund the Series 2000 Special Assessment Revenue Bonds. Interest is paid semiannually on each May 1 and November 1, commencing November 1, 2013. Principal on the Series 2012 Bonds is paid serially commencing on November 1, 2013 through November 1, 2023.

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agreed 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.

The Bond Indenture requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirement as defined in the Indenture. The requirement has been met for the fiscal year ended September 30, 2017.

The balance of the Series 2012 Bonds at September 30, 2017 is summarized as follows:

		2017
Bond principal balance	$	4,200,000
Less unamortized bond discount		(84,172)
Net balance, Series 2012 Bonds	$	4,115,828

NOTE 7: BONDS PAYABLE (Continued)

Long-term liability activity for the year ended September 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Governmental Activities					
Bonds Payable:					
Series 2012	$ 4,380,000	$ -	$ (180,000)	$ 4,200,000	$ 185,000
	$ 4,380,000	$ -	$ (180,000)	$ 4,200,000	$ 185,000

At September 30, 2017, the scheduled debt service requirements on long-term debt were as follows:

Year Ending September 30	Principal	Interest	Total Debt Service
2018	$ 185,000	$ 230,369	$ 415,369
2019	195,000	220,394	415,394
2020	205,000	209,894	414,894
2021	215,000	198,869	413,869
2022	225,000	187,319	412,319
2023-2027	1,325,000	730,394	2,055,394
2028-2032	1,750,000	291,813	2,041,813
2033	100,000	2,875	102,875
	$ 4,200,000	$ 2,071,927	$ 6,271,927

NOTE 8: LITIGATION

The District's former engineering firm is seeking approximately $350,000 from the District for fees and costs that were never billed during the 13 year term as the District Engineer, until the day they resigned. The District believes there will be a favorable outcome; however the outcome is unknown at this time. No amount has been recorded in the accompanying financial statements related to this contingent liability.

NOTE 9: INTERFUND ACTIVITY

At September 30, 2017, the Debt Service Fund owed the Enterprise Fund $96,995. The outstanding balance resulted from Enterprise Fund assessments that were incorrectly transferred to the Debt Service Fund. These funds were transferred to the Enterprise Fund in November 2017.

NOTE 10: TRANSFER OF BUSINESS-TYPE OPERATIONS

In May 2017, the District transferred the operations of the water and sewer utilities to the City. In September 2017, the District conveyed the related infrastructure and machinery and equipment assets to the City. The assets conveyed had a net book value of $784,525, which is reported as conveyance expense on the accompanying Statement of Activities and Conveyance of capital assets on the accompanying Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund.

Required Supplemental Information
(Other Than MD&A)

Lake Powell Residential Golf Community Development District
Budget to Actual Comparison Schedule – General Fund

Year ended September 30,	2017		
	Original and Final Budget	**Actual Amounts**	**Variance with Final Budget**
Revenues			
Assessments	$ 767,861	$ 780,255	$ 12,394
Interest and other revenues	1,000	1,567	567
Total revenues	768,861	781,822	12,961
Expenditures			
General government	202,559	139,871	62,688
Maintenance and operations	566,302	484,025	82,277
Total expenditures	768,861	623,896	144,965
Excess of revenues over expenditures	$ -	$ 157,926	$ 157,926

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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
Lake Powell Residential Golf Community Development District
Bay County, Florida

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities and each major fund of Lake Powell Residential Golf Community Development District (hereinafter referred to as the "District"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 30, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
April 30, 2018

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MANAGEMENT LETTER

To the Board of Supervisors
Lake Powell Residential Golf Community Development District
Bay County, Florida

Report on the Financial Statements

We have audited the financial statements of Lake Powell Residential Golf Community Development District ("District") as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated April 30, 2018.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports, which are dated April 30, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information required is disclosed in the notes to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the District for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

Monthly Financial Statements

Sections 10.554(1)(i)6.a. and 10.556(9), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District provided monthly financial statement(s) to its governing board and made such monthly statement(s) available for public access on its Web site. In connection with our audit, we determined that the District provided monthly financial statement(s) to its governing board and made such monthly statement(s) available for public access on its Web site.

Transparency

Sections 10.554(1)(i)6.b. and 10.556(9), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the District provided a link on its Web site to the Florida Department of Financial Service's Web site to view the District's annual financial report submitted to the Department. In connection with our audit, we determined that the District provided a link on its Web site to the Florida Department of Financial Service's Web site.

Sections 10.554(1)(i)6.c. and 10.556(9), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the District posted its tentative and final budgets on its Web site. In connection with our audit, we determined that the District posted its tentative and final budgets on its Web site.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Supervisors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
April 30, 2018

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INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Supervisors
Lake Powell Residential Golf Community Development District
Bay County, Florida

We have examined Lake Powell Residential Golf Community Development District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2017. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
April 30, 2018