

LAKWOOD RANCH STEWARDSHIP DISTRICT

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED

September 30, 2017

LAKEWOOD RANCH STEWARDSHIP DISTRICT
FOR THE FISCAL YEAR ENDED
September 30, 2017

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 – 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 – 6
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet – Governmental Funds	9
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities	11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	12
Notes to the Financial Statements	13 – 23
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 <i>GOVERNMENT AUDITING STANDARDS</i>	24 – 25
INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH FLORIDA STATUTES 218.415 – INVESTMENT OF PUBLIC FUNDS	26
MANAGEMENT LETTER	27 – 28

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Lakewood Ranch Stewardship District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of Lakewood Ranch Stewardship District ("District"), as of and for the year then 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.

Auditor's 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 of material misstatement.

An audit involves performing procedures to obtain 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 District'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 District'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of Lakewood Ranch Stewardship District, as of September 30, 2017, and the respective changes in financial position and the budgetary comparison for the General Fund 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 on pages 3 through 6 and page 12 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 January 29, 2018, 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, 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 result of that testing, and not to provide an opinion on 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.



SHINN AND COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Bradenton, Florida
January 29, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a narrative overview and analysis of the financial activities of the Lakewood Ranch Stewardship District ("District") for the fiscal year ended September 30, 2017.

Financial Highlights and Analysis of Financial Statements

- As of September 30, 2017 and 2016, the total assets of the District were \$300,020,030, and \$227,782,927, respectively, an increase of \$72,237,103. The primary factors for the change were the approximate \$78.8 million in net proceeds from three new bond issues and \$1.37 million in net proceeds from one new line of credit less approximately \$7.85 million in depreciation charges.
- As of September 30, 2017 and 2016, the total liabilities of the District were \$293,154,197 and \$228,678,987, respectively, an increase of \$64,475,210. The primary factor for the change was the approximate \$78.8 million of debt from the new three new bond issues and \$1.37 million of debt from the new line of credit less approximately \$17.2 million in bond principal payments.
- In the government-wide financial statements (accrual basis), the District's assets exceeded liabilities by \$6,865,533 as of September 30, 2017 while liabilities exceeded assets by \$896,060 as of September 30, 2016.
- In the governmental funds (modified accrual basis), the District's fund balance totaled \$128,333,503 and \$95,735,172 as of September 30, 2017 and 2016, respectively. The primary factor for both of these variances was the change in assets and liabilities as discussed above.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

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

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

The District's governmental activities include general government, physical environment, and interest on long-term debt.

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

Fund financial statements – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds are governmental funds.

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

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

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund and the capital projects fund, all of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 9 to 12 of this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 through 23 of this report.

Government-Wide Financial Analysis

Statement of Net Position	2017	2016
Current and other assets	\$ 133,237,442	\$ 97,949,872
Capital assets	166,782,588	129,833,055
Total assets	\$ 300,020,030	\$ 227,782,927
Current liabilities	\$ 12,013,027	\$ 6,099,700
Long-term liabilities	281,141,170	222,579,287
Total liabilities	\$ 293,154,197	\$ 228,678,987
Net investment in capital assets	\$ (121,467,670)	\$ (96,631,232)
Restricted	132,702,654	97,749,140
Unrestricted	(4,369,151)	(2,013,968)
Total net position	\$ 6,865,833	\$ (896,060)

Current and other assets increased by \$35.3 million primarily due to investments held as a result of bond and line of credit proceeds less capital outlay for the Villages of Lakewood Ranch South, Lakewood Centre Northwest, Del Webb, Northeast Sector, and Lakewood Centre South infrastructure projects.

The primary changes in the capital assets increase of approximately \$36.9 million were the completion of Lakewood Centre Northwest infrastructure improvements, and the infrastructure improvements on the Del Webb, Villages of Lakewood Ranch South, Northeast Sector, and Lakewood Centre South projects of approximately \$44.8 million less approximately \$7.9 million of depreciation expense.

Total liabilities increased by approximately \$64.5 million, due primarily to new bonds issued Del Webb (\$14.8 million), Lakewood National & Polo Run (\$49.5 million), Lake Club (\$14.5 million) and a new line of credit for the Northeast Sector (\$1.6 million) less scheduled debt service payments made (\$17.2 million).

The net investment in capital assets of \$(121,467,670) does not take into account the \$132,702,654 of existing funds restricted for both capital improvements and debt service.

Statement of Activities	<u>2017</u>	<u>2016</u>
Program revenues		
Charges for services	\$ 19,380,798	\$ 7,101,813
Operating grants and contributions	11,489,033	10,594,459
General revenues		
Investment income	479,062	129,416
Non advalorem assessments	<u>1,838,200</u>	<u>1,331,605</u>
Total revenues	<u>33,187,093</u>	<u>19,157,293</u>
Expenses		
General government	418,794	346,899
Physical environment	9,883,444	8,342,726
Interest on long-term debt	<u>15,122,962</u>	<u>10,670,065</u>
Total expenses	<u>25,425,200</u>	<u>19,359,690</u>
Changes in net position	7,761,893	(202,397)
Net position - beginning	<u>(896,060)</u>	<u>(693,663)</u>
Net position - ending	<u>\$ 6,865,833</u>	<u>\$ (896,060)</u>

Charges for services consist of lot sale proceeds and operating grants and contributions consists of Developer cash funding contributions. As the statement of activities is on an accrual basis, the expenses include \$4,361,197 of accounts payable with payments made in October 2017 from additional Program revenues received.

Capital Assets

During the year ended September 30, 2017, the District had a gross infrastructure increase of approximately \$44.8 million. Primary capital projects continuing were the Lakewood Centre North, Villages of Lakewood Ranch South, Del Webb, Northeast Sector, and Lakewood Centre South projects. Additional information on the District's capital assets can be found in Note 4 of this report.

Debt Administration

During the year ended September 30, 2017, the District issued three new bonds, Del Webb (\$14.8 million), Lakewood National & Polo Run (\$49.5 million,) Lake Club (\$14.5 million) and a line of credit for the Northeast Sector (\$1.6 million). The Lake Club Series 2017 Bond's proceeds were used to refinance the existing 2006 Lake Club Series A Bond. Approximately \$17.2 million was made in repayments of amounts due on the various issues of the District.

Additional information on the District's long-term debt can be found in Note 5 of this report.

Budgetary Highlights

The District set its annual budget for the District expecting to be operational for the entire year. Assessments came in approximately \$425,000 higher than anticipated, and landowner funding did not meet expectations by approximately \$761,000. The variance of the budgeted expenditures compared with actual results was \$336,000 lower than anticipated, within the various areas within District operations. There were no budget amendments during the year.

Economic Factors and Year 2018 Budget

The District is anticipating increased interest in the various developments and projects currently underway. Next year's budget main components will be maintenance of the project areas, administration of the District, and continued infrastructure acquisition and improvements on capital projects begun in 2015, 2016 and 2017.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in them. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Lakewood Ranch Stewardship District, Attn: Supervisor, 14400 Covenant Way, Bradenton, Florida 34202.

BASIC FINANCIAL STATEMENTS

LAKEWOOD RANCH STEWARDSHIP DISTRICT
STATEMENT OF NET POSITION
September 30, 2017

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 240,541
Cash and cash equivalents - restricted	<u>132,702,654</u>
Total current assets	<u>132,943,195</u>
Other Assets:	
Deposits	3,000
Accrued interest receivable	1,237
Other receivables	18,670
Due from Land Owner	<u>271,340</u>
Total other assets	<u>294,247</u>
Capital Assets:	
Depreciable assets:	
District infrastructure	165,396,121
Less accumulated depreciation	<u>(51,324,163)</u>
Net depreciable assets	<u>114,071,958</u>
Non-depreciable assets:	
Construction in progress	<u>52,710,630</u>
Total capital assets	<u>166,782,588</u>
Total assets	<u>300,020,030</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	4,900,939
Line of credit	1,615,088
Bonds payable, current portion	<u>5,497,000</u>
Total current liabilities	<u>12,013,027</u>
Non-current Liabilities:	
Bonds payable, long-term portion	<u>281,141,170</u>
Total liabilities	<u>293,154,197</u>
NET POSITION	
Net investment in capital assets	(121,467,670)
Restricted for debt service	39,060,723
Restricted for capital projects	93,641,931
Unrestricted	<u>(4,369,151)</u>
Total net position	<u>\$ 6,865,833</u>

See notes to the financial statements.

LAKEWOOD RANCH STEWARDSHIP DISTRICT
STATEMENT OF ACTIVITIES
For The Fiscal Year Ended September 30, 2017

<u>Functions / Programs</u>	<u>Expenses</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 418,794	\$ 19,380,798	\$ 11,489,033	\$ -	\$ 30,451,037
Physical environment	9,883,444	-	-	-	(9,883,444)
Interest on long-term debt	15,122,962	-	-	-	(15,122,962)
Total governmental activities	<u>\$ 25,425,200</u>	<u>\$ 19,380,798</u>	<u>\$ 11,489,033</u>	<u>\$ -</u>	<u>5,444,631</u>
General revenues:					
Non advalorem assessments					1,838,200
Investment income					<u>479,062</u>
Total general revenues					<u>2,317,262</u>
Change in net position					7,761,893
Net position - beginning					<u>(896,060)</u>
Net position - ending					<u>\$ 6,865,833</u>

See notes to the financial statements.

LAKEWOOD RANCH STEWARDSHIP DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2017

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
ASSETS				
Cash and cash equivalents	\$ 240,541	\$ -	\$ -	\$ 240,541
Cash and cash equivalents - restricted	-	39,060,723	93,641,931	132,702,654
Accrued interest receivable	-	1,237	-	1,237
Other receivables	2,424	16,246	-	18,670
Due from Land Owner	271,340	-	-	271,340
Total assets	<u>\$ 514,305</u>	<u>\$ 39,078,206</u>	<u>\$ 93,641,931</u>	<u>\$ 133,234,442</u>
LIABILITIES				
Accounts payable	\$ 496,598	-	\$ 4,404,341	\$ 4,900,939
Total liabilities	<u>496,598</u>	<u>-</u>	<u>4,404,341</u>	<u>4,900,939</u>
FUND BALANCES				
Unassigned reported in General fund	17,707	-	-	17,707
Restricted reported in Debt service fund	-	39,078,206	-	39,078,206
Restricted reported Capital projects fund	-	-	89,237,590	89,237,590
Total fund balances	<u>17,707</u>	<u>39,078,206</u>	<u>89,237,590</u>	<u>128,333,503</u>
Total liabilities and fund balances	<u>\$ 514,305</u>	<u>\$ 39,078,206</u>	<u>\$ 93,641,931</u>	<u>\$ 133,234,442</u>

Amounts reported for governmental activities in the statement of net position are different because:

Fund balance - governmental funds	\$ 128,333,503
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds	166,782,588
Other long-term assets used in governmental activities are not financial resources and therefore, are not reported in the funds	3,000
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Bonds payable, net	<u>(288,253,258)</u>
	<u>\$ 6,865,833</u>

See notes to the financial statements.

LAKEWOOD RANCH STEWARDSHIP DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2017

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
REVENUES				
Land owner funding contributions	\$ 611,340	\$ 5,316,726	\$ 5,560,967	\$ 11,489,033
Assessments	1,838,200	-	-	1,838,200
Investment income	-	109,699	369,363	479,062
Allocated proceeds from Landowner lot sales	-	14,270,202	-	14,270,202
Miscellaneous income	-	5,110,596	-	5,110,596
Total revenues	<u>2,449,540</u>	<u>24,807,223</u>	<u>5,930,330</u>	<u>33,187,093</u>
EXPENDITURES				
Current:				
General government	418,794	-	-	418,794
Physical environment:				
Operations	2,030,746	-	-	2,030,746
Debt service:				
Bond principal	-	17,215,000	-	17,215,000
Bond interest	-	13,451,269	-	13,451,269
Cost of issuance	-	-	1,478,415	1,478,415
Capital outlay	-	-	44,802,231	44,802,231
Total expenditures	<u>2,449,540</u>	<u>30,666,269</u>	<u>46,280,646</u>	<u>79,396,455</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	25,797,306	1,887	25,799,193
Transfers out	-	(1,836,778)	(23,962,415)	(25,799,193)
Debt and loan proceeds (net)	-	-	78,810,693	78,810,693
Total other financing sources (uses)	<u>-</u>	<u>23,960,528</u>	<u>54,850,165</u>	<u>78,810,693</u>
Net change in fund balances	-	18,101,482	14,499,849	32,601,331
Fund balances - beginning	<u>17,707</u>	<u>20,976,724</u>	<u>74,737,741</u>	<u>95,732,172</u>
Fund balances - ending	<u>\$ 17,707</u>	<u>\$ 39,078,206</u>	<u>\$ 89,237,590</u>	<u>\$ 128,333,503</u>

See notes to the financial statements.

LAKEWOOD RANCH STEWARDSHIP DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCES – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 For the Fiscal Year Ended September 30, 2017

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

Net change in fund balances - total governmental funds	\$ 32,601,331
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is eliminated and capitalized as capital assets (\$44,802,231). The total reflects depreciation expense for the current period (\$7,852,698).	36,949,533
The issuance of debt is reported as an other financing source, however, in the statement of net position these are treated as liabilities	(78,810,693)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	17,215,000
Amortization on discount of bonds	<u>(193,278)</u>
Change in net position of governmental activities	<u>\$ 7,761,893</u>

See notes to the financial statements.

LAKEWOOD RANCH STEWARDSHIP DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL FUND
For the Fiscal Year Ended September 30, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Landowner funding	\$ 1,372,572	\$ 611,340	\$ (761,232)
Assessments	<u>1,412,920</u>	<u>1,838,200</u>	<u>425,280</u>
Total revenues	<u>2,785,492</u>	<u>2,449,540</u>	<u>(335,952)</u>
 EXPENDITURES			
Current:			
General government	473,701	418,794	54,907
Physical environment:			
Operations	<u>2,311,791</u>	<u>2,030,746</u>	<u>281,045</u>
Total expenditures	<u>2,785,492</u>	<u>2,449,540</u>	<u>335,952</u>
 NET CHANGE IN FUND BALANCES	-	-	-
 FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>17,707</u>	<u>17,707</u>
 FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 17,707</u>	<u>\$ 17,707</u>

See notes to the financial statements.

LAKWOOD RANCH STEWARDSHIP DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting principles and policies used in the preparation of these basic financial statements.

REPORTING ENTITY

Lakewood Ranch Stewardship District is a local unit special purpose government created on June 17, 2005 under the "Lakewood Ranch Stewardship District Act," otherwise known as Chapter 2005-338, Florida Statutes. The District was established for the purpose of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by the Board of Supervisors ("Board") which is composed of five members. The Supervisors are elected on an at large basis by the owners of the property within the District. Ownership of land within the District entitles the owner to one vote per acre. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 2005-338, amended by Chapter 2009-263, Florida Statutes. The District encompasses 23,255 acres of land located in Manatee County and Sarasota County, Florida.

The Board has the final responsibility for contracting for the services of consultants; borrowing money; adopting and enforcing rules and orders pursuant to the provisions of Chapter 120; holding, controlling and acquiring by donation, purchase or condemnation or dispose of any public easements; lease as lessor or assess to or from any person, firm, corporation, association or body; borrow money and issue bonds, certificates, warrants, notes, or other evidence of indebtedness; raise, by user charges or fees authorized by resolution of the board, amounts of money necessary for the conduct of District activities; assess and impose ad valorem taxes; determine, order, levy, impose, collect, and enforce maintenance taxes.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement 34, and Statement 39, an amendment of GASB Statement 34. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

Government-Wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the primary government.

LAKWOOD RANCH STEWARDSHIP DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
For the Fiscal Year Ended September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-Wide and Fund Financial Statements - continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

The government reports the following major governmental funds:

General Fund

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

Debt Service Fund

The Debt Service fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term general obligation debt.

Capital Projects Fund

The Capital Projects fund is used to account for the cost of construction of the infrastructure of the District.

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources, as they are needed.

LAKWOOD RANCH STEWARDSHIP DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
For the Fiscal Year Ended September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus, Basis of Accounting and Financial Statement Presentation - continued

Assets, Liabilities and Net Assets or Equity

Restricted Assets

These assets represent cash and cash equivalents set aside pursuant to bond covenants or other contractual restrictions.

Deposits

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

Capital Assets

Major outlays for capital assets and improvements are capitalized as projects are constructed. District infrastructure is being depreciated over twenty years.

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, as well as insurance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balances

Governmental funds report fund balances are classified either as nonspendable, or as spendable. Spendable fund balances are further classified based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

Nonspendable Fund Balance – Amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.

Restricted Fund Balance – Amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or imposed by laws through constitutional provisions or enabling legislation.

Committed Fund Balance – Amounts that are constrained for specific purposes imposed by formal action of the highest level of decision making authority.

LAKWOOD RANCH STEWARDSHIP DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
For the Fiscal Year Ended September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assigned Fund Balance – Includes spendable fund balances intended to be used for specific purposes, but which are neither restricted nor committed.

Unassigned Fund Balance – Represents the residual fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Budgetary Information

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects fund, which adopts a project-length budget.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

- a) Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain taxpayer 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) Unused appropriations for annually budgeted funds lapse at the end of the year.

LAKWOOD RANCH STEWARDSHIP DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
For the Fiscal Year Ended September 30, 2017

NOTE 2 – CASH AND CASH EQUIVALENTS

The District's cash balances are entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

The District has not formally adopted a written investment policy. According to Florida Statutes 218.415(17) the District is authorized to invest in the following:

- (a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in §163.01.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in §280.02.
- (d) Direct obligations of the U.S. Treasury.

The securities listed in (c) and (d) above must be invested such as to provide sufficient liquidity to pay obligations as they come due.

As of September 30, 2017, the District has the following balances in cash equivalents:

Money market accounts	\$ <u>132,702,654</u>
-----------------------	-----------------------

NOTE 3 – 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. These risks are covered by commercial insurance from independent third parties. There have been no significant reductions in insurance coverage from the prior year. No settlements have exceeded the District's insurance coverage for each of the past three fiscal years.

LAKEWOOD RANCH STEWARDSHIP DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
For the Fiscal Year Ended September 30, 2017

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated:				
Construction in Progress				
Public Roads	\$ 5,103,187	\$ 15,829,702	\$ 6,303,424	\$ 14,629,465
Signals / Intersections	-	16,435	-	16,435
Bridges Tunnels	652,888	949,411	775,911	826,388
Lighting	32,898	2,906,719	1,560,225	1,379,392
Drainage	2,533,317	6,738,644	4,015,669	5,256,292
Irrigation	1,253,824	323,100	1,302,116	274,808
Other Utilities	1,590,871	879,145	248,840	2,221,176
Landscaping	980,695	2,885,476	1,558,822	2,307,349
Hardscape	51,089	151,564	400	202,253
Sanitary Sewer	1,910,189	519,890	1,978,785	451,294
Potable Water	1,975,177	2,281,351	1,929,063	2,327,465
Earthwork, Clearing & Fill	4,409,028	5,178,234	2,083,700	7,503,562
Engineering & Surveying	7,612,891	4,270,074	2,583,879	9,299,086
Mitigation/Littoral Plantings	1,400	32,058	-	33,458
Permit Fees & Bonding	330,543	154,903	224,070	261,376
Lake Dredging	1,328,460	-	-	1,328,460
Other Infrastructure	2,706,845	1,685,525	-	4,392,370
Total District Infrastructure - CIP	<u>32,473,302</u>	<u>44,802,231</u>	<u>24,564,904</u>	<u>52,710,630</u>
Capital Assets, being depreciated:				
District infrastructure	<u>140,831,217</u>	<u>24,564,904</u>	<u>-</u>	<u>165,396,121</u>
Total depreciable assets	<u>140,831,217</u>	<u>24,564,904</u>	<u>-</u>	<u>165,396,121</u>
Less accumulated depreciation for:				
District infrastructure	<u>43,471,465</u>	<u>7,852,698</u>	<u>-</u>	<u>51,324,163</u>
Total Capital Assets, being depreciated net	<u>97,359,752</u>	<u>16,712,206</u>	<u>-</u>	<u>114,071,958</u>
 Total Capital Assets, net	 <u>\$ 129,833,054</u>	 <u>\$ 41,277,110</u>	 <u>\$ -</u>	 <u>\$ 166,782,588</u>

Depreciation expense was \$7,852,698 for the fiscal year ended September 30, 2017, reported under the Physical environment function in the statement of activities.

LAKEWOOD RANCH STEWARDSHIP DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
For the Fiscal Year Ended September 30, 2017

NOTE 5 – LINE OF CREDIT

On September 8, 2017, the District entered into a Non-Bank Qualified Tax Exempt Revolving Line of Credit not to exceed \$45,000,000, with a fixed interest rate of 4.0%. The line of credit was entered to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the Northeast Sector, as well the set-up of a debt service reserve fund and to pay cost of issuance. The balance on the line of credit as of September 30, 2017 was \$1,615,088.

NOTE 6 – LONG TERM DEBT

Unamortized discounts on governmental activities revenue bonds amounted to \$5,154,837 and \$3,710,713, as of September 30, 2017 and 2016, respectively.

	10/1/16	Additions	Decreases	9/30/17	Due within 1 year
2005 Lake Club Series B Bonds	\$ 2,650,000	\$ -	\$ 2,365,000	\$ 285,000	\$ -
2006 Lake Club Series A Bonds	15,615,000	-	450,000	15,165,000	460,000
2006 Country Club East Bonds	21,810,000	-	610,000	21,200,000	600,000
2006 Lake Club Series B Bonds	8,255,000	-	7,405,000	850,000	-
2010 Central Park Series A Bonds	3,005,000	-	70,000	2,935,000	40,000
2011 Lakewood Ctr NW Sector Bonds	33,885,000	-	795,000	33,090,000	555,000
2011 Belle Isle Series A Bonds	1,650,000	-	35,000	1,615,000	25,000
2013 Country Club East Series A Bonds	8,210,000	-	110,000	8,100,000	120,000
2013 Central Park Series A Bonds	7,020,000	-	170,000	6,850,000	115,000
2014 Country Club East Series A Bonds	11,805,000	-	185,000	11,620,000	195,000
2015 Lakewood Ctr North Bonds	36,765,000	-	860,000	35,905,000	640,000
2016 The Villages of LWR South Bonds	79,505,000	-	4,160,000	75,345,000	1,240,000
2017 Del Webb Bonds	-	14,805,000	-	14,805,000	235,000
2017 Lakewood National & Polo Run Bonds	-	49,480,000	-	49,480,000	750,000
2017 Lake Club Bonds	-	14,548,000	-	14,548,000	522,000
	<u>\$ 230,175,000</u>	<u>\$ 78,833,000</u>	<u>\$ 17,215,000</u>	<u>\$ 291,793,000</u>	<u>\$ 5,497,000</u>

On September 30, 2005, the District issued \$5,535,000 of Special Assessment Revenue Bonds, Series 2006, originally due on August 1, 2010, and extended to August 1, 2017, with a fixed interest rate of 4.875%. The Bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Lake Club Project, as well as set up a debt service reserve fund and to pay costs of issuance. On June 1, 2012, \$3,655,000 was extended to a due date of November 1, 2020, at an interest rate of 7.21%.

LAKEWOOD RANCH STEWARDSHIP DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
For the Fiscal Year Ended September 30, 2017

NOTE 6 – LONG TERM DEBT – CONTINUED

On February 13, 2006, the District issued \$19,320,000 of Special Assessment Revenue Bonds, Series 2006 (Lake Club Project), due on November 1, 2036, with a fixed interest rate of 5.50%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Lake Club Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On June 5, 2006, the District issued \$30,145,000 of Bond Anticipation Notes, Series 2006, due on June 1, 2007, with a fixed interest rate of 6.0%. This note was renewed on June 1, 2007 for a period of 2 years at 6.5% interest. This note was again renewed on January 7, 2009, with a maturity date of June 1, 2011, at an interest rate of 7.5%. The bonds were re-financed by the District on May 1, 2011 for \$36,255,000, with \$14,495,000 having a final maturity date of May 1, 2030, at an interest rate of 7.40%, and \$21,760,000 having a final maturity date of May 1, 2040, at an interest rate of 8.00%. The original bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Lakewood Centre and NW Sector Projects.

On June 19, 2006, the District issued \$27,215,000 of Special Assessment Revenue Bonds, Series 2006, due on November 1, 2037, with a fixed interest rate of 5.40%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Country Club East Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On October 1, 2006, the District issued \$14,435,000 of Special Assessment Revenue Bonds, Series 2006B, due on May 1, 2013, with a fixed interest rate of 5.00%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Lake Club Project, as well as set up a debt service reserve fund and to pay costs of issuance. On June 1, 2012, \$11,375,000 was extended to a due date of November 1, 2020, at an interest rate of 6.77%.

On July 1, 2010, the District issued \$5,720,000 of Special Assessment Revenue Bonds, Series 2010A, due on May 1, 2040, with a fixed interest rate of 7.40%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Central Park Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On May 1, 2011, the District issued \$1,765,000 of Special Assessment Revenue Bonds, Series 2011, due on May 1, 2040, with a fixed interest rate of 8.00%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Belle Isle Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On August 5, 2013, the District issued \$8,500,000 of Special Assessment Revenue Bonds, Series 2013, due on May 1, 2043, with two fixed interest rates of 6.7% and 7%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Country Club East Project, as well as set up a debt service reserve fund and to pay costs of issuance..

LAKEWOOD RANCH STEWARDSHIP DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
For the Fiscal Year Ended September 30, 2017

NOTE 6 – LONG TERM DEBT – CONTINUED

On August 5, 2013, the District issued \$7,535,000 of Special Assessment Revenue Bonds, Series 2013, due on May 1, 2043, with a fixed interest rate of 6.4%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Central Park Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On October 14, 2014, the District issued \$12,145,000 of Special Assessment Revenue Bonds, Series 2014, due of May 1, 2044, with a fixed interest rate of 5.52%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the Country Club East Project, as well as set-up of a debt service reserve fund and to pay cost of issuance.

On February 9, 2015, the District issued \$37,360,000 of Special Assessment Revenue Bonds, Series 2015, due of May 1, 2045, with interest rates ranging from 4.25% to 4.875%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the Lakewood Centre North Project, as well as set-up of a debt service reserve fund and to pay cost of issuance.

On February 8, 2016, the District issued \$79,505,000 of Special Assessment Revenue Bonds, Series 2016, due of May 1, 2046, with interest rates ranging from 4.00% to 5.125%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the Villages of Lakewood Ranch South Project, as well as set-up of a debt service reserve fund and to pay cost of issuance.

On February 21, 2017, the District issued \$49,480,000 of Special Assessment Revenue Bonds, Series 2017, due of May 1, 2047, with interest rates ranging from 4.00% to 5.375%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the Lakewood National and Polo Run Project, as well as set-up of a debt service reserve fund and to pay cost of issuance.

On May 8, 2017, the District issued \$14,805,000 of Special Assessment Revenue Bonds, Series 2017, due as of May 1, 2047, with interest rates ranging from 3.65% to 5.125%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the Del Webb Project, as well as set-up of a debt service reserve fund and to pay cost of issuance.

On September 29, 2017, the District issued \$14,548,000 of Special Assessment Revenue Refunding Bonds, Series 2017, due as of May 1, 2036 with a fixed interest rate of 4.0%. The bonds were issued to refund and redeem all of the outstanding principal amount of the District's Special Assessment Revenue Bonds, 2006 Series A (Lake Club Project), pay certain costs associated with the issuance of the 2017 Bond, make a deposit into the 2017 Reserve Account, and pay interest first coming due on the 2017 Bond.

LAKEWOOD RANCH STEWARDSHIP DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
 For the Fiscal Year Ended September 30, 2017

Principal	2005 Lake Club	2006 Lake Club	2006 Country	2006 Lake Club	2010 Central Park	2011 Lakewood Ctr	2011 Belle Isle	2013 Country Club	2013 Central Park	2014 Country Club	2015 Lakewood Ctr	2016 The Villages of	2017 Del Webb	2017 LW National &	2017 Lake Club	Total
	Series B Bonds	Series A Bonds	Club East Bonds	Series B Bonds	Series A Bonds	and NW Sector Bonds	Series A Bonds	East Series A Bonds	Series A Bonds	East Series A Bonds	North Bonds	LWR South Bonds	Bonds	Polo Run Bonds	Bonds	
2018	\$ -	\$ 460,000	\$ 600,000	\$ -	\$ 40,000	\$ 555,000	\$ 25,000	\$ 120,000	\$ 115,000	\$ 195,000	\$ 640,000	\$ 1,240,000	\$ 235,000	\$ 750,000	\$ 522,000	\$ 5,497,000
2019	-	490,000	635,000	-	45,000	595,000	30,000	125,000	120,000	205,000	670,000	1,290,000	245,000	785,000	543,000	5,778,000
2020	-	515,000	670,000	-	50,000	645,000	30,000	135,000	125,000	220,000	700,000	1,345,000	255,000	815,000	565,000	6,070,000
2021	285,000	545,000	710,000	850,000	55,000	690,000	35,000	145,000	130,000	230,000	730,000	1,400,000	265,000	850,000	588,000	7,508,000
2022	-	575,000	750,000	-	60,000	745,000	35,000	155,000	140,000	240,000	760,000	1,485,000	275,000	885,000	612,000	6,717,000
2023-2027	-	3,425,000	4,420,000	-	400,000	4,665,000	230,000	945,000	835,000	1,425,000	4,340,000	8,440,000	1,560,000	5,065,000	3,456,000	39,196,000
2028-2032	-	4,525,000	5,805,000	-	605,000	6,785,000	335,000	1,320,000	1,150,000	1,870,000	5,515,000	10,705,000	1,975,000	6,490,000	4,221,000	51,301,000
2033-2037	-	4,630,000	7,610,000	-	925,000	10,090,000	495,000	1,865,000	2,440,000	7,035,000	13,780,000	2,525,000	8,440,000	4,041,000	65,431,000	
2038-2042	-	-	-	-	755,000	8,330,000	400,000	2,540,000	2,170,000	3,230,000	8,985,000	17,695,000	3,255,000	11,005,000	-	58,465,000
2043-2047	-	-	-	-	-	-	-	650,000	510,000	1,565,000	6,530,000	17,965,000	4,215,000	14,395,000	-	45,830,000
Total	\$ 285,000	\$ 15,165,000	\$ 21,200,000	\$ 850,000	\$ 2,936,000	\$ 33,090,000	\$ 1,615,000	\$ 8,100,000	\$ 6,850,000	\$ 11,620,000	\$ 35,905,000	\$ 75,345,000	\$ 14,805,000	\$ 49,480,000	\$ 14,548,000	\$ 291,793,000

Interest	2005 Lake Club	2006 Lake Club	2006 Country	2006 Lake Club	2010 Central Park	2011 Lakewood Ctr	2011 Belle Isle	2013 Country Club	2013 Central Park	2014 Country Club	2015 Lakewood Ctr	2016 The Villages of	2017 Del Webb	2017 LW National &	2017 Lake Club	Total
	Series B Bonds	Series A Bonds	Club East Bonds	Series B Bonds	Series A Bonds	and NW Sector Bonds	Series A Bonds	East Series A Bonds	Series A Bonds	East Series A Bonds	North Bonds	LWR South Bonds	Bonds	Polo Run Bonds	Bonds	
2018	\$ 20,549	\$ 834,075	\$ 1,144,800	\$ 57,545	\$ 217,190	\$ 2,577,300	\$ 129,200	\$ 657,190	\$ 429,775	\$ 637,520	\$ 1,712,963	\$ 3,702,081	\$ 707,427	\$ 2,546,731	\$ 342,686	\$ 15,617,032
2019	20,549	808,775	1,112,400	57,545	214,230	2,536,230	127,200	549,150	422,760	627,088	1,685,763	3,652,481	712,878	2,516,731	561,040	15,604,820
2020	20,549	781,825	1,078,110	57,545	210,900	2,492,200	124,800	540,775	415,440	616,120	1,657,288	3,600,881	703,935	2,485,331	539,320	15,325,019
2021	10,274	753,500	1,041,930	28,773	207,200	2,444,470	122,400	531,730	407,815	604,350	1,627,538	3,547,081	694,628	2,452,731	516,720	14,991,140
2022	-	723,525	1,003,590	-	203,130	2,393,410	119,600	522,015	399,885	592,045	1,596,513	3,491,081	684,955	2,418,731	493,200	14,641,680
2023-2027	-	3,103,925	4,364,280	-	939,060	11,054,260	550,400	2,439,895	1,860,955	2,751,575	7,462,869	16,452,194	3,246,233	11,470,113	2,078,200	67,773,959
2028-2032	-	2,047,925	3,028,860	-	764,050	9,031,650	443,600	2,076,420	1,570,900	2,325,448	6,328,725	14,263,156	2,851,688	10,099,363	1,328,200	56,159,985
2033-2037	-	653,950	1,276,020	-	495,800	5,883,600	284,400	1,560,025	1,170,740	1,764,533	4,844,775	11,289,405	2,305,438	8,202,275	412,240	40,143,202
2038-2042	-	-	-	-	115,070	1,368,800	66,000	838,150	598,080	1,001,000	2,948,544	7,421,000	1,597,975	5,705,906	-	21,661,625
2043-2047	-	-	-	-	-	-	-	45,500	32,640	132,720	647,156	2,362,881	669,838	2,403,969	-	6,294,704
Total	\$ 71,921	\$ 9,707,500	\$ 14,049,990	\$ 201,408	\$ 3,366,630	\$ 39,781,920	\$ 1,967,600	\$ 9,660,850	\$ 7,308,990	\$ 11,052,399	\$ 30,512,234	\$ 69,782,242	\$ 14,174,995	\$ 50,302,881	\$ 6,271,606	\$ 268,213,166

Total	2005 Lake Club	2006 Lake Club	2006 Country	2006 Lake Club	2010 Central Park	2011 Lakewood Ctr	2011 Belle Isle	2013 Country Club	2013 Central Park	2014 Country Club	2015 Lakewood Ctr	2016 The Villages of	2017 Del Webb	2017 LW National &	2017 Lake Club	Total
	Series B Bonds	Series A Bonds	Club East Bonds	Series B Bonds	Series A Bonds	and NW Sector Bonds	Series A Bonds	East Series A Bonds	Series A Bonds	East Series A Bonds	North Bonds	LWR South Bonds	Bonds	Polo Run Bonds	Bonds	
2018	\$ 20,549	\$ 1,294,075	\$ 1,744,800	\$ 57,545	\$ 257,190	\$ 3,132,300	\$ 154,200	\$ 677,190	\$ 544,775	\$ 832,520	\$ 2,352,963	\$ 4,942,081	\$ 942,427	\$ 3,296,731	\$ 864,686	\$ 21,114,032
2019	20,549	1,298,775	1,747,400	57,545	259,230	3,131,230	157,200	674,150	542,760	832,088	2,355,763	4,942,481	957,878	3,301,731	1,104,040	21,382,820
2020	20,549	1,296,825	1,748,110	57,545	250,900	3,137,200	154,800	675,775	540,440	836,120	2,357,288	4,945,881	958,935	3,300,331	1,104,320	21,395,019
2021	295,274	1,298,500	1,751,930	878,773	262,200	3,134,470	157,400	676,730	537,815	834,350	2,357,538	4,947,081	959,628	3,302,731	1,104,720	22,498,610
2022	-	1,298,525	1,753,590	-	253,130	3,138,410	154,600	677,015	539,885	832,045	2,356,513	4,976,081	959,955	3,303,731	1,105,200	21,358,680
2023-2027	-	6,528,925	8,784,280	-	1,339,060	15,709,260	780,400	3,384,895	2,595,955	4,176,575	11,802,869	24,892,194	4,806,233	16,535,113	5,534,200	105,969,959
2028-2032	-	6,572,925	8,833,860	-	1,369,050	15,816,650	778,600	3,396,420	2,720,900	4,195,448	11,843,725	24,968,156	4,826,688	16,589,363	5,549,200	107,460,985
2033-2037	-	6,523,950	8,886,020	-	1,420,800	15,973,600	779,400	3,425,025	2,725,740	4,204,533	11,879,775	25,069,406	4,830,438	16,642,275	4,453,240	105,574,202
2038-2042	-	-	-	-	870,070	9,698,800	466,000	3,478,150	2,768,080	4,231,000	11,933,644	25,116,000	4,852,975	16,711,906	-	80,126,625
2043-2047	-	-	-	-	-	-	-	695,500	542,640	1,697,720	7,177,156	20,327,881	4,884,838	16,798,969	-	52,124,704
Total	\$ 356,921	\$ 24,872,500	\$ 35,249,990	\$ 1,051,408	\$ 6,301,630	\$ 72,871,920	\$ 3,582,600	\$ 17,760,850	\$ 14,158,990	\$ 22,672,399	\$ 66,417,234	\$ 145,127,242	\$ 28,979,995	\$ 99,782,881	\$ 20,819,606	\$ 560,006,166

LAKWOOD RANCH STEWARDSHIP DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
For the Fiscal Year Ended September 30, 2017

NOTE 7 – SUBSEQUENT EVENTS

On November 1, 2017 the 2006 Lake Club Series A Bonds were redeemed and paid off in full.

Subsequent events have been evaluated through January 29, 2018, which is the date the financial statements were available to be issued.

OTHER NON-FINANCIAL INFORMATION

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*

Board of Supervisors
Lakewood Ranch Stewardship District

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 and each major fund of the Lakewood Ranch Stewardship District, ("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 January 29, 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 auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 internal control was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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

This 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.



SHINN AND COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Bradenton, Florida
January 29, 2018

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH FLORIDA STATUTES 218.415 –
INVESTMENT OF PUBLIC FUNDS

Board of Supervisors
Lakewood Ranch Stewardship District

We have examined the Lakewood Ranch Stewardship District ("District") compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2017. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides 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 fiscal year ended September 30, 2017.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, 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.



SHINN AND COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Bradenton, Florida
January 29, 2018

MANAGEMENT LETTER

Board of Supervisors
Lakewood Ranch Stewardship District

Report on the Financial Statements

We have audited the financial statements of Lakewood Ranch Stewardship District ("District"), as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated January 29, 2018.

Auditor's 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 Reports

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and 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*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated January 29, 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 findings and recommendations made in the preceding annual financial 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. This information has been included in the notes to the basic financial statements.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report 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 identification of 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. 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.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for 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.

Other Matters

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

Section 10.554(1)(i)3., Rules of the Auditor General, require that we address 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 have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, 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.



SHINN AND COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Bradenton, Florida
January 29, 2018