

**LAKE ST. CHARLES COMMUNITY
DEVELOPMENT DISTRICT
BASIC FINANCIAL STATEMENTS
TOGETHER WITH ADDITIONAL REPORTS
YEAR ENDED
SEPTEMBER 30, 2016**

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Tax Division

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Lake St. Charles Community Development District
6801 Colonial Lake Drive
Riverview, FL 33578

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Lake St. Charles Community Development District (the "District") as of and for the year ended September 30, 2016, 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 an opinion 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 of America. 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 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

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reasonableness of significant accounting estimates made by management, as well as evaluating 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 opinion.

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 Lake St. Charles Community Development District as of September 30, 2016, and the respective changes in financial position, 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 on pages i - v 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 which 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 - management's discussion and analysis (MD&A) 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 required supplementary information - management's discussion and analysis (MD&A) because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Required Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Lake St. Charles Community Development District's basic financial statements. The required supplementary information other than MD&A - budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The required supplementary information other than MD&A - budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required supplementary information other than MD&A - budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Exhibit - Management's Response to Independent Auditor's Report to Management is not a required part of the basic financial statements but is required by Government Auditing Standards. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Section 218.415, Florida Statutes

In accordance with Section 218.415, Florida Statutes, we have also issued a report dated March 1, 2017, on our consideration of Lake St. Charles Community Development District's compliance with provisions of Section 218.415, Florida Statutes. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and to provide an opinion on compliance with the aforementioned Statute. That report is an integral part of an audit performed in accordance with Sections 218.39 and 218.415, Florida Statutes in considering Lake St. Charles Community Development District's compliance with Section 218.415, Florida Statutes.

Board of Supervisors
Lake St. Charles Community Development District
Page 4

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 1, 2017 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, contract 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 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 Lake St. Charles Community Development District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Tuscan & Company, P.A." in a cursive script.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
March 1, 2017

**MANAGEMENT'S DISCUSSION
AND ANALYSIS
(MD&A)**

**LAKE ST. CHARLES COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Lake St. Charles Community Development District (the "District") has prepared the following Management's Discussion and Analysis (herein referred to as "MD&A") to provide the reader with highlights of various financial and non-financial events of the past year. In addition, the analysis will also provide the reader with the following information:

- A brief discussion of the basic financial statements. The financial statements are presented under the model prescribed by Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, of the Governmental Accounting Standards Board of the Financial Accounting Foundation (GASB).
- A review and analysis of individual fund financial information, including the reasons for significant changes in fund balances or net position.
- An analysis of significant variations between actual amounts and budgeted amounts.
- A description of currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations.

Because the information contained in the MD&A is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the District's basic financial statements and notes thereto found on pages 5 through 43.

BASIC FINANCIAL STATEMENTS - AN OVERVIEW

The basic financial statements consist of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

Government-Wide Financial Statements

The government-wide financial statements (pages 5 & 6) provide information about the District's overall financial condition in a manner similar to that of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide financial information about the District, presented on the accrual basis of accounting.

The statement of net position (page 5) provides information about the District's financial position, as well as net assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities is the District's net position, which is considered a measure of the financial health of the District.

**LAKE ST. CHARLES COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

BASIC FINANCIAL STATEMENTS - AN OVERVIEW (CONTINUED)

Government-Wide Financial Statements (Continued)

The statement of activities (page 6) presents information showing how the District's net position changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. While expenses are recorded even though they may not have used cash during the current period, the District historically and currently has no recordable receivables. An increase or decrease in net assets may be an indication of whether the District's financial health is improving or deteriorating. Historically and currently, the District remains in a strong financial position.

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 has only one fund type: 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 funds financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the year. Such information may be useful in evaluating the District's near-term financing requirements.

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

The District maintains two individual governmental funds. Information is presented separately in the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balance for the general fund and the debt service fund. The governmental fund financial statements can be found on pages 7 and 9.

The District adopts an annual appropriated budget for both its general fund and its debt service fund. Budgetary comparisons can be found on pages 31 - 37.

NOTES TO BASIC FINANCIAL STATEMENTS

The notes to basic financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 11 to 30.

**LAKE ST. CHARLES COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

GOVERNMENTAL ACTIVITIES FINANCIAL ANALYSIS

Summarized statements are presented in the table below:

Statement of Net Position

	Governmental Activities	
	September 30:	
	2016	2015
Current and Other Assets	\$ 531,009	\$ 490,425
Capital Assets, Net	<u>1,134,558</u>	<u>1,170,801</u>
Total Assets	<u>\$ 1,665,567</u>	<u>\$ 1,661,226</u>
Current Liabilities	\$ 308,774	\$ 298,969
Long-Term Liabilities	<u>3,030</u>	<u>282,723</u>
Total Liabilities	<u>311,804</u>	<u>581,692</u>
Net Position:		
Net investment in Capital Assets	851,270	612,768
Restricted	165,787	158,562
Unrestricted	<u>336,706</u>	<u>308,204</u>
Total Net Position	<u>1,353,763</u>	<u>1,079,534</u>
Total Liabilities and Net Position	<u>\$ 1,665,567</u>	<u>\$ 1,661,226</u>

The District had government-wide net position of \$1,353,763 as of September 30, 2016, an increase of \$274,229 over the previous year. Significant changes in the District's assets and liabilities during fiscal 2016 included 1) a decrease in long-term liabilities due to the principal payment of \$270,000 on the Special Assessment Revenue Bond and 2) a decrease in capital assets primarily due to depreciation expense of \$81,435.

**LAKE ST. CHARLES COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

GOVERNMENTAL ACTIVITIES FINANCIAL ANALYSIS (CONTINUED)

Key elements of the change in net position are reflected in the table below:

Statement of Activities

	Year Ended September 30:	
	2016	2015
Revenues		
Non-advalorem Assessments	\$ 887,687	\$ 871,936
Investment Income	201	268
Miscellaneous Income	5,596	3,020
Total Revenue	<u>893,484</u>	<u>875,224</u>
 Expenses		
General Government	112,587	140,898
Public Safety	1,112	2,326
Culture and Recreation	56,030	71,771
Physical Environment	349,130	365,597
Debt Service	18,382	29,609
Amoritization of Bond Discount	579	579
Depreciation Expense	81,435	83,238
	<u>619,255</u>	<u>694,018</u>
 Changes In Net Position	274,229	181,206
 Net Position - Beginning of Year	<u>1,079,534</u>	<u>898,328</u>
 Net Position - End of Year	<u>\$ 1,353,763</u>	<u>\$ 1,079,534</u>

The change in net position in the statement of activities above was \$93,023 more than in the prior year, as a result of decreased maintenance needs.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

This section provides an analysis of the balances and transactions of individual funds, the reasons for significant changes in fund balances and whether there are any restrictions, commitments, or other limitations that could significantly affect the availability of fund resources for future use.

**LAKE ST. CHARLES COMMUNITY DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

As of the end of the fiscal year ended September 30, 2016, the District's governmental funds reported combined ending fund balances of \$507,363, an increase of \$30,946 as compared to the total balance at September 30, 2015. During fiscal 2015, the District's fund balances had decreased by \$25,491. The primary reason for the unfavorable variation in the change in fund balance during the year ended September 30, 2015 was a increase in expenditures for extraordinary maintenance and repairs to District facilities. The fund balance in the general fund and debt service fund was \$341,576 and \$165,787, respectively, at September 30, 2016. The fund balance in the general fund was \$317,655 and \$158,562, respectively, in the debt service fund at September 30, 2015.

CAPITAL ASSETS AND LONG-TERM DEBT

The District's capital assets, net of accumulated depreciation, for its governmental activities as of September 30, 2016 and 2015 were \$1,134,558 and \$1,170,801 which consists of buildings, improvements other than buildings, and equipment and furniture.

At September 30, 2016 and 2015, the District had total bonded debt outstanding, net of unamortized discount, of \$274,661 and \$544,082, respectively. The District's debt represents bonds secured solely by a specified revenue source. In fiscal year 2005, the District issued a \$2,760,000 Special Assessment Revenue Refunding Bond, Series 2005. During January 2017, the District paid the special assessment bonds off in full. The debt service fund was closed thereafter.

Additional information on the District's capital assets and long-term debt can be found in Notes C and D, respectively.

BUDGET VARIANCE IN THE GENERAL FUND

There were two amendments to the budget for the general fund for the year ended September 30, 2016. The actual net change in budgetary fund balance for the general fund for the year ended September 30, 2016, was to adjust to the audited fund balance at September 30, 2015. The comparison of budget and actual results for the general fund can be found on page 32-37.

The District also approved one budget amendment to the debt service fund budget to eliminate the property appraiser fee which was waived by the Hillsborough County Property Appraiser.

SIGNIFICANT ECONOMIC FACTORS OR OTHER CONDITIONS

The Rules of the Auditor General of the State of Florida apply to the District. Specifically, those rules require an assessment of whether or not the District met one or more of the conditions described in Section 218.503(1), Florida Statutes. Management of the District has determined that the District did not meet any of the conditions noted and, therefore, is not in a state of financial emergency.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Lake St. Charles Community Development District Office at 6801 Colonial Lake Drive, Riverview, Florida, 33569.

LAKE ST. CHARLES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
September 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and investments - unrestricted	\$ 344,961
Cash - restricted	165,787
Other assets	<u>20,261</u>
Total current assets	<u>531,009</u>
Noncurrent assets:	
Capital assets:	
Land	-
Depreciable buildings, improvements, equipment and vehicles (net of \$1,269,619 accumulated depreciation)	<u>1,134,558</u>
Total noncurrent assets	<u>1,134,558</u>
TOTAL ASSETS	<u><u>1,665,567</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	15,027
Accrued expenses	8,374
Accrued interest payable	4,870
Deposits	245
Notes payable, current portion	5,597
Special assessment bond debt, net of unamortized discount, current portion	<u>274,661</u>
Total current liabilities	308,774
Noncurrent liabilities:	
Notes payable, net of current portion	3,030
Commitments and contingencies	<u>-</u>
TOTAL LIABILITIES	<u><u>311,804</u></u>
NET POSITION	
Net investment in capital assets	851,270
Restricted for:	
Debt service	165,787
Unrestricted	<u>336,706</u>
TOTAL NET POSITION	<u><u>\$ 1,353,763</u></u>

The accompanying notes are an integral part of this statement.

LAKE ST. CHARLES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF ACTIVITIES
Year Ended September 30, 2016

	<u>General Government</u>	<u>Public Safety</u>	<u>Culture and Recreation</u>	<u>Physical Environment</u>	<u>Debt Service</u>	<u>Depreciation and Amortization</u>	<u>Total Governmental Activities</u>
EXPENSES							
Governmental activities							
Personnel services	\$ 50,501	\$ -	\$ -	\$ 152,105	\$ -	\$ -	\$ 202,606
Operating	62,086	1,112	56,030	196,432	-	-	315,660
Debt service	-	-	-	593	18,382	-	18,975
Depreciation	-	-	-	-	-	81,435	81,435
Amortization of bond discount	-	-	-	-	-	579	579
Total expenses	<u>112,587</u>	<u>1,112</u>	<u>56,030</u>	<u>349,130</u>	<u>18,382</u>	<u>82,014</u>	<u>619,255</u>
PROGRAM REVENUES							
Assessments	587,422	-	-	-	300,265	-	887,687
Interest earnings	78	-	-	-	123	-	201
Rent and resident fees	<u>3,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,480</u>
Total program revenues	<u>590,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,388</u>	<u>-</u>	<u>891,368</u>
Net program income (expense)	\$ 478,393	\$ (1,112)	\$ (56,030)	\$ (349,130)	\$ 282,006	\$ (82,014)	<u>272,113</u>
GENERAL REVENUES							
							<u>2,116</u>
							<u>2,116</u>
							274,229
							<u>1,079,534</u>
							<u>\$ 1,353,763</u>

The accompanying notes are an integral part of this statement.

LAKE ST. CHARLES COMMUNITY DEVELOPMENT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2016

	General Fund	Debt Service Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 344,961	\$ -	\$ 344,961
Restricted cash	-	165,787	165,787
Due from other funds	-	-	-
Other assets	<u>20,261</u>	<u>-</u>	<u>20,261</u>
TOTAL ASSETS	<u>\$ 365,222</u>	<u>\$ 165,787</u>	<u>\$ 531,009</u>
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 15,027	\$ -	\$ 15,027
Accrued expenses	8,374	-	8,374
Deposits	245	-	245
Due to other governments	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>23,646</u>	<u>-</u>	<u>23,646</u>
 FUND BALANCE			
Nonspendable:	20,261	-	20,261
Restricted for:			
Debt service	-	165,787	165,787
General fund:			
Assigned for insurance deductibles	80,022	-	80,022
Assigned for operational cash flow	100,029	-	100,029
Assigned for mandated projects	20,006	-	20,006
Unassigned	<u>121,258</u>	<u>-</u>	<u>121,258</u>
TOTAL FUND BALANCE	<u>341,576</u>	<u>165,787</u>	<u>507,363</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 365,222</u>	<u>\$ 165,787</u>	<u>\$ 531,009</u>

The accompanying notes are an integral part of this statement.

**LAKE ST. CHARLES COMMUNITY DEVELOPMENT DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
September 30, 2016**

	<u>Amount</u>
Total fund balance for governmental funds	\$ 507,363
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Capital assets not being depreciated:	
Land	-
Construction in progress	-
	<u>-</u>
Governmental capital assets being depreciated:	
Buildings, improvements, equipment and vehicles	2,404,177
Less: accumulated depreciation	<u>(1,269,619)</u>
	1,134,558
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:	
	-
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Less: Compensated absences	-
Less: Net OPEB obligation	-
Less: Accrued interest payable	(4,870)
Less: Notes payable	(8,627)
Less: Special assessment bonds	(275,000)
Add: Unamortized discount	<u>339</u>
	<u>(288,158)</u>
Elimination of interfund amounts:	
Due to other funds	-
Due from other funds	-
	<u>-</u>
Total net position of governmental activities	<u>\$ 1,353,763</u>

The accompanying notes are an integral part of this statement.

LAKE ST. CHARLES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended September 30, 2016

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES			
Assessments	\$ 587,422	\$ 300,265	\$ 887,687
Interest	78	123	201
Other misc revenue	2,116	-	2,116
Rental	3,480	-	3,480
TOTAL REVENUES	<u>593,096</u>	<u>300,388</u>	<u>893,484</u>
EXPENDITURES			
Current			
General government			
Legislative			
Operating expenditures	14,246	-	14,246
Financial & Admin			
Personnel services	50,501	-	50,501
Operating expenditures	47,840	-	47,840
	<u>98,341</u>	<u>-</u>	<u>98,341</u>
	<u>112,587</u>	<u>-</u>	<u>112,587</u>
Public safety			
Operating expenditures	1,112	-	1,112
Culture & recreation			
Personnel services	-	-	-
Operating expenditures	56,030	-	56,030
Physical environment			
Personnel services	152,105	-	152,105
Operating expenditures	196,432	-	196,432
	348,537	-	348,537
Capital outlay	45,192	-	45,192
Debt Service			
Principal	5,324	270,000	275,324
Interest	593	23,163	23,756
	<u>5,917</u>	<u>293,163</u>	<u>299,080</u>
TOTAL EXPENDITURES	<u>569,375</u>	<u>293,163</u>	<u>862,538</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>23,721</u>	<u>7,225</u>	<u>30,946</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	23,721	7,225	30,946
FUND BALANCE, Beginning	<u>317,855</u>	<u>158,562</u>	<u>476,417</u>
FUND BALANCE, Ending	<u>\$ 341,576</u>	<u>\$ 165,787</u>	<u>\$ 507,363</u>

The accompanying notes are an integral part of this statement.

**LAKE ST. CHARLES COMMUNITY DEVELOPMENT DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE -
 GOVERNMENTAL FUNDS TO THE STATEMENT
 OF ACTIVITIES**

Year Ended September 30, 2016

	<u>Amount</u>
Net change (excess of revenues and other financing sources over expenditures and other financing uses) in fund balance - total governmental funds.	\$ 30,946
The increase in net position reported for governmental activities in the Statement of Activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Add: expenditures for capital assets	45,192
Less: current year depreciation	(81,435)
Less: proceeds from issuance of debt	<u>-</u>
	(36,243)
Repayments on long-term liabilities are reported as expenditures in the governmental fund statements but such repayments reduce liabilities in the Statement of Net Position and are eliminated in the Statement of Activities.	
Add: principal paid on notes payable	5,324
Add: principal paid on bonds	270,000
Amortization of deferred charges is not recognized in the governmental fund statements but is reported as an expense in the Statement of Activities.	
Less: amortization of bond discount	(579)
The change in current accrued interest on long-term liabilities between the current and prior fiscal year is reported in the Statement of Activities but not in the fund financial statements.	
Add: change in accrued bond interest payable	<u>4,781</u>
Increase in net position of governmental activities	<u><u>\$ 274,229</u></u>

The accompanying notes are an integral part of this statement.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Lake St. Charles Community Development District (the "District") is an independent special district located in Hillsborough County, Florida (the "County") which was established on December 12, 1995 by Ordinance Number 95-30 as amended by Ordinance Number 00-35 of the Board of County Commissioners of Hillsborough County, Florida, pursuant to Chapter 190.005(2) of the Florida Statutes. The District's purpose is for planning, financing, constructing and maintaining infrastructure within its geographic boundaries. The District is governed by an at-large elected, five-member Board of Supervisors by residents within the District. The District maintains the property, lakes, common areas, wetlands, nature path, signage, walls, pool, clubhouse and playgrounds within the District. The District's roads and sidewalks were conveyed to the County who is now responsible for the related maintenance. The District's maintenance costs and other expenditures are paid from the General Fund through the collection of non-ad valorem assessments. The District services its special assessment bond debt via a debt service fund.

Summary of Significant Accounting Policies

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

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

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

Reporting Entity

The District adheres to Governmental Accounting Standards Board (GASB) Statement No. 14, "Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61 "The Financial Reporting Entity: Omnibus - An Amendment of GASB Statement No. 14 and No. 34". These Statements require the financial statements of the District (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the elected

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Reporting Entity, continued

officials of the primary government are financially accountable. Based on the criteria established in GASB Statement No. 14, as amended, there are no component units included and/or required to be included in the District's basic financial statements.

Government-wide Financial Statements

The Government-wide Financial Statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District and do not emphasize fund types. These governmental activities comprise the primary government. General governmental and intergovernmental revenues support the governmental activities. The purpose of the Government-wide financial statements is to allow the user to be able to determine if the District is in a better or worse financial position than in the prior year. The effect of all interfund activity between governmental funds has been removed from the Government-wide financial statements.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions."

Amounts paid to acquire capital assets are capitalized as assets in the Government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the Government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability in the government-wide financial statements rather than as expenditures.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Government-wide Financial Statements, continued

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 or segment. Program revenues include: 1) charges to customers or applicants 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 improvements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Program revenues are considered to be revenues generated by services performed and/or by fees charged such as rental fees and assessments.

Fund Financial Statements

The District adheres to GASB Statement Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54).

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

Fund financial statements for the District's governmental funds are presented after the Government-wide financial statements. These statements display information about major funds individually and nonmajor funds, in aggregate, for governmental funds.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Governmental Funds

When both restricted and unrestricted resources are combined in a fund, expenditures are considered to be paid first from restricted resources, as appropriate, and then from unrestricted resources. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period.

The District's major funds are presented in separate columns on the governmental fund financial statements. The definition of a major fund is one that meets certain criteria set forth in GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments". The funds that do not meet the criteria of a major fund are considered non-major funds and are combined into a single column on the governmental fund financial statements.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns on the fund financial statements. All governmental funds of the District are considered to be major funds.

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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. Maintenance assessments and debt assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Measurement Focus and Basis of Accounting, continued

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 and soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period.

Revenues susceptible to accrual are maintenance and debt assessments, interest on investments, and intergovernmental revenues. Maintenance and debt assessments are recorded as revenues in the fiscal year in which they are collected, provided they are collected in the current period or within sixty days thereafter. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized when all eligibility requirements are met.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) principal and interest on the long-term debt, if any, is recognized when due, and (2) expenditures are generally not divided between years by the recording of prepaid expenditures.

Separate financial statements are provided for governmental funds.

Non-current Governmental Assets/Liabilities

GASB Statement No. 34 requires non-current governmental assets such as land and buildings, and non-current governmental liabilities such as notes payable and bonds payable, to be reported in the governmental activities column in the government-wide Statement of Net Position.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Major Funds

The District reports the following major governmental funds:

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

The Debt Service Fund has been established to accumulate the funds needed to provide for the debt service payments related to the special assessment bonded debt.

Budgetary Information

The District has elected to report budgetary comparison of major funds as required supplementary information (RSI).

Investments

The District adheres to the requirements of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," in which all investments are reported at fair value. In addition, the District abides by Florida Statute 218.415(17) as its deposit and investment policy.

Investments, including restricted investments, consist of money markets.

Capital Assets

Capital assets, which include land, buildings, improvements (roads), equipment and vehicles, are reported in the government-wide financial statements in the Statement of Net Position.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets, continued

The District follows a capitalization policy which calls for capitalization of all capital assets that have a cost or donated value of \$1,000 or more and have a useful life in excess of one year.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Land, lakes and park land was donated by the developer at the time of the establishment of the District and therefore was not valued or recorded. The District capitalized buildings and other improvements such as pool resurfacing, repaving, and fencing. No debt-related interest expense was capitalized as part of capital assets in accordance with GASB Statement No. 34.

Maintenance, repairs and minor renovations are not capitalized.

Expenditures that materially increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement, the cost is eliminated from the respective accounts.

Expenditures for capital assets are recorded in the fund statements as current expenditures. However, such expenditures are not reflected as expenditures in the government-wide statements, but rather are capitalized and depreciated.

Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and building improvements	5-30
Improvements other than buildings	2-40
Equipment (including vehicles)	3-10

Bond Discount Costs

In the government-wide financial statements, bond discounts are amortized over the life of the applicable bond issue using the straight-line method, which approximates the effective interest method.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Budgets and Budgetary Accounting

The District has adopted an annual budget for the General Fund and its Debt Service Fund.

The District follows these procedures in establishing budgetary data for both the General Fund and the Debt Service Fund.

1. On or before June 15 of each year, the District Manager and/or Treasurer submits to the Board of Supervisors a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. The budget is adopted by approval of the Board of Supervisors.
4. Budget amounts, as shown in these financial statements, are as originally adopted or as amended by the Board of Supervisors.
5. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. The level of control for appropriations is exercised at the fund level.
7. The District approved two (2) budget amendment in the General Fund for the year ended September 30, 2016. There was one (1) budget amendment in the Debt Service Fund for the year ended September 30, 2016.

Due From Other Governments

No allowance for losses on uncollectible accounts has been recorded since the District considers all amounts to be fully collectible.

Compensated Absences

The District's employees accumulate annual leave based on the number of years of continuous service. Upon termination of employment, employees can receive payment of accumulated annual leave, if certain criteria are met. The costs of vacation and personal leave benefits (compensated absences) are expended in the respective operating funds when payments are made to employees. The liability for

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Compensated Absences, continued

all accrued vacation and personal leave benefits is generally recorded in the Government-wide Statement of Net Position, however, the accrued liability amount was considered immaterial and was not recorded.

Encumbrances

Encumbrances accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is at present not necessary in order to assure effective budgetary control or to facilitate effective cash planning and control. All appropriations lapse at year-end.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District to make estimates and assumptions that affect the reported amounts of assets, liabilities, fund balances/net assets and disclosure of contingent assets and liabilities at September 30, 2016 and revenues and expenditures during the year ended September 30, 2016. Actual results could differ from those estimates.

Fund Equity

The District's assigned fund balances are a result of the District's Board approval. The District's intent is to maintain a minimum assigned fund balance level of two (2) months of prior year total expenditures. The assigned fund balance will serve as the District's operational reserve to carry the District's operations from October 1 through December 31 of the subsequent fiscal year. The Board's intent is also to hold assigned fund balance amounts for insurance deductibles and mandated projects. Any use or change of the assigned fund balance requires the District's Board approval.

In the governmental fund financial statements, restriction of fund balance indicates amounts that are limited for a specific purpose, are not appropriate for expenditure, or are legally segregated for a specific future use. Assignments of fund balance represent tentative management plans. Such assignments can be changed and/or amended by Board action. Unassigned fund balance indicates funds that are available for current expenditure.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Interfund Transactions

The District considers interfund receivables (due from other funds) and interfund liabilities (due to other funds) to be loan transactions to and from other funds to cover temporary (three months or less) cash needs. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing funds and as reduction of expenditures/expenses in the fund that is reimbursed.

Subsequent Events

Subsequent events have been evaluated through March 1, 2017, which is the date the financial statements were available to be issued.

NOTE B - CASH AND INVESTMENTS

At September 30, 2016, the District's cash and investments consisted of the following:

Type	General Fund	Debt Service Fund	Total
Unrestricted:			
Petty Cash	\$ 790	\$ -	\$ 790
Depository Accounts	144,114	-	144,114
Assigned: *			
Money Market Accounts	200,057	-	200,057
Total Cash and Equivalents	344,961	-	344,961
Restricted:			
Trustee Held Accounts	-	165,787	165,787
Total Restricted Cash	-	165,787	165,787
	<u>\$ 344,961</u>	<u>\$ 165,787</u>	<u>\$ 510,748</u>

* Also reflected as assigned fund balance.

NOTE B - CASH AND INVESTMENTS, CONTINUED

Deposits

The District's deposit policy allows deposits to be held in demand deposit, SBA or money market accounts as well as the trustee accounts. Deposits, at times during the year, exceeded FDIC insurance limits.

At September 30, 2016, the carrying amounts of the District's deposits were \$344,171 and \$165,787 in the General Fund and Debt Service Fund, respectively. The bank balances were \$363,043 in the General Fund and \$165,800 in the Debt Service Fund. These deposits were entirely insured by federal depository insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida (F.S. 280).

Investments

Investments include certain cash accounts established pursuant to the special assessment bond indentures. These accounts are held in trust by the Bond Trustee. These investments are restricted for either reserve accounts required by the bond covenants or as sinking funds for future debt service. These investments are considered restricted and cannot be used by the District for any purpose other than to service the outstanding special assessment bond debt. These accounts are subject to FDIC insurance limits of \$250,000.

LAKE ST. CHARLES COMMUNITY DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE C - CAPITAL ASSETS ACTIVITY

The following is a summary of changes in capital assets activity for the year ended September 30, 2016:

	Balance October 1 2015	Increase/ Additions	Decrease/ Retirements	Balance September 30 2016
Capital Assets				
Being Depreciated:				
Buildings	\$ 270,900	\$ 27,593	\$ -	\$ 298,493
Improvements other than buildings	1,912,660	-	-	1,912,660
Equipment and furniture	<u>175,425</u>	<u>17,599</u>	<u>-</u>	<u>193,024</u>
Total Capital Assets				
Being Depreciated	<u>2,358,985</u>	<u>45,192</u>	<u>-</u>	<u>2,404,177</u>
Less Accumulated Depreciation:				
Buildings	(163,383)	(9,727)	-	(173,110)
Improvements other than buildings	(883,293)	(62,515)	-	(945,808)
Equipment and furniture	<u>(141,508)</u>	<u>(9,193)</u>	<u>-</u>	<u>(150,701)</u>
Total Accumulated Depreciation	<u>(1,188,184)</u>	<u>(81,435)</u>	<u>-</u>	<u>(1,269,619)</u>
Total Capital Assets being				
Depreciated, Net	<u>1,170,801</u>	<u>(36,243)</u>	<u>-</u>	<u>1,134,558</u>
Capital Assets, Net	<u>\$ 1,170,801</u>	<u>\$ (36,243)</u>	<u>\$ -</u>	1,134,558
			Related debt, net	<u>(283,288)</u>
			Net investment in capital assets	<u>\$ 851,270</u>

Depreciation expense of \$81,435 was not allocated among the District functions during the year ended September 30, 2016.

LAKE ST. CHARLES COMMUNITY DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE D - SPECIAL ASSESSMENT REVENUE BONDS

The following is a summary in changes related to the special assessment revenue bonds for the year ended September 30, 2016:

	Balance October 1 2015		Increases	Decreases	Balance September 30 2016		Current Portion	
Special Assessment								
Bonds	\$	545,000	\$	-	\$	(270,000)	\$	275,000
Unamortized								
Bond Discount		(918)		-		579		(339)
	\$	544,082	\$	-	\$	(269,421)	\$	274,661

	<u>Amount</u>
\$2,760,000 Series 2005, Special Assessment Revenue Refunding Bonds, issued February 2, 2005. Principal, in varying amounts, is payable annually beginning May 1, 2006 through May 1, 2017; interest payable semi-annually on May 1 and November 1 at the rate of 4.25%; collateralized by the assessments levied on the lands benefited by the infrastructure project.	\$ 275,000
Less: unamortized bond discount	<u>(339)</u>
Total (due in one year)	<u>\$ 274,661</u>

NOTE D - SPECIAL ASSESSMENT REVENUE BONDS, CONTINUED

Bond Resolutions

The bond resolutions established certain accounts and determined the order in which certain revenues are to be deposited into those accounts. In addition, there are various other covenants established by the official statements and District resolutions, including reserve fund (see footnote). Management believes that it has complied, in all material respects, with these covenants.

The Series 2005 bonds were issued as fully registered bonds, without coupons, in denominations of \$5,000.

The bonds are payable from special assessments to be levied on property benefiting from the infrastructure construction, and the portion of the proceeds of the bond issue pledged for debt service. The bonds are collateralized by a pledge of and lien upon the amounts collected by or on behalf of the District from landowners or otherwise collected as a result of the special assessments and all amounts held in the reserve and capitalized interest accounts of the Debt Service Fund. The bonds are limited obligations of the District collateralized solely by the amounts pledged under the indentures, and are not obligations or debt of Hillsborough County, Florida, the State of Florida or any political subdivision or public body of the State of Florida, within the meaning of any Florida Statute or the Florida Constitution.

The District has pledged in the Special Assessment Revenue Bond Indenture that it will not issue or incur any additional obligations payable from the proceeds of assessments securing the Series 2005 bonds.

The District paid special assessment bond interest of \$23,163, on a fund basis, during the year ended September 30, 2016.

LAKE ST. CHARLES COMMUNITY DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE D - SPECIAL ASSESSMENT REVENUE BONDS, CONTINUED

At September 30, 2016, the scheduled debt service requirement on the special assessment revenue bonds was as follows:

Year Ending September 30	Principal	Interest	Total
2017	\$ 275,000	\$ 11,688	\$ 286,688
Subtotal	275,000	<u>\$ 11,688</u>	<u>\$ 286,688</u>
Bond Discount	(339)		
Total	<u>\$ 274,661</u>		

NOTE E - BOND RESERVE FUND REQUIREMENT

The Special Assessment Revenue Bond Series 2005 indenture provides for a Debt Service Reserve Account to be held separate and apart from all other accounts by the bond issue trustee. At September 30, 2016, the Debt Service Reserve Account Requirement and balance contained in the account are as follows:

	<u>Requirement*</u>	<u>Balance</u>
2005 Series Special Assessment Bond	<u>\$ 143,344</u>	<u>\$ 143,819</u>

* As determined by the Bond Issue Trustee.

The Reserve account requirement is an amount equal to fifty percent (50%) of the Maximum Annual Debt Service Requirement. The District met this requirement. On the fortieth day before each interest payment, the trustee computes the value in the Series 2005 Reserve Account. The trustee then notifies the District if there is a deficiency. Any surplus will be applied to the revenue account.

The Debt Service Reserve Account is to be used to make principal and interest payments when due if the amount available for such payments from special assessments and other pledged sources is insufficient.

LAKE ST. CHARLES COMMUNITY DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE F - NOTES PAYABLE

The following is a summary of changes in long-term liabilities for the year ended September 30, 2016:

	Balance October 1 2015	Additions	Retirements / Adjustments September 30	Balance 2016	Amounts Due Within One Year
Note payable - Truck	\$ 7,078	\$ -	\$ (2,468)	\$ 4,610	\$ 2,594
Note payable - Auto	<u>6,873</u>	<u>-</u>	<u>(2,856)</u>	<u>4,017</u>	<u>3,003</u>
	<u>\$ 13,951</u>	<u>\$ -</u>	<u>\$ (5,324)</u>	<u>\$ 8,627</u>	<u>\$ 5,597</u>

The following is a summary of the long-term liabilities at September 30, 2016:

	<u>Amount</u>
\$12,179 note payable monthly, for 60 months to a financial institution in the amount of \$231 including interest at 5.24% to finance the purchase of a truck for maintenance use. The note is collateralized by the respective truck. Final principal payment of \$231 due June 18, 2018.	\$ 4,610
\$13,800 note payable monthly, for 60 months to a financial institution in the amount of \$262 including interest at 5.24% to finance the purchase of an auto. The note is collateralized by the respective auto. Final principal payment of \$262 due January 1, 2018.	<u>4,017</u>
	<u>\$ 8,627</u>

LAKE ST. CHARLES COMMUNITY DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE F - NOTES PAYABLE, CONTINUED

The annual notes payable debt service requirements at September 30, 2016, were as follows:

<u>Years Ending</u> <u>September 30</u>	<u>Total</u> <u>Principal</u>	<u>Total</u> <u>Interest</u>	<u>Total</u>
2017	\$ 5,597	\$ 321	\$ 5,918
2018	<u>3,030</u>	<u>56</u>	<u>3,086</u>
Total Notes Payable	<u>\$ 8,627</u>	<u>\$ 377</u>	<u>\$ 9,004</u>

Interest expense related to the notes payable for the year ended September 30, 2016 was \$593.

NOTE G - FUND BALANCE

The District adheres to GASB 54. Implementation of GASB 54 was required for the fiscal year ended September 30, 2011. The intention of GASB 54 is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the uses of the District's financial statements.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are either (a) not in spendable form or; (b) legally contractually required to be maintained intact.

GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

The District's fund balance policy states the District's goal is to maintain general fund assigned balances of approximately \$200,000, which should be cash funded.

Nonspendable: A nonspendable fund balance of \$20,261 was created for prepaid expenditures. It represents the portion of the General Fund balance that is not available for expenditure because of advance payment of insurance premiums and other administrative costs.

**LAKE ST. CHARLES COMMUNITY DEVELOPMENT DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2016**

NOTE G - FUND BALANCE, CONTINUED

Spendable: The District has classified the spendable fund balances as Restricted and Assigned within the General Fund and Debt Service Fund, and considered each to have been spent when expenditures are incurred.

Restricted: Amounts that can be spent only for the specific purposes stipulated by: (a) external resource providers; or (b) imposed by law through constitutional provisions or enabling legislation.

The District's policy is to apply expenditures against restricted fund balance and committed fund balance, in that order, under circumstances where a particular expenditure can be made from more than one fund classification.

Fund balances were categorized for the following purposes at September 30, 2016:

	<u>Amount</u>
Nonspendable - General Fund	<u>\$ 20,261</u>
Assigned Fund Balances - General Fund:	
Insurance deductibles	\$ 80,022
Operational cash flow	100,029
Mandated projects	<u>20,006</u>
	<u>\$ 200,057</u> *
Restricted - for debt service - Debt Service Fund	<u>\$ 165,787</u>

* Also reflected as assigned cash balance.

In addition to the above, there was \$121,258 in unassigned fund balance at September 30, 2016.

NOTE H - ASSESSMENTS

The District levies an annual assessment which includes an operating and maintenance (O&M) component used to fund the District's general operations (General Fund) and a debt component used solely to service the District's outstanding special assessment bonded debt (Debt Service Fund).

Assessments (non-ad valorem) are generally levied on November 1 of each year, after formal adoption of the District's budget. The fiscal year for which annual assessments may be levied begins on October 1, with discounts available for payments through February 28 and become delinquent on April 1. If the taxes remain unpaid, tax certificates are then offered for sale to the general public. The billing and

NOTE H - ASSESSMENTS, CONTINUED

collection of all assessments are performed for the District by the Tax Collector for Hillsborough County. Assessments are recognized as revenue when levied to the extent that they result in current receivables.

Key dates in the property tax cycle (latest date, where appropriate) are as follows:

- Prior to July 1 * Assessment roll certified.
- On or before
August 31 * Assessment resolution approved.
- November 1 * Assessment due and payable (levy date) with various discount provisions through March 31.
- April 1 * Assessment become delinquent.
- Prior to June 1 * Assessment certificates sold by Hillsborough County.

The Board of Supervisors of the District, under Florida Statute 197.3632, levied non-ad valorem taxes on real property located within the District for the year ended September 30, 2016 as follows:

Tax revenue from this levy is used for the maintenance and operating costs of the District as well as to service the special assessment bond debt of the District.

<u>Type of Property</u>	<u>Annual Assessment</u>
Single Family	\$ 1,120
Town Homes	\$ 560
Commercial (per Ac)	\$ 3,274

NOTE I - CONTINGENCIES

The District is involved from time to time in certain routine litigation, the substance of which, either as liabilities or recoveries, would not materially affect the financial position of the District. Although the final outcome of the lawsuits, assertions and claims or the exact amount of costs and/or potential recovery is not presently determinable, in the opinion of the District's legal counsel, the resolution of these matters will not have a materially adverse affect on the financial condition of the District. As a general policy, the District plans to contest any such matter.

NOTE J - RISK MANAGEMENT

The District is covered by Florida Statutes under Doctrine of Sovereign Immunity, which effectively limits the liability of individual claims to \$200,000/\$300,000 for all claims relating to the same incident.

The District maintains a commercial insurance policy that protects it against risks of losses related to torts; theft of, damage to, and destruction of assets; error and omissions; and natural disasters. Specifically, the District is third party insured in areas of property coverage, public officers liability, workmen's compensation, auto and general liability coverage. As of September 30, 2016, no claims exceeding coverage limits against the District have been made or asserted in any of the past three years. Management is not aware of any claims against the District as of September 30, 2016.

NOTE K - SUBSEQUENT EVENT

During January 2017, the District paid off the remaining outstanding Special Assessment Revenue Bonds in the amount of \$275,000 plus accrued interest of \$2,338. After such payment, the District's use of the debt services fund was discontinued.

**REQUIRED SUPPLEMENTARY
INFORMATION
OTHER THAN MD&A**

LAKE ST. CHARLES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND -
SUMMARY STATEMENT
Year Ended September 30, 2016

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Assessments	\$ 570,952	\$ 580,601	\$ 587,422	\$ 6,821
Interest	92	92	78	(14)
Other misc revenue	395	395	2,116	1,721
Rental	1,820	1,820	3,480	1,660
TOTAL, PRIOR TO CARRYFORWARD	573,259	582,908	593,096	10,188
PRIOR YEAR CARRYFORWARD (IN)	326,439	317,855	-	(317,855)
TOTAL REVENUES	899,698	900,763	593,096	(307,667)
EXPENDITURES				
Current				
General government				
Legislative				
Operating	14,705	14,705	14,246	459
Financial & admin				
Personnel	48,678	48,678	50,501	(1,823)
Operating	54,552	54,552	47,840	6,712
	103,230	103,230	98,341	4,889
	117,935	117,935	112,587	5,348
Public safety				
Operating	2,715	2,715	1,112	1,603
Culture & recreation				
Operating	53,890	63,995	56,030	7,965
Physical environment				
Personnel	159,506	159,506	152,105	7,401
Operating	212,772	213,672	196,432	17,240
	372,278	373,178	348,537	24,641
Capital outlay	17,599	51,000	45,192	5,808
Debt service				
Principal retirement	5,310	5,310	5,324	(14)
Interest costs	608	608	593	15
	5,918	5,918	5,917	1
TOTAL EXPENDITURES	570,335	614,741	569,375	45,366
REVENUES OVER (UNDER) EXPENDITURES	329,363	286,022	23,721	(262,301)
OTHER FINANCING SOURCES				
Transfers in/(out)	(2,924)	-	-	-
PRIOR YEAR CARRYFORWARD (OUT)	(326,439)	(286,022)	-	286,022
TOTAL	(329,363)	(286,022)	-	286,022
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ -	23,721	\$ 23,721
FUND BALANCE - Beginning			317,855	
FUND BALANCE - Ending			\$ 341,576	

The accompanying notes are an integral part of this statement.

LAKE ST. CHARLES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND -
DETAILED STATEMENT
Year Ended September 30, 2016

	General Fund			Variance - Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
Assessments				
O&M assessment				
Assessment gross	\$ 620,624	\$ 617,660	\$ 617,660	\$ -
Property appraiser commission	(12,418)	-	-	-
Tax collector commission	(12,418)	(12,353)	(11,895)	458
Discounts	(24,836)	(24,706)	(23,172)	1,534
Tax collector interest	-	-	359	359
	<u>570,952</u>	<u>580,601</u>	<u>582,952</u>	<u>2,351</u>
Excess fees	-	-	4,470	4,470
	<u>570,952</u>	<u>580,601</u>	<u>587,422</u>	<u>6,821</u>
Interest	92	92	78	(14)
Other misc revenue	395	395	2,116	1,721
Rental	1,820	1,820	3,480	1,660
TOTAL OPERATIONAL REVENUES	<u>573,259</u>	<u>582,908</u>	<u>593,096</u>	<u>10,188</u>
PRIOR YEAR CARRYFORWARD (IN)	<u>326,439</u>	<u>317,855</u>	<u>-</u>	<u>(317,855)</u>
TOTAL REVENUES	<u>899,698</u>	<u>900,763</u>	<u>593,096</u>	<u>(307,667)</u>
EXPENDITURES				
Current				
General government				
Legislative				
Operating				
Special district fees	175	175	175	-
Supervisor fees	12,000	12,000	12,000	-
Payroll taxes	1,300	1,300	1,350	(50)
Payroll service fees	1,230	1,230	721	509
	<u>14,705</u>	<u>14,705</u>	<u>14,246</u>	<u>459</u>
Financial & admin				
Personnel services				
District F&A employees				
District manager	42,010	42,010	43,933	(1,923)
Medical stipend	2,400	2,400	2,400	-
Payroll service charge	715	715	514	201
Payroll taxes	2,553	2,553	2,654	(101)
Performance stipend	1,000	1,000	1,000	-
	<u>48,678</u>	<u>48,678</u>	<u>50,501</u>	<u>(1,823)</u>

The accompanying notes are an integral part of this statement.

LAKE ST. CHARLES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND -
DETAILED STATEMENT, CONTINUED
Year Ended September 30, 2016

	General Fund			Variance -
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
EXPENDITURES, CONTINUED				
Operating				
Accounting services	500	500	538	(38)
Assessment methodology	-	-	-	-
Auditing services	13,000	13,000	13,000	-
Banking & investment mgmt fees	1,800	1,800	1,686	114
Dues licenses & fees	1,000	1,000	454	546
General insurance				
Crime	700	700	500	200
General liability	3,575	3,575	3,448	127
Public officials liability	3,025	3,025	2,833	192
Legal advertising	725	725	731	(6)
Local/other taxes	2,800	2,800	2,756	44
Misc fees	-	-	-	-
Office supplies	1,000	1,000	918	82
Postage	210	210	570	(360)
Printer supplies	2,000	2,000	958	1,042
Professional development	1,000	1,000	-	1,000
Technology services/upgrades	4,000	4,000	2,181	1,819
Telephone	4,900	4,900	2,961	1,939
Travel per diem	200	200	-	200
Trustees fees	3,717	3,717	3,717	-
Website development & monitor	2,400	2,400	2,400	-
Legal counsel	8,000	8,000	8,189	(189)
	<u>54,552</u>	<u>54,552</u>	<u>47,840</u>	<u>6,712</u>
	<u>103,230</u>	<u>103,230</u>	<u>98,341</u>	<u>4,889</u>
	<u>117,935</u>	<u>117,935</u>	<u>112,587</u>	<u>5,348</u>
Public Safety				
Operating				
Car maintenance & repairs	500	500	389	111
Wireless	500	500	3	497
Car fuel	1,700	1,700	705	995
Other protection services	15	15	15	-
	<u>2,715</u>	<u>2,715</u>	<u>1,112</u>	<u>1,603</u>
SUBTOTAL CARRIED FORWARD	<u>120,650</u>	<u>120,650</u>	<u>113,699</u>	<u>6,951</u>

The accompanying notes are an integral part of this statement.

LAKE ST. CHARLES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND -
DETAILED STATEMENT, CONTINUED
Year Ended September 30, 2016

	General Fund			
	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
EXPENDITURES, CONTINUED				
SUBTOTAL BROUGHT FORWARD	\$ 120,650	\$ 120,650	\$ 113,699	\$ 6,951
Culture & Recreation				
Operating				
Auto liability	550	655	655	-
Bike/jogging trail maintenance	-	-	-	-
Club facility maintenance	4,200	4,200	4,109	91
Clubhouse supplies	2,300	2,300	2,855	(555)
Locks/keys	100	100	-	100
Dock maintenance	400	400	413	(13)
Nature Path/Trail Maintenance	1,800	1,800	2,600	(800)
Park facility maintenance	5,000	5,000	5,104	(104)
Parks & rec cell phones	1,700	1,700	1,526	174
Playground maintenance	2,000	2,000	675	1,325
Pool service/maintenance contract	19,600	19,600	19,500	100
Pool maintenance repairs	12,000	12,000	6,642	5,358
Tree removal	-	10,000	8,891	1,109
Resurface tennis courts	-	-	-	-
Sec card access maintenance contract	-	-	-	-
Sec system monitoring contract	240	240	240	-
Security repairs	4,000	4,000	2,820	1,180
	<u>53,890</u>	<u>63,995</u>	<u>56,030</u>	<u>7,965</u>
Physical environment				
Personnel				
Clubhouse staff	-	-	-	-
Employer workman comp	6,149	6,149	5,995	154
Facilities monitor	29,000	29,000	28,688	312
Medical stipends	4,800	4,800	4,800	-
Payroll service charge	2,000	2,000	2,317	(317)
Payroll taxes - employer taxes	15,000	15,000	12,867	2,133
Performance stipend	2,100	2,100	1,825	275
Property maintenance part time	1,339	1,339	1,171	168
Property maintenance staff	33,748	33,748	29,852	3,896
Property manager	57,970	57,970	58,375	(405)
Recreational assistants	7,000	7,000	6,149	851
State unemployment	400	400	66	334
	<u>159,506</u>	<u>159,506</u>	<u>152,105</u>	<u>7,401</u>
SUBTOTAL CARRIED FORWARD	<u>334,046</u>	<u>344,151</u>	<u>321,834</u>	<u>22,317</u>

The accompanying notes are an integral part of this statement.

LAKE ST. CHARLES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND -
DETAILED STATEMENT, CONTINUED
Year Ended September 30, 2016

	General Fund			Variance - Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
EXPENDITURES, CONTINUED				
SUBTOTAL BROUGHT FORWARD	\$ 334,046	\$ 344,151	\$ 321,834	\$ 22,317
Operating				
Auto expense	-	-	-	-
District engineer report	-	-	-	-
Emergency brick wall repair	-	-	-	-
Entry & walls maintenance	2,000	2,000	12	1,988
Fountain in lake	3,000	3,000	1,621	1,379
Gas-truck	1,800	1,800	1,003	797
Gas-equip	400	400	216	184
Irrigation maintenance	6,700	6,700	5,649	1,051
Landscape maintenance	87,900	87,900	87,000	900
Bench replacement	-	-	-	-
Bushling planter	-	-	-	-
Truck maint - F250	1,200	1,200	1,126	74
Misc landscape maintenance	9,500	9,500	9,549	(49)
Misc landscape - temporary staff	9,500	9,500	7,888	1,612
Mulch	4,000	4,000	3,500	500
New plantings	4,000	4,000	3,966	34
Pond maintenance contract	10,764	10,764	10,772	(8)
Holiday decorations	-	-	-	-
SWFWMD Inspection	-	-	-	-
Property & casualty insurance	12,308	12,308	10,550	1,758
Sod replacement	4,000	4,000	4,067	(67)
Water drainage maintenance	3,000	3,000	2,808	192
Utilities				
Electric utility svc	40,000	40,000	35,642	4,358
Gas utility svc	4,000	4,000	3,126	874
Garbage/solid waste svc	2,700	2,700	1,930	770
Water/sewer svcs	6,000	6,900	6,007	893
	<u>212,772</u>	<u>213,672</u>	<u>196,432</u>	<u>17,240</u>
	<u>372,278</u>	<u>373,178</u>	<u>348,537</u>	<u>24,641</u>
	<u>546,818</u>	<u>557,823</u>	<u>518,266</u>	<u>39,557</u>

The accompanying notes are an integral part of this statement.

LAKE ST. CHARLES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND -
DETAILED STATEMENT, CONTINUED
Year Ended September 30, 2016

	General Fund			Variance - Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
EXPENDITURES, CONTINUED				
SUBTOTAL BROUGHT FORWARD	546,818	557,823	518,266	39,557
O&M reserves - other	-	-	-	-
Nature path project	-	-	-	-
Asphalt	-	-	-	-
Tree service	-	-	-	-
Pool furniture refurbish	-	-	-	-
	<u>212,772</u>	<u>213,672</u>	<u>196,432</u>	<u>17,240</u>
Capital Outlay				
Access control system	17,599	18,000	17,599	401
Clubhouse door replacement	-	33,000	27,593	5,407
Total capital outlay	<u>17,599</u>	<u>51,000</u>	<u>45,192</u>	<u>5,808</u>
Debt Service				
Principal retirement	5,310	5,310	5,324	(14)
Interest costs	608	608	593	15
	<u>5,918</u>	<u>5,918</u>	<u>5,917</u>	<u>1</u>
TOTAL EXPENDITURES	<u>570,335</u>	<u>614,741</u>	<u>569,375</u>	<u>45,366</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>329,363</u>	<u>286,022</u>	<u>23,721</u>	<u>(262,301)</u>
OTHER FINANCING SOURCES AND USES				
Transfers in (out)	(2,924)	-	-	-
	<u>(2,924)</u>	<u>-</u>	<u>-</u>	<u>-</u>
PRIOR YEAR CARRYFORWARD (OUT)	<u>(326,439)</u>	<u>(286,022)</u>	<u>-</u>	<u>286,022</u>
TOTAL	<u>(329,363)</u>	<u>(286,022)</u>	<u>-</u>	<u>286,022</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ -</u>	23,721	<u>\$ 23,721</u>
FUND BALANCE, BEGINNING			<u>317,855</u>	
FUND BALANCE, ENDING			<u>\$ 341,576</u>	

The accompanying notes are an integral part of this statement.

LAKE ST. CHARLES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND
Year Ended September 30, 2016

	Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Assessments				
Assessment gross	\$ 315,665	\$ 318,188	\$ 318,188	\$ -
Property appraiser commission	(6,313)	-	-	-
Tax collector commission	(6,314)	(6,364)	(6,091)	273
Discounts	(12,628)	(12,728)	(11,975)	753
Tax collector interest	-	-	143	143
	<u>290,410</u>	<u>299,096</u>	<u>300,265</u>	<u>1,169</u>
Miscellaneous				
Interest	41	41	123	82
Total	<u>290,451</u>	<u>299,137</u>	<u>300,388</u>	<u>1,251</u>
Budgeted Carryforward	<u>158,561</u>	<u>158,561</u>	<u>-</u>	<u>(158,561)</u>
TOTAL REVENUES	<u>449,012</u>	<u>457,698</u>	<u>300,388</u>	<u>(157,310)</u>
EXPENDITURES				
Current				
Debt service				
Principal retirement	270,000	270,000	270,000	-
Interest costs	<u>23,375</u>	<u>23,375</u>	<u>23,163</u>	<u>212</u>
Total	<u>293,375</u>	<u>293,375</u>	<u>293,163</u>	<u>212</u>
Budget carryforward				
Budgeted carryforward	<u>158,561</u>	<u>164,323</u>	<u>-</u>	<u>164,323</u>
TOTAL EXPENDITURES	<u>451,936</u>	<u>457,698</u>	<u>293,163</u>	<u>164,535</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,924)</u>	<u>-</u>	<u>7,225</u>	<u>7,225</u>
OTHER FINANCING SOURCES AND USES				
Transfers in/(out)	<u>2,924</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ -</u>	<u>7,225</u>	<u>\$ 7,225</u>
FUND BALANCE - Beginning			<u>158,562</u>	
FUND BALANCE - Ending			<u>\$ 165,787</u>	

The accompanying notes are an integral part of this statement.

ADDITIONAL REPORTS



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American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
 CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
 AND OTHER MATTERS BASED ON AN AUDIT OF BASIC
 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
 WITH GOVERNMENT AUDITING STANDARDS**

Board of Supervisors
 Lake St. Charles Community Development District
 6801 Colonial Lake Drive
 Riverview, Florida 33578

We have audited, 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 of America, the basic financial statements of the governmental activities and each major fund of Lake St. Charles Community Development District (the "District") as of and for the year ended September 30, 2016, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated March 1, 2017.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the basic financial statements will not be prevented or detected and

INTEGRITY SERVICE EXPERIENCE

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 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, as defined previously. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lake St. Charles Community Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 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.

A handwritten signature in black ink that reads "Tuscán & Company, P.A." The signature is written in a cursive, flowing style.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
March 1, 2017



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& Company, PA

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Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

Board of Supervisors
Lake St. Charles Community Development District
6801 Colonial Lake Drive
Riverview, Florida 33578

We have examined Lake St. Charles Community Development District's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2016. Management is responsible for Lake St. Charles Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Lake St. Charles Community Development 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 Lake St. Charles Community Development 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 Lake St. Charles Community Development District's compliance with specified requirements.

In our opinion, Lake St. Charles Community Development District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

This report is intended solely for the information and use of the Lake St. Charles Community Development District and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
March 1, 2017

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INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

Board of Supervisors
 Lake St. Charles Community Development District
 6801 Colonial Lake Drive
 Riverview, Florida 33578

We have audited the accompanying basic financial statements of Lake St. Charles Community Development District (the "District") as of and for the year ended September 30, 2016 and have issued our report thereon dated March 1, 2017.

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 of America and Chapter 10.555, Rules of the Florida Auditor General. We have issued our 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 Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports, which are dated March 1, 2017, should be considered in conjunction with this report to management.

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

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

INTEGRITY SERVICE EXPERIENCE

- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- 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 the management letter, unless disclosed in the notes to the financial statements. The District discloses this information in the notes to the financial statements.
- Section 10.554(1)(i)5.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 2016, 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, 2016. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)5.c. and 10.556(7), 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.
- Pursuant to Section 10.554(1)(i)5.d., Rules of the Auditor General, requires a statement indicating a failure, if any, of a component unit Special District to provide financial information necessary to a proper reporting of the component unit within the audited financial statements of this entity (F.S. Section 218.39(3)(b)). There are no known component special districts required to report within these financial statements.
- Section 10.556(10)(a), Rules of the Auditor General, requires that the scope of our audit to determine the District's compliance with the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes as reported in

our Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes dated March 1, 2017, included herein.

PRIOR YEAR COMMENTS:

There were no financially significant prior year comments.

CURRENT YEAR COMMENTS:

There were no financially significant comments noted.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Board of Supervisors, management, the Auditor General of the State of Florida and other State agencies. This report is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Tuscán & Company, P.A." in a cursive script.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
March 1, 2017

EXHIBIT



Lake St. Charles Community Development District
6801 Colonial Lake Drive · Riverview, FL 33578
(813) 741-9768 District Office · (813) 741-2101 Fax
districtmgr@lakestcharles.org District E-mail
www.lakestcharles.org District Website

Auditor General
State of Florida
111 West Monroe Street
Tallahassee, FL 33299-1450

Re: Response to Management Letter – Fiscal Year 2015-2016

Dear Sir:

In response to the management letter contained in the independent audit by Tuscan & Company, PA for the Lake St. Charles Community Development Audit for Fiscal Year 2015-2016, we provide the following:

For prior year FY 2014-2015, there were no financially significant comments noted.

For the current year, there were no financially significant comments noted.

Sincerely yours,

Adriana Urbina, District Manager