

**Poinciana West  
Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2021**

**Poinciana West Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2021**

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors  
Poinciana West Community Development District  
Polk County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of Poinciana West Community Development District as of and for the year ended September 30, 2021, 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 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 the *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.

Fort Pierce / Stuart

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To the Board of Supervisors  
Poinciana West Community Development District

## Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, and each major fund of Poinciana West Community Development District as of September 30, 2021, 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's 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 June 7, 2022 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 Poinciana West Community Development District's internal control over financial reporting and compliance.



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

June 7, 2022

**Poinciana West Community Development District**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2021**

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

The *Government-wide financial statements* are the **statement of net 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 position and liabilities of the District, with the difference between position 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, physical environment and debt service.

*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.

**Poinciana West Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2021**

**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. The **statement of activities** includes depreciation on all long-lived assets of the District, but transactions between the different functions of the District have been eliminated in order to avoid "doubling up" the revenues and expenses. The *fund financial statements* provide a picture of the major funds of the District. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as general obligation bonds, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, a reconciliation is provided from the *fund financial statements* to the *government-wide financial statements*.

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

**Financial Highlights**

The following are the highlights of financial activity for the year ended September 30, 2021.

- ◆ The District's total assets and deferred outflows of resources exceeded total liabilities by \$3,435,891 (net position). Unrestricted net position for Governmental Activities were \$633,087. Net investment in capital assets was \$2,698,796. Restricted net position was \$104,008.
  
- ◆ Governmental activities revenues totaled \$1,383,664 while governmental activities expenses totaled \$1,165,340.

**Poinciana West Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2021**

**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>2021</b>                    | <b>2020</b>                    |
| Current assets                       | \$ 897,012                     | \$ 863,740                     |
| Restricted assets                    | 822,210                        | 813,281                        |
| Capital assets, net                  | <u>12,940,114</u>              | <u>13,301,349</u>              |
| <br>Total Assets                     | <br><u>14,659,336</u>          | <br><u>14,978,370</u>          |
| <br>Deferred outflow of resources    | <br><u>317,563</u>             | <br><u>337,941</u>             |
| Current liabilities                  | 728,610                        | 719,855                        |
| Non-current liabilities              | <u>10,812,398</u>              | <u>11,378,889</u>              |
| <br>Total Liabilities                | <br><u>11,541,008</u>          | <br><u>12,098,744</u>          |
| <br>Net investment in capital assets | <br>2,698,796                  | <br>2,269,564                  |
| Net position - restricted            | 104,008                        | 87,291                         |
| Net position - unrestricted          | <u>633,087</u>                 | <u>860,712</u>                 |
| <br>Total Net Position               | <br><u><u>\$ 3,435,891</u></u> | <br><u><u>\$ 3,217,567</u></u> |

The increase in current assets is mainly related to revenues exceeding expenditures in the General Fund in the current year.

The decrease in capital assets is mainly related to depreciation in the current year.

The decrease in total liabilities is related to the current year principal payment.

The increase in net position is related to revenues exceeding expenses in the current year.

**Poinciana West Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2021**

**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>2021</b>                    | <b>2020</b>                |
| Program Revenues                 |                                |                            |
| Charges for services             | \$ 1,383,091                   | \$ 1,374,426               |
| General Revenues                 |                                |                            |
| Investment earnings              | 573                            | 7,596                      |
| Total Revenues                   | <u>1,383,664</u>               | <u>1,382,022</u>           |
| Expenses                         |                                |                            |
| General government               | 100,052                        | 131,843                    |
| Physical environment             | 508,478                        | 512,947                    |
| Interest and other charges       | 556,810                        | 574,864                    |
| Total Expenses                   | <u>1,165,340</u>               | <u>1,219,654</u>           |
| Change in Net Position           | 218,324                        | 162,368                    |
| Net Position - Beginning of Year | <u>3,217,567</u>               | <u>3,055,199</u>           |
| Net Position - End of Year       | <u><u>\$ 3,435,891</u></u>     | <u><u>\$ 3,217,567</u></u> |

The decrease in general government is mainly related to the decrease in legal fees in the current year and the settlement agreement in the prior year.



**Poinciana West Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2021**

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

**Capital Assets Activity**

The following schedule provides a summary of the District's capital assets activity as of September 30, 2021 and 2020:

| <u>Description</u>                    | <u>Governmental Activities</u>  |                                 |
|---------------------------------------|---------------------------------|---------------------------------|
|                                       | <u>2021</u>                     | <u>2020</u>                     |
| Capital assets not being depreciated: |                                 |                                 |
| Land improvements                     | <u>\$ 6,645,273</u>             | <u>\$ 6,645,273</u>             |
| Capital assets being depreciated:     |                                 |                                 |
| Infrastructure                        | 10,446,892                      | 10,446,892                      |
| Accumulated depreciation              | <u>(4,152,051)</u>              | <u>(3,790,816)</u>              |
| Total Capital Assets, depreciated     | <u>6,294,841</u>                | <u>6,656,076</u>                |
| <br>Total Capital Assets              | <br><u><u>\$ 12,940,114</u></u> | <br><u><u>\$ 13,301,349</u></u> |

During the year, depreciation was \$361,235.

**General Fund Budgetary Highlights**

The budget exceeded governmental expenditures primarily because of less legal fees, capital outlay, storm structure repairs and contingency expenditures than were expected.

There were no amendments to the budget during the year.

**Debt Management**

Governmental Activities debt includes the following:

- ◆ In February 2017, the District issued \$11,215,000 Series 2017-1 Senior Special Assessment Refunding Bonds and \$2,945,000 Series 2017-2 Subordinate Special Assessment Refunding Bonds. These bonds were issued to refund and redeem the Series 2007 Special Assessment Bonds. The balance of the Series 2017-1 and Series 2017-2 Bonds were \$9,085,000 and \$2,380,000, respectively at September 30, 2021.

**Poinciana West Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2021**

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

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

The District does not expect any economic factors to affect operations during the year ended September 30, 2022.

**Request for Information**

The financial report is designed to provide a general overview of Poinciana 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 Poinciana West Community Development District, Governmental Management Services-CF, LLC, 219 E Livingston Street, Orlando, Florida 32801.

**Poinciana West Community Development District**  
**STATEMENT OF NET POSITION**  
**September 30, 2021**

|  | <b>Governmental<br/>Activities</b> |
|--|------------------------------------|
| <b>ASSETS</b>                            |                                    |
| Current Assets:                          |                                    |
| Cash and cash equivalents                | \$ 629,985                         |
| Due from other governments               | 2,673                              |
| Prepaid expenses                         | 5,000                              |
| Total Current Assets                     | 637,658                            |
| Non-current Assets:                      |                                    |
| Prepaid bond insurance                   | 259,354                            |
| Restricted assets:                       |                                    |
| Investments                              | 822,210                            |
| Capital assets not being depreciated:    |                                    |
| Land improvements                        | 6,645,273                          |
| Capital assets being depreciated:        |                                    |
| Infrastructure                           | 10,446,892                         |
| Less: accumulated depreciation           | (4,152,051)                        |
| Total Non-current Assets                 | 14,021,678                         |
| Total Assets                             | 14,659,336                         |
| <br><b>DEFERRED OUTFLOW OF RESOURCES</b> |                                    |
| Deferred amount on refunding             | 317,563                            |
| <br><b>LIABILITIES</b>                   |                                    |
| Current Liabilities:                     |                                    |
| Accounts payable                         | 4,571                              |
| Accrued interest payable                 | 204,039                            |
| Bonds payable                            | 520,000                            |
| Total Current Liabilities                | 728,610                            |
| Non-current liabilities:                 |                                    |
| Bonds payable                            | 10,812,398                         |
| Total Liabilities                        | 11,541,008                         |
| <br><b>NET POSITION</b>                  |                                    |
| Net investment in capital assets         | 2,698,796                          |
| Restricted for debt service              | 104,008                            |
| Unrestricted                             | 633,087                            |
| Total Net Position                       | \$ 3,435,891                       |

See accompanying notes.

**Poinciana West Community Development District**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2021**

| <b><u>Functions/Programs</u></b>  | <b><u>Expenses</u></b> | <b><u>Program Revenues<br/>Charges for<br/>Services</u></b> | <b><u>Net (Expense)<br/>Revenues and<br/>Changes in<br/>Net Position<br/>Governmental<br/>Activities</u></b> |
|-----------------------------------|------------------------|---|--|
| Governmental Activities           |                        |   |  |
| General government                | \$ (100,052)           | \$ 119,410  | \$ 19,358  |
| Physical environment              | (508,478)              | 175,731   | (332,747)  |
| Interest and other charges        | (556,810)              | 1,087,950   | 531,140  |
| Total Governmental Activities     | <u>\$ (1,165,340)</u>  | <u>\$ 1,383,091</u>   | <u>217,751</u>   |
| <b>General revenues:</b>          |                        |   |  |
| Investment earnings               |                        |   | <u>573</u>   |
| Change in Net Position            |                        |   | 218,324  |
| Net Position - October 1, 2020    |                        |   | 3,217,567  |
| Net Position - September 30, 2021 |                        |   | <u>\$ 3,435,891</u>  |

See accompanying notes.

**Poinciana West Community Development District**  
**BALANCE SHEET –**  
**GOVERNMENTAL FUNDS**  
**September 30, 2021**

| <b>ASSETS</b>                                 | General    | Debt<br>Service | Total<br>Governmental<br>Funds |
|---|------------|-----------------|--------------------------------|
| Cash and cash equivalents                     | \$ 629,985 | \$ -            | \$ 629,985                     |
| Due from other governments                    | 2,673      | -               | 2,673                          |
| Prepaid expenses                              | 5,000      | -               | 5,000                          |
| Restricted assets - investments at fair value | -          | 822,210         | 822,210                        |
| Total Assets                                  | \$ 637,658 | \$ 822,210      | \$ 1,459,868                   |
| <b>LIABILITIES AND FUND BALANCES</b>          |            |                 |                                |
| LIABILITIES                                   |            |                 |                                |
| Accounts payable                              | \$ 4,571   | \$ -            | \$ 4,571                       |
| FUND BALANCES                                 |            |                 |                                |
| Nonspendable - prepaid expenses               | 5,000      | -               | 5,000                          |
| Restricted:                                   |            |                 |                                |
| Debt service                                  | -          | 822,210         | 822,210                        |
| Assigned - operating reserve                  | 65,156     | -               | 65,156                         |
| Unassigned                                    | 562,931    | -               | 562,931                        |
| Total Fund Balances                           | 633,087    | 822,210         | 1,455,297                      |
| Total Liabilities and Fund Balances           | \$ 637,658 | \$ 822,210      | \$ 1,459,868                   |

See accompanying notes.

**Poinciana West Community Development District  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
September 30, 2021**

|  |  |                            |
|--|--|----------------------------|
| Total Governmental Fund Balances   |  | \$ 1,455,297               |
| Amounts reported for governmental activities in the Statement of Net Position are different because:   |  |                            |
| Capital assets not being depreciated, land improvements, used in governmental activities are not current financial resources and are not reported at the governmental fund level.  |  | 6,645,273                  |
| Capital assets being depreciated, infrastructure (\$10,446,892) net of accumulated depreciation (\$4,152,051), used in governmental activities are not current financial resources and therefore, are not reported at the governmental fund level. |  | 6,294,841                  |
| Deferred outflow of resources are not current financial resources and therefore, are not reported at the governmental fund level.  |  | 317,563                    |
| Prepaid bond insurance, net are not current financial resources and therefore, are not reported at the governmental fund level.  |  | 259,354                    |
| Long-term liabilities, including bonds payable (\$11,465,000), less net bond discount (\$132,602) are not due and payable in the current period and therefore, are not reported at the governmental fund level.                                    |  | (11,332,398)               |
| Accrued interest expense for long-term debt is not a current financial use and therefore, is not reported at the governmental fund level.  |  | <u>(204,039)</u>           |
| Net Position of Governmental Activities  |  | <u><u>\$ 3,435,891</u></u> |

*See accompanying notes.*

**Poinciana West Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES –**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2021**

|                                    | General           | Debt<br>Service   | Total<br>Governmental<br>Funds |
|------------------------------------|-------------------|-------------------|--------------------------------|
| Revenues                           |                   |                   |                                |
| Special assessments                | \$ 295,141        | \$ 1,087,950      | \$ 1,383,091                   |
| Investment earnings                | 526               | 47                | 573                            |
| Total Revenues                     | <u>295,667</u>    | <u>1,087,997</u>  | <u>1,383,664</u>               |
| Expenditures                       |                   |                   |                                |
| Current                            |                   |                   |                                |
| General government                 | 100,052           | -                 | 100,052                        |
| Physical environment               | 147,243           | -                 | 147,243                        |
| Debt service                       |                   |                   |                                |
| Principal                          | -                 | 560,000           | 560,000                        |
| Interest                           | -                 | 507,952           | 507,952                        |
| Other                              | -                 | 11,116            | 11,116                         |
| Total Expenditures                 | <u>247,295</u>    | <u>1,079,068</u>  | <u>1,326,363</u>               |
| Net change in fund balances        | <u>48,372</u>     | <u>8,929</u>      | <u>57,301</u>                  |
| Fund Balances - October 1, 2020    | <u>584,715</u>    | <u>813,281</u>    | <u>1,397,996</u>               |
| Fund Balances - September 30, 2021 | <u>\$ 633,087</u> | <u>\$ 822,210</u> | <u>\$ 1,455,297</u>            |

See accompanying notes.

**Poinciana 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, 2021**

|  |                          |
|--|--------------------------|
| Net Change in Fund Balances - Total Governmental Funds   | \$ 57,301                |
| Amounts reported for governmental activities in the Statement of Activities are different because:   |                          |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount of depreciation in the current period. | (361,235)                |
| Repayment of long-term liabilities are reported as expenditures in the governmental fund statement, but such repayments reduce liabilities in the Statement of Net Position.   | 560,000                  |
| Amortization of a bond discount, \$(8,509), and prepaid bond insurance, \$(16,643), does not require the use of current resources and therefore is not reported in the governmental funds. This is the amount of amortization in the current period.   | (25,152)                 |
| The deferred amount of refunding is amortized in the Statement of Activities, but not in the governmental funds. This is the amount of amortization in the current year.   | (20,378)                 |
| In the Statement of Activities, interest is accrued on outstanding bonds; whereas in governmental funds, interest expenditures are reported when due. This is the change in accrued interest from the prior year to the current year.                  | <u>7,788</u>             |
| Change in Net Position of Governmental Activities  | <u><u>\$ 218,324</u></u> |

See accompanying notes.



**Poinciana West Community Development District  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –  
GENERAL FUND**

**For the Year Ended September 30, 2021**

|                                    | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|------------------------------------|----------------------------|-------------------------|-------------------|---|
| Revenues                           |                            |                         |                   |   |
| Special assessments                | \$ 291,294                 | \$ 291,294              | \$ 295,141        | \$ 3,847  |
| Investment earnings                | 1,000                      | 1,000                   | 526               | (474)   |
| Total Revenues                     | <u>292,294</u>             | <u>292,294</u>          | <u>295,667</u>    | <u>3,373</u>  |
| Expenditures                       |                            |                         |                   |   |
| Current                            |                            |                         |                   |   |
| General government                 | 136,499                    | 136,499                 | 100,052           | 36,447  |
| Physical environment               | 187,347                    | 187,347                 | 147,243           | 40,104  |
| Capital outlay                     | <u>10,000</u>              | <u>10,000</u>           | <u>-</u>          | <u>10,000</u>   |
| Total Expenditures                 | <u>333,846</u>             | <u>333,846</u>          | <u>247,295</u>    | <u>86,551</u>   |
| Net change in fund balances        | (41,552)                   | (41,552)                | 48,372            | 89,924  |
| Fund Balances - October 1, 2020    | <u>41,552</u>              | <u>41,552</u>           | <u>584,715</u>    | <u>543,163</u>  |
| Fund Balances - September 30, 2021 | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 633,087</u> | <u>\$ 633,087</u>   |

*See accompanying notes.*

**Poinciana West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

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

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

**1. Reporting Entity**

The District was established on October 6, 2006, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes and Polk County Ordinance 2006-052, as amended by Polk County Ordinances 2007-043 and 2016-043. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing or re-constructing, enlarging or extending, equipping, operating and maintaining water management, bridges or culverts, district roads, landscaping, street lights and other basic infrastructure projects within or without the boundaries of the Poinciana West Community Development District. The District is governed by a five-member Board of Supervisors who are elected on an at-large basis in a general election by qualified electors within the District. The District operates within the criteria established by Chapter 190, Florida Statutes.

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

Based upon the application of the above-mentioned criteria as set forth by the Governmental Accounting Standards Board, 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

**Poinciana West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

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

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

**a. Government-wide Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include all the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

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

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

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

**b. Fund Financial Statements**

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

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

**Poinciana West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

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

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

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

**Governmental Funds**

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

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

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

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

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

Debt service expenditures are recorded only when payment is due.

**Poinciana West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

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

**3. Basis of Presentation**

**a. Governmental Major Funds**

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

Debt Service Funds – Account for debt service requirements to retire the Series 2017 Special Assessment Refunding Bonds which were used to refund the Series 2007 Special Assessment Bonds issued to finance the construction of District infrastructure improvements and fund the cost to acquire, construct and equip the Series 2007 Project.

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

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

**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.

Cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

**Poinciana West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

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

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

**b. Restricted Net Position**

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

**c. Capital Assets**

Capital assets, which include land improvements and infrastructure are reported in governmental activities.

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.

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

**d. Bond Insurance**

Bond insurance associated with the issuance of long-term debt is treated as a prepaid expense and amortized over the life of the debt.

**e. Deferred Outflows of Resources**

Deferred outflow of resources is the consumption of net position by the government that is applicable to a future reporting period. Deferred amount on refunding is amortized and recognized as a component of interest expense over the life of the bond.

**f. Bond Discounts**

Bond discounts associated with the issuance of bonds are amortized over the life of the bonds using the straight-line method of accounting.

**Poinciana West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

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

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

**g. 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. Formal budgets are adopted for the general fund. The legal level of budgetary control is at the fund level. As a result, deficits in the budget columns of the accompanying financial statements may occur. All budgeted appropriations lapse at year end.

**h. Net Position**

Net position represents the difference between assets and liabilities and are 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 are assets that do not meet definitions of the classifications previously described.

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

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

“Total fund balances” of the District’s governmental funds, \$1,455,297, differs from “net position” of governmental activities, \$3,435,891, 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 (improvements and equipment that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole.

|                          |    |               |
|--------------------------|----|---------------|
| Land improvements        | \$ | 6,645,273     |
| Infrastructure           |    | 10,446,892    |
| Accumulated depreciation |    | (4,152,051)   |
| Total                    |    | \$ 12,940,114 |

**Poinciana West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

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

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

**Deferred amount on refunding**

The difference between the outstanding balance of the old debt and the cost of the new debt is a deferred outflow of resources. This balance is amortized over the life of the new debt. The unamortized balance is reflected as deferred amount on refunding.

|                              |                   |
|------------------------------|-------------------|
| Deferred amount on refunding | \$ <u>317,563</u> |
|------------------------------|-------------------|

**Long-term debt transactions**

Long-term liabilities applicable to the District’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position. Balances at September 30, 2021 were:

|                    |                        |
|--------------------|------------------------|
| Bonds payable      | \$ (11,465,000)        |
| Bond discount, net | <u>132,602</u>         |
| Total              | <u>\$ (11,332,398)</u> |

**Accrued interest**

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

|                  |                     |
|------------------|---------------------|
| Accrued interest | \$ <u>(204,039)</u> |
|------------------|---------------------|

**Prepaid bond insurance**

The bond insurance purchased on the refunding bonds issued in a prior year are not current financial resources and therefore are not reported at the fund level.

|                             |                   |
|-----------------------------|-------------------|
| Prepaid bond insurance, net | \$ <u>259,354</u> |
|-----------------------------|-------------------|



**Poinciana West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

**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, \$57,301, differs from the “change in net position” for governmental activities, \$218,324, 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.

|              |                     |
|--------------|---------------------|
| Depreciation | \$ <u>(361,235)</u> |
|--------------|---------------------|

**Amortization**

Amortization of the deferred amount on refunding, bond discount and prepaid bond insurance does not require the use of current resources and therefore is not reported in the governmental funds.

|  |                    |
|--|--------------------|
| Amortization of prepaid bond insurance       | \$ (16,643)        |
| Amortization of bond discount                | (8,509)            |
| Amortization of deferred amount on refunding | <u>(20,378)</u>    |
| Total  | <u>\$ (45,530)</u> |

**Long-term debt transactions**

Repayment of long-term liabilities are reported as expenditures in the governmental fund statement, but such repayments reduce liabilities in the Statement of Net Position and are eliminated in the Statement of Activities.

|                         |                   |
|-------------------------|-------------------|
| Bond principal payments | \$ <u>560,000</u> |
|-------------------------|-------------------|

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

|  |                 |
|--|-----------------|
| Net decrease in accrued interest payable | \$ <u>7,788</u> |
|--|-----------------|

**Poinciana West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE C – CASH AND INVESTMENTS**

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District follows the provisions of Chapter 280, Florida Statutes regarding deposits and investments to manage custodial credit risk. The District maintains all deposits in a qualified public depository, so that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes. As of September 30, 2021, the District's bank balance and the carrying value were \$629,985.

As of September 30, 2021, the District had the following investments and maturities:

| Investment                 | Maturities | Fair Value |
|----------------------------|------------|------------|
| U.S. Bank Commercial Paper | N/A        | \$ 822,210 |

The District categorizes its fair value measurements within the fair value hierarchy recently established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The District uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the District's own data in measuring unobservable inputs.

Based on the criteria in the preceding paragraph, the investment in U.S. Bank Commercial Paper is a Level 1 asset.

Investments

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes.

**Poinciana West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

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

Interest Rate Risk

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

Credit Risk

The District's investments in treasury funds, commercial paper, and government loans are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. As of September 30, 2021, the District's investment in the U.S. Bank Commercial Paper was rated A-1+ by Standard & Poor's.

Concentration of Credit Risk

The District places no limit on the amount it may invest. The investment in U.S. Bank Commercial Paper represents 100% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2021 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.

**NOTE D – SPECIAL ASSESSMENT REVENUES**

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

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**Poinciana West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE E – CAPITAL ASSETS**

Capital Asset activity for the year ended September 30, 2021 was as follows:

|  | Balance<br>October 1,<br>2020 | Additions           | Deletions   | Balance<br>September 30,<br>2021 |
|--|-------------------------------|---------------------|-------------|----------------------------------|
| <u>Governmental Activities:</u>        |                               |                     |             |                                  |
| Capital assets, not depreciated:       |                               |                     |             |                                  |
| Land and improvements                  | \$ 6,645,273                  | \$ -                | \$ -        | \$ 6,645,273                     |
| Capital assets, being depreciated:     |                               |                     |             |                                  |
| Infrastructure                         | 10,446,892                    | -                   | -           | 10,446,892                       |
| Less accumulated depreciation for:     |                               |                     |             |                                  |
| Infrastructure                         | (3,790,816)                   | (361,235)           | -           | (4,152,051)                      |
| Total Capital Assets Depreciated, Net  | 6,656,076                     | (361,235)           | -           | 6,294,841                        |
| Governmental Activities Capital Assets | <u>\$ 13,301,349</u>          | <u>\$ (361,235)</u> | <u>\$ -</u> | <u>\$ 12,940,114</u>             |

Depreciation of \$361,235 was charged to physical environment.

**NOTE F – LONG-TERM DEBT**

Governmental Activities

The following is a summary of activity for long-term debt of the Governmental Activities for the year ended September 30, 2021:

|  |                      |
|--|----------------------|
| Long-term debt at October 1, 2020        | \$ 12,025,000        |
| Principal payments                       | <u>(560,000)</u>     |
| Long-term debt at September 30, 2021     | 11,465,000           |
| Less: bond discount, net                 | <u>(132,602)</u>     |
| Bonds payable, net at September 30, 2021 | <u>\$ 11,332,398</u> |

**Poinciana West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

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

Long-term debt for Governmental Activities is comprised of the following:

Special Assessment Refunding Bonds

\$11,215,000 Series 2017-1 Senior Special Assessment Refunding Bonds due in annual principal installments beginning May 2017. Interest at various rates between 2% and 4.3% is due May and November beginning May 2017. Current portion is \$425,000. \$ 9,085,000

\$2,945,000 Series 2017-2 Subordinate Special Assessment Refunding Bonds due in annual principal installments beginning May 2017. Interest at various rates between 5.375% and 5.7% is due May and November beginning May 2017. Current portion is \$95,000. 2,380,000

Bond payable 11,465,000

Bond discount, net (132,602)

Bonds Payable, Net \$ 11,332,398

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2021 are as follows:

| Year Ending<br>September 30, | Principal            | Interest            | Total                |
|------------------------------|----------------------|---------------------|----------------------|
| 2022                         | \$ 520,000           | \$ 489,693          | \$ 1,009,693         |
| 2023                         | 540,000              | 471,836             | 1,011,836            |
| 2024                         | 555,000              | 452,711             | 1,007,711            |
| 2025                         | 580,000              | 432,443             | 1,012,443            |
| 2026                         | 605,000              | 409,986             | 1,014,986            |
| 2027-2031                    | 3,415,000            | 1,659,887           | 5,074,887            |
| 2032-2036                    | 4,270,000            | 832,229             | 5,102,229            |
| 2037                         | 980,000              | 45,220              | 1,025,220            |
| Totals                       | <u>\$ 11,465,000</u> | <u>\$ 4,794,005</u> | <u>\$ 16,259,005</u> |

**Poinciana West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

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

**Summary of Significant Bond Resolution Terms and Covenants**

Significant Bond Provisions

The Series 2017-1 and Series 2017-2 Bonds are subject to redemption at the option of the District prior to their maturity, in whole or in part, at any time after May 1, 2027 at a redemption price equal to the principal amount of the Series 2017-1 Bonds to be redeemed, together with accrued interest to the date of redemption. The Series 2017-1 and Series 2017-2 Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Trust Indenture.

The Trust Indenture established certain amounts be maintained in a reserve account. In addition, the Trust Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements.

Depository Funds

The bond resolution establishes certain funds and determines the order in which revenues are to be deposited into these funds. A description of the significant funds, including their purposes, is as follows:

Reserve Fund – The Series 2017-1 and Series 2017-2 Reserve Accounts were funded from the proceeds of the Series 2017-1 and Series 2017-2 Bonds in amounts equal to 50 percent of the maximum annual debt service payments for the Series 2017-1 and Series 2017-2 Bonds. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

The following is a schedule of required reserve deposits as of September 30, 2021:

|   | <u>Reserve<br/>Balance</u> | <u>Reserve<br/>Requirement</u> |
|---|----------------------------|--------------------------------|
| Senior Special Assessment Refunding Bonds, Series 2017-1      | \$ 392,347                 | \$ 392,337                     |
| Subordinate Special Assessment Refunding Bonds, Series 2017-2 | \$ 121,829                 | \$ 121,826                     |

**Poinciana West Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE G – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The District has not filed any claims under this commercial coverage during the last three years.

**NOTE H – REUSE FACILITY AGREEMENT**

On March 20, 2013 an agreement was signed between the Poinciana West Community Development District and the Solivita West Community Association, Inc. (the "Association"). Per the agreement, the Association shall be responsible for the management and maintenance of the Reuse Facilities. The Association shall be solely responsible for the staffing, budgeting, financing, billing and collection of fees, assessments, service charges, etc., necessary to perform the inspection, operation and maintenance responsibilities set forth per the Agreement. The District shall pay the Association the sum of \$10 per year for the provision of services pursuant to the terms of this Agreement.

The term of this Agreement is for a period commencing as of March 20, 2013 and ending on September 30, 2022, and shall be automatically renewed for additional 5 year periods after September 30, 2022, unless either party provides the other party at least 180 days written notice of its intent to not renew. The District shall have a right to terminate this Agreement effective immediately at any time due to the Association's failure to perform in accordance with the terms of this Agreement or upon 365 days' notice without a showing of cause.



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## **INDEPENDENT AUDITORS' 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  
Poinciana West Community Development District  
Polk 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 Poinciana West Community Development District, as of and for the year ended September 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated June 7, 2022.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Poinciana West Community Development District's internal control over financial reporting (internal control) as a basis for designing 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 Poinciana West Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Poinciana West Community Development 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 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 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.



Board of Supervisors  
Poinciana West Community Development District

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Poinciana 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  
Certified Public Accountants PL  
Fort Pierce, Florida

June 7, 2022



# Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

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## MANAGEMENT LETTER

To the Board of Supervisors  
Poinciana West Community Development District  
Polk County, Florida

### Report on the Financial Statements

We have audited the financial statements of the Poinciana West Community Development District as of and for the year ended September 30, 2021, and have issued our report thereon dated June 7, 2022.

### 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 Reporting Requirements

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 June 7, 2022, 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 and Management

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 Poinciana 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 Poinciana West Community Development District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

To the Board of Supervisors  
Poinciana West Community Development District

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial conditions assessment procedures as of September 30, 2021 for the Poinciana West Community Development District. It is management's responsibility to monitor the Poinciana 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.

### **Specific Information**

The information provided below was provided by management and has not been audited; therefore, we do not express an opinion or provide any assurance on the information.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Poinciana West Community Development District reported:

- 1) The total number of district employees compensated in the last pay period of the District's fiscal year: 0
- 2) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year: 7
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$2,600
- 4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$243,841
- 5) Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1, 2020, together with the total expenditures for such project: The District had no construction projects during the year.
- 6) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes: The budget was not amended.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General, the Poinciana West Community Development District reported:

- 7) The rate or rates of non-ad valorem special assessments imposed by the District: The General Fund, \$187.57 and the Debt Service Fund, \$686.58.
- 8) The amount of special assessments collected by or on behalf of the District: Total Special Assessments collected was \$1,383,091.
- 9) The total amount of outstanding bonds issued by the District and the terms of such bonds: Series 2017-1 \$9,085,000 and Series 2017-2 \$2,380,000 maturing May 1, 2037.

To the Board of Supervisors  
Poinciana West Community Development District

**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

June 7, 2022



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

To the Board of Supervisors  
Poinciana West Community Development District  
Polk County, Florida

We have examined Poinciana West Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2021. Management is responsible for Poinciana West Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Poinciana 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 Poinciana 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 Poinciana West Community Development District's compliance with the specified requirements.

In our opinion, Poinciana West Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2021.

*Berger Toombs Elam  
Gaines & Frank*

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

June 7, 2022