

**Cheval West Community  
Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2017**

**Cheval West Community Development District  
ANNUAL FINANCIAL REPORT**

**Fiscal Year Ended September 30, 2017**

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors  
Cheval West Community Development District  
Hillsborough County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of Cheval West Community Development District as of and for the year ended September 30, 2017, and the related notes to 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Accounting Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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To the Board of Supervisors  
Cheval West Community Development District

### **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 the General Fund of Cheval West Community Development 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 conformity 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 Discussion and Analysis 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 a report dated May 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 and contracts. 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 Cheval West Community Development District's internal control over financial reporting and compliance.

*Berger Toombs Elam  
Gaines + Frank*

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

May 29, 2018

**Cheval West Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2017**

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

**Cheval West Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2017**

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

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

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

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

**Financial Highlights:**

The following are the highlights of financial activity for the year ended September 30, 2017.

- The District's total assets exceeded total liabilities by \$6,618,898 (net position). Net investment in capital assets for Governmental Activities was \$4,685,779. Unrestricted net position for Governmental Activities was \$1,933,119.
- Governmental activities revenues totaled \$1,296,203 while governmental activities expenses totaled \$1,323,832.

**Cheval West Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2017**

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

**Financial Analysis of the District**

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

**Net Position**

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
Current assets	\$ 2,015,851	\$ 1,789,054
Capital assets, net	4,685,779	4,890,735
Total Assets	6,701,630	6,679,789
 Current liabilities	 82,732	 33,262
 Net position - net investment in capital assets	 4,685,779	 4,890,735
Net position - unrestricted	1,933,119	1,755,792
 Total Net Position	 \$ 6,618,898	 \$ 6,646,527

The increase in current assets and net position – unrestricted is primarily the result of revenues in excess of expenditures at the fund level.

The decrease in capital assets and net position – net investment in capital assets is primarily due to depreciation in the current year.

**Cheval West Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2017**

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

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

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

**Change in Net Position**

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
Program Revenues		
Charges for services	\$ 1,278,390	\$ 1,258,742
General Revenues		
Investment earnings	17,813	12,351
Total Revenues	1,296,203	1,271,093
Expenses		
General government	139,730	148,908
Physical environment	1,184,102	1,176,816
Total Expenses	1,323,832	1,325,724
Change in Net Position	(27,629)	(54,631)
Net Position - Beginning of Year	6,646,527	6,701,158
Net Position - End of year	\$ 6,618,898	\$ 6,646,527

The increase in charges for services is due to an increase in special assessments in the current year.

**Cheval West Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2017**

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

**Capital Assets Activity**

The following schedule provides a summary of the District's capital assets as of September 30, 2017 and 2016.

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Land	\$ 837,165	\$ 837,165
Buildings and improvements	1,080,527	1,080,527
Equipment	100,047	119,957
Infrastructure	11,254,733	11,254,733
Accumulated depreciation	<u>(8,586,693)</u>	<u>(8,401,647)</u>
Total Capital Assets (Net)	<u>\$ 4,685,779</u>	<u>\$ 4,890,735</u>

During the year, depreciation was \$194,490, equipment of \$30,510 and the related accumulated depreciation of \$9,444 were disposed and \$10,600 was added to equipment.

**General Fund Budgetary Highlights**

Budgeted expenditures exceeded actual expenditures primarily because of lower repairs and maintenance, reserve and capital outlay expenditures than were anticipated.

There were no amendments to the budget for the year ended September 30, 2017.

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

The District does not expect any economic factors to have a significant effect on the financial position or results of operations of the District in fiscal year 2018.

**Request for Information**

The financial report is designed to provide a general overview of Cheval West Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Cheval West Community Development District, Inframark Infrastructure Management Services, 210 North University Drive, Suite 702, Coral Springs, Florida 33071.

**Cheval West Community Development District**  
**STATEMENT OF NET POSITION**  
**September 30, 2017**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 725,720
Investments	1,253,976
Accounts receivable	6,479
Due from other governments	8,085
Deposits	18,000
Prepaid expenses	3,591
Total Current Assets	2,015,851
Non-Current Assets	
Capital assets, not being depreciated:	
Land	837,165
Capital assets, being depreciated:	
Buildings and improvements	1,080,527
Equipment	100,047
Infrastructure	11,254,733
Less: accumulated depreciation	(8,586,693)
Total Non-Current Assets	4,685,779
Total Assets	6,701,630
 <b>LIABILITIES</b>	
Accounts payable and accrued expenses	82,132
Deposits	600
Total Liabilities	82,732
 <b>NET POSITION</b>	
Net investment in capital assets	4,685,779
Unrestricted	1,933,119
Total Net Position	\$ 6,618,898

*See accompanying notes to financial statements.*

**Cheval West Community Development District**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2017**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues Charges for Services</b>	<b>Net (Expense) Revenues and Changes in Net Position Governmental Activities</b>
<b>Primary government</b>			
Governmental Activities			
General government	\$ (139,730)	\$ 134,934	\$ (4,796)
Physical environment	(1,184,102)	1,143,456	(40,646)
Total Governmental Activities	\$ (1,323,832)	\$ 1,278,390	(45,442)
	<b>General Revenues</b>		
			17,813
			(27,629)
			6,646,527
			\$ 6,618,898

*See accompanying notes to financial statements.*

**Cheval West Community Development District**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2017**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash	\$ 725,720
Investments, at fair value	1,253,976
Accounts receivable	6,479
Due from other governments	8,085
Prepaid expenses	3,591
Deposits	18,000
Total Assets	<u>\$ 2,015,851</u>
 <b>LIABILITIES AND FUND BALANCES</b>	
<b>Liabilities</b>	
Accounts payable and accrued expenses	\$ 82,132
Deposits	600
Total Liabilities	<u>82,732</u>
 <b>Fund Balances</b>	
<b>Nonspendable</b>	
Prepaid expenses	3,591
Deposits	18,000
<b>Assigned:</b>	
First quarter operations	355,890
Roads and sidewalks	169,074
Drainage	1,014
Gatehouse	95,892
Pond banks	19,119
Signage	16,790
Playground	5,506
Unassigned	1,248,243
Total Fund Balances	<u>1,933,119</u>
Total Liabilities and Fund Balances	<u>\$ 2,015,851</u>

*See accompanying notes to financial statements.*

**Cheval West Community Development District**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**September 30, 2017**

Total Governmental Fund Balances \$ 1,933,119

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

Capital assets, land, \$837,165, buildings and improvements, \$1,080,527,  
equipment, \$100,047, and infrastructure, \$11,254,733, net of  
accumulated depreciation, \$(8,586,693), used in governmental activities  
are not current financial resources and therefore, are not reported at the  
governmental fund level.

4,685,779

Net Position of Governmental Activities

\$ 6,618,898

*See accompanying notes to financial statements.*

**Cheval West Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2017**

	General Fund
Revenues	
Special assessments	\$1,278,390
Investment earnings	17,813
Total Revenues	1,296,203
Expenditures	
Current	
General government	139,730
Physical environment	968,546
Capital outlay	10,600
Total Expenditures	1,118,876
Net change in fund balances	177,327
Fund Balances - October 1, 2016	1,755,792
Fund Balances - September 30, 2017	\$1,933,119

*See accompanying notes to financial statements.*

**Cheval West Community Development District**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2017**

Net Change in Fund Balances - Total Governmental Funds \$ 177,327

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation. This is the amount that depreciation (\$194,490) and loss on disposal of assets (\$21,066) exceeded capital additions (\$10,600) in the current period.

(204,956)

Change in Net Position of Governmental Activities

\$ (27,629)

*See accompanying notes to financial statements.*

**Cheval West Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended September 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$ 1,269,732	\$ 1,269,732	\$ 1,278,390	\$ 8,658
Investment earnings	4,400	4,400	17,813	13,413
Total Revenues	<u>1,274,132</u>	<u>1,274,132</u>	<u>1,296,203</u>	<u>22,071</u>
Expenditures				
Current				
General government	172,805	172,805	139,730	33,075
Physical environment	1,067,845	1,067,845	968,546	99,299
Capital outlay	182,909	182,909	10,600	172,309
Total Expenditures	<u>1,423,559</u>	<u>1,423,559</u>	<u>1,118,876</u>	<u>304,683</u>
Net change in fund balances	(149,427)	(149,427)	177,327	326,754
Fund Balances - October 1, 2016	<u>1,571,687</u>	<u>1,571,687</u>	<u>1,755,792</u>	<u>184,105</u>
Fund Balances - September 30, 2017	<u>\$ 1,422,260</u>	<u>\$ 1,422,260</u>	<u>\$ 1,933,119</u>	<u>\$ 510,859</u>

See accompanying notes to financial statements.

**Cheval West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

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

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

**1. Reporting Entity**

The District was established on November 5, 1990, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), by Ordinance #90-40, and #91-25 of the Board of County Commissioners of Hillsborough County, as a Community Development District. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing district roads, landscaping, and other basic infrastructure projects within or without the boundaries of the District. The District is governed by a five-member Board of Supervisors who are elected for four year terms.

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

Based upon the application of the above-mentioned criteria as set forth in Governmental Accounting Standards Board Statement Number 61, The Financial Reporting Entity, the District has identified no component units.

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

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

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

**Cheval West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

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

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

**a. Government-wide Financial Statements**

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

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

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

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

**b. Fund Financial Statements**

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

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

**Cheval West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

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

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

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

**Governmental Funds**

The District classifies fund balance according to Governmental Accounting Standards Board Statement 54 – Fund Balance Reporting and Governmental Fund Type Definitions. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The District has various policies governing the fund balance classifications.

**Nonspendable Fund Balance** – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

**Assigned Fund Balance** – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed. The assigned fund balances can also be assigned by the District's management company.

**Fund Balance Spending Hierarchy** – For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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

**Cheval West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

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

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

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

**Governmental Funds (Continued)**

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

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

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

Debt service expenditures are recorded only when payment is due.

**3. Basis of Presentation**

**a. Governmental Major Funds**

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

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

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

**Cheval West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

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

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

**a. Cash and Investments**

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

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

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

**b. Capital Assets**

Capital assets, which include land and improvements, buildings and improvements, infrastructure, and equipment, are reported in the governmental activities column.

The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. The valuation basis for all assets is historical cost.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation of capital assets is computed and recorded by utilizing the straight-line method over the assets' estimated useful lives as follows:

Equipment	5-20 years
Infrastructure	20-50 years
Buildings & improvements	10-50 years

**Cheval West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

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

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

**c. Budgets**

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

**d. Net Position**

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

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

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

“Total fund balances” of the District’s governmental funds, (\$1,933,119), differs from “net position” of governmental activities, (\$6,618,898), reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated below.

**Capital related items**

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

Land	\$	837,165
Buildings and improvements		1,080,527
Equipment		100,047
Infrastructure		11,254,733
Accumulated depreciation		(8,586,693)
Total		<u>\$ 4,685,779</u>

**Cheval West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

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

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

The “net change in fund balances” for government funds (\$177,327) differs from the “change in net position” for governmental activities (\$(27,629)) reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

**Capital related items**

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

Capital additions	\$	10,600
Loss on disposal of equipment		(21,066)
Depreciation		(194,490)
Total		<u><u>\$ (204,956)</u></u>

**NOTE C – CASH AND INVESTMENTS**

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

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned. The investment policy of the District follows the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2017, the District’s bank balance was \$732,307 and the carrying value was \$725,720. The District controls its exposure to custodial credit risk because it maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

**Cheval West Community Development District  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2017**

**NOTE C – CASH AND INVESTMENTS (Continued)**

Investments

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes. As of September 30, 2017, the District had the following investments and maturities:

<b>Investment</b>	<b>Maturities</b>	<b>Fair Value</b>
Certificates of Deposit	12/2017-4/2018	\$ 1,253,976

Interest Rate Risk

The District monitors investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one issuer. As of September 30, 2017, investments in Certificates of Deposit were 100% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2017 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary. In addition, the District has the ability to hold investments to maturity that have fair values less than cost. The District's investments are recorded at fair value.

**NOTE D – RISK MANAGEMENT**

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

**Cheval West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

**NOTE E – CAPITAL ASSETS**

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

	Balance October 1, 2016	Additions	Deletions	Balance September 30, 2017
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 837,165	\$ -	\$ -	\$ 837,165
Capital assets, being depreciated:				
Buildings and improvements	1,080,527	-	-	1,080,527
Equipment	119,957	10,600	(30,510)	100,047
Infrastructure	11,254,733	-	-	11,254,733
Total Capital Assets, Being Depreciated	<u>12,455,217</u>	<u>10,600</u>	<u>(30,510)</u>	<u>12,435,307</u>
Less accumulated depreciation for:				
Buildings and improvements	(938,260)	(8,842)	-	(947,102)
Equipment	(25,350)	(12,398)	9,444	(28,304)
Infrastructure	(7,438,037)	(173,250)	-	(7,611,287)
Total Accumulated Depreciation	<u>(8,401,647)</u>	<u>(194,490)</u>	<u>9,444</u>	<u>(8,586,693)</u>
Total Capital Assets, Depreciated, Net	<u>4,053,570</u>	<u>(183,890)</u>	<u>(21,066)</u>	<u>3,848,614</u>
Governmental Activities Capital Assets	<u>\$ 4,890,735</u>	<u>\$ (183,890)</u>	<u>\$ (21,066)</u>	<u>\$ 4,685,779</u>

Depreciation of \$194,490 was charged to physical environment.



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

To the Board of Supervisors  
Cheval West Community Development District  
Hillsborough County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cheval West Community Development District, as of and for the year ended September 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated May 29, 2018.

**Internal Control Over Financial Reporting**

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

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



To the Board of Supervisors  
Cheval West Community Development District

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Cheval West Community Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Berger Toombs Elam  
Gaines & Frank*

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

May 29, 2018



# Berger, Toombs, Elam, Gaines & Frank

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## MANAGEMENT LETTER

To the Board of Supervisors  
Cheval West Community Development District  
Hillsborough County, Florida

### Report on the Financial Statements

We have audited the financial statements of the Cheval West Community Development District as of and for the year ended September 30, 2017, and have issued our report thereon dated May 29, 2018.

### Auditor's Responsibility

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

### Other Reports and Schedule

We have issued our 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* and our Independent Auditor's Report on an examination conducted in accordance with AICPA Professionals Standards, AT-C Section 315 regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated May 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 made to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations made in the preceding financial audit report.

### Financial Condition

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



To the Board of Supervisors  
Cheval West Community Development District

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial conditions assessment procedures as of September 30, 2017 for the Cheval West Community Development District. It is management's responsibility to monitor the Cheval West Community Development District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same.

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

### **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the Cheval West Community Development 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.

### **Additional Matters**

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

### **Purpose of this Letter**

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

*Berger Toombs Elam  
Gaines & Frank*

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

May 29, 2018



Berger, Toombs, Elam,  
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**INDEPENDENT ACCOUNTANT'S REPORT/COMPLIANCE  
WITH SECTION 218.415, FLORIDA STATUTES**

To the Board of Supervisors  
Cheval West Community Development District  
Hillsborough County, Florida

We have examined Cheval West Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2017. Management is responsible for Cheval West Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Cheval West 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 Cheval West 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 Cheval West Community Development District's compliance with the specified requirements.

In our opinion, Cheval West Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2017.

*Berger Toombs Elam  
Gaines & Frank*

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

May 29, 2018