

**NEW RIVER COMMUNITY DEVELOPMENT DISTRICT  
PASCO COUNTY, FLORIDA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2020**

**NEW RIVER COMMUNITY DEVELOPMENT DISTRICT  
PASCO COUNTY, FLORIDA**

**TABLE OF CONTENTS**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-6
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet – Governmental Funds	9
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	10
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Notes to the Financial Statements	13-22
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	23
Notes to Required Supplementary Information	24
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 <i>GOVERNMENT AUDITING STANDARDS</i>	25-26
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	27
MANAGEMENT LETTER PURSUANT TO THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	28-29



# Grau & Associates

CERTIFIED PUBLIC ACCOUNTANTS

951 Yamato Road • Suite 280  
Boca Raton, Florida 33431  
(561) 994-9299 • (800) 299-4728  
Fax (561) 994-5823  
www.graucpa.com

## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
New River Community Development District  
Pasco County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of New River Community Development District, Pasco County, Florida ("District") as of and for the fiscal year ended September 30, 2020, and the related notes to the 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing 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 opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2020, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 our report dated May 13, 2021, 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, contracts, grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the District's 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 the District's internal control over financial reporting and compliance.

*Bhav & Associates*

May 13, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of New River Community Development District, Pasco County, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

### FINANCIAL HIGHLIGHTS

- The liabilities of the District exceeded its assets plus deferred outflows of resources at the close of the most recent fiscal year resulting in a net position deficit balance of (\$905,799).
- The change in the District's total net position in comparison with the prior fiscal year was \$794,086, an increase. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2020, the District's governmental funds reported combined ending fund balances of \$1,114,674, an increase of \$387,062 in comparison with the prior fiscal year. A portion of the fund balance is restricted for debt service, non-spendable for prepaid items and deposits, and the remainder is unassigned fund balance which is available for spending at the District's discretion.

### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as the introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by special assessment revenues. The District does not have any business-type activities. The governmental activities of the District include the general government (management), maintenance and parks and recreation functions.

#### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund category: governmental funds.

## OVERVIEW OF FINANCIAL STATEMENTS (Continued)

### Governmental Funds

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 outflow of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District'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 governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and capital projects fund, all of which are considered major funds. The capital projects fund was closed during the current fiscal year.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, liabilities exceeded assets plus deferred outflows of resources at the close of the most recent fiscal year.

Key components of the District's net position are reflected in the following table:

	NET POSITION	
	SEPTEMBER 30,	
	2020	2019
Current and other assets	\$ 1,563,470	\$ 799,951
Capital assets, net of depreciation	21,344,251	21,789,152
Total assets	22,907,721	22,589,103
Deferred outflows of resources	406,502	429,085
Current liabilities	814,007	898,073
Long-term liabilities	23,406,015	23,820,000
Total liabilities	24,220,022	24,718,073
Net position		
Net investment in capital assets	(1,655,262)	(1,635,119)
Restricted for debt service	720,160	-
Restricted for capital projects	-	67,309
Unrestricted	29,303	(132,075)
Total net position	\$ (905,799)	\$ (1,699,885)

The District's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure) less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's other obligations.

The District's net position increased during the most recent fiscal year. The majority of the increase is the result of prepayments received for lot sales for which the related debt payments were not made before fiscal year end. Furthermore, the District had a gain on the cancellation of debt due to the Developer.

Key elements of the change in net position are reflected in the following table:

	CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30,	
	2020	2019
Revenues:		
Program revenues		
Charges for services	\$ 2,586,260	\$ 1,906,074
Operating grants and contributions	61,293	81,925
Capital grants and contributions	38	196
General revenues		
Unrestricted investment earnings	6	-
Miscellaneous	776	1,220
Total revenues	<u>2,648,373</u>	<u>1,989,415</u>
Expenses:		
General government	95,033	71,584
Maintenance and operations	833,604	751,196
Parks and recreation	173,046	89,478
Bond issue costs	230,809	-
Interest	942,919	1,020,488
Total expenses	<u>2,275,411</u>	<u>1,932,746</u>
Special item:		
Gain on the cancellation of debt	421,124	-
Total special items	<u>421,124</u>	<u>-</u>
Change in net position	794,086	56,669
Net position - beginning	(1,699,885)	(1,756,554)
Net position - ending	<u>\$ (905,799)</u>	<u>\$ (1,699,885)</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2020 was \$2,275,411. The costs of the District's activities were primarily funded by program revenues. As in the prior year, program revenues are comprised primarily of assessments. The increase in program revenues is primarily due to prepaid assessments collected at lot closings. The remainder of the current fiscal year revenue is Developer contributions and interest revenue. The majority of the increase in total expenses was the result of Bond issue costs.

## GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures exceeded appropriations for the fiscal year ended September 30, 2020 by \$102,982. The over expenditure was funded by Developer contributions and available fund balance.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At September 30, 2020, the District had \$24,014,576 invested in capital assets for its governmental activities. In the government-wide financial statements depreciation of \$2,670,325 has been taken, which resulted in a net book value of \$21,344,251. More detailed information about the District's capital assets is presented in the notes of the financial statements.

### Capital Debt

At September 30, 2020, the District had \$23,305,000 Bonds outstanding for its governmental activities. During the current fiscal year, the District issued \$3,040,000 in Series 2020A-1 Capital Improvement Revenue Refunding Bonds to currently refund the Series 2010A-1 Bonds. More detailed information about the District's capital debt is presented in the notes to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

The District does not anticipate any additional major projects or significant changes to its infrastructure maintenance program for fiscal year 2021. In addition, it is anticipated that the general operations of the District will remain fairly constant.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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 the New River Community Development District's Finance Department at 3434 Colwell Avenue, Suite 200, Tampa, Florida 33614.



## **FINANCIAL STATEMENTS**

**NEW RIVER COMMUNITY DEVELOPMENT DISTRICT  
PASCO COUNTY, FLORIDA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 25,782
Due from Developer and others	62,980
Prepays and deposits	16,170
Restricted assets:	
Investments	1,458,538
Capital assets:	
Nondepreciable	6,250,103
Depreciable, net	15,094,148
Total assets	22,907,721
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding (debit)	406,502
Total deferred outflows of resources	406,502
 <b>LIABILITIES</b>	
Accounts payable and accrued expenses	75,529
Accrued interest payable	365,211
Deposits payable	100
Unearned revenue	373,167
Non-current liabilities:	
Due within one year	375,000
Due in more than one year	23,031,015
Total liabilities	24,220,022
 <b>NET POSITION</b>	
Net investment in capital assets	(1,655,262)
Restricted for debt service	720,160
Unrestricted	29,303
Total net position	\$ (905,799)

See notes to the financial statements

**NEW RIVER COMMUNITY DEVELOPMENT DISTRICT  
PASCO COUNTY, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
Primary government:	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities:					
General government	\$ 95,033	\$ -	\$ -	\$ -	-
Maintenance and operations	833,604	60,480	-	(324,631)	(324,631)
Parks and recreation	173,046	-	38	(173,008)	(173,008)
Bond issue costs	230,809	-	-	(230,809)	(230,809)
Interest on long-term debt	942,919	2,042,734	813	1,100,628	1,100,628
Total governmental activities	2,275,411	2,586,260	61,293	38	372,180
General revenues:					
Unrestricted investment earnings					6
Miscellaneous income					776
Total general revenues					782
Gain on the cancellation of debt					421,124
Total special items					421,124
Change in net position					794,086
Net position - beginning					(1,699,885)
Net position - ending					\$ (905,799)

See notes to the financial statements

**NEW RIVER COMMUNITY DEVELOPMENT DISTRICT  
PASCO COUNTY, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020**

	Major Funds		Total Governmental Funds
	General	Debt Service	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 25,782	\$ -	\$ 25,782
Investments	-	1,458,538	1,458,538
Due from Developer and others	62,980	-	62,980
Prepays and deposits	16,170	-	16,170
Total assets	<u>\$ 104,932</u>	<u>\$ 1,458,538</u>	<u>\$ 1,563,470</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued expenses	\$ 75,529	\$ -	\$ 75,529
Deposits payable	100	-	100
Unearned revenue	-	373,167	373,167
Total liabilities	<u>75,629</u>	<u>373,167</u>	<u>448,796</u>
Fund balances:			
Nonspendable:			
Prepays and deposits	16,170	-	16,170
Restricted for:			
Debt service	-	1,085,371	1,085,371
Unassigned	13,133	-	13,133
Total fund balances	<u>29,303</u>	<u>1,085,371</u>	<u>1,114,674</u>
Total liabilities and fund balances	<u>\$ 104,932</u>	<u>\$ 1,458,538</u>	<u>\$ 1,563,470</u>

See notes to the financial statements

**NEW RIVER COMMUNITY DEVELOPMENT DISTRICT  
PASCO COUNTY, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET –  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020**

Total fund balances - governmental funds \$ 1,114,674

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.

Cost of capital assets	24,014,576	
Accumulated depreciation	<u>(2,670,325)</u>	21,344,251

Deferred charges on refunding of long-term debt are shown as deferred outflows/inflows of resources in the government-wide financial statements; however, this amount is expensed in the governmental fund financial statements. 406,502

Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Accrued interest payable	(365,211)	
Bonds payable	<u>(23,406,015)</u>	<u>(23,771,226)</u>
Net position of governmental activities		<u>\$ (905,799)</u>

See notes to the financial statements

**NEW RIVER COMMUNITY DEVELOPMENT DISTRICT  
PASCO COUNTY, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
<b>REVENUES</b>				
Assessments	\$ 543,526	\$ 2,042,734	\$ -	\$ 2,586,260
Developer contributions	60,480	-	-	60,480
Interest	6	813	38	857
Miscellaneous revenue	776	-	-	776
Total revenues	<u>604,788</u>	<u>2,043,547</u>	<u>38</u>	<u>2,648,373</u>
<b>EXPENDITURES</b>				
Current:				
General government	95,033	-	-	95,033
Maintenance and operations	389,966	-	-	389,966
Parks and recreation	171,783	-	-	171,783
Debt Service:				
Principal	-	3,555,000	-	3,555,000
Interest	-	963,920	-	963,920
Bond issue costs	-	230,809	-	230,809
Total expenditures	<u>656,782</u>	<u>4,749,729</u>	<u>-</u>	<u>5,406,511</u>
Excess (deficiency) of revenues over (under) expenditures	(51,994)	(2,706,182)	38	(2,758,138)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in/(out)	-	67,347	(67,347)	-
Bond Proceeds	-	3,145,200	-	3,145,200
Total other financing sources (uses)	<u>-</u>	<u>3,212,547</u>	<u>(67,347)</u>	<u>3,145,200</u>
Net change in fund balances	(51,994)	506,365	(67,309)	387,062
Fund balances - beginning	81,297	579,006	67,309	727,612
Fund balances - ending	<u>\$ 29,303</u>	<u>\$ 1,085,371</u>	<u>\$ -</u>	<u>\$ 1,114,674</u>

See notes to the financial statements

**NEW RIVER COMMUNITY DEVELOPMENT DISTRICT  
PASCO COUNTY, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

Net change in fund balances - total governmental funds \$ 387,062

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

Depreciation of capital assets is not recognized in the governmental  
fund financial statements, but is reported as an expense in the  
statement of activities. (444,901)

Repayment of long-term liabilities are reported as expenditures in  
the governmental fund financial statements, but such repayments  
reduce liabilities in the statement of net position and are eliminated  
in the statement of activities. 3,555,000

Governmental funds report the face amount of Bonds issued and  
original issue premiums as financial resources when debt is first  
issued, whereas these amounts are eliminated in the statement of  
activities and recognized as long-term liabilities in the statement of  
net position. (3,145,200)

The gain on the cancellation of debt is not recognized in the  
governmental fund financial statements, but is reported as a special  
item in the statement of activities. 421,124

Expenses reported in the statement of activities that do not require  
the use of current financial resources are not reported as  
expenditures in the funds. The details of the differences are as  
follows:

Amortization of deferred amount on refunding	(22,583)
Amortization of original issue premium	4,185
Change in accrued interest - Bonds	39,399
Change in net position of governmental activities	\$ 794,086

See notes to the financial statements

**NEW RIVER COMMUNITY DEVELOPMENT DISTRICT  
PASCO COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY**

The New River Community Development District (the “District”) was established on December 30, 2005 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by Pasco County Ordinance No. 05-50. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by the Board of Supervisors (“Board”), which is composed of five members. Supervisors are elected on an at large basis by landowners of the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes. At September 30, 2020, three of the Board members are affiliated with Sitex NR Development, LLC (“Developer”).

The Board has the final responsibility for:

1. Allocating and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

The financial statements were prepared in accordance with Governmental Accounting Standards Board (“GASB”) Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Government-Wide and Fund Financial Statements**

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; operating-type special assessments for maintenance and debt service are treated as charges for services and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.



## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

### **Assessments**

Assessments, including debt service assessments and operation and maintenance assessments, are non-ad valorem assessments imposed on all lands located within the District and benefited by the District's activities. Operation and maintenance assessments are levied by the District prior to the start of the fiscal year which begins October 1<sup>st</sup> and ends on September 30<sup>th</sup>. Operation and maintenance special assessments are imposed upon all benefited lands in the District. Debt service special assessments are imposed upon certain lots and lands described in each resolution imposing the special assessment for each series of Bonds issued by the District.

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

The District reports the following major governmental funds:

### **General Fund**

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

### **Debt Service Fund**

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

### **Capital Projects Fund**

This fund accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District. This fund was closed during the current fiscal year.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Assets, Liabilities and Net Assets or Equity

#### Restricted Assets

These assets represent cash and investments set aside pursuant to Bond covenants or other contractual restrictions.

#### Deposits and Investments

The District's cash on hand and demand deposits are considered to be cash and cash equivalents.

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury;

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured. Any unspent proceeds are required to be held in investments as specified in the Bond Indenture.

The District records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

#### Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	40
Dog park	15

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Assets, Liabilities and Net Assets or Equity (Continued)

#### Refundings of Debt

For current refundings and advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized ratably as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. In connection with the refunding, \$22,583 was recognized as a component of interest expense in the current fiscal year.

#### Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

#### Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized ratably over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

#### Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The District can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts established by the Board of Supervisors that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Assets, Liabilities and Net Assets or Equity (Continued)**

#### Fund Equity/Net Position (Continued)

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

### **Other Disclosures**

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

## **NOTE 3 – BUDGETARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year-end.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

- a) Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) A public hearing is conducted to obtain comments.
- c) Prior to October 1, the budget is legally adopted by the District Board.
- d) All budget changes must be approved by the District Board.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

## **NOTE 4 – DEPOSITS AND INVESTMENTS**

### **Deposits**

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

## NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

### Investments

The District's investments were held as follows at September 30, 2020:

	Amortized cost	Credit Risk	Weighted Average Maturities
U.S. Bank National Commercial Paper	\$ 1,028,831	Not available	Not available
First American Treasury Oblig Fd Cl Y	256,207	S & P AAAM	30 days
US Bank Mmkt 5 - Ct	173,500	N/A	Not available
Total Investments	<u>\$ 1,458,538</u>		

*Credit risk* – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

*Concentration risk* – The District places no limit on the amount the District may invest in any one issuer.

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

The Bond indenture limits the type of investments held using unspent Bond proceeds.

*Fair Value Measurement* – When applicable, the District measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- *Level 1:* Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the District has the ability to access;
- *Level 2:* Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- *Level 3:* Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Money market investments that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost. Accordingly, the District's investments have been reported at amortized cost above.

## NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2020 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land and land improvements	\$ 6,250,103	\$ -	\$ -	\$ 6,250,103
Total capital assets, not being depreciated	6,250,103	-	-	6,250,103
Capital assets, being depreciated				
Infrastructure	17,745,529	-	-	17,745,529
Dog park	18,944	-	-	18,944
Total capital assets, being depreciated	17,764,473	-	-	17,764,473
Less accumulated depreciation for:				
Infrastructure	(2,218,899)	(443,638)	-	(2,662,537)
Dog park	(6,525)	(1,263)	-	(7,788)
Total accumulated depreciation	(2,225,424)	(444,901)	-	(2,670,325)
Total capital assets, being depreciated, net	15,539,049	(444,901)	-	15,094,148
Governmental activities capital assets	\$ 21,789,152	\$ (444,901)	\$ -	\$ 21,344,251

Depreciation expense was charged to function/programs as follows:

Maintenance and operations	\$ 443,638
Parks and recreation	1,263
Total depreciation	<u>\$ 444,901</u>

## NOTE 6 – LONG-TERM LIABILITIES

### Series 2006 and Series 2010

On November 1, 2006, the District issued \$27,345,000 of Capital Improvement Revenue Bonds, consisting of \$2,865,000 of Series 2006 A Bonds and \$24,480,000 of Series 2006 B Bonds with an interest rate of 5.35% and 5.00%, respectively. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest was paid semiannually on each May 1 and November 1. Principal on the Series 2006 A Bonds was to be paid serially commencing on May 1, 2009 through May 1, 2038. Principal on the Series 2006 B Bonds was due in full on May 1, 2013. The unexchanged portion is the only Series 2006 Bonds outstanding.

In previous years, the Developer and the District, with the consent of the bondholders, entered into a restructuring agreement regarding the refunding of the Series 2006 Bonds, completion of the infrastructure, and assessments on Developer owned land within the District. In accordance with the restructuring agreement, the District and the bondholders agreed that no remedial actions relating to the unpaid debt service assessments on the 2006 bonds would be commenced during the restructuring period. The restructuring agreement also stipulated that the Developer will pay all O&M assessments going forward from the date of the agreement.

## NOTE 6 – LONG-TERM LIABILITIES (Continued)

### **Series 2006 and Series 2010 (Continued)**

In connection with this agreement, the District issued \$20,876,985 of Capital Improvement Revenue Refunding Bonds, Series 2010 as follows:

	Initial Principal Amount	Conversion Accreted Value	Interest Rate	Maturity Date	Principal Payments Commencing	Interest Payments Commencing
Series 2010 A-1	3,199,339	3,575,000	5.75%	5/1/2038	5/1/2013	5/1/2013
Series 2010 A-2	7,191,000	9,000,000	5.75%	5/1/2038	5/1/2015	5/1/2015
Series 2010 B-1	4,416,496	4,865,000	5.00%	5/1/2019	5/1/2015	5/1/2013
Series 2010 B-2	6,091,694	7,050,000	5.00%	5/1/2038	5/1/2018	5/1/2014
	<u>20,898,529</u>	<u>24,490,000</u>				

The bonds were issued to refund the Series 2006 Bonds and to allow the Developer to reposition itself, continue the development, and complete the infrastructure within the District. The Series 2010 B-1 bonds were extended to May 1, 2020 in a previous year. In April 2016, the maturity date of the B-2 Bonds was extended to May 1, 2038. The “conversion date accreted value” represents the initial principal amount of the bonds plus accrued interest between the date of issuance and the date that principal payments commence on each separate issue.

The amount by which the outstanding balance of the Series 2006 Bonds exceeds the initial principal amount of the Series 2010 Bonds (approximately \$6.5 million) will be represented by a “cash flow note”. The cash flow note is non-interest bearing and will be repaid from lot sales revenues after repayment of Series B debt, eligible project expenses, and Developer Capital. The amount of the cash flow note, which represents the balance of unexchanged Series 2006 bonds, is not reflected in the maturing schedule below.

In January 2020, the District refunded the Series 2010A-1 Bonds using proceeds from Series 2020 Bonds and funds held on hand. The Bonds were paid off in the current fiscal year.

The Bonds are subject to redemption at the option of the District prior to maturity. The Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture. For the 2010B-2 Bonds, this occurred during the current fiscal year as the District collected prepaid assessments and prepaid \$170,000 of the Bonds. In addition, see Note – 11 Subsequent Events for extraordinary redemption amounts subsequent to fiscal year end.

The Bond Indentures requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirement as defined in the Bond Indenture. The Bond Indenture has certain other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service. The District is in compliance with the requirements of the Bond Indenture at September 30, 2020.

### **Series 2020**

In January 2020, the District issued \$3,040,000 of Capital Improvement Revenue Refunding Bonds Series 2020A-1, consisting of \$2,705,000 in Senior Capital Improvement Revenue Refunding Bonds and \$335,000 in Subordinate Capital Improvement Revenue Refunding Bonds. The Series 2020 Bonds consists of multiple term bonds with due dates ranging from May 1, 2020 through May 1, 2038 and fixed interest rates ranging from 3.125% to 4.0%. The Bonds were issued to currently refund the District’s outstanding Capital Improvements Revenue Refunding Bonds, Series 2010A -1(the “Refunded Bonds) and pay certain costs associated with the issuance of the Bonds. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially commencing May 1, 2020 through May 1, 2038.

The Series 2020A-1 Bonds are subject to redemption at the option of the District prior to maturity. The Series 2020A-1 Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.



## NOTE 6 – LONG-TERM LIABILITIES (Continued)

### Series 2020 (Continued)

The Bond Indentures requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirement as defined in the Bond Indenture. The Bond Indenture has certain other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service. The District is in compliance with the requirements of the Bond Indenture at September 30, 2020.

### Refunded Bonds

The District currently refunded the Series 2010A-1 Capital Improvement Revenue Refunding Bonds, which had an outstanding balance of \$3,050,000 at the time of the refunding with the proceeds from the Series 2020 Bonds and other available funds. The refunding was a current refunding and resulted in a difference in cash flows required to pay the respective debt service of \$(841,545). The refunding resulted in an economic gain of \$469,141. The refunded Bonds have been paid off as of September 30, 2020.

### Promissory Notes

In a prior fiscal year, the District entered into a promissory note with the Developer to finance a portion of the purchase price of certain land within the District. Per the agreement, the note was intended to be reimbursed from the proceeds of the District's next bond issue. In connection with the issuance of the Series 2020 Bonds, the Developer released the District from any obligations under its \$254,398 promissory note. As a result, a gain on the cancellation of debt of \$421,124, (the outstanding principal and interest on the promissory note totaled \$254,398 and \$166,726, respectively), was recognized during the current fiscal year.

### Long-term debt activity

Changes in long-term liability activity for the fiscal year ended September 30, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2010 A-1	\$ 3,050,000	\$ -	\$ 3,050,000	\$ -	\$ -
Series 2010 A-2	7,990,000	-	240,000	7,750,000	255,000
Series 2010 B-2	6,405,000	-	170,000	6,235,000	-
Series 2006	6,375,000	-	-	6,375,000	-
Developer promissory note	254,398	-	254,398	-	-
Series 2020A-1Senior	-	2,705,000	85,000	2,620,000	105,000
Series 2020A-1Subordinate	-	335,000	10,000	325,000	15,000
Plus: Original issue premium	-	105,200	4,185	101,015	-
Total	\$ 24,074,398	\$ 3,145,200	\$ 3,813,583	\$ 23,406,015	\$ 375,000

At September 30, 2020, the scheduled debt service requirements on the long - term debt were as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2021	\$ 375,000	\$ 876,506	\$ 1,251,506
2022	390,000	857,700	1,247,700
2023	415,000	838,144	1,253,144
2024	435,000	817,263	1,252,263
2025	810,000	795,344	1,605,344
2026-2030	4,700,000	3,308,713	8,008,713
2031-2035	6,110,000	1,951,475	8,061,475
2036-2038	3,695,000	360,238	4,055,238
	\$ 16,930,000	\$ 9,805,383	\$ 26,735,383



#### **NOTE 7 – DEVELOPER TRANSACTIONS**

The Developer owns a portion of land within the District; therefore, assessment revenues in the general and debt service funds include the assessments levied on those lots owned by the Developer.

During the current fiscal year, the Developer provided \$60,480 in contributions to the General Fund to finance certain maintenance expenditures.

During the current fiscal year, a gain on the cancellation of debt of \$421,124 was recognized due to the release of a Developer promissory note – see Note 6 for additional information.

#### **NOTE 8 – CONCENTRATION**

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

#### **NOTE 9 – MANAGEMENT COMPANY**

The District has contracted with a management company to perform management services, which include financial and accounting services. Certain employees of the management company also serve as officers (Board appointed non-voting positions) of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, and other administrative costs.

#### **NOTE 10 – 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. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. There was one settled claim during the past three years.

#### **NOTE 11 – SUBSEQUENT EVENTS**

##### **Bond Payments**

Subsequent to fiscal year end, the District prepaid a total of \$785,000 of the Series 2010B-2 Bonds and \$90,000 of the Subordinate Series 2020A-1 Bonds. The prepayments were considered extraordinary mandatory redemptions as outlined in the Bond Indentures.

**NEW RIVER COMMUNITY DEVELOPMENT DISTRICT  
PASCO COUNTY, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Amounts Original & Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Assessments	\$ 525,000	\$ 543,526	\$ 18,526
Developer contribution	-	60,480	60,480
Interest	-	6	6
Miscellaneous revenue	-	776	776
Total revenues	525,000	604,788	79,788
<b>EXPENDITURES</b>			
Current:			
General government	97,465	95,033	2,432
Maintenance and operations	300,972	389,966	(88,994)
Parks and recreation	155,363	171,783	(16,420)
Total expenditures	553,800	656,782	(102,982)
Excess (deficiency) of revenues over (under) expenditures	(28,800)	(51,994)	(23,194)
<b>OTHER FINANCING SOURCES</b>			
Use of fund balance	28,800	-	(28,800)
Total other financing sources	28,800	-	(28,800)
Net change in fund balances	\$ -	(51,994)	\$ (51,994)
Fund balance - beginning		81,297	
Fund balance - ending		\$ 29,303	

See notes to required supplementary information

**NEW RIVER COMMUNITY DEVELOPMENT DISTRICT  
PASCO COUNTY, FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget for the General Fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures exceeded appropriations for the fiscal year ended September 30, 2020 by \$102,982. The over expenditure was funded by Developer contributions and available fund balance.



**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  
New River Community Development District  
Pasco 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 the governmental activities and each major fund of New River Community Development District, Pasco County, Florida ("District") as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated May 13, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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*.

We noted certain matters that we reported to management of the District in a separate letter dated May 13, 2021.

The District's response to the finding identified in our audit is described in the accompanying Management Letter. We did not audit the District's response and, accordingly, we express no opinion on it.

**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.

*B. ... & Associates*

May 13, 2021



**Grau & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

951 Yamato Road • Suite 280  
Boca Raton, Florida 33431  
(561) 994-9299 • (800) 299-4728  
Fax (561) 994-5823  
www.graucpa.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE  
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY  
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Supervisors  
New River Community Development District  
Pasco County, Florida

We have examined New River Community Development District, Pasco County, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2020. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2020.

This report 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, management, and the Board of Supervisors of New River Community Development District, Pasco County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Grau & Associates*

May 13, 2021



**MANAGEMENT LETTER PURSUANT TO THE RULES OF  
THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Supervisors  
New River Community Development District  
Pasco County, Florida

**Report on the Financial Statements**

We have audited the accompanying basic financial statements of New River Community Development District, Pasco County, Florida ("District") as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated May 13, 2021.

**Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 Auditor General.

**Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 13, 2021, should be considered in conjunction with this management letter.

**Purpose of this Letter**

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General of the state of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

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, as applicable, management, and the Board of Supervisors of New River Community Development District, Pasco County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank New River Community Development District, Pasco County, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

*Grau & Associates*

May 13, 2021

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

#### **2020-01 Budget:**

Observation: Actual expenditures exceeded appropriations in the general fund for the fiscal year ended September 30, 2020.

Recommendation: The District should amend the budget during the fiscal year or within statutory guidelines to ensure that all expenditures are properly budgeted.

Management Response: The District's Board of Supervisors was unable to amend its budget for the fiscal year ended September 30, 2020 prior to the statutory deadline. The district will amend its budget for any future years in which actual expenditures exceed appropriations in the general fund.

### II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

### III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2019.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2020, except as disclosed.

3. 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.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2020.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.

5. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2020. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.