

Riverwood Community Development District
ANNUAL FINANCIAL REPORT
September 30, 2019

Riverwood Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2019

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REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
Riverwood Community Development District
Charlotte County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Riverwood Community Development District (the "District") as of and for the year ended September 30, 2019, 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 *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

To the Board of Supervisors
Riverwood 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, business-type activities, and each major fund of Riverwood Community Development District, as of September 30, 2019, and the respective changes in financial position and the budgetary comparison for the General Fund and Special Revenue 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 February 18, 2020 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 Riverwood Community Development District's internal control over financial reporting and compliance.



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

February 18, 2020

**Riverwood Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019**

Management's discussion and analysis of Riverwood 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 business-type activities and the change in net position. Governmental activities are primarily supported by assessments. Business-type activities are supported by charges to the users of those activities, such as water and sewer usage.

The **statement of net position** presents information on all assets, liabilities and deferred outflows 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 separate from the assets, liabilities, and net position of business-type activities.

The **statement of activities** presents information on all revenues and expenses of the District and the change in net position. Expenses and related program revenues are reported by major function, 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 or business-type activities. Governmental activities financed by the District include general government, physical environment, and interest on long-term debt. Business-type activities of the District include the water and sewer operation and interest on long-term debt.

Fund financial statements present financial information for governmental funds and enterprise funds. These statements provide financial information for the major and other governmental 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. The Water and Sewer fund financial statements provide information on all assets and liabilities of the fund, changes in the economic resources (revenues and expenses), and total economic resources.

**Riverwood Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019**

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. For the Water and Sewer fund, a **statement of net position**, a **statement of revenues, expenses, and changes in net position**; and a **statement of cash flows** are presented. *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.

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

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

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, 2019.

- ◆ The District's total assets exceeded total liabilities by \$14,588,790 (net position). Net investment in capital assets for Governmental Activities was \$4,265,182. Net investment in capital assets for Business-type Activities was \$7,272,899. Unrestricted net position for Governmental Activities was \$1,194,233 and for Business-type Activities was \$1,603,117. Restricted net position for Governmental Activities was \$204,719.
- ◆ Governmental Activities revenues totaled \$2,192,347 while Governmental Activities expenses totaled \$2,113,888. Business-type Activities revenues totaled \$2,097,540 while Business-type Activities expenses totaled \$2,667,698.

**Riverwood Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019**

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current assets	\$ 1,698,393	\$ 1,233,538	\$ 1,763,027	\$ 2,163,149	\$ 3,461,420	\$ 3,396,687
Restricted assets	437,167	305,953	176,142	159,238	613,309	465,191
Capital assets	10,923,789	8,198,248	7,272,899	7,360,363	18,196,688	15,558,611
Total Assets	13,059,349	9,737,739	9,212,068	9,682,750	22,271,417	19,420,489
Deferred amount on refunding	2,145	2,502	-	-	2,145	2,502
Current liabilities	667,360	670,650	336,052	236,576	1,003,412	907,226
Non-current liabilities	6,730,000	3,483,916	-	-	6,730,000	3,483,916
Total Liabilities	7,397,360	4,154,566	336,052	236,576	7,733,412	4,391,142
Net Position						
Net investment in capital assets	4,265,182	4,716,834	7,272,899	7,360,363	11,538,081	12,077,197
Net position - restricted	204,719	305,953	-	-	204,719	305,953
Net position - unrestricted	1,194,233	562,888	1,603,117	2,085,811	2,797,350	2,648,699
Total Net Position	\$ 5,664,134	\$ 5,585,675	\$ 8,876,016	\$ 9,446,174	\$ 14,540,150	\$ 15,031,849

The increases in current assets for governmental activities is primarily due to revenues in excess of expenditures at the governmental fund statement level.

The increase in capital assets is primarily the result of the new capital project continued in the current year.

The increase in non-current liabilities is primarily due to the additional drawdowns on long-term debt obtained to fund the capital project in the current year.

The decrease in current assets for business-type activities is primarily due to cash received from customers was less than cash paid for supplies in the current year.

**Riverwood Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

The decrease in net investment in capital assets is related to capital additions were less than new debt additions.

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program Revenues						
Charges for services	\$ 2,156,182	\$ 1,555,619	\$ 2,072,734	\$ 2,083,003	\$ 4,228,916	\$ 3,638,622
General Revenues						
Investment earnings	33,377	12,767	24,806	20,181	58,183	32,948
Other revenues	2,788	3,493	-	-	2,788	3,493
Total Revenues	<u>2,192,347</u>	<u>1,571,879</u>	<u>2,097,540</u>	<u>2,103,184</u>	<u>4,289,887</u>	<u>3,675,063</u>
Expenses						
General government	115,917	106,932	-	-	115,917	106,932
Culture/recreation	625,209	479,684	-	-	625,209	479,684
Physical environment	1,100,050	1,399,250	-	-	1,100,050	1,399,250
Water and sewer	-	-	2,667,698	2,470,032	2,667,698	2,470,032
Interest on long-term debt	272,712	217,725	-	-	272,712	217,725
Total Expenses	<u>2,113,888</u>	<u>2,203,591</u>	<u>2,667,698</u>	<u>2,470,032</u>	<u>4,781,586</u>	<u>4,673,623</u>
Change in Net Position	78,459	(631,712)	(570,158)	(366,848)	(491,699)	(998,560)
Net Position - Beginning of Year	<u>5,585,675</u>	<u>6,217,387</u>	<u>9,446,174</u>	<u>9,813,022</u>	<u>15,031,849</u>	<u>16,030,409</u>
Net Position - End of Year	<u>\$ 5,664,134</u>	<u>\$ 5,585,675</u>	<u>\$ 8,876,016</u>	<u>\$ 9,446,174</u>	<u>\$ 14,540,150</u>	<u>\$ 15,031,849</u>

The increase in charges for services for governmental activities is the result of an increase in special assessments in the current year.

The decrease in physical environment for governmental activities is primarily due to major road repairs in the prior year. The increase in culture recreation is the result of increased maintenance costs in the current year.

**Riverwood Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019**

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, 2019.

Description	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land and improvements	\$ 2,093,166	\$ 2,093,166	\$ 330,000	\$ 330,000	\$ 2,423,166	\$ 2,423,166
Construction in progress	160,889	2,361,968	-	163,939	160,889	2,525,907
Building and improvements	7,898,806	2,636,704	1,413,584	1,413,584	9,312,390	4,050,288
Infrastructure	26,477,155	26,428,899	9,393,525	9,087,824	35,870,680	35,516,723
Equipment	337,862	131,953	10,477	10,477	348,339	142,430
Accumulated depreciation	(26,044,089)	(25,454,442)	(3,874,687)	(3,645,461)	(29,918,776)	(29,099,903)
Total Capital Assets (Net)	<u>\$ 10,923,789</u>	<u>\$ 8,198,248</u>	<u>\$ 7,272,899</u>	<u>\$ 7,360,363</u>	<u>\$ 18,196,688</u>	<u>\$ 15,558,611</u>

During the year, depreciation for governmental activities was \$589,647, \$160,889 was added and \$2,361,968 was removed from construction in progress, \$205,909 was added to equipment, \$5,262,102 was added to buildings, and \$48,256 was added to infrastructure. Business-type activities depreciation was \$350,057, \$549,869 was added and \$244,168 was removed from infrastructure, \$163,939 was removed from construction in progress, and \$120,831 was deleted from accumulated depreciation.

General Fund Budgetary Highlights

The budget exceeded governmental expenditures primarily due to less roadway repair expenditures than were anticipated.

The September 30, 2019 budget was amended for an increase in capital outlay expenditures.

Debt Management

Governmental Activities debt includes the following:

- ◆ In March 2018, the District issued Series 2018 Special Assessment Revenue Refunding Note to pay off the Series 2015 Notes and pay for additional improvements. The Note was issued for \$7,500,000 at 3.795% interest maturing May 1, 2033. As of September 30, 2019, the District the balance outstanding was \$7,122,000.

**Riverwood Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Economic Factors and Next Year's Budget

Riverwood Community Development District does not expect any economic factors to have any significant effect on the financial position or results of operations of the District in fiscal year 2020.

Request for Information

This financial report is designed to provide homeowners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact Riverwood Community Development District, Inframark Infrastructure Management Services, at 210 North University Drive, Suite 702, Coral Springs, Florida 33071.

Riverwood Community Development District
STATEMENT OF NET POSITION
September 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and equivalents	\$ 1,681,838	\$ 1,039,071	\$ 2,720,909
Investments, at fair value	-	218,478	218,478
Accounts receivable, net of allowance	922	276,724	277,646
Due from other governments	24,505	-	24,505
Prepaid expenses	57,908	42,918	100,826
Deposits	-	119,056	119,056
Internal balances	(66,780)	66,780	-
Restricted assets -			
Customer deposits	-	176,142	176,142
Total Current Assets	<u>1,698,393</u>	<u>1,939,169</u>	<u>3,637,562</u>
Non-current Assets			
Restricted assets			
Cash and investments	437,167	-	437,167
Capital assets:			
Assets not being depreciated			
Land and improvements	2,093,166	330,000	2,423,166
Construction in progress	160,889	-	160,889
Assets being depreciated			
Buildings and improvements	7,898,806	1,413,584	9,312,390
Infrastructure	26,477,155	9,393,525	35,870,680
Equipment	337,862	10,477	348,339
Less: accumulated depreciation	(26,044,089)	(3,874,687)	(29,918,776)
Total Non-current Assets	<u>11,360,956</u>	<u>7,272,899</u>	<u>18,633,855</u>
Total Assets	<u>13,059,349</u>	<u>9,212,068</u>	<u>22,271,417</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	2,145	-	2,145
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	136,406	141,997	278,403
Contracts/retainage payable	26,337	-	26,337
Unearned revenues	-	17,913	17,913
Notes payable	392,000	-	392,000
Accrued interest	112,617	-	112,617
Payable from restricted assets:			
Customer deposits	-	176,142	176,142
Total Current Liabilities	<u>667,360</u>	<u>336,052</u>	<u>1,003,412</u>
Non-current Liabilities			
Notes payable	6,730,000	-	6,730,000
Total Liabilities	<u>7,397,360</u>	<u>336,052</u>	<u>7,733,412</u>
NET POSITION			
Net investment in capital assets	4,265,182	7,272,899	11,538,081
Restricted for debt service	204,719	-	204,719
Unrestricted	1,194,233	1,603,117	2,797,350
Total Net Position	<u>\$ 5,664,134</u>	<u>\$ 8,876,016</u>	<u>\$ 14,540,150</u>

See accompanying notes to financial statements

Riverwood Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Governmental Activities	Business-type Activities	
Governmental Activities					
General government	\$ (115,917)	\$ 127,210	\$ 11,293	\$ -	\$ 11,293
Culture/recreation	(625,209)	874,330	249,121	-	249,121
Physical environment	(1,100,050)	481,707	(618,343)	-	(618,343)
Interest on long-term debt	(272,712)	672,935	400,223	-	400,223
Total Governmental Activities	<u>(2,113,888)</u>	<u>2,156,182</u>	<u>42,294</u>	<u>-</u>	<u>42,294</u>
Business-type Activities					
Water and sewer utilities	(2,667,698)	2,072,734	-	(594,964)	(594,964)
Total Business-type Activities	<u>(2,667,698)</u>	<u>2,072,734</u>	<u>-</u>	<u>(594,964)</u>	<u>(594,964)</u>
Total Primary Government	<u>\$ (4,781,586)</u>	<u>\$ 4,228,916</u>	<u>42,294</u>	<u>(594,964)</u>	<u>(552,670)</u>
General Revenues					
Investment earnings			33,377	24,806	58,183
Other revenues			2,788	-	2,788
Total General Revenues			<u>36,165</u>	<u>24,806</u>	<u>60,971</u>
Change in Net Position			78,459	(570,158)	(491,699)
Net Position - October 1, 2018			<u>5,585,675</u>	<u>9,446,174</u>	<u>15,031,849</u>
Net Position - September 30, 2019			<u>\$ 5,664,134</u>	<u>\$ 8,876,016</u>	<u>\$ 14,540,150</u>

See accompanying notes to financial statements.

Riverwood Community Development District
BALANCE SHEET –
GOVERNMENTAL FUNDS
September 30, 2019

	General	Special Revenue	Debt Service 2018	Capital Projects 2018	Total Governmental Funds
ASSETS					
Cash and cash equivalent	\$ 1,681,838	\$ -	\$ -	\$ -	\$ 1,681,838
Accounts receivable	-	922	-	-	922
Due from other funds	-	75,628	3,125	356,283	435,036
Due from other governments	16,159	-	8,346	-	24,505
Prepaid expenses	46,531	11,377	-	-	57,908
Advance to other funds	233,212	-	-	-	233,212
Restricted assets					
Investments, at fair value	-	-	437,167	-	437,167
Total Assets	<u>\$ 1,977,740</u>	<u>\$ 87,927</u>	<u>\$ 448,638</u>	<u>\$ 356,283</u>	<u>\$ 2,870,588</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued expenses	\$ 127,562	\$ 8,844	\$ -	\$ -	\$ 136,406
Contracts/retainage payable	-	-	-	26,337	26,337
Due to other funds	498,089	3,727	-	-	501,816
Advance from other funds	-	233,212	-	-	233,212
Total Liabilities	<u>625,651</u>	<u>245,783</u>	<u>-</u>	<u>26,337</u>	<u>897,771</u>
Fund Balances:					
Nonspendable:					
Prepaid	46,531	11,377	-	-	57,908
Advances	233,212	-	-	-	233,212
Restricted for:					
Debt service	-	-	448,638	-	448,638
Capital projects	-	-	-	329,946	329,946
Assigned:					
Roadways	490,771	-	-	-	490,771
Ponds	78,586	-	-	-	78,586
Activity center	155,611	-	-	-	155,611
Dog park	9,752	-	-	-	9,752
First quarter operations	301,360	-	-	-	301,360
RV park	36,266	-	-	-	36,266
Unassigned	-	(169,233)	-	-	(169,233)
Total Fund Balances	<u>1,352,089</u>	<u>(157,856)</u>	<u>448,638</u>	<u>329,946</u>	<u>1,972,817</u>
Total Liabilities and Fund Balances	<u>\$ 1,977,740</u>	<u>\$ 87,927</u>	<u>\$ 448,638</u>	<u>\$ 356,283</u>	<u>\$ 2,870,588</u>

See accompanying notes to financial statements.

Riverwood Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2019

Total Governmental Fund Balances	\$ 1,972,817
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets not being depreciated, land and improvements, \$2,093,166, and and construction in progress, \$160,889, used in governmental activities are not current financial resources and, therefore, are not reported at the governmental fund statement level.	2,254,055
Capital assets being depreciated, infrastructure, \$26,477,155; buildings and improvements, \$7,898,806, equipment, \$337,862; net of accumulated depreciation, \$(26,044,089), used in governmental activities are not current financial resources; and therefore are not reported at the governmental fund statement level.	8,669,734
Deferred amounts on refunding are not current financial uses, and therefore, are not reported at the fund level.	2,145
Long-term liabilities, notes payable, are not due and payable in the current period and; therefore, are not reported at the governmental fund statement level.	(7,122,000)
Accrued interest on long-term debt is not a current financial use, and therefore, is not reported at the fund level.	<u>(112,617)</u>
Net Position of Governmental Activities	<u><u>\$ 5,664,134</u></u>

See accompanying notes to financial statements.

Riverwood Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended September 30, 2019

	General	Special Revenue	Debt Service 2018	Capital Projects 2018	Total Governmental Funds
Revenues					
Special assessments	\$ 1,302,855	\$ -	\$ 672,935	\$ -	\$ 1,975,790
Charges for services	21,442	158,950	-	-	180,392
Investment earnings	23,181	-	10,196	-	33,377
Other revenues	2,659	129	-	-	2,788
Total Revenues	<u>1,350,137</u>	<u>159,079</u>	<u>683,131</u>	<u>-</u>	<u>2,192,347</u>
Expenditures					
Current					
General government	110,805	-	5,112	-	115,917
Physical environment	604,450	-	-	-	604,450
Culture/recreation	419,588	111,574	-	-	531,162
Capital outlay	493,678	-	-	2,821,510	3,315,188
Debt service					
Principal	-	-	378,000	-	378,000
Interest	-	2,404	157,334	-	159,738
Total Expenditures	<u>1,628,521</u>	<u>113,978</u>	<u>540,446</u>	<u>2,821,510</u>	<u>5,104,455</u>
Excess of revenues over/(under) expenditures	<u>(278,384)</u>	<u>45,101</u>	<u>142,685</u>	<u>(2,821,510)</u>	<u>(2,912,108)</u>
Other Financing Sources/(Uses)					
Issuance of debt	<u>287,038</u>	<u>-</u>	<u>-</u>	<u>3,729,046</u>	<u>4,016,084</u>
Net change in fund balances	<u>8,654</u>	<u>45,101</u>	<u>142,685</u>	<u>907,536</u>	<u>1,103,976</u>
Fund Balances - October 1, 2018	<u>1,343,435</u>	<u>(202,957)</u>	<u>305,953</u>	<u>(577,590)</u>	<u>868,841</u>
Fund Balances - September 30, 2019	<u><u>\$ 1,352,089</u></u>	<u><u>\$ (157,856)</u></u>	<u><u>\$ 448,638</u></u>	<u><u>\$ 329,946</u></u>	<u><u>\$ 1,972,817</u></u>

See accompanying notes to financial statements.

Riverwood 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, 2019

Net Change in Fund Balances - Total Governmental Funds	\$ 1,103,976
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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 expense. This is the amount that depreciation (\$589,647) was exceeded by capital asset additions (\$3,315,188) in the current period.	2,725,541
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The deferred amount on refunding is a current use at the fund level, at the government-wide level, however, it is a deferred outflow amortized over the life of the debt. This is the current year amortization.	(357)
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Debt proceeds provide current financial resources at the fund level, but increase long-term liabilities at the government-wide level.	(4,016,084)
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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.	378,000
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Accrued interest expense is reported in the Statement of Activities but in governmental funds interest expenditures are reported when due. This is the net amount between current year and prior year accruals.	(112,617)
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Change in Net Position of Governmental Activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">\$ 78,459</div>
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See accompanying notes to financial statements.

Riverwood Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	\$ 1,297,774	\$ 1,297,774	\$ 1,302,855	\$ 5,081
Charges for services	20,500	20,500	21,442	942
Investment earnings	4,500	4,500	23,181	18,681
Other revenues	100	100	2,659	2,559
Total Revenues	<u>1,322,874</u>	<u>1,322,874</u>	<u>1,350,137</u>	<u>27,263</u>
Expenditures				
Current				
General government	123,754	123,754	110,805	12,949
Physical environment	778,950	820,777	604,450	216,327
Culture/recreation	420,170	430,664	419,588	11,076
Capital outlay	-	379,259	493,678	(114,419)
Total Expenditures	<u>1,322,874</u>	<u>1,754,454</u>	<u>1,628,521</u>	<u>125,933</u>
Excess of revenues over/(under) expenditures	<u>-</u>	<u>(431,580)</u>	<u>(278,384)</u>	<u>153,196</u>
Other Financing Sources/(Uses)				
Issuance of debt	<u>-</u>	<u>287,038</u>	<u>287,038</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>(144,542)</u>	<u>8,654</u>	<u>153,196</u>
Fund Balance - October 1, 2018	<u>1,343,298</u>	<u>1,343,435</u>	<u>1,343,435</u>	<u>-</u>
Fund Balance - September 30, 2019	<u><u>\$ 1,343,298</u></u>	<u><u>\$ 1,198,893</u></u>	<u><u>\$ 1,352,089</u></u>	<u><u>\$ 153,196</u></u>

See accompanying notes to financial statements.

Riverwood Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – SPECIAL REVENUE FUND
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 150,300	\$ 150,300	\$ 158,950	\$ 8,650
Other revenues	-	-	129	129
Total Revenues	<u>150,300</u>	<u>150,300</u>	<u>159,079</u>	<u>8,779</u>
Expenditures				
Current				
Culture/recreation	120,143	120,143	111,574	8,569
Debt service				
Principal	21,970	21,970	-	21,970
Interest	2,404	2,404	2,404	-
Total Expenditures	<u>144,517</u>	<u>144,517</u>	<u>113,978</u>	<u>30,539</u>
Net change in fund balances	5,783	5,783	45,101	39,318
Fund Balance - October 1, 2018	<u>51,512</u>	<u>51,512</u>	<u>(202,957)</u>	<u>(254,469)</u>
Fund Balance - September 30, 2019	<u>\$ 57,295</u>	<u>\$ 57,295</u>	<u>\$ (157,856)</u>	<u>\$ (215,151)</u>

See accompanying notes to financial statements.

Riverwood Community Development District
STATEMENT OF NET POSITION –
WATER & SEWER FUND
September 30, 2019

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,039,071
Investments	218,478
Accounts receivable, net of allowance	276,724
Due from other funds	66,780
Prepaid expenses	42,918
Deposits	119,056
Restricted Assets -	
Customer deposits	176,142
Total Current Assets	<u>1,939,169</u>

Non-current Assets

Capital Assets:

Land	330,000
Buildings and improvements	1,413,584
Infrastructure	9,393,525
Equipment	10,477
Accumulated depreciation	<u>(3,874,687)</u>
Total Non-current Assets	<u>7,272,899</u>
Total Assets	<u>9,212,068</u>

LIABILITIES

Current Liabilities

Accounts payable and accrued expenses	141,997
Unearned revenues	17,913
Payable from restricted assets -	
Customer deposits	176,142
Total Current Liabilities	<u>336,052</u>

NET POSITION

Net investment in capital assets	7,272,899
Unrestricted	1,603,117
Total Net Position	<u>\$ 8,876,016</u>

See accompanying notes to financial statements.

Riverwood Community Development District
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION – WATER & SEWER FUND
For The Year Ended September 30, 2019

Operating Revenues	
Charges for Services	
Water and sewer charges	\$ 2,057,875
Meter and connection fees	14,859
Total Operating Revenues	<u>2,072,734</u>
Operating Expenses	
Cost of sales and services	2,239,722
General and administrative	304,639
Total Operating Expenses	<u>2,544,361</u>
Operating Income	(471,627)
Non-operating revenues/(expenses)	
Loss on disposal of capital assets	(123,337)
Interest earnings	24,806
Total Non-operating Revenues/(Expenses)	<u>(98,531)</u>
Change in Net Position	(570,158)
Net Position - October 1, 2018	<u>9,446,174</u>
Net Position - September 30, 2019	<u>\$ 8,876,016</u>

See accompanying notes to financial statements.

Riverwood Community Development District
STATEMENT OF CASH FLOWS –
WATER & SEWER FUND
For The Year Ended September 30, 2019

	Water & Sewer Fund
Cash Flows From Operating Activities	
Cash received from customers	\$ 2,025,272
Cash paid to suppliers	(2,246,994)
Net Cash Provided By Operating Activities	<u>(221,722)</u>
Cash Flows From Investing Activities	
Purchases of investments	(218,478)
Proceeds from sale of investments	213,867
Interest income	24,806
Net Cash Provided By Investing Activities	<u>20,195</u>
Cash Flows From Capital Activities	
Investment in capital assets	<u>(385,930)</u>
Net increase in cash and equivalents	(587,457)
Cash and equivalents, beginning of year	<u>1,802,670</u>
Cash and equivalents, end of year	<u><u>\$ 1,215,213</u></u>
Reconciliation of Net Operating Income to Net Cash Provided By Operating Activities	
Cash Flows From Operating Activities:	
Operating income	<u>\$ (471,627)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	350,057
Changes in assets and liabilities:	
Decrease in due from other funds	15,867
Increase in accounts receivable	(91,366)
Increase in prepaid expenses	(5,073)
Increase in deposits	(119,056)
Increase in accounts payable	71,439
Increase in customer deposits	16,904
Increase in unearned revenues	11,133
Total Adjustments	<u>249,905</u>
Net Cash Provided By Operating Activities	<u><u>\$ (221,722)</u></u>
Supplemental disclosures for Statement of Cash Flows:	
Loss on disposal of capital assets	\$ 123,337

See accompanying notes to financial statements.

Riverwood Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A – SUMMARY OF ACCOUNTING POLICIES

The financial statements of Riverwood 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 in 1991, by the Board of County Commissioners of Charlotte County by Ordinance 91-58, pursuant to the provisions of Chapter 190, Florida Statutes, for the purpose of planning, financing, constructing, operating, and maintaining certain community-wide infrastructure. The District is governed by a five member Board of Supervisors, who are elected to a term of four years by landholders of the District on a one-vote-per acre basis.

As required by GAAP, these financial statements present the Riverwood 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 includes, but is 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 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

a. Government-wide Financial Statements

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include separate columns for the governmental and business-type activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

Riverwood Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

a. Government-wide Financial Statements (Continued)

Governmental activities which normally are supported by special assessments, rents and interest, are reported separately from business-type activities. 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 financial 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.

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.

Riverwood Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

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.

Restricted Fund Balance – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

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.

Unassigned Fund Balance – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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.

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 financial 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.

Riverwood Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

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 were 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, as well as expenditures related to compensated absences, are recorded only when payment is due.

Enterprise Funds

In the fund financial statements, the enterprise fund is presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, enterprise funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in total net position. The District applies all GASB pronouncements as well as all FASB and AICPA pronouncements, issued on or before November 30, 1989, which do not conflict with, or contradict, GASB pronouncements.

Enterprise fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as other financing sources.

Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

Riverwood Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

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.

Special Revenue Fund

The special revenue fund is used to account for the activity of the Beach Club maintained by the District.

Debt Service Fund – Series 2007A

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term general obligation debt on the Series 2007A Bonds. This fund has been discontinued as the debt was paid.

Debt Service Fund – 2018

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on the 2018 note payable.

Capital Projects Fund – 2018

The capital projects fund is used to account for the construction and related costs for the 2018 capital projects.

b. Enterprise Major Fund

Water and Sewer Fund

The water and sewer fund accounts for the operations that provide water and sewer utility services within the District.

c. 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.

Riverwood Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

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.

For purposes of the statement of cash flows, cash equivalents include time deposits and certificates of deposit with original maturities of three months or less and held in a qualified public depository as defined by Florida Statute 280.02.

b. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported as "internal balances".

c. Restricted Net Position

Certain net position of the District are 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.

Riverwood Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

d. Capital Assets

Capital assets, which include land, buildings and equipment, are reported in the applicable governmental or business-type 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. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings and improvements	20-40 years
Infrastructure	15-40 years
Equipment	7 years

e. 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. Formal budgets are adopted for the general and debt service funds. As a result, deficits in the budget columns of the accompanying financial statements may occur.

f. Deferred Outflows of Resources

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

Riverwood Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

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, \$1,972,817, differs from “net position” of governmental activities, \$5,664,134, 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 as follows:

Capital related items

When capital assets (property, plant 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 included those capital assets among the assets of the District as a whole.

Land	\$ 2,093,166
Construction in progress	160,889
Buildings and improvements	7,898,806
Infrastructure	26,477,155
Equipment	337,862
Accumulated depreciation	<u>(26,044,089)</u>
Total	<u>\$ 10,923,789</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.

Notes payable	<u>\$ (7,122,000)</u>
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Deferred amount on refunding

Deferred amount on refunding is an other debt service cost at the fund level. It is recognized as a deferred outflow of resources at the government-wide level and amortized over the life of the associated note payable.

Deferred amount on refunding	<u>\$ 2,145</u>
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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>\$ 112,617</u>
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Riverwood Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

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, \$1,103,976, differs from the “change in net position” for governmental activities, \$78,459, 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 as follows.

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 expense. 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	\$ (589,647)
Capital outlay	<u>3,315,188</u>
Total	<u><u>\$ 2,725,541</u></u>

Long-term debt transactions

The issuance of long-term debt and repayments of principal are reported as other financing sources and expenditures in the governmental funds and, thus, have the effect of increasing fund balance because current financial resources have been used.

Issuance of note payable	\$ (4,016,084)
Note principal payments	<u>378,000</u>
Total	<u><u>\$ (3,638,084)</u></u>

The deferred amount on refunding is recognized as a current use at the fund level, however, at the government-wide level, it is a deferred outflow amortized over the life of the debt. This is the current year amortization

Interest expense	<u><u>\$ (357)</u></u>
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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 change in accrued interest payable	<u><u>\$ (112,617)</u></u>
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Riverwood Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

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 does not have a formal deposit policy for custodial credit risk. The District does, however, follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2019, the District's bank balance was \$2,979,807 and the carrying value was \$2,897,051. Exposure to custodial credit risk was as follows. The District maintains all deposits and certificates of deposit 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.

As of September 30, 2019, the District had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Certificates of Deposit	1/2020	\$ 218,478
First American Government Obligation Fund	24 days*	437,167
Total		<u>\$ 655,645</u>

*Maturity is a weighed average maturity.

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 use 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 investments in First American Government Obligation is a Level 1 asset.

Riverwood Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

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.

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.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The investments in Certificates of Deposit represent 33% of the District's investments. The investments in First American Government Obligation Fund represent 67% of the District's investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2019 were typical. The First American Government Obligations Fund investments were rated AAAM by Standard & Poor's.

Riverwood Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE D – SPECIAL ASSESSMENT REVENUES

Assessment revenues recognized for the 2018-2019 fiscal year were levied in October 2018. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Per Section 197.162, Florida Statutes, discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount.

All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to June 1; therefore, there were no material taxes receivable at fiscal year end.

NOTE E – INTERFUND BALANCES

Interfund balances at September 30, 2019, consisted of the following:

Receivable Fund	Payable Fund		Total
	General Fund	Special Revenue Fund	
General Fund	\$ -	\$ 233,212	\$ 233,212
Special Revenue Fund	75,628	-	75,628
Debt Service Fund	3,125	-	3,125
Capital Projects Fund	356,283	-	356,283
Enterprise Fund	63,053	3,727	66,780
Total	<u>\$ 498,089</u>	<u>\$ 236,939</u>	<u>\$ 735,028</u>

Interfund balances between the General Fund and the Special Revenue are due to an internal advance from the General Fund to the Special Revenue for the Beach Club. Interfund balances between other funds are due to revenues and expenditures that are received or paid by one fund and are allocated to multiple funds.

Riverwood Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE F – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2019 was as follows:

	Balance October 1, 2018	Additions	Deletions	Balance September 30, 2019
Governmental activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 2,093,166	\$ -	\$ -	\$ 2,093,166
Construction in progress	2,361,968	160,889	(2,361,968)	160,889
Total Capital Assets, Not Depreciated	<u>4,455,134</u>	<u>160,889</u>	<u>(2,361,968)</u>	<u>2,254,055</u>
Capital assets, being depreciated:				
Buildings	2,636,704	5,262,102	-	7,898,806
Equipment	131,953	205,909	-	337,862
Infrastructure - water control	11,042,926	-	-	11,042,926
Infrastructure - roadways and other improvements	15,385,973	48,256	-	15,434,229
Total Capital Assets, Being Depreciated	<u>29,197,556</u>	<u>5,516,267</u>	<u>-</u>	<u>34,713,823</u>
Less accumulated depreciation for:				
Buildings	(817,827)	(71,065)	-	(888,892)
Equipment	(38,242)	(22,982)	-	(61,224)
Infrastructure - water control	(10,645,380)	(397,546)	-	(11,042,926)
Infrastructure - roadways and other improvements	(13,952,993)	(98,054)	-	(14,051,047)
Total Accumulated Depreciation	<u>(25,454,442)</u>	<u>(589,647)</u>	<u>-</u>	<u>(26,044,089)</u>
Total Capital Assets Depreciated, Net	<u>3,743,114</u>	<u>4,926,620</u>	<u>-</u>	<u>8,669,734</u>
Governmental Activities Capital Assets	<u>\$ 8,198,248</u>	<u>\$ 5,087,509</u>	<u>\$ (2,361,968)</u>	<u>\$ 10,923,789</u>

Depreciation of \$589,647 was charged to culture/recreation (\$94,047) and physical environment (\$495,600).

Riverwood Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE F – CAPITAL ASSETS (CONTINUED)

Capital Asset activity for the year ended September 30, 2019 was as follows:

	Balance October 1, 2018	Additions	Deletions	Balance September 30, 2019
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 330,000	\$ -	\$ -	\$ 330,000
Construction in progress	163,939	-	(163,939)	-
Total Capital Assets Not Depreciated	<u>493,939</u>	<u>-</u>	<u>(163,939)</u>	<u>330,000</u>
Capital assets, being depreciated:				
Buildings	1,413,584	-	-	1,413,584
Equipment	10,477	-	-	10,477
Infrastructure	9,087,824	549,869	(244,168)	9,393,525
Total Capital Assets, Being Depreciated	<u>10,511,885</u>	<u>549,869</u>	<u>(244,168)</u>	<u>10,817,586</u>
Less accumulated depreciation for:				
Buildings	(688,517)	(35,340)	-	(723,857)
Equipment	(4,037)	(1,497)	-	(5,534)
Infrastructure	(2,952,907)	(313,220)	120,831	(3,145,296)
Total Accumulated Depreciation	<u>(3,645,461)</u>	<u>(350,057)</u>	<u>120,831</u>	<u>(3,874,687)</u>
Total Capital Assets Depreciated, Net	<u>6,866,424</u>	<u>199,812</u>	<u>(123,337)</u>	<u>6,942,899</u>
Business-type Activities Capital Assets	<u><u>\$ 7,360,363</u></u>	<u><u>\$ 199,812</u></u>	<u><u>\$ (287,276)</u></u>	<u><u>\$ 7,272,899</u></u>

Depreciation expense of \$350,057 was charged to cost of sales and services.

NOTE G – LONG-TERM DEBT

The following is a summary of activity in the long-term debt of the District for the year ended September 30, 2019:

Governmental Activities

Long-term debt at October 1, 2018	\$ 3,483,916
Debt proceeds	4,016,084
Principal payments	<u>(378,000)</u>
Long-term debt at September 30, 2019	<u><u>\$ 7,122,000</u></u>

Riverwood Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE G – LONG-TERM DEBT (CONTINUED)

Long-term debt is comprised of the following:

Revenue Refunding Note

The District issued Series 2018 Special Assessment Revenue Refunding Note on March 22, 2018, maturing May 2033 at an interest rate of 3.795% payable on May 1 and November 1 beginning May 1, 2018; collateralized by the pledged revenues of the special assessment levied against the benefited property owners.

\$ 7,122,000

On March 22, 2018, the District issued the Series 2018 Special Assessment Revenue Refunding Note (Series 2018 Note). The Series 2018 Note was issued to finance additional construction within the District and to refund the Series 2015A Note and Series 2015B Note. The Series 2018 Note will total \$7,500,000 after all note proceeds are used. The Series 2018 Note bears interest at 3.795% and mature on May 1, 2033. Interest is due semi-annually beginning May 1, 2018 and principal is due annually beginning May 1, 2020.

Summary of Significant Note Resolution Terms and Covenants

The Trust Indenture has certain restrictions and requirements relating principally to the use of proceeds and the procedures to be followed by the District on assessments to property owners.

The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District is in compliance with the requirements of the Trust Indenture.

Depository Funds

The note 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:

1. Reserve Fund – The Series 2018 Reserve Account is funded from proceeds of the Series 2018 Note in an amount equal to twenty percent of the maximum annual debt service. Monies held in the reserve account will be used only for the purposes established by the Trust Indenture.

	Reserve Balance	Reserve Requirement
Series 2018 Special Assessment Revenue Refunding Note	<u>\$ 131,148</u>	<u>\$ 131,302</u>

Riverwood Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE G – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2019 are as follows:

Year Ending September 30,	Principal	Interest	Total
2020	\$ 392,000	\$ 270,280	\$ 662,280
2021	407,000	255,404	662,404
2022	424,000	239,958	663,958
2023	440,000	223,867	663,867
2024	458,000	207,169	665,169
2025-2029	2,566,000	761,619	3,327,619
2030-2033	2,435,000	235,441	2,670,441
Totals	<u>\$ 7,122,000</u>	<u>\$ 2,193,738</u>	<u>\$ 9,315,738</u>

NOTE H – 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. These risks are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for each of the past three fiscal years.



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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
Riverwood Community Development District
Charlotte 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 Riverwood Community Development District, as of and for the year ended September 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated February 18, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Riverwood 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 Riverwood Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Riverwood 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
Riverwood Community Development District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Riverwood 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
Fort Pierce, Florida

February 18, 2020



Berger, Toombs, Elam, Gaines & Frank

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MANAGEMENT LETTER

To the Board of Supervisors
Riverwood Community Development District
Charlotte County, Florida

Report on the Financial Statements

We have audited the financial statements of the Riverwood Community Development District as of and for the year ended September 30, 2019, and have issued our report thereon dated February 18, 2020.

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, Section 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 February 18, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding 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 that we apply appropriate procedures and communicate the results of our determination as to whether or not Riverwood Community Development District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify of the specific conditions met. In connection with our audit, we determined that the Riverwood Community Development District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Fort Pierce / Stuart

To the Board of Supervisors
Riverwood 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, 2019 for Riverwood Community Development District. It is management's responsibility to monitor the Riverwood 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.

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
Certified Public Accountants PL
Fort Pierce, Florida

February 18, 2020



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

To the Board of Supervisors
Riverwood Community Development District
Charlotte County, Florida

We have examined Riverwood Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2019. Management is responsible for Riverwood Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Riverwood 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 Riverwood 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 Riverwood Community Development District's compliance with the specified requirements.

In our opinion, Riverwood Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2019.

*Berger Toombs Elam
Gaines & Frank*

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

February 18, 2020