

**RIVERWOOD
COMMUNITY DEVELOPMENT DISTRICT
CHARLOTTE COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020**

**RIVERWOOD COMMUNITY DEVELOPMENT DISTRICT
CHARLOTTE COUNTY, FLORIDA**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Riverwood Community Development District, Charlotte County, Florida (the "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, the business-type activities and each major fund of the District as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows 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 June 14, 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.



June 14, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Riverwood Community Development District, Charlotte 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 assets plus deferred outflows of resources of the District exceeded its liabilities at the close of the fiscal year ended September 30, 2020 resulting in a net position of \$15,284,068.
- The change in the District's total net position in comparison with the prior fiscal year was \$743,918, 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 \$2,269,756, an increase of \$278,975 in comparison with the prior fiscal year. A portion of the fund balance is non-spendable for prepaid items and deposits, restricted for debt service and capital projects, assigned to various reserves, 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 are 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.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by assessments (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general government, physical environment, and culture and recreation. The business-type activities of the District include the water and sewer operations.

The government-wide financial statements include all governmental activities that are principally supported by special assessment revenues and user charges. The governmental activities of the District include the general government (management), physical environment, and recreation functions. The business-type activities include the water and sewer operation.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

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. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

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 outflows 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 four 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, special revenue fund, debt service fund, and capital project fund, all of which are considered major funds.

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

Proprietary Funds

The District maintains one type of proprietary fund, enterprise fund. An enterprise fund is used to report the same function presented as business-type activities in the government-wide financial statements. The District maintains one enterprise fund. The District uses an enterprise fund to account for the water and sewer operations within the District.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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, assets plus deferred outflows of resources exceeded liabilities at the close of the most recent fiscal year.

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.

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

	NET POSITION					
	SEPTEMBER 30,					
	Governmental Activities		Business-type Activities		Total	
	2020	2019 Restated	2020	2019	2020	2019 (Restated)
Current and other assets	\$ 2,322,339	\$ 2,135,560	\$ 2,045,351	\$ 1,939,169	\$ 4,367,690	\$ 4,074,729
Capital assets, net of depreciation	10,755,919	10,905,825	7,331,184	7,272,899	18,087,103	18,178,724
Total assets	13,078,258	13,041,385	9,376,535	9,212,068	22,454,793	22,253,453
Deferred outflows of resources	1,958	2,145	-	-	1,958	2,145
Current liabilities	159,001	649,396	283,682	336,052	442,683	985,448
Long-term liabilities	6,730,000	6,730,000	-	-	6,730,000	6,730,000
Total liabilities	6,889,001	7,379,396	283,682	336,052	7,172,683	7,715,448
Net position						
Net investment in capital assets	4,029,033	4,265,182	7,331,184	7,272,899	11,360,217	11,538,081
Restricted	352,692	204,719	-	-	352,692	204,719
Unrestricted	1,809,490	1,194,233	1,761,669	1,603,117	3,571,159	2,797,350
Total net position	\$ 6,191,215	\$ 5,664,134	\$ 9,092,853	\$ 8,876,016	\$ 15,284,068	\$ 14,540,150

The District's net position increased during the most recent fiscal year. The majority of the increase represents the extent to which ongoing program revenues exceeded the cost of operations and depreciation expense.

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,					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues						
Charges for services	\$ 2,151,356	\$ 2,156,182	\$ 2,263,770	\$ 2,072,734	\$ 4,415,126	\$ 4,228,916
Operating grants and contributions	4,759	-	-	-	4,759	-
General revenues						
Unrestricted investment earnings	11,537	33,377	11,523	24,806	23,060	58,183
Other income	37,388	2,788	-	-	37,388	2,788
Total revenues	2,205,040	2,192,347	2,275,293	2,097,540	4,480,333	4,289,887
Expenses:						
General government	136,917	115,917	-	-	136,917	115,917
Physical environment	525,250	1,100,050	-	-	525,250	1,100,050
Culture/recreation	745,094	625,209	-	-	745,094	625,209
Water and sewer	-	-	2,058,456	2,667,698	2,058,456	2,667,698
Interest	270,698	272,712	-	-	270,698	272,712
Total expenses	1,677,959	2,113,888	2,058,456	2,667,698	3,736,415	4,781,586
Change in net position	527,081	78,459	216,837	(570,158)	743,918	(491,699)
Net position - beginning	5,664,134	5,585,675	8,876,016	9,446,174	14,540,150	15,031,849
Net position - ending	\$ 6,191,215	\$ 5,664,134	\$ 9,092,853	\$ 8,876,016	\$ 15,284,068	\$ 14,540,150

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental activities

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2020 was \$1,677,959. The costs of the District's activities were primarily funded by program revenues. Program revenues are comprised primarily of assessments in both the current and prior fiscal years. In total, expenses decreased from the prior fiscal year, the majority of the decrease was the result of a decrease in repair and maintenance and depreciation expenses.

Business-type activities

Business-type activities reflect the water and sewer operations of the District. The cost of operations is primarily covered by charges to customers. Revenues increased primarily due to rate increases. The majority of the decrease in expenses was the result of a decrease in repair and maintenance expenses.

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. The general fund budget for the fiscal year ended September 30, 2020 was amended to change the allocations of certain expenditures. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2020.

Actual special revenue fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2020.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2020, the District had \$37,142,574 invested in capital assets for its governmental activities. In the government-wide financial statements depreciation of \$26,386,655 has been taken, which resulted in a net book value of \$10,755,919. The District's business-type activities reported net capital assets of \$7,331,184. 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 \$6,730,000 Notes outstanding for its governmental activities. More detailed information about the District's capital debt is presented in the notes of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

The District does not anticipate any major projects or significant changes to its infrastructure maintenance program for the subsequent fiscal year. 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 our citizens, landowners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact Riverwood Community Development District's Finance Department at 210 N. University Drive, Suite 702, Coral Springs, Florida 33071.

**RIVERWOOD COMMUNITY DEVELOPMENT DISTRICT
CHARLOTTE COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

	Governmental Activities	Business type Activities	Total
ASSETS			
Equity in pooled cash	\$ 1,831,914	\$ 1,453,732	\$ 3,285,646
Investments	-	220,081	220,081
Due from other governments	26,917	-	26,917
Interest receivable	-	2,463	2,463
Accounts receivable, net	-	187,641	187,641
Prepays and deposits	13,566	-	13,566
Restricted assets:			
Investments	449,942	-	449,942
Equity in pooled cash	-	181,434	181,434
Capital assets:			
Nondepreciable	2,093,166	343,998	2,437,164
Depreciable, net	8,662,753	6,987,186	15,649,939
Total assets	<u>13,078,258</u>	<u>9,376,535</u>	<u>22,454,793</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding (debit)	1,958	-	1,958
Total deferred outflows of resources	<u>1,958</u>	<u>-</u>	<u>1,958</u>
LIABILITIES			
Accounts payable	52,583	102,248	154,831
Accrued interest payable	106,418	-	106,418
Customer deposits payable from restricted assets	-	181,434	181,434
Non-current liabilities:			
Due within one year	407,000	-	407,000
Due in more than one year	6,323,000	-	6,323,000
Total liabilities	<u>6,889,001</u>	<u>283,682</u>	<u>7,172,683</u>
NET POSITION			
Net investment in capital assets	4,029,033	7,331,184	11,360,217
Restricted for debt service	352,692	-	352,692
Unrestricted	1,809,490	1,761,669	3,571,159
Total net position	<u>\$ 6,191,215</u>	<u>\$ 9,092,853</u>	<u>\$ 15,284,068</u>

See notes to the financial statements

**RIVERWOOD COMMUNITY DEVELOPMENT DISTRICT
CHARLOTTE 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		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 136,917	\$ 136,917	-	\$ -	\$ -	\$ -
Physical environment	525,250	1,166,103	-	640,853	-	640,853
Culture/recreation	745,094	175,312	738	(569,044)	-	(569,044)
Interest	270,698	673,024	4,021	406,347	-	406,347
Total governmental activities	1,677,959	2,151,356	4,759	478,156	-	478,156
Business-type activities:						
Water and sewer activities	2,058,456	2,263,770	-	-	205,314	205,314
Total business-type activities	2,058,456	2,263,770	-	-	205,314	205,314
General revenues:						
Unrestricted investment earnings				11,537	11,523	23,060
Miscellaneous				37,388	-	37,388
Total general revenues				48,925	11,523	60,448
Change in net position				527,081	216,837	743,918
Net position - beginning				5,664,134	8,876,016	14,540,150
Net position - ending				\$ 6,191,215	\$ 9,092,853	\$ 15,284,068

See notes to the financial statements

**RIVERWOOD COMMUNITY DEVELOPMENT DISTRICT
CHARLOTTE COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	Major Funds				Total Governmental Funds
	General	Special Revenue	Debt Service	Capital Projects	
ASSETS					
Equity in pooled cash	\$ 1,720,995	\$ 110,919	\$ -	\$ -	\$ 1,831,914
Investments	-	-	449,942	-	449,942
Due from other funds	-	-	-	9,529	9,529
Due from other governments	17,749	-	9,168	-	26,917
Prepaid items	2,747	4,719	-	-	7,466
Deposits	6,100	-	-	-	6,100
Advances to other funds	212,578	-	-	-	212,578
Total assets	<u>\$ 1,960,169</u>	<u>\$ 115,638</u>	<u>\$ 459,110</u>	<u>\$ 9,529</u>	<u>\$ 2,544,446</u>
LIABILITIES					
Liabilities:					
Accounts payable	\$ 41,107	\$ 3,103	\$ -	\$ 8,373	\$ 52,583
Due to other funds	9,529	-	-	-	9,529
Advances from other funds	-	212,578	-	-	212,578
Total liabilities	<u>50,636</u>	<u>215,681</u>	<u>-</u>	<u>8,373</u>	<u>274,690</u>
FUND BALANCES					
Nonspendable:					
Prepays and deposits	8,847	4,719	-	-	13,566
Restricted for:					
Debt service	-	-	459,110	-	459,110
Capital projects	-	-	-	1,156	1,156
Assigned to:					
Roadways	768,472	-	-	-	768,472
Ponds	86,242	-	-	-	86,242
Activity center	294,853	-	-	-	294,853
Dog Park	7,086	-	-	-	7,086
RV Park	43,384	-	-	-	43,384
Operating reserve	268,093	-	-	-	268,093
Unassigned	432,556	(104,762)	-	-	327,794
Total fund balances	<u>1,909,533</u>	<u>(100,043)</u>	<u>459,110</u>	<u>1,156</u>	<u>2,269,756</u>
Total liabilities and fund balances	<u>\$ 1,960,169</u>	<u>\$ 115,638</u>	<u>\$ 459,110</u>	<u>\$ 9,529</u>	<u>\$ 2,544,446</u>

See notes to the financial statements

**RIVERWOOD COMMUNITY DEVELOPMENT DISTRICT
CHARLOTTE COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

Total fund balances - governmental funds \$ 2,269,756

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	37,142,574	
Accumulated depreciation	<u>(26,386,655)</u>	10,755,919

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.

1,958

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	(106,418)	
Bonds payable	<u>(6,730,000)</u>	<u>(6,836,418)</u>

Net position of governmental activities		<u>\$ 6,191,215</u>
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See notes to the financial statements

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

	Major Funds			Capital Projects	Total Governmental Funds
	General	Special Revenue	Debt Service		
REVENUES					
Assessments	\$ 1,303,020	\$ -	\$ 673,024	\$ -	\$ 1,976,044
Charges for services	22,462	152,850	-	-	175,312
Interest earnings	11,537	738	4,021	-	16,296
Other revenues	37,334	54	-	-	37,388
Total revenues	<u>1,374,353</u>	<u>153,642</u>	<u>677,045</u>	-	<u>2,205,040</u>
EXPENDITURES					
Current:					
General government	132,624	-	4,293	-	136,917
Physical environment	425,750	-	-	-	425,750
Culture/recreation	412,520	89,399	-	-	501,919
Debt service:					
Principal	-	-	392,000	-	392,000
Interest	-	6,430	270,280	-	276,710
Capital outlay	192,769	-	-	-	192,769
Total expenditures	<u>1,163,663</u>	<u>95,829</u>	<u>666,573</u>	-	<u>1,926,065</u>
Excess (deficiency) of revenues over (under) expenditures	210,690	57,813	10,472	-	278,975
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	346,754	-	-	(346,754)	-
Total other financing sources (uses)	<u>346,754</u>	-	-	<u>(346,754)</u>	-
Net change in fund balances	557,444	57,813	10,472	(346,754)	278,975
Fund balances - beginning, previously stated	1,352,089	(157,856)	448,638	329,946	1,972,817
Correction of capital outlay	-	-	-	17,964	17,964
Fund balances - beginning, as restated	<u>1,352,089</u>	<u>(157,856)</u>	<u>448,638</u>	<u>347,910</u>	<u>1,990,781</u>
Fund balances - ending	<u>\$ 1,909,533</u>	<u>\$ (100,043)</u>	<u>\$ 459,110</u>	<u>\$ 1,156</u>	<u>\$ 2,269,756</u>

See notes to the financial statements

**RIVERWOOD COMMUNITY DEVELOPMENT DISTRICT
 CHARLOTTE 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	\$	278,975
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position.		192,660
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.		392,000
The change in accrued interest on long-term liabilities between the current and prior fiscal years is recorded in the statement of activities, but not in the governmental fund financial statements.		6,199
Amortization of Bond discounts/premiums is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.		(187)
Depreciation on capital assets is not recognized in the governmental fund financial statements but is reported as an expense in the statement of activities.		(342,566)
		(342,566)
Change in net position of governmental activities	\$	527,081

See notes to the financial statements

**RIVERWOOD COMMUNITY DEVELOPMENT DISTRICT
CHARLOTTE COUNTY, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUND
SEPTEMBER 30, 2020**

	<u>Water & Sewer</u>
ASSETS	
Current assets:	
Equity in pooled cash	\$ 1,453,732
Investments	220,081
Accounts receivable, net	187,641
Interest receivable	2,463
Restricted assets:	
Equity in pooled cash	181,434
Total current assets	2,045,351
Noncurrent assets:	
Capital assets:	
Land	343,998
Infrastructure	9,808,484
Buildings and improvements	1,413,584
Equipment	10,477
Less accumulated depreciation	(4,245,359)
Total capital assets (net of depreciation)	7,331,184
Total noncurrent assets	7,331,184
Total assets	9,376,535
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	102,248
Payable from restricted assets:	
Customer deposits	181,434
Total current liabilities	283,682
Total liabilities	283,682
NET POSITION	
Net investment in capital assets	7,331,184
Unrestricted	1,761,669
Total net position	\$ 9,092,853

See notes to the financial statements

**RIVERWOOD COMMUNITY DEVELOPMENT DISTRICT
 CHARLOTTE COUNTY, FLORIDA
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 FUND NET POSITION - PROPRIETARY FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	<u>Water & Sewer</u>
Operating revenues:	
Charges for services:	
Water and sewer charges	\$ 2,240,338
Meter and other fees	<u>23,432</u>
Total operating revenues	<u>2,263,770</u>
Operating expenses:	
Cost of sales and services	1,442,236
General and administrative	245,548
Depreciation	<u>370,672</u>
Total operating expenses	<u>2,058,456</u>
Operating income (loss)	<u>205,314</u>
Nonoperating revenues (expenses):	
Interest income	<u>11,523</u>
Total nonoperating revenues (expenses)	<u>11,523</u>
Change in net position	216,837
Net position - beginning	<u>8,876,016</u>
Net position - ending	<u>\$ 9,092,853</u>

See notes to the financial statements

**RIVERWOOD COMMUNITY DEVELOPMENT DISTRICT
CHARLOTTE COUNTY, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	<u>Water & Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 2,340,232
Payments to suppliers of goods and services	<u>(1,565,559)</u>
Net cash provided (used) by operating activities	<u>774,673</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Reimbursement from other funds	<u>66,780</u>
Net cash provided (used) by noncapital financing activities	<u>66,780</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	<u>(428,957)</u>
Net cash provided (used) by financing activities	<u>(428,957)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(1,603)
Interest earnings	<u>9,060</u>
Net cash provided (used) by investing activities	<u>7,457</u>
Net increase (decrease) in cash and cash equivalents	419,953
Cash and cash equivalents - October 1	<u>1,215,213</u>
Cash and cash equivalents - September 30	<u>\$ 1,635,166</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 205,314
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization expense	370,672
(Increase) decrease in accounts receivables	89,083
(Increase) decrease in prepaid items	161,974
Increase (decrease) in accounts payable	(39,749)
Increase (decrease) in unearned revenue	(17,913)
Increase (decrease) in customer deposits	<u>5,292</u>
Total adjustments	<u>569,359</u>
Net cash provided (used) by operating activities	<u>\$ 774,673</u>

See notes to the financial statements

**RIVERWOOD COMMUNITY DEVELOPMENT DISTRICT
CHARLOTTE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

Riverwood Community Development District ("District") was created on November 7, 1991, by Ordinance 91-58 of Charlotte County, Florida, pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. In August 2000, Ordinance 2000-025 of Charlotte County, Florida, expanded the District's boundaries to add approximately 22.65 acres. 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. The Supervisors are elected by landholders of the District on a one- vote-per acre basis. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the responsibility for:

1. Assessing 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 and enterprise fund 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 are non-ad valorem assessments on benefited lands within the District. Assessments are levied to pay for the operations and maintenance of the District. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. The District's annual assessments for operations and debt service are billed and collected by the County Tax Assessor/Collector. The amounts remitted to the District are net of applicable discounts or fees and include interest on monies held from the day of collection to the day of distribution.

Assessments and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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.

Special Revenue Fund

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

Debt Service Fund

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.

The District reports the following major proprietary fund:

Water and Sewer Fund

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. Operating expenses of the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 government's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

Assets, Liabilities and Net Position or Equity

Restricted Assets

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

Deposits and Investments

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

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 and any unspent Note proceeds are required to be held in investments as specified in the Note 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 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

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 at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets 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>Asset</u>	<u>Years</u>
Infrastructure	15-40
Equipment	7
Buildings and improvements	20-40

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.

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/Note premiums and discounts are deferred and amortized ratably over the life of the Bonds/Notes. Bonds/Notes payable are reported net of applicable premiums or discounts. Debt 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position 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, \$187 was recognized as a component of interest expense in the current fiscal year

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 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.

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 Note 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.

Prior Period Restatement

The financial statements for the prior fiscal year were restated as follows:

	<u>Capital Projects Fund</u>
Fund balance- beginning, previously stated	\$ 329,946
Correction of capital outlay	17,964
Fund balance - beginning, as restated	<u>\$ 347,910</u>

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prior Period Restatement (Continued)

	<u>Governmental Activities</u>
Net capital assets - beginning, previously stated	\$ 10,923,789
Correction of capital assets	(17,964)
Net capital assets - beginning, as restated	<u>\$ 10,905,825</u>

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) Public hearings are conducted to obtain public 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 including certificates of deposit as shown below 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.

Investments

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

	<u>Amortized Cost</u>	<u>Credit Risk</u>	<u>Maturities</u>
Valley National Bank Certificate of Deposit	\$ 220,081	Not applicable	1/22/2021
First American Government Oblig Fd CL Y	449,942	S&P AAAM	Weighted average of the fund portfolio: 44 days
Total Investments	<u>\$ 670,023</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.

However, the Note Indenture limits the type of investments held using unspent proceeds.

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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. In addition, non-negotiable, non-transferable certificates of deposits that do not consider market rates are required to be reported at amortized cost. Accordingly, the District's investments have been reported at amortized cost above.

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables for the fiscal year ended September 30, 2020 were as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 212,578	\$ 9,529
Special Revenue	-	212,578
Capital Projects	9,529	-
Total	<u>\$ 222,107</u>	<u>\$ 222,107</u>

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

Interfund transfers for the fiscal year ended September 30, 2020 were as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Transfer out</u>
General	\$ 346,754	\$ -
Capital Projects	-	346,754
Total	<u>\$ 346,754</u>	<u>\$ 346,754</u>

Transfers are used to move resources to the fund where funds have been reallocated for use. In the case of the District, transfers from the capital projects fund to the general fund were for expenditures made from allocated capital reserve funds.

NOTE 6 – CAPITAL ASSETS

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

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land and land improvements	\$ 2,093,166	\$ -	\$ -	\$ 2,093,166
Infrastructure under construction	160,889	-	(160,889)	-
Total capital assets, not being depreciated	2,254,055	-	(160,889)	2,093,166
Capital assets, being depreciated				
Buildings	7,880,842	277,754	-	8,158,596
Equipment	337,862	36,795	-	374,657
Infrastructure - water control	11,042,926	-	-	11,042,926
Infrastructure - roadways and other improvements	15,434,229	39,000	-	15,473,229
Total capital assets, being depreciated	34,695,859	353,549	-	35,049,408
Less accumulated depreciation for:				
Buildings	(888,892)	(206,797)	-	(1,095,689)
Equipment	(61,224)	(36,378)	-	(97,602)
Infrastructure - water control	(11,042,926)	-	-	(11,042,926)
Infrastructure - roadways and other improvements	(14,051,047)	(99,391)	-	(14,150,438)
Total accumulated depreciation	(26,044,089)	(342,566)	-	(26,386,655)
Total capital assets, being depreciated, net	8,651,770	10,983	-	8,662,753
Governmental activities capital assets	\$ 10,905,825	\$ 10,983	\$ (160,889)	\$ 10,755,919

For governmental activities, Depreciation expense was charged to function/programs as follows:

Physical environment	\$ 99,391
Culture/recreation	243,175
Total depreciation expense	\$ 342,566

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Business-type activities</u>				
Capital assets, not being depreciated				
Land	\$ 330,000	\$ 13,998	\$ -	\$ 343,998
Total capital assets, not being depreciated	330,000	13,998	-	343,998
Capital assets, being depreciated				
Equipment	10,477	-	-	10,477
Infrastructure	9,393,525	414,959	-	9,808,484
Buildings and improvements	1,413,584	-	-	1,413,584
Total capital assets, being depreciated	10,817,586	414,959	-	11,232,545
Less accumulated depreciation for:				
Equipment	(5,534)	(1,497)	-	(7,031)
Infrastructure	(3,145,296)	(333,836)	-	(3,479,132)
Buildings and improvements	(723,857)	(35,339)	-	(759,196)
Total accumulated depreciation	(3,874,687)	(370,672)	-	(4,245,359)
Total capital assets, being depreciated, net	6,942,899	44,287	-	6,987,186
Business-type activities capital assets	\$ 7,272,899	\$ 58,285	\$ -	\$ 7,331,184

NOTE 7 – LONG TERM LIABILITIES

Series 2018 Revenue Refunding Note

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

The Series 2018 Notes are subject to redemption at the option of the District as outlined in the Note Indenture. The Series 2018 Notes are subject to extraordinary mandatory redemption prior to maturity if certain events occurred as outlined in the Note Indenture.

The Note Indenture established debt service reserve requirements as well as other restrictions and requirements for procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District was in compliance with the requirements at September 30, 2020.

Long-term Debt activity

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Notes payable:					
Series 2018	\$ 7,122,000	\$ -	\$ 392,000	\$ 6,730,000	\$ 407,000
Total	\$ 7,122,000	\$ -	\$ 392,000	\$ 6,730,000	\$ 407,000

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

Year ending September 30:	Business-type Activities		
	Principal	Interest	Total
2021	\$ 407,000	\$ 255,404	\$ 662,404
2022	424,000	239,958	663,958
2023	440,000	223,867	663,867
2024	458,000	207,169	665,169
2025	475,000	189,788	664,788
2026-2030	2,665,000	664,239	3,329,239
2031-2033	1,861,000	143,034	2,004,034
Total	\$ 6,730,000	\$ 1,923,459	\$ 8,653,459

NOTE 8 – MANAGEMENT COMPANY (OPERATIONS)

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 of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

NOTE 9 – 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 were no settled claims during the past three years.

NOTE 10 – OTHER MATTERS

The District has initiated a claim against a contractor related to the Riverwood Activity Center Campus Addition and Renovations Project for water intrusion issues to pickle ball courts and adjacent grounds and offensive ground water, failure of contractor to furnish payment and performance bond for completed construction project, and water damage to fitness room in project due to pipe leak. Further, there was an issue of an outstanding final invoice or adjustment to final invoice for amounts remaining unpaid to the contractor. A tentative settlement has been reached, and it is expected that the District will receive the amount of \$250,000.00 for its claims. The District is expected to make a final payment to the contractor in the amount of \$14,399. There is no anticipated further or ongoing liability to the District. The District does not anticipate any scenario in which the dispute will result in an unfavorable outcome to the District as Riverwood is fully able and desires to fulfill its obligations under the tentative settlement. At September 30, 2021, \$8,373 is reported due to the vendor. The financial statements have not been adjusted for the tentative settlement.

**RIVERWOOD COMMUNITY DEVELOPMENT DISTRICT
CHARLOTTE 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		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 1,297,774	\$ 1,297,774	\$ 1,303,020	\$ 5,246
Charges for services	20,500	20,500	22,462	1,962
Interest earnings	4,500	4,500	11,537	7,037
Miscellaneous	100	100	37,334	37,234
Total revenues	1,322,874	1,322,874	1,374,353	51,479
EXPENDITURES				
Current:				
General government	126,229	153,646	132,624	21,022
Physical environment	796,975	717,126	425,750	291,376
Culture/recreation	399,670	452,102	412,520	39,582
Capital outlay		-	192,769	(192,769)
Total expenditures	1,322,874	1,322,874	1,163,663	159,211
Excess (deficiency) of revenues over (under) expenditures	-	-	210,690	210,690
OTHER FINANCING SOURCES				
Interfund transfers	-	-	346,754	346,754
Total other financing sources	-	-	346,754	346,754
Net change in fund balances	\$ -	\$ -	557,444	\$ 557,444
Fund balance - beginning			1,352,089	
Fund balance - ending			\$ 1,909,533	

See notes to required supplementary information

**RIVERWOOD COMMUNITY DEVELOPMENT DISTRICT
 CHARLOTTE COUNTY, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL – SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	<u>Budgeted Amounts</u>		Variance with Final Budget - Positive (Negative)
	Original & Final	Actual Amounts	
REVENUES			
Charges for services	\$ 150,300	\$ 152,850	2,550
Interest earnings	-	738	738
Miscellaneous	-	54	54
Total revenues	<u>150,300</u>	<u>153,642</u>	<u>3,342</u>
EXPENDITURES			
Current:			
Culture/recreation	123,236	89,399	33,837
Debt service:			
Principal	20,634	-	20,634
Interest	6,430	6,430	-
Total expenditures	<u>150,300</u>	<u>95,829</u>	<u>54,471</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	57,813	<u>\$ 57,813</u>
Fund balance - beginning		<u>(157,856)</u>	
Fund balance - ending		<u>\$ (100,043)</u>	

See notes to required supplementary information

**RIVERWOOD COMMUNITY DEVELOPMENT DISTRICT
CHARLOTTE 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. The general fund budget for the fiscal year ended September 30, 2020 was amended to change the allocations of certain expenditures. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2020.

Actual special revenue fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2020.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of Riverwood Community Development District, Charlotte 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 June 14, 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 involving the internal control over financial reporting and compliance that we have reported to management of the District in a separate letter dated June 14, 2021.

The District's response to the finding identified in our audit was 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.

Bhav & Associates

June 14, 2021



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**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
Riverwood Community Development District
Charlotte County, Florida

We have examined Riverwood Community Development District, Charlotte 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 Riverwood Community Development District, Charlotte County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Associates

June 14, 2021



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

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

Report on the Financial Statements

We have audited the accompanying basic financial statements of Riverwood Community Development District Charlotte County, Florida ("District") as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 14, 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 June 14, 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 Riverwood Community Development District, Charlotte County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Riverwood Community Development District, Charlotte 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

June 14, 2021

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2020-01 Water and Sewer Internal Controls:

Observation: During our procedures, it was unclear for two multi-unit accounts selected (23-20-3492-1-6 and 23-40-8156-2-6) how the water usage fees were calculated based on the approved tiered rate structure provided.

Recommendation: Management should consider clarifying the rate schedule or establishing written policies and procedures outlining how tiered rate structure applies to accounts with multiple units.

Management Response: Management will review the rate schedule and determine if there needs to be clarification in the tiered rate structure for multi-unit accounts.

II. PRIOR YEARS FINDINGS AND RECOMMENDATIONS

None

I. 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 has 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 noted above.

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 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.