

Riverwood Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2015

Riverwood Community Development District

ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2015

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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 as of and for the year ended September 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Accounting Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Fort Pierce / Stuart
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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 and the General Fund of Riverwood Community Development District, as of September 30, 2015, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 1, 2016 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*

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

March 1, 2016

**Riverwood Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015**

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, 2015**

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, 2015.

- ◆ The District's total assets exceeded total liabilities by \$15,896,763 (net position). Net investment in capital assets for Governmental Activities was \$4,759,184. Net investment in capital assets for Business-type activity was \$8,176,730. Unrestricted net position for Governmental Activities was \$1,546,161 and for Business-type activities was \$414,784. Restricted net position for Governmental Activities was \$141,516. Restricted net position for Business-type activities was \$858,388.
- ◆ Governmental activities revenues totaled \$1,079,816 while governmental activities expenses totaled \$1,179,694. Business-type activities revenues totaled \$2,070,862 while business-type expenses totaled \$2,010,766.

**Riverwood Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015**

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	
	2015	2014	2015	2014	2015	2014
Current assets	\$ 1,684,532	\$ 1,465,711	\$ 1,520,533	\$ 1,371,176	\$ 3,205,065	\$ 2,836,887
Restricted assets	151,742	147,020	-	277,047	151,742	424,067
Capital assets	<u>6,634,216</u>	<u>5,694,107</u>	<u>8,176,730</u>	<u>8,332,035</u>	<u>14,810,946</u>	<u>14,026,142</u>
 Total Assets	 <u>8,470,490</u>	 <u>7,306,838</u>	 <u>9,697,263</u>	 <u>9,980,258</u>	 <u>18,167,753</u>	 <u>17,287,096</u>
Current liabilities	327,186	102,251	247,361	590,452	574,547	692,703
Non-current liabilities	<u>1,696,443</u>	<u>657,848</u>	<u>-</u>	<u>-</u>	<u>1,696,443</u>	<u>657,848</u>
 Total Liabilities	 <u>2,023,629</u>	 <u>760,099</u>	 <u>247,361</u>	 <u>590,452</u>	 <u>2,270,990</u>	 <u>1,350,551</u>
 Net Position						
Invested in capital assets	4,759,184	4,961,423	8,176,730	8,169,606	12,935,914	13,131,029
Net position - restricted	141,516	150,871	858,388	1,154,206	999,904	1,305,077
Net position - unrestricted	<u>1,546,161</u>	<u>1,434,445</u>	<u>414,784</u>	<u>65,994</u>	<u>1,960,945</u>	<u>1,500,439</u>
 Total Net Position	 <u>\$ 6,446,861</u>	 <u>\$ 6,546,739</u>	 <u>\$ 9,449,902</u>	 <u>\$ 9,389,806</u>	 <u>\$ 15,896,763</u>	 <u>\$ 15,936,545</u>

Total assets and total liabilities for governmental activities increased because of significant capital asset additions funded by the issuance of new debt.

**Riverwood Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

Total liabilities for both governmental activities decreased due to the decrease in long-term debt.

Invested in capital assets, net of related debt for governmental activities decreased primarily due to depreciation expense in excess of principal payments.

Invested in capital assets, net of related debt for business-type activities increased primarily due to capital additions and principal payments in excess of depreciation expense.

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	
	2015	2014	2015	2014	2015	2014
Program Revenues						
Charges for service	\$ 870,577	\$ 853,570	\$ 2,064,683	\$ 1,810,735	\$ 2,935,260	\$ 2,664,305
General Revenues						
Investment earnings	7,129	8,107	6,179	7,320	13,308	15,427
Other revenues	202,110	67,426	-	-	202,110	67,426
Total Revenues	<u>1,079,816</u>	<u>929,103</u>	<u>2,070,862</u>	<u>1,818,055</u>	<u>3,150,678</u>	<u>2,747,158</u>
Expenses						
General government	85,158	85,909	-	-	85,158	85,909
Culture/recreation	297,777	67,063	-	-	297,777	67,063
Physical environment	752,514	1,241,559	-	-	752,514	1,241,559
Water and sewer	-	-	2,010,766	1,900,646	2,010,766	1,900,646
Interest on long-term debt	44,245	55,956	-	7,342	44,245	63,298
Total Expenses	<u>1,179,694</u>	<u>1,450,487</u>	<u>2,010,766</u>	<u>1,907,988</u>	<u>3,190,460</u>	<u>3,358,475</u>
Change in Net Position	(99,878)	(521,384)	60,096	(89,933)	(39,782)	(611,317)
Net Position - Beginning of Year	<u>6,546,739</u>	<u>7,068,123</u>	<u>9,389,806</u>	<u>9,479,739</u>	<u>15,936,545</u>	<u>16,547,862</u>
Net Position - End of Year	<u>\$ 6,446,861</u>	<u>\$ 6,546,739</u>	<u>\$ 9,449,902</u>	<u>\$ 9,389,806</u>	<u>\$ 15,896,763</u>	<u>\$ 15,936,545</u>

Charges for services decreased for special assessments in governmental activities due to the payoff of debt early in the year.

**Riverwood Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

Total revenues for business type activities decreased this year due to grant funds and other revenues received for a reclaimed water project completed last fiscal year.

Culture recreation expenses increased this year because it is the first full year of operation of the Beach Club.

Governmental activities total revenues decreased primarily due to the receipt of activity center reserves in the prior year and decreased special assessments in the current year.

Business-type activities charges for services decreased primarily due to compliance fees charged in the prior year.

Business-type activities other revenues decreased primarily due to conveyed assets received by the district in the prior year.

Business-type activities water and sewer expenses increased primarily due to an increase in repairs and maintenance required in the current year.

Governmental activities total expenses decreased primarily due to lower outstanding principal amounts resulting in lower interest.

Capital Assets Activity

The following schedule provides a summary of the District's capital assets activity as of September 30, 2015.

Description	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land and improvements	\$ 2,093,166	\$ 814,921	\$ 330,000	\$ 330,000	\$ 2,423,166	\$ 1,144,921
Building and improvements	2,543,166	2,543,166	1,413,584	1,078,024	3,956,750	3,621,190
Equipment	35,810	19,000	7,989	-	43,799	19,000
Infrastructure	25,426,812	25,426,812	9,062,813	9,030,993	34,489,625	34,457,805
Accumulated depreciation	(23,676,788)	(23,120,592)	(2,637,658)	(2,311,013)	(26,314,446)	(25,431,605)
Construction in progress	212,051	10,800	-	204,031	212,051	214,831
Total Capital Assets (Net)	<u>\$ 6,634,217</u>	<u>\$ 5,694,107</u>	<u>\$ 8,176,728</u>	<u>\$ 8,332,035</u>	<u>\$ 14,810,945</u>	<u>\$ 14,026,142</u>

During the year, depreciation for governmental activities was \$556,196. Governmental activities added \$1,278,245 of land and improvements, \$201,251 of construction in progress and \$16,810 of equipment. Business-type activities added \$31,820 of infrastructure, \$335,560 of buildings and \$7,989 of equipment and depreciation was \$326,643.

**Riverwood Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

General Fund Budgetary Highlights

The budget exceeded governmental expenditures primarily because repairs were not as extensive as anticipated and budgeted contingencies were not utilized fully.

The budget was amended for the note payable proceeds and increased capital outlay expenditures.

Debt Management

Governmental Activities debt includes the following:

- ◆ In 2007, the District issued \$6,831,105 Series 2007A and 2007B Special Assessment Revenue Refunding Bonds with a fixed interest rate of 3.920% and 4.070% respectively. These bonds were issued to refund the Series 1992A, Series 2003, and the developer loan. As of September 30, 2014, \$658,250 of Series 2007A was still outstanding.
- ◆ In 2015 the District entered into loan agreements with a bank, Series 2015A for \$675,000 and Series 2015B for \$550,000 to finance certain improvements. The balance at September 30, 2015 were \$670,473 and \$546,310.

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 2016.

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, Severn Trent Management Services, Inc. at 210 North University Drive, Suite 702, Coral Springs, Florida 33071.

Riverwood Community Development District
STATEMENT OF NET POSITION
September 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and equivalents	\$ 1,384,399	\$ 690,335	\$ 2,074,734
Investments, at fair value	309,572	461,254	770,826
Accounts receivable	633	195,812	196,445
Prepaid items	5,294	3,304	8,598
Accrued interest receivable	1,572	2,175	3,747
Due from other governments	10,097	-	10,097
Internal balances	(27,035)	27,035	-
Restricted assets -			
Customer deposits	-	140,618	140,618
Total Current Assets	<u>1,684,532</u>	<u>1,520,533</u>	<u>3,205,065</u>
Non-current Assets			
Restricted assets			
Cash and investments	151,742	-	151,742
Capital assets:			
Assets not being depreciated			
Land and improvements	2,093,166	330,000	2,423,166
Construction in progress	212,050	-	212,050
Assets being depreciated			
Buildings and improvements	2,543,166	1,413,584	3,956,750
Infrastructure	25,426,812	9,062,813	34,489,625
Equipment	35,810	7,989	43,799
Less: accumulated depreciation	<u>(23,676,788)</u>	<u>(2,637,656)</u>	<u>(26,314,444)</u>
Total Non-current Assets	<u>6,785,958</u>	<u>8,176,730</u>	<u>14,962,688</u>
Total Assets	<u>8,470,490</u>	<u>9,697,263</u>	<u>18,167,753</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	137,142	106,743	243,885
Accrued interest payable	11,454	-	11,454
Notes payable, current portion	101,643	-	101,643
Bonds payable, current portion	76,947	-	76,947
Payable from restricted assets:			
Customer deposits	-	140,618	140,618
Total Current Liabilities	<u>327,186</u>	<u>247,361</u>	<u>574,547</u>
Non-current Liabilities			
Notes payable	1,115,140	-	1,115,140
Bonds payable	581,303	-	581,303
Total Noncurrent Liabilities	<u>1,696,443</u>	<u>-</u>	<u>1,696,443</u>
Total Liabilities	<u>2,023,629</u>	<u>247,361</u>	<u>2,270,990</u>
NET POSITION			
Invested in capital assets, net of related debt	4,759,184	8,176,730	12,935,914
Restricted for debt service	141,516	-	141,516
Restricted for sewer system	-	503,521	503,521
Restricted for water sytem	-	354,867	354,867
Unrestricted	<u>1,545,320</u>	<u>414,784</u>	<u>1,960,104</u>
Total Net Position	<u>\$ 6,446,020</u>	<u>\$ 9,449,902</u>	<u>\$ 15,895,922</u>

See accompanying notes to financial statements

Riverwood Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position		Total
			Governmental Activities	Business- type Activities	
Governmental Activities					
General government	\$ (85,158)	\$ 57,299	\$ (27,859)	\$ -	\$ (27,859)
Culture/recreation	(297,777)	149,664	(148,113)	-	(148,113)
Physical environment	(752,514)	557,032	(195,482)	-	(195,482)
Interest on long-term debt	(44,245)	105,741	61,496	-	61,496
Total Governmental Activities	<u>(1,179,694)</u>	<u>869,736</u>	<u>(309,958)</u>	<u>-</u>	<u>(309,958)</u>
Business-type Activities					
Water and sewer utilities	(2,010,766)	2,064,683	-	53,917	53,917
Total Business-type Activities	<u>(2,010,766)</u>	<u>2,064,683</u>	<u>-</u>	<u>53,917</u>	<u>53,917</u>
Total Primary Government	<u>\$ (3,190,460)</u>	<u>\$ 2,934,419</u>	<u>(309,958)</u>	<u>53,917</u>	<u>(256,041)</u>
General Revenues					
Investment earnings			7,129	6,179	13,308
Other revenues			202,110	-	202,110
Total General Revenues			<u>209,239</u>	<u>6,179</u>	<u>215,418</u>
Change in Net Position			(100,719)	60,096	(40,623)
Net Position - October 1, 2014			<u>6,546,739</u>	<u>9,389,806</u>	<u>15,936,545</u>
Net Position - September 30, 2015			<u>\$ 6,446,020</u>	<u>\$ 9,449,902</u>	<u>\$ 15,895,922</u>

See accompanying notes to financial statements.

**Riverwood Community Development District
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2015**

	General	Special Revenue	Debt Service Series 2007A	Total Governmental Funds
ASSETS				
Cash and cash equivalent	\$ 1,384,399	\$ -	\$ -	\$ 1,384,399
Investments, at fair value	309,572	-	-	309,572
Accounts receivable	633	-	-	633
Accrued interest receivable	1,572	-	-	1,572
Due from other funds	308,023	-	-	308,023
Due from other governments	8,869	-	1,228	10,097
Prepaid items	4,090	1,204	-	5,294
Restricted assets				
Investments, at fair value	-	-	151,742	151,742
Total Assets	\$ 2,017,158	\$ 1,204	\$ 152,970	\$ 2,171,332
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 136,717	\$ 425	\$ -	\$ 137,142
Due to other funds	14,548	320,510	-	335,058
Total Liabilities	151,265	320,935	-	472,200
Fund Balances:				
Nonspendable:				
Prepaid expenses	4,090	-	-	4,090
Restricted for debt service	-	-	152,970	152,970
Assigned:				
Roadways	908,742	-	-	908,742
Activity center	579,302	-	-	579,302
Dog park	5,012	-	-	5,012
First quarter operations	194,315	-	-	194,315
RV park	10,153	-	-	10,153
Unassigned	164,279	(319,731)	-	(155,452)
Total Fund Balances	1,865,893	(319,731)	152,970	1,699,132
Total Liabilities and Fund Balances	\$ 2,017,158	\$ 1,204	\$ 152,970	\$ 2,171,332

See accompanying notes to financial statements.

Riverwood Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2015

Total Governmental Fund Balances	\$ 1,699,132
 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 construction in progress, \$212,051 used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,305,216
Capital assets being depreciated, infrastructure, \$25,426,812; buildings and improvements, \$2,543,166; equipment, \$35,810; net of accumulated depreciation, \$(23,676,788) used in governmental activities are not financial resources and; therefore, are not reported in the funds.	4,329,000
Long-term liabilities, including notes payable, (\$1,216,783) and bonds payable (\$658,250), are not due and payable in the current period and; therefore, are not reported in the funds.	(1,875,033)
Accrued interest expense for long-term debt is not a financial use and; therefore, is not reported in the funds.	<u>(11,454)</u>
Net Position of Governmental Activities	<u><u>\$ 6,446,861</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, 2015

	General	Special Revenue	Debt Service Series 2007A	Totals Governmental Funds
Revenues				
Special assessments	\$ 763,995	\$ -	\$ 105,741	\$ 869,736
Charges for services	-	841	-	841
Investment earnings	7,050	-	79	7,129
Other revenues	25,860	176,250	-	202,110
Total Revenues	<u>796,905</u>	<u>177,091</u>	<u>105,820</u>	<u>1,079,816</u>
Expenditures				
Current				
General government	84,271	-	887	85,158
Physical environment	263,787	-	-	263,787
Culture/recreation	123,653	106,655	-	230,308
Capital outlay	1,432,865	63,440	-	1,496,305
Debt service				
Principal	8,217	-	74,434	82,651
Interest	4,219	2,877	28,400	35,496
Other	9,660	-	-	9,660
Total Expenditures	<u>1,926,672</u>	<u>172,972</u>	<u>103,721</u>	<u>2,203,365</u>
Revenues in excess of expenditures	<u>(1,129,767)</u>	<u>4,119</u>	<u>2,099</u>	<u>(1,123,549)</u>
Other financing sources (uses)				
Proceeds from note payable	<u>1,225,000</u>	<u>-</u>	<u>-</u>	<u>1,225,000</u>
Net change in fund balances	<u>95,233</u>	<u>4,119</u>	<u>2,099</u>	<u>101,451</u>
Fund Balances - October 1, 2014	<u>1,770,660</u>	<u>(323,850)</u>	<u>150,871</u>	<u>1,597,681</u>
Fund Balances - September 30, 2015	<u>\$ 1,865,893</u>	<u>\$ (319,731)</u>	<u>\$ 152,970</u>	<u>\$ 1,699,132</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, 2015

Net Change in Fund Balances -Total Governmental Funds	\$	101,451
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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 depreciation expense (\$556,196) was exceeded by capital asset additions (\$1,496,305) in the current period		940,109
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The issuance of new debt is reflected as an other financing source at the fund level but increase liabilities at the government wide level		(1,225,000)
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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.		82,651
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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.		<u>911</u>
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Change in Net Position of Governmental Activities	\$	<u><u>(99,878)</u></u>
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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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Assessments	\$ 760,260	\$ 760,260	\$ 763,995	\$ 3,735
Investment earnings	1,300	1,300	7,050	5,750
Other revenues	15,700	37,796	25,860	(11,936)
Total Revenues	<u>777,260</u>	<u>799,356</u>	<u>796,905</u>	<u>(2,451)</u>
Expenditures				
Current				
General government	85,215	85,215	84,271	944
Physical environment	554,285	473,486	263,787	209,699
Culture/recreation	133,760	133,760	123,653	10,107
Capital outlay	4,000	1,269,447	1,432,865	(163,418)
Debt service				
Principal	-	8,217	8,217	-
Interest	-	4,219	4,219	-
Other	-	9,660	9,660	-
Total Expenditures	<u>777,260</u>	<u>1,984,004</u>	<u>1,926,672</u>	<u>57,332</u>
Revenues in excess of expenditures	<u>-</u>	<u>(1,184,648)</u>	<u>(1,129,767)</u>	<u>54,881</u>
Other financing sources (uses)				
Proceeds from note payable	-	1,225,000	1,225,000	-
Transfers out	-	(40,352)	-	40,352
Total other financing sources/(uses)	<u>-</u>	<u>1,184,648</u>	<u>1,225,000</u>	<u>40,352</u>
Net change in fund balances	-	-	95,233	95,233
Fund Balance - October 1, 2014	<u>-</u>	<u>-</u>	<u>1,770,660</u>	<u>1,770,660</u>
Fund Balance - September 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,865,893</u>	<u>\$ 1,865,893</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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Charges for services	\$ -	\$ 841	\$ 841	\$ -
Investment earnings	-	-	-	-
Other revenues	114,132	176,750	176,250	(500)
Total Revenues	<u>114,132</u>	<u>177,591</u>	<u>177,091</u>	<u>(500)</u>
Expenditures				
Current				
Physical environment	50,300	84,852	-	84,852
Culture/recreation	17,080	56,657	106,655	(49,998)
Capital outlay	-	60,000	63,440	(3,440)
Debt service				
Principal	33,662	33,662	-	33,662
Interest	2,877	2,877	2,877	-
Total Expenditures	<u>103,919</u>	<u>238,048</u>	<u>172,972</u>	<u>65,076</u>
Revenues in excess of expenditures	<u>10,213</u>	<u>(60,457)</u>	<u>4,119</u>	<u>64,576</u>
Other financing sources (uses)				
Transfers in	<u>-</u>	<u>40,352</u>	<u>-</u>	<u>(40,352)</u>
Net change in fund balances	10,213	(20,105)	4,119	24,224
Fund Balance - October 1, 2014	<u>30,318</u>	<u>30,318</u>	<u>(323,850)</u>	<u>(354,168)</u>
Fund Balance - September 30, 2015	<u>\$ 40,531</u>	<u>\$ 10,213</u>	<u>\$ (319,731)</u>	<u>\$ (329,944)</u>

See accompanying notes to financial statements.

Riverwood Community Development District
STATEMENT OF NET POSITION –
WATER & SEWER FUND
September 30, 2015

ASSETS	
Current Assets	
Cash and cash equivalents	\$ 690,335
Investments	461,254
Accounts receivable	195,812
Accrued interest receivable	2,175
Due from other funds	27,035
Prepaid items	3,304
Restricted Assets-	
Customer deposits	140,618
Total Current Assets	<u>1,520,533</u>
Non-current Assets	
Capital Assets:	
Land	330,000
Buildings and improvements	1,413,584
Infrastructure	9,062,813
Equipment	7,989
Accumulated depreciation	<u>(2,637,656)</u>
Total Non-current Assets	<u>8,176,730</u>
Total Assets	<u>9,697,263</u>
LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	106,743
Payable from restricted assets-	
Customer deposits	140,618
Total Current Liabilities	<u>247,361</u>
NET POSITION	
Net investment in capital assets	8,176,730
Restricted:	
Sewer system	503,521
Water system	354,867
Unrestricted	414,784
Total Net Position	<u>\$ 9,449,902</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, 2015**

Operating Revenues	
Charges for Services	
Water and sewer charges	\$ 1,998,211
Meter and connection fees	66,472
Total Operating Revenues	<u>2,064,683</u>
 Operating Expenses	
Cost of sales and services	1,829,630
General and administrative	181,136
Total Operating Expenses	<u>2,010,766</u>
 Operating Income	 53,917
 Non-operating revenues/(expenses)	
Interest earnings	 <u>6,179</u>
 Change in Net Position	 60,096
 Net Position - October 1, 2014	 <u>9,389,806</u>
 Net Position - September 30, 2015	 <u><u>\$ 9,449,902</u></u>

See accompanying notes to financial statements.

**Riverwood Community Development District
STATEMENT OF CASH FLOWS –
WATER & SEWER FUND
FOR THE YEAR ENDED September 30, 2015**

	<u>Water & Sewer Fund</u>
Cash Flows From Operating Activities	
Cash received from customers	\$ 2,037,383
Cash paid to suppliers	<u>(1,868,005)</u>
Net Cash Provided By Operating Activities	<u>169,378</u>
Cash Flows From Capital Activities	
Investment in capital assets	(171,338)
Interest paid on capital debt	(3,361)
Principal payments on long-term debt	<u>(162,429)</u>
Net Cash Used By Capital And Related Financing Activities	<u>(337,128)</u>
Cash Flows From Investing Activities	
Sales of investments	881,707
Purchases of investments	(359,531)
Interest income	11,367
Net Cash Provided By Investing Activities	<u>533,543</u>
Net increase in cash and equivalents	365,793
Cash and equivalents, beginning of year	<u>324,542</u>
Cash and equivalents, end of year	<u><u>\$ 690,335</u></u>
Reconciliation of Net Operating Income to Net Cash Provided By Operating Activities	
Cash Flows From Operating Activities:	
Operating income	<u>\$ 53,917</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	326,643
Changes in assets and liabilities:	
Decrease in due from other funds	(299)
Decrease in accounts receivable	(22,533)
Increase in prepaid expenses	(394)
Change in due from other governments	(4,468)
Change in accounts payable	(183,488)
Total Adjustments	<u>115,461</u>
Net Cash Provided By Operating Activities	<u><u>\$ 169,378</u></u>

See accompanying notes to financial statements.

Riverwood Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

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, 2015

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, 2015

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, 2015

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, 2015

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.

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, 2015

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, 2015**

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 Section 200.065 of the 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.

**Riverwood Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2015**

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 (\$1,699,131) differs from “net position” of governmental activities (\$6,446,861) 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		212,051
Buildings and improvements		2,543,166
Equipment		35,810
Infrastructure		25,426,812
Accumulated depreciation		<u>(23,676,788)</u>
Total		<u>\$ 6,634,217</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.

Bonds payable	\$	<u>(1,875,033)</u>
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**Riverwood Community Development District
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2015**

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)

Accrued interest

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

Accrued interest	\$ <u>(11,454)</u>
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2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities

The “net change in fund balances” for government funds, \$101,450, differs from the “change in net position” for governmental activities, \$(99,878), 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 expense charged for the year.

Depreciation expense	\$ (556,196)
Capital outlay	<u>1,496,306</u>
Total	<u>\$ 940,110</u>

**Riverwood Community Development District
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2015**

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 (Continued)

Long-term debt transactions

Repayments of bond principal are reported as expenditures in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used.

Note payable proceeds	\$ (1,225,000)
Bond principal payments	<u>82,651</u>
Total	<u><u>\$ (1,142,349)</u></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 change in accrued interest payable	<u><u>\$ 911</u></u>
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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, 2015, the District's bank balance was \$3,183,851 and the carrying value was \$3,137,920. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

Riverwood Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE C - CASH AND INVESTMENTS (CONTINUED)

As of September 30, 2015, the District had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Certificates of Deposit	3/2016-7/2017	\$ 770,826
First American Government Obligation Fund Class Y	N/A	2,150
U S Bank Open Comm Paper Manual Sweep	N/A	<u>149,592</u>
Total		<u><u>\$ 922,568</u></u>

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.

Riverwood Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE C - CASH AND INVESTMENTS (CONTINUED)

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 83% of the District's investments. The investments in Commercial Paper represent 16% of the District's total investments. The investments First American Government Obligation Funds Class Y represent the remaining 1% of the District's investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2015 were typical. The First American Government Obligations Fund Class Y investments were rated Aaa per Moody's and AAAM per Standard & Poor's. The Commercial Paper investments were rated P-1 per Moody's and A-1+ per Standard & Poor's. The Certificates of Deposit are not rated by any nationally recognized rating agency.

NOTE D – SPECIAL ASSESSMENT REVENUES

Assessment revenues recognized for the 2014-2015 fiscal year were levied in October 2014. 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.

Riverwood Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE E – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2015 was as follows:

	Balance October 1, 2014	Additions	Deletions	Balance September 30, 2015
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land and land improvements	\$ 814,921	\$ 1,278,245	\$ -	\$ 2,093,166
Construction in progress	10,800	201,251	-	212,051
Total Capital Assets, Not Depreciated	<u>825,721</u>	<u>1,479,496</u>	<u>-</u>	<u>2,305,217</u>
Capital assets, being depreciated:				
Buildings	2,543,166	-	-	2,543,166
Equipment	19,000	16,810	-	35,810
Infrastructure - water control	11,042,926	-	-	11,042,926
Infrastructure - roadways and other improvements	14,383,886	-	-	14,383,886
Total Capital Assets, Being Depreciated	<u>27,988,978</u>	<u>16,810</u>	<u>-</u>	<u>28,005,788</u>
Less accumulated depreciation for:				
Buildings	(593,589)	(64,049)	-	(657,638)
Equipment	(8,799)	(3,420)	-	(12,219)
Infrastructure - water control	(8,878,512)	(441,717)	-	(9,320,229)
Infrastructure - roadways and other improvements	(13,639,692)	(47,010)	-	(13,686,702)
Total Accumulated Depreciation	<u>(23,120,592)</u>	<u>(556,196)</u>	<u>-</u>	<u>(23,676,788)</u>
Total Capital Assets Depreciated, Net	<u>4,868,386</u>	<u>(539,386)</u>	<u>-</u>	<u>4,329,000</u>
Governmental Activities Capital Assets	<u>\$ 5,694,107</u>	<u>\$ 940,110</u>	<u>\$ -</u>	<u>\$ 6,634,217</u>

Depreciation of \$556,196 was charged to culture/recreation (\$64,049) and physical environment (\$492,147).

Riverwood Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE E – CAPITAL ASSETS (CONTINUED)

Capital Asset activity for the year ended September 30, 2015 was as follows:

	October 1, 2014	Additions	Deletions	September 30, 2015
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 330,000	\$ -	\$ -	\$ 330,000
Construction in progress	204,031	-	(204,031)	-
Total Capital Assets, Not Depreciated	<u>534,031</u>	<u>-</u>	<u>(204,031)</u>	<u>330,000</u>
Capital assets, being depreciated:				
Buildings	1,078,024	335,560	-	1,413,584
Equipment	-	7,989	-	7,989
Infrastructure - utilities	9,030,993	31,820	-	9,062,813
Total Capital Assets, Being Depreciated	<u>10,109,017</u>	<u>375,369</u>	<u>-</u>	<u>10,484,386</u>
Less accumulated depreciation for:				
Buildings	(554,151)	(28,349)	-	(582,500)
Equipment	-	(571)	-	(571)
Infrastructure	(1,756,862)	(297,723)	-	(2,054,585)
Total Accumulated Depreciation	<u>(2,311,013)</u>	<u>(326,643)</u>	<u>-</u>	<u>(2,637,656)</u>
Total Capital Assets Depreciated, Net	<u>7,798,004</u>	<u>48,726</u>	<u>-</u>	<u>7,846,730</u>
Business-type Activities Capital Assets	<u>\$ 8,332,035</u>	<u>\$ 48,726</u>	<u>\$ (204,031)</u>	<u>\$ 8,176,730</u>

Depreciation expense of \$326,643 was charged to cost of sales and services.

NOTE F – LONG-TERM DEBT

The following is a summary of activity in the long-term debt of the District for the year ended September 30, 2015:

Governmental Activities

Long-term debt at October 1, 2014	\$ 732,684
New note payable	1,225,000
Principal payments	<u>(82,651)</u>
Long-term debt at September 30, 2015	<u>\$ 1,875,033</u>

**Riverwood Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2015**

NOTE F – LONG-TERM DEBT (CONTINUED)

Long-term debt is comprised of the following:

Revenue Bonds

\$1,221,105 Series 2007A Bonds, interest at 3.920%, maturing thru November 1, 2022, payable on May 1 and November 1; collateralized by the pledged revenues of special assessments levied against the benefited property owners.

\$ 658,250

Notes Payable

The District issued 2015A and 2015B notes payable on August 25, 2015 payable each month beginning September 25, 2015 at 4% interest.

\$ 1,216,783

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2015 are as follows:

Year Ending September 30,	Principal	Interest	Total
2016	\$ 76,947	\$ 26,593	\$ 103,540
2017	80,104	23,436	103,540
2018	83,319	20,221	103,540
2019	86,663	16,877	103,540
2020	90,111	13,429	103,540
2021-2023	<u>241,106</u>	<u>17,744</u>	<u>258,850</u>
Totals	<u>\$ 658,250</u>	<u>\$ 118,300</u>	<u>\$ 776,550</u>

The annual requirements of principal and interest for the notes payable is as follows at September 30, 2015:

Year Ending September 30,	Principal	Interest	Total
2016	\$ 101,643	\$ 47,595	\$ 149,238
2017	105,976	43,262	149,238
2018	110,355	38,883	149,238
2019	114,915	34,324	149,239
2020	119,579	29,659	149,238
2021-2025	<u>664,315</u>	<u>69,545</u>	<u>733,860</u>
Totals	<u>\$ 1,216,783</u>	<u>\$ 263,268</u>	<u>\$ 1,480,051</u>

Riverwood Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

NOTE F – LONG-TERM DEBT (CONTINUED)

Summary of Significant Bonds Resolution Terms and Covenants

Special Assessment Revenue Refunding Bonds – Series 2007A

In 2007, the District issued \$1,221,105 Series 2007A Special Assessment Revenue Refunding Bonds with a fixed interest rate of 3.920%. These bonds were issued to refund the Series 2003 Bonds. Interest is to be paid semiannually on each May 1 and November 1. Principal is to be paid serially commencing May 1, 2008 through November 1, 2022.

The Bonds may, at the option of the District be called for redemption as a whole at any time or in part on any interest payment date on or after May 1, 2009 at a redemption price set in the Bond Indenture.

The Bonds are subject to mandatory redemption prior to maturity in the manner determined by the trustee and the District Manager if certain events occurred as outlined in the Bond Indenture.

The Bond 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 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 Bond Indenture.

The Bond 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 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 Bond Indenture.

NOTE G – 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, 2015, and the related notes to the financial statements, and have issued our report thereon dated March 1, 2016.

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
Charlotte County, Florida

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*

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

March 1, 2016



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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, 2015, and have issued our report thereon dated March 1, 2016.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with AICPA Professionals Standards, Section 601 regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated March 1, 2016, 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 address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls, whether or not recommendations made in the preceding annual financial report have been followed. There were no recommendations made in the preceding audit report.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report 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 identification 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. 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.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Riverwood Community Development District for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

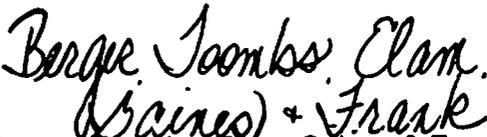
Other Matters

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

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

Purpose of this Letter

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

March 1, 2016



Berger, Toombs, Elam,
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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, 2015. 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, 2015.

*Berger, Toombs, Elam,
Gaines & Frank*

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

March 1, 2016