

**River Hall Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2019**

**River Hall Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2019**

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors  
River Hall Community Development District  
Lee County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of River Hall Community Development 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. 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  
River Hall Community Development District

## Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of River Hall Community Development District as of September 30, 2019, 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*

Governmental accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by *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 in accordance with governmental auditing standards generally accepted in the United States of America, which consisted principally of inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 4, 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 River Hall Community Development District's internal control over financial reporting and compliance.



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

June 4, 2020

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

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

**River Hall 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. *Fund financial statements* provide more detailed information about the District's activities. Individual funds are established by the District to track revenues and expenditures that are restricted for certain purposes or to comply with legal requirements.

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

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

**Financial Highlights**

The following are the highlights of financial activity for the year ended September 30, 2019.

- ◆ The District's total assets exceeded total liabilities by \$12,242,776 (net position). Unrestricted net position for Governmental Activities was \$660,074. Net position restricted was \$453,417. Net investment in capital assets was \$11,129,285.
- ◆ Governmental activities revenues totaled \$2,616,013 while governmental activities expenses totaled \$1,848,337.

**River Hall 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.

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Current assets	\$ 937,716	\$ 724,522
Restricted assets	2,143,154	2,597,615
Capital assets	<u>31,467,323</u>	<u>31,265,446</u>
 Total Assets	 <u>34,548,193</u>	 <u>34,587,583</u>
 Current liabilities	 1,335,417	 1,342,483
Non-current liabilities	<u>20,970,000</u>	<u>21,770,000</u>
 Total Liabilities	 <u>22,305,417</u>	 <u>23,112,483</u>
 Net position - net investment in capital assets	 11,129,285	 10,384,427
Net position - restricted for debt service	453,417	395,294
Net position - unrestricted	<u>660,074</u>	<u>695,379</u>
 Total Net Position	 <u><u>\$12,242,776</u></u>	 <u><u>\$11,475,100</u></u>

The increase in net position is the result of revenues exceeding expenses.

The increase in current assets is related to the increase in assessments receivable in the current year.

The decrease in restricted cash is the result of the capital outlay additions in the current year and the decrease in debt service restricted cash related to the increase in assessments receivable.

The increase in capital assets is the result of additional construction in progress during the current year net of depreciation.

The decrease in non-current liabilities is primarily due to debt principal payments made in the current year.

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

	<b>Change in Net Position</b>	
	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Program Revenues		
Charges for services	\$ 2,567,520	\$ 2,591,454
General Revenues		
Investment earnings	48,493	41,521
Total Revenues	<u>2,616,013</u>	<u>2,632,975</u>
Expenses		
General government	136,157	151,731
Physical environment	501,553	504,780
Interest and other charges	1,210,627	1,250,615
Total Expenses	<u>1,848,337</u>	<u>1,907,126</u>
Change in Net Position	767,676	725,849
Net Position - Beginning of Year	<u>11,475,100</u>	<u>10,749,251</u>
Net Position - End of Year	<u>\$ 12,242,776</u>	<u>\$ 11,475,100</u>

The decrease in general government expenses is related to the decrease in engineering costs in the current year.

The decrease in interest on long term debt is due to the reduction in debt outstanding.



**River Hall 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 and 2018:

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Capital assets not being depreciated:		
Land	\$ 9,299,800	\$ 9,299,800
Construction in progress	21,762,766	21,511,527
Capital assets being depreciated:		
Infrastructure	735,925	735,925
Less: Accumulated depreciation	(331,168)	282,106
Total Capital Assets	<u>\$ 31,467,323</u>	<u>\$ 31,829,358</u>

Capital asset activity during the year was additions to construction in progress of \$250,939 and depreciation of \$49,062.

**Debt Management**

Governmental Activities debt includes the following:

- ◆ In May 27, 2011, the District issued Capital Improvements Revenue Bonds, Series 2011 A-1 and Series 2011 A-2 to restructure and retire the remaining balance on its Series 2005 bonds. These bonds were issued to fund certain infrastructure and facilities benefitting the lands of the District. As of September 30, 2019, the outstanding balance was \$21,770,000.

**General Fund Budgetary Highlights**

Actual general fund expenditures for the current fiscal year were less than budgeted amounts primarily because miscellaneous contingency costs were less than expected.

The September 30, 2019 was amended for higher engineering fees and aquatic maintenance costs than originally expected.

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

River Hall 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 ended September 30, 2020.

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

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

**Request for Information**

The financial report is designed to provide a general overview of River Hall Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the River Hall Community Development District's Finance Department at 2300 Glades Road, Suite 410W, Boca Raton, Florida 33431.

**River Hall Community Development District**  
**STATEMENT OF NET POSITION**  
**September 30, 2019**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 665,137
Investments	5,206
Assessments receivable	243,024
Accounts receivable	22,727
Deposits	1,622
Total Current Assets	937,716
Non-current Assets:	
Restricted assets:	
Investments	2,143,154
Capital assets not being depreciated:	
Land improvements	9,299,800
Construction in progress	21,762,766
Capital assets being depreciated:	
Infrastructure	735,925
Less: accumulated depreciation	(331,168)
Total Non-current Assets	33,610,477
Total Assets	34,548,193
 <b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable and accrued expenses	41,056
Bonds payable	800,000
Accrued interest payable	494,361
Total Current Liabilities	1,335,417
Non-current liabilities:	
Bonds payable, net	20,970,000
Total Liabilities	22,305,417
 <b>NET POSITION</b>	
Net investment in capital assets	11,129,285
Restricted for	
Debt service	453,417
Unrestricted	660,074
Total Net Position	\$ 12,242,776

*See accompanying notes.*

**River Hall Community Development District  
STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenues and Changes in Net Position Governmental Activities</u>
Governmental Activities			
General government	\$ (136,157)	\$ 127,961	\$ (8,196)
Physical environment	(501,553)	425,252	(76,301)
Interest and other charges	(1,210,627)	2,014,307	803,680
Total Governmental Activities	<u>\$ (1,848,337)</u>	<u>\$ 2,567,520</u>	<u>719,183</u>
		<b>General revenues:</b>	
		Investment earnings	<u>48,493</u>
		Change in Net Position	767,676
		Net Position - October 1, 2018	<u>11,475,100</u>
		Net Position - September 30, 2019	<u><u>\$ 12,242,776</u></u>

See accompanying notes.

**River Hall Community Development District**  
**BALANCE SHEET –**  
**GOVERNMENTAL FUNDS**  
**September 30, 2019**

<b>ASSETS</b>	General	Debt Service	Capital Projects	Total Governmental Funds
Cash and cash equivalents	\$ 665,137	\$ -	\$ -	\$ 665,137
Investments	5,206	-	-	5,206
Assessment receivables	1,361	241,663	-	243,024
Accounts receivable	22,727	-	-	22,727
Due from other funds	5,077	-	-	5,077
Deposits	1,622	-	-	1,622
Restricted assets:				
Restricted investments	-	706,115	1,437,039	2,143,154
Total Assets	\$ 701,130	\$ 947,778	\$ 1,437,039	\$ 3,085,947
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	41,056	-	-	41,056
Due to other funds	-	-	5,077	5,077
Total Liabilities	41,056	-	5,077	46,133
<b>FUND BALANCES</b>				
Nonspendable deposits	1,622	-	-	1,622
Restricted for:				
Debt service	-	947,778	-	947,778
Capital projects	-	-	1,431,962	1,431,962
Assigned for:				
Operating capital	145,000	-	-	145,000
Disaster recovery	250,000	-	-	250,000
Unassigned	263,452	-	-	263,452
Total Fund Balances	660,074	947,778	1,431,962	3,039,814
Total Liabilities and Fund Balances	\$ 701,130	\$ 947,778	\$ 1,437,039	\$ 3,085,947

See accompanying notes.

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

Total Governmental Fund Balances	\$ 3,039,814
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets not being depreciated, land improvements (\$9,299,800) and construction in progress (\$21,762,766), used in governmental activities are not current financial resources and; therefore, are not reported at the fund level.	31,062,566
Capital assets being depreciated, infrastructure (\$735,925) net of accumulated depreciation (\$(331,168)) used in governmental activities are not current financial resources and; therefore, are not reported at the fund level.	404,757
Long-term liabilities, bonds payable, are not due and payable in the current period and; therefore, are not reported at the fund level.	(21,770,000)
Accrued interest expense for long-term debt is not a current financial use and; therefore, is not reported at the fund level.	<u>(494,361)</u>
Net Position of Governmental Activities	<u><u>\$ 12,242,776</u></u>

*See accompanying notes.*

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

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Special assessments	\$ 553,213	\$ 2,014,307	\$ -	\$ 2,567,520
Investment earnings	130	14,443	33,920	48,493
Total Revenues	<u>553,343</u>	<u>2,028,750</u>	<u>33,920</u>	<u>2,616,013</u>
Expenditures				
Current				
General government	136,157	-	-	136,157
Physical environment	452,491	-	-	452,491
Capital outlay	-	-	250,939	250,939
Debt service				
Principal	-	760,000	-	760,000
Interest	-	1,227,884	-	1,227,884
Total Expenditures	<u>588,648</u>	<u>1,987,884</u>	<u>250,939</u>	<u>2,827,471</u>
Net change in fund balances	(35,305)	40,866	(217,019)	(211,458)
Fund Balances - October 1, 2018	<u>695,379</u>	<u>906,912</u>	<u>1,648,981</u>	<u>3,251,272</u>
Fund Balances - September 30, 2019	<u>\$ 660,074</u>	<u>\$ 947,778</u>	<u>\$ 1,431,962</u>	<u>\$ 3,039,814</u>

See accompanying notes.

**River Hall 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 Changes in Fund Balances - Total Governmental Funds \$ (211,458)

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

Government funds reported capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is eliminated and capitalized in the Statement of Net Position. This is the amount that capital outlay (\$250,939) exceeded depreciation (\$49,062). 201,877

Repayment of long-term liabilities are reported as expenditures in the governmental funds statement but such repayments reduce liabilities in the Statement of Net Position. 760,000

In the Statement of Activities, interest is accrued on outstanding bonds; whereas in governmental funds, interest expenditures are reported when due. This is the change in accrued interest from the prior year. 17,257

Change in Net Position of Governmental Activities \$ 767,676

*See accompanying notes.*



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

**For the Year Ended September 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$ 542,925	\$ 530,045	\$553,213	\$ 23,168
Investment earnings	500	130	130	-
Total Revenues	<u>543,425</u>	<u>530,175</u>	<u>553,343</u>	<u>23,168</u>
Expenditures				
Current				
General government	102,075	134,377	136,157	(1,780)
Physical environment	441,350	486,930	452,491	34,439
Total Expenditures	<u>543,425</u>	<u>621,307</u>	<u>588,648</u>	<u>32,659</u>
Net change in fund balances	-	(91,132)	(35,305)	55,827
Fund Balances - October 1, 2018	<u>723,322</u>	<u>695,379</u>	<u>695,379</u>	<u>-</u>
Fund Balances - September 30, 2019	<u>\$ 723,322</u>	<u>\$ 604,247</u>	<u>\$660,074</u>	<u>\$ 55,827</u>

See accompanying notes.

**River Hall Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

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

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

**1. Reporting Entity**

The District was established on April 21, 2005, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing or re-constructing, enlarging or extending, equipping, operating and maintaining water management, district roads, landscaping, street lights and other basic infrastructure projects within or outside the boundaries of the River Hall Community Development District. The District is governed by a five-member Board of Supervisors who are elected on an at-large basis by qualified electors living within the boundaries of the District. The District operates within the criteria established by Chapter 190.

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

Based upon the application of the above-mentioned criteria, 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

**River Hall 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)**

**a. Government-wide Financial Statements**

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

Governmental activities are supported by special assessments. 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 another financing source.

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

**b. Fund Financial Statements**

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

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

**River Hall 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**

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

The District has various policies governing the fund balance classifications.

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

**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.

**River Hall 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)**

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest revenue 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 included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

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

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

Debt service expenditures are recorded only when payment is due.

**River Hall 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. The General Fund is composed of General Fund and Reserve Fund balances.

Debt Service Fund – Accounts for debt service requirements to retire the capital improvement bonds which were used to finance the construction of District infrastructure improvements.

Capital Projects Fund – Accounts for the construction of improvements within the boundaries of the District.

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

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

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

**a. Cash and Investments**

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

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

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

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

**River Hall 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)**

**b. Restricted Assets**

Certain assets of the District and a corresponding liability or portion of net position is 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 assets, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

**c. Capital Assets**

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

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

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

Depreciation of capital assets is computed and recorded by utilizing the straight-line method over the assets' estimated useful lives. Useful life for infrastructure is estimated at 15 years.

**d. Budgets**

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

**e. Net Position**

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

**River Hall Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE B – 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; however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2019, the District's bank balance was \$668,437 and the carrying value was \$665,137. 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.

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

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
First American Treasury Obligation Fund	26 days*	\$2,143,154
Local Government Surplus Funds Trust Fund (Florida PRIME)	28 days*	5,206
Total		<u>\$2,148,360</u>

\* Weighted average maturity

The District categorizes its fair value measurement within the fair value hierarchy 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 realizable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtained quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable and uses significant unobservable inputs that uses the best information available under the circumstances which includes the District's own data in measuring unobservable inputs.

Based on the criteria in the preceding paragraph, the investment in First American Treasury Obligation Fund is a Level 1 asset.



**River Hall Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

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

Investments

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes. Among other investments, the policy allows the District to invest in the State Board of Administration Local Government Surplus Trust Funds.

Cash placed with the State Board of Administration represents the District's participation in the Local Government Surplus Trust Funds Investment Pool and is reported at fair value. As a pool participant the District invests in pools of investments in which shares are owned in the pool rather than the underlying investments.

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, however; the bond indenture limits the type of investments held using unspent proceeds.

Credit Risk

The District's investments in treasury funds and commercial paper, are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. Among other investments, the District invests in the State Board of Administration Local Government Surplus Funds Trust Fund. Cash placed with the State Board of Administration represents the District's participation in the Local Government Surplus funds trust fund investment pool and is reported at fair value.

As a pool participant, the District invests in pools of investments in which shares are owned in the pool rather than the underlying investments. Fair market value is determined and reported as disclosed by the State Board of Administration and the calculation of the net change in the fair value of investments is independent of the calculation of realized gains and losses.

As of September 30, 2019, the District's investment in the First American Treasury Obligation Fund and Florida Prime were rated AAAM by Standard & Poor's.

**River Hall Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE B – 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 First American Treasury Obligation Fund represent 99.76% of the District's total investments. The investment in Florida Prime Local Government Surplus represents .24% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2019 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary.

**NOTE C – SPECIAL ASSESSMENT REVENUES**

Special assessment revenues recognized for the 2018-2019 fiscal year were levied in October 2018. All assessments 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. Assessments paid in March are without discount.

All unpaid assessments become delinquent as of April 1. Virtually all unpaid assessments 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 D – CAPITAL ASSETS**

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

	Balance 10/1/2018	Additions	Disposals	Balance 09/30/19
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land improvements	\$ 9,299,800	\$ -	\$ -	\$ 9,299,800
Construction in progress	21,511,827	250,939	-	21,762,766
Total Capital assets, not being depreciated	<u>30,811,627</u>	<u>250,939</u>	<u>-</u>	<u>31,062,566</u>
Capital assets, being depreciated:				
Infrastructure	735,925	-	-	735,925
Less accumulated depreciation:	<u>(282,106)</u>	<u>(49,062)</u>	<u>-</u>	<u>(331,168)</u>
Total capital assets being depreciated	<u>453,819</u>	<u>(49,062)</u>	<u>-</u>	<u>404,757</u>
Governmental Activities Capital Assets	<u>\$ 31,265,446</u>	<u>\$ 201,877</u>	<u>\$ -</u>	<u>\$ 31,467,323</u>

Depreciation of \$49,062 was charged to physical environment.

**River Hall Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2019**

**NOTE E – LONG-TERM DEBT**

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

	Balance 10/1/2018	Additions	Reductions	Balance 9/30/2019
Governmental Activities:				
Bonds payable:				
Series 2011A-1	\$ 10,405,000	\$ -	\$ (350,000)	\$ 10,055,000
Series 2011A-2	12,125,000	-	(410,000)	11,715,000
Total Bonds Payable	<u>\$ 22,530,000</u>	<u>\$ -</u>	<u>\$ (760,000)</u>	<u>\$ 21,770,000</u>

District debt is comprised of the following at September 30, 2019:

**Capital Improvement Revenue Bond**

\$12,505,000 Series 2011A-1 and \$13,860,000 Series A-2 Capital Improvement Revenue Bonds maturing through 2036, interest of 5.45%, payable May 1 and November 1.

Total outstanding at September 30, 2019 \$21,770,000

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	\$ 800,000	\$ 1,186,466	\$ 1,986,466
2021	845,000	1,142,864	1,987,864
2022	890,000	1,096,814	1,986,814
2023	940,000	1,048,308	1,988,308
2024	995,000	97,078	1,092,078
2025-2029	5,870,000	4,109,848	9,979,848
2030-2034	7,705,000	2,320,340	10,025,340
2035-2036	<u>3,725,000</u>	<u>307,380</u>	<u>4,032,380</u>
Totals	<u>\$ 21,770,000</u>	<u>\$ 11,309,098</u>	<u>\$ 33,079,098</u>

**River Hall Community Development District  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2019**

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

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

Capital Improvement Revenue Bonds, Series 2011 A-1 and A-2

Depository Funds – The bond indenture 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 reserve account requirement for the bonds is the greatest amount that has been on deposit in the Reserve Account, but not greater than the account limit. Since there have been no deposits to the Reserve Accounts, the reserve requirement is currently zero.
2. Deferred Cost Account – This account is established to account for monies released from the reserve account to pay the deferred costs due to the developers.
3. Revenue Account – This account is funded by the yearly special assessments and is used to pay the annual required debt service payments.
4. Prepayment Account – The prepayment account is funded by prepayments of debt service obligations and is used for the purposes established in the Trust Indenture.

**NOTE F – INTERFUND ACTIVITY**

Interfund activity for the year ended September 30, 2019 consisted of the following:

	<u><b>Interfund Payable</b></u>
	Capital Projects
	Fund
<u><b>Interfund Receivable</b></u>	
General Fund	<u><u>\$ 5,077</u></u>

**River Hall Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**NOTE G – ECONOMIC DEPENDENCY**

The District's activity is dependent upon the continued involvement of the Developer, the loss of which would have a material adverse effect on the District's operations.

**NOTE H – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There have been no claims filed for the past three 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  
River Hall Community Development District  
Lee County, Florida

We have audited the financial statements of River Hall Community Development District as of and for the year ended September 30, 2019, and have issued our report thereon dated June 4, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

Management of River Hall Community Development District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered River Hall Community Development District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of River Hall Community Development District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of River Hall 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.

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 over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Board of Supervisors  
River Hall Community Development District

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether River Hall 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*.

This report is intended solely for the information and use of the Board of Supervisors, Management, others within the entity and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than those specified parties.

*Berger Toombs Elam  
Gaines + Frank*

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

June 4, 2020



# Berger, Toombs, Elam, Gaines & Frank

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## MANAGEMENT LETTER

To the Board of Supervisors  
River Hall Community Development District  
Lee County, FL

### Report on the Financial Statements

We have audited the financial statements of the River Hall Community Development District as of and for the year ended September 30, 2019, and have issued our report thereon dated June 4, 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 Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with AICPA Professionals Standards, AT-C Section 315 regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated June 4, 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 made to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations made in the preceding financial audit report.

### Financial Condition

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



To the Board of Supervisors  
River Hall 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 the River Hall Community Development District. It is management's responsibility to monitor the River Hall 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*

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

June 4, 2020



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

To the Board of Supervisors  
River Hall Community Development District  
Lee County, Florida

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

In our opinion, River Hall 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

June 4, 2020