

**RIVERWOOD
COMMUNITY DEVELOPMENT DISTRICT
CHARLOTTE COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021**

**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, 2021 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, 2021, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The information for compliance with FL Statute 218.39 (3) (c) is not a required part of the basic financial statements. The information for compliance with FL Statute 218.39 (3) (c) has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022, 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 30, 2022

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, 2021. 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, 2021 resulting in a net position of \$16,627,856.
- The change in the District's total net position in comparison with the prior fiscal year was \$1,343,788, 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, 2021, the District's governmental funds reported combined ending fund balances of \$2,928,367, an increase of \$658,611 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, assigned to various reserves, and the remainder is unassigned general 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 capital projects fund was closed out at the end of the current fiscal year.

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	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 3,044,915	\$ 2,322,339	\$ 2,587,499	\$ 2,045,351	\$ 5,632,414	\$ 4,367,690
Capital assets, net of depreciation	10,507,797	10,755,919	7,480,818	7,331,184	17,988,615	18,087,103
Total assets	13,552,712	13,078,258	10,068,317	9,376,535	23,621,029	22,454,793
Deferred outflow s of resources	1,771	1,958	-	-	1,771	1,958
Current liabilities	216,531	159,001	455,413	283,682	671,944	442,683
Long-term liabilities	6,323,000	6,730,000	-	-	6,323,000	6,730,000
Total liabilities	6,539,531	6,889,001	455,413	283,682	6,994,944	7,172,683
Net position						
Net investment in capital assets	4,186,568	4,029,033	7,480,818	7,331,184	11,667,386	11,360,217
Restricted	365,149	352,692	-	-	365,149	352,692
Unrestricted	2,463,235	1,809,490	2,132,086	1,761,669	4,595,321	3,571,159
Total net position	\$ 7,014,952	\$ 6,191,215	\$ 9,612,904	\$ 9,092,853	\$ 16,627,856	\$ 15,284,068

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	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues						
Charges for services	\$ 2,158,554	\$ 2,151,356	\$ 2,241,614	\$ 2,263,770	\$ 4,400,168	\$ 4,415,126
Operating grants and contributions	204	4,759	-	-	204	4,759
General revenues						
Unrestricted investment earnings	7,319	11,537	5,238	11,523	12,557	23,060
Other income	253,027	37,388	-	-	253,027	37,388
Total revenues	2,419,104	2,205,040	2,246,852	2,275,293	4,665,956	4,480,333
Expenses:						
General government	213,083	136,917	-	-	213,083	136,917
Physical environment	412,099	525,250	-	-	412,099	525,250
Culture/recreation	720,389	745,094	-	-	720,389	745,094
Water and sewer	-	-	1,726,801	2,058,456	1,726,801	2,058,456
Interest	249,796	270,698	-	-	249,796	270,698
Total expenses	1,595,367	1,677,959	1,726,801	2,058,456	3,322,168	3,736,415
Change in net position	823,737	527,081	520,051	216,837	1,343,788	743,918
Net position - beginning	6,191,215	5,664,134	9,092,853	8,876,016	15,284,068	14,540,150
Net position - ending	\$ 7,014,952	\$ 6,191,215	\$ 9,612,904	\$ 9,092,853	\$ 16,627,856	\$ 15,284,068

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, 2021 was \$1,595,367. 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. Increase in general revenues is mainly a result of settlement proceeds received in the current fiscal year. In total, expenses decreased from the prior fiscal year, the majority of the decrease was the result of a decrease in repair and maintenance 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 decreased primarily due to decreases in usage fees. 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. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2021. Actual special revenue fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2021.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2021, the District had \$37,148,600 invested in capital assets for its governmental activities. In the government-wide financial statements depreciation of \$26,640,803 has been taken, which resulted in a net book value of \$10,507,797. The District's business-type activities reported net capital assets of \$7,480,818. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2021, the District had \$6,323,000 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, 2021**

	Governmental Activities	Business type Activities	Total
ASSETS			
Equity in pooled cash	\$ 2,546,129	\$ 2,183,878	\$ 4,730,007
Due from other governments	26,146	-	26,146
Accounts receivable, net	-	208,643	208,643
Inventories	4,420	-	4,420
Prepays and deposits	4,921	-	4,921
Restricted assets:			
Investments	463,299	-	463,299
Equity in pooled cash	-	194,978	194,978
Capital assets:			
Nondepreciable	2,093,166	804,178	2,897,344
Depreciable, net	8,414,631	6,676,640	15,091,271
Total assets	<u>13,552,712</u>	<u>10,068,317</u>	<u>23,621,029</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding (debit)	1,771	-	1,771
Total deferred outflows of resources	<u>1,771</u>	<u>-</u>	<u>1,771</u>
LIABILITIES			
Accounts payable and accrued liabilities	116,548	52,047	168,595
Contracts and retainage payable	-	208,388	208,388
Accrued interest payable	99,983	-	99,983
Customer deposits payable from restricted assets	-	194,978	194,978
Non-current liabilities:			
Due within one year	424,000	-	424,000
Due in more than one year	5,899,000	-	5,899,000
Total liabilities	<u>6,539,531</u>	<u>455,413</u>	<u>6,994,944</u>
NET POSITION			
Net investment in capital assets	4,186,568	7,480,818	11,667,386
Restricted for debt service	365,149	-	365,149
Unrestricted	2,463,235	2,132,086	4,595,321
Total net position	<u>\$ 7,014,952</u>	<u>\$ 9,612,904</u>	<u>\$ 16,627,856</u>

See notes to the financial statements

**RIVERWOOD COMMUNITY DEVELOPMENT DISTRICT
CHARLOTTE COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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	\$ 213,083	\$ 213,083	\$ -	\$ -	\$ -	\$ -	\$ -
Physical environment	412,099	1,089,785	-	677,686	-	-	677,686
Culture/recreation	720,389	182,743	167	(537,479)	-	-	(537,479)
Interest	249,796	672,943	37	423,184	-	-	423,184
Total governmental activities	1,595,367	2,158,554	204	563,391	-	-	563,391
Business-type activities:							
Water and sewer activities	1,726,801	2,241,614	-	-	514,813	-	514,813
Total business-type activities	1,726,801	2,241,614	-	-	514,813	-	514,813
General revenues:							
Unrestricted investment earnings				7,319	5,238		12,557
Miscellaneous				253,027	-		253,027
Total general revenues				260,346	5,238		265,584
Change in net position				823,737	520,051		1,343,788
Net position - beginning				6,191,215	9,092,853		15,284,068
Net position - ending				\$ 7,014,952	\$ 9,612,904		\$ 16,627,856

See notes to the financial statements

**RIVERWOOD COMMUNITY DEVELOPMENT DISTRICT
CHARLOTTE COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	Major Funds			Total Governmental Funds
	General	Special Revenue	Debt Service	
ASSETS				
Equity in pooled cash	\$ 2,410,932	\$ 133,634	\$ 1,563	\$ 2,546,129
Investments	-	-	463,299	463,299
Due from other funds	8,635	-	-	8,635
Due from other governments	17,241	-	8,905	26,146
Prepaid items	-	4,921	-	4,921
Inventories	4,420	-	-	4,420
Advances to other funds	188,933	-	-	188,933
Total assets	<u>\$ 2,630,161</u>	<u>\$ 138,555</u>	<u>\$ 473,767</u>	<u>\$ 3,242,483</u>
LIABILITIES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 114,023	\$ 2,525	\$ -	\$ 116,548
Due to other funds	-	-	8,635	8,635
Advances from other funds	-	188,933	-	188,933
Total liabilities	<u>114,023</u>	<u>191,458</u>	<u>8,635</u>	<u>314,116</u>
FUND BALANCES				
Nonspendable:				
Prepays and deposits	-	4,921	-	4,921
Restricted for:				
Debt service	-	-	465,132	465,132
Assigned to:				
Roadways	844,544	-	-	844,544
Ponds	205,102	-	-	205,102
Activity center	352,918	-	-	352,918
RV Park	61,676	-	-	61,676
Reserves - Settlement	250,097	-	-	250,097
Operating reserve	268,093	-	-	268,093
Unassigned	533,708	(57,824)	-	475,884
Total fund balances	<u>2,516,138</u>	<u>(52,903)</u>	<u>465,132</u>	<u>2,928,367</u>
Total liabilities and fund balances	<u>\$ 2,630,161</u>	<u>\$ 138,555</u>	<u>\$ 473,767</u>	<u>\$ 3,242,483</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, 2021**

Total fund balances - governmental funds \$ 2,928,367

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	37,148,600	
Accumulated depreciation	<u>(26,640,803)</u>	10,507,797

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.

1,771

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	(99,983)	
Bonds payable	<u>(6,323,000)</u>	<u>(6,422,983)</u>

Net position of governmental activities		<u>\$ 7,014,952</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, 2021**

	Major Funds			Capital Projects	Total Governmental Funds
	General	Special Revenue	Debt Service		
REVENUES					
Assessments	\$ 1,302,868	\$ -	\$ 672,943	\$ -	\$ 1,975,811
Charges for services	25,869	156,874	-	-	182,743
Interest earnings	7,319	167	37	-	7,523
Other revenues	252,089	938	-	-	253,027
Total revenues	<u>1,588,145</u>	<u>157,979</u>	<u>672,980</u>	<u>-</u>	<u>2,419,104</u>
EXPENDITURES					
Current:					
General government	208,529	-	4,554	-	213,083
Physical environment	387,433	-	-	-	387,433
Culture/recreation	360,708	110,199	-	-	470,907
Debt service:					
Principal	-	-	407,000	-	407,000
Interest	-	640	255,404	-	256,044
Capital outlay	26,026	-	-	-	26,026
Total expenditures	<u>982,696</u>	<u>110,839</u>	<u>666,958</u>	<u>-</u>	<u>1,760,493</u>
Excess (deficiency) of revenues over (under) expenditures	605,449	47,140	6,022	-	658,611
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	1,156	-	-	(1,156)	-
Total other financing sources (uses)	<u>1,156</u>	<u>-</u>	<u>-</u>	<u>(1,156)</u>	<u>-</u>
Net change in fund balances	606,605	47,140	6,022	(1,156)	658,611
Fund balances - beginning	<u>1,909,533</u>	<u>(100,043)</u>	<u>459,110</u>	<u>1,156</u>	<u>2,269,756</u>
Fund balances - ending	<u>\$ 2,516,138</u>	<u>\$ (52,903)</u>	<u>\$ 465,132</u>	<u>\$ -</u>	<u>\$ 2,928,367</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, 2021**

Net change in fund balances - total governmental funds	\$	658,611
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.		102,051
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.		407,000
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.		6,435
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.		(350,173)
		(350,173)
Change in net position of governmental activities	\$	823,737

See notes to the financial statements

**RIVERWOOD COMMUNITY DEVELOPMENT DISTRICT
CHARLOTTE COUNTY, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUND
SEPTEMBER 30, 2021**

	Water & Sewer
ASSETS	
Current assets:	
Equity in pooled cash	\$ 2,183,878
Accounts receivable, net	208,643
Restricted assets:	
Equity in pooled cash	194,978
Total current assets	2,587,499
Noncurrent assets:	
Capital assets:	
Land	343,998
Infrastructure in progress	460,180
Infrastructure	9,889,615
Buildings and improvements	1,413,584
Equipment	10,477
Less accumulated depreciation	(4,637,036)
Total capital assets (net of depreciation)	7,480,818
Total noncurrent assets	7,480,818
Total assets	10,068,317
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	52,047
Contracts and retainage payable	208,388
Payable from restricted assets:	
Customer deposits	194,978
Total current liabilities	455,413
Total liabilities	455,413
NET POSITION	
Net investment in capital assets	7,480,818
Unrestricted	2,132,086
Total net position	\$ 9,612,904

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, 2021**

	<u>Water & Sewer</u>
Operating revenues:	
Charges for services:	
Water and sewer charges	\$ 2,231,127
Meter and other fees	<u>10,487</u>
Total operating revenues	<u>2,241,614</u>
Operating expenses:	
Cost of sales and services	1,179,462
General and administrative	155,662
Depreciation	<u>391,677</u>
Total operating expenses	<u>1,726,801</u>
Operating income (loss)	<u>514,813</u>
Nonoperating revenues (expenses):	
Interest income	<u>5,238</u>
Total nonoperating revenues (expenses)	<u>5,238</u>
Change in net position	520,051
Net position - beginning	<u>9,092,853</u>
Net position - ending	<u>\$ 9,612,904</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, 2021**

	<u>Water & Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 2,234,156
Payments to suppliers of goods and services	<u>(1,385,325)</u>
Net cash provided (used) by operating activities	<u>848,831</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	<u>(332,923)</u>
Net cash provided (used) by financing activities	<u>(332,923)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	220,081
Interest earnings	<u>7,701</u>
Net cash provided (used) by investing activities	<u>227,782</u>
Net increase (decrease) in cash and cash equivalents	743,690
Cash and cash equivalents - October 1	<u>1,635,166</u>
Cash and cash equivalents - September 30	<u>\$ 2,378,856</u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 514,813
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization expense	391,677
(Increase) decrease in accounts receivables	(21,002)
Increase (decrease) in accounts payable and accrued expenses	(50,201)
Increase (decrease) in customer deposits	<u>13,544</u>
Total adjustments	<u>334,018</u>
Net cash provided (used) by operating activities	<u>\$ 848,831</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 capital projects fund was closed out in the current fiscal year.

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.

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 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, 2021:

	<u>Amortized Cost</u>	<u>Credit Risk</u>	<u>Maturities</u>
First American Government			Weighted average of the fund portfolio: 14 days
Oblig Fd CL Y	<u>\$ 463,299</u>	S&P AAAM	
Total Investments	<u>\$ 463,299</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. 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, 2021 were as follows:

Fund	Receivable	Payable
General	\$ 197,568	\$ -
Special revenue fund	-	188,933
Debt service fund		8,635
Total	<u>\$ 197,568</u>	<u>\$ 197,568</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, 2021 were as follows:

Fund	Transfer in	Transfer out
General	\$ 1,156	\$ -
Capital Projects	-	1,156
Total	<u>\$ 1,156</u>	<u>\$ 1,156</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 to close out that fund.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land and land improvements	\$ 2,093,166	\$ -	\$ -	\$ 2,093,166
Total capital assets, not being depreciated	2,093,166	-	-	2,093,166
Capital assets, being depreciated				
Buildings	8,158,596	6,026	-	8,164,622
Equipment	374,657	-	-	374,657
Infrastructure - water control	11,042,926	-	-	11,042,926
Infrastructure - roadways and other improvements	15,473,229	96,025	(96,025)	15,473,229
Total capital assets, being depreciated	35,049,408	102,051	(96,025)	35,055,434
Less accumulated depreciation for:				
Buildings	(1,095,689)	(209,162)	-	(1,304,851)
Equipment	(97,602)	(40,320)	-	(137,922)
Infrastructure - water control	(11,042,926)	-	-	(11,042,926)
Infrastructure - roadways and other improvements	(14,150,438)	(100,691)	96,025	(14,155,104)
Total accumulated depreciation	(26,386,655)	(350,173)	96,025	(26,640,803)
Total capital assets, being depreciated, net	8,662,753	(248,122)	-	8,414,631
Governmental activities capital assets	\$ 10,755,919	\$ (248,122)	\$ -	\$ 10,507,797

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

Physical environment	\$ 100,691
Culture/recreation	249,482
Total depreciation expense	<u>\$ 350,173</u>

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Business-type activities</u>				
Capital assets, not being depreciated				
Land	\$ 343,998	\$ -	\$ -	\$ 343,998
Infrastructure in progress	-	460,180	-	460,180
Total capital assets, not being depreciated	343,998	460,180	-	804,178
Capital assets, being depreciated				
Equipment	10,477	-	-	10,477
Infrastructure	9,808,484	81,131	-	9,889,615
Buildings and improvements	1,413,584	-	-	1,413,584
Total capital assets, being depreciated	11,232,545	81,131	-	11,313,676
Less accumulated depreciation for:				
Equipment	(7,031)	(1,497)	-	(8,528)
Infrastructure	(3,479,132)	(354,841)	-	(3,833,973)
Buildings and improvements	(759,196)	(35,339)	-	(794,535)
Total accumulated depreciation	(4,245,359)	(391,677)	-	(4,637,036)
Total capital assets, being depreciated, net	6,987,186	(310,546)	-	6,676,640
Business-type activities capital assets	\$ 7,331,184	\$ 149,634	\$ -	\$ 7,480,818

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, 2021.

Long-term Debt activity

Changes in long-term liability activity for the fiscal year ended September 30, 2021 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Notes payable:					
Series 2018	\$ 6,730,000	\$ -	\$ 407,000	\$ 6,323,000	\$ 424,000
Total	\$ 6,730,000	\$ -	\$ 407,000	\$ 6,323,000	\$ 424,000

At September 30, 2021, the scheduled debt service requirements on the long - term debt were as follows:

Year ending September 30:	Business-type Activities		
	Principal	Interest	Total
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	493,000	171,762	664,762
2027-2031	2,769,000	563,102	3,332,102
2032-2033	1,264,000	72,409	1,336,409
Total	\$ 6,323,000	\$ 1,668,055	\$ 7,991,055

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 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.

During the current fiscal year, a settlement was reached, and the District received \$250,000.00 for its claims. The District made a final payment to the contractor in the amount of \$14,399. There is no anticipated further or ongoing liability to the District.

**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, 2021**

	<u>Budgeted Amounts</u>		Variance with
	Original & Final	Actual Amounts	Final Budget - Positive (Negative)
REVENUES			
Assessments	\$ 1,297,773	\$ 1,302,868	\$ 5,095
Charges for services	20,500	25,869	5,369
Interest earnings	4,500	7,319	2,819
Miscellaneous	101	252,089	251,988
Total revenues	<u>1,322,874</u>	<u>1,588,145</u>	<u>265,271</u>
EXPENDITURES			
Current:			
General government	268,421	208,529	59,892
Physical environment	534,283	387,433	146,850
Culture/recreation	420,170	360,708	59,462
Capital outlay	100,000	26,026	73,974
Total expenditures	<u>1,322,874</u>	<u>982,696</u>	<u>340,178</u>
Excess (deficiency) of revenues over (under) expenditures	-	605,449	605,449
OTHER FINANCING SOURCES			
Interfund transfers	-	1,156	1,156
Total other financing sources	<u>-</u>	<u>1,156</u>	<u>1,156</u>
Net change in fund balances	<u>\$ -</u>	606,605	<u>\$ 606,605</u>
Fund balance - beginning		<u>1,909,533</u>	
Fund balance - ending		<u>\$ 2,516,138</u>	

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, 2021**

	<u>Budgeted Amounts</u>		Variance with Final Budget - Positive (Negative)
	Original & Final	Actual Amounts	
REVENUES			
Charges for services	\$ 150,300	\$ 156,874	6,574
Interest earnings	-	167	167
Miscellaneous	-	938	938
Total revenues	<u>150,300</u>	<u>157,979</u>	<u>7,679</u>
EXPENDITURES			
Current:			
Culture/recreation	126,396	110,199	16,197
Debt service:			
Principal	23,552	-	23,552
Interest	352	640	(288)
Total expenditures	<u>150,300</u>	<u>110,839</u>	<u>39,461</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	47,140	<u>\$ 47,140</u>
Fund balance - beginning		<u>(100,043)</u>	
Fund balance - ending		<u>\$ (52,903)</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. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2021. Actual special revenue fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2021.

**RIVERWOOD COMMUNITY DEVELOPMENT DISTRICT
 CHARLOTTE COUNTY, FLORIDA
 OTHER INFORMATION – DATA ELEMENTS
 REQUIRED BY FL STATUTE 218.39(3)(C)
 UNAUDITED**

<u>Element</u>	<u>Comments</u>
Number of district employees compensated at 9/30/2021	15
Number of independent contractors compensated in September 2021	14
Employee compensation for FYE 9/30/2021 (paid/accrued)	\$319,469
Independent contractor compensation for FYE 9/30/2021	\$797,616
Construction projects to begin on or after October 1; (>\$65K)	
Budget variance report	See page 26 and 27
Ad Valorem taxes;	Not applicable
Millage rate FYE 9/30/2021	Not applicable
Ad valorem taxes collected FYE 9/30/2021	Not applicable
Outstanding Bonds:	Not applicable
Non ad valorem special assessments;	see assessment rates tab
Special assessment rate FYE 9/30/2021	O & M - \$962.55 Residential; \$647.87 Commercial
	Debt service - \$515.98 Residential; \$130.33 Commercial
Special assessments collected FYE 9/30/21	\$1,975,811
Outstanding Bonds:	
Series 2018, due May 1, 2033,	see Note 7 page 24 for details



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, 2021, 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 30, 2022.

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 30, 2022.

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.

B *Law & Associates*

June 30, 2022



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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, 2021. 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, 2021.

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 30, 2022



**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, 2021, and have issued our report thereon dated June 30, 2022.

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 30, 2022, 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 30, 2022

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2021-01 Water and Sewer Internal Controls:

Observation: During our procedures, based on the rate schedules provided, it was unclear for two multi-unit accounts selected (23-20-3596-1-1 and 23-40-8181-2-5) how the water quality fees were calculated. For one account, only one fee was charged while for the other the fee was multiplied by the number of units. The fee schedule is unclear on the matter and no written documentation or policy was provided to substantiate which method is correct. In addition, for one account, 23-20-2020-2-7, an inaccurate base fee was charged. Furthermore, during our procedures, we noted that certain late fees and other miscellaneous fees on monthly billing summary could not be reconciled to the general ledger postings.

Recommendation: Management should consider clarifying the rate schedule or establishing written policies and procedures outlining how fees and rate structures apply to accounts with multiple units. In addition, management should implement procedures to ensure that all rates and fees are accurately updated. Further, management should improve controls and procedures to ensure that billing registers, including all miscellaneous fees and adjustments are accurately posted and reconciled to the general ledger.

Management Response: Management will review the rate schedule and the written policies to determine if there needs to be a clarification in the rate structure for accounts with multiple units. Management will work with the billing company to ensure that all rates are accurately updated as well as to adjust their billing reports to ensure clear and accurate reporting of miscellaneous fees and adjustments.

II. PRIOR YEARS FINDINGS AND RECOMMENDATIONS

2020-01 Water and Sewer Internal Controls:

Current Status: See finding number 2021-01 above.

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, 2020, except as noted above.

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, 2021, 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, 2021.

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

REPORT TO MANAGEMENT (Continued)

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, 2021. 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.
7. Management has provided the specific information required by Section 218.39(3)(c) in the Other Information section of the financial statements on page 29.