

**RIVERWOOD
COMMUNITY DEVELOPMENT DISTRICT
CHARLOTTE COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022**

**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 Audit of the Financial Statements

Opinions

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, 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2022, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

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 is the responsibility of management and, 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 Included in the Financial Report

Management is responsible for the other information included in the financial report. The other information comprises the information for compliance with FL Statute 218.39 (3) (c) but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bhav & Associates

June 26, 2023

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, 2022. 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, 2022 resulting in a net position of \$17,348,660.
- The change in the District's total net position in comparison with the prior fiscal year was \$720,804, 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, 2022, the District's governmental funds reported combined ending fund balances of \$3,321,791, an increase of \$393,424 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 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	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 3,345,023	\$ 3,044,915	\$ 2,561,921	\$ 2,587,499	\$ 5,906,944	\$ 5,632,414
Capital assets, net of depreciation	10,388,570	10,507,797	7,391,977	7,480,818	17,780,547	17,988,615
Total assets	13,733,593	13,552,712	9,953,898	10,068,317	23,687,491	23,621,029
Deferred outflows of resources	1,584	1,771	-	-	1,584	1,771
Current liabilities	116,510	216,531	324,905	455,413	441,415	671,944
Long-term liabilities	5,899,000	6,323,000	-	-	5,899,000	6,323,000
Total liabilities	6,015,510	6,539,531	324,905	455,413	6,340,415	6,994,944
Net position						
Net investment in capital assets	4,491,154	4,186,568	7,391,977	7,480,818	11,883,131	11,667,386
Restricted	377,305	365,149	-	-	377,305	365,149
Unrestricted	2,851,208	2,463,235	2,237,016	2,132,086	5,088,224	4,595,321
Total net position	\$ 7,719,667	\$ 7,014,952	\$ 9,628,993	\$ 9,612,904	\$ 17,348,660	\$ 16,627,856

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	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues						
Charges for services	\$ 2,215,744	\$ 2,158,554	\$ 2,285,447	\$ 2,241,614	\$ 4,501,191	\$ 4,400,168
Operating grants and contributions	1,968	204	-	-	1,968	204
General revenues						
Unrestricted investment earnings	16,162	7,319	12,543	5,238	28,705	12,557
Other income	32,965	253,027	-	-	32,965	253,027
Total revenues	2,266,839	2,419,104	2,297,990	2,246,852	4,564,829	4,665,956
Expenses:						
General government	214,485	213,083	-	-	214,485	213,083
Physical environment	409,102	412,099	-	-	409,102	412,099
Culture/recreation	703,680	720,389	-	-	703,680	720,389
Water and sewer	-	-	2,281,901	1,726,801	2,281,901	1,726,801
Interest	234,857	249,796	-	-	234,857	249,796
Total expenses	1,562,124	1,595,367	2,281,901	1,726,801	3,844,025	3,322,168
Change in net position	704,715	823,737	16,089	520,051	720,804	1,343,788
Net position - beginning	7,014,952	6,191,215	9,612,904	9,092,853	16,627,856	15,284,068
Net position - ending	\$ 7,719,667	\$ 7,014,952	\$ 9,628,993	\$ 9,612,904	\$ 17,348,660	\$ 16,627,856

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, 2022 was \$1,562,124. 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. The increase in program revenues is mainly a result of increases in recreational and parking lot charges in the current fiscal year. The decrease in general revenues is mainly a result of nonrecurring settlement proceeds received in the prior fiscal year. In total, expenses decreased from the prior fiscal year, the majority of the decrease was the result of a decrease in professional fees for maintenance and operations.

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 increases in usage fees. The majority of the increase in expenses was the result of an increase 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, 2022. Actual special revenue fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2022.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2022, the District had \$37,186,238 invested in capital assets for its governmental activities. In the government-wide financial statements depreciation of \$26,797,668 has been taken, which resulted in a net book value of \$10,388,570. The District's business-type activities reported net capital assets of \$7,391,977. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2022, the District had \$5,899,000 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 sustained impacts from Hurricane Ian and anticipates increases in repairs and maintenance for the subsequent fiscal year. The District anticipates receiving reimbursements from FEMA to cover a portion of the costs related to hurricane damages. 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, 2022**

	Governmental Activities	Business type Activities	Total
ASSETS			
Equity in pooled cash	\$ 2,847,031	\$ 2,192,187	\$ 5,039,218
Due from other governments	25,395	-	25,395
Accounts receivable, net	-	172,647	172,647
Prepays and deposits	10,663	-	10,663
Restricted assets:			
Investments	461,934	-	461,934
Equity in pooled cash	-	197,087	197,087
Capital assets:			
Nondepreciable	2,113,366	343,998	2,457,364
Depreciable, net	8,275,204	7,047,979	15,323,183
Total assets	<u>13,733,593</u>	<u>9,953,898</u>	<u>23,687,491</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding (debit)	1,584	-	1,584
Total deferred outflows of resources	<u>1,584</u>	<u>-</u>	<u>1,584</u>
LIABILITIES			
Accounts payable and accrued liabilities	23,232	127,818	151,050
Accrued interest payable	93,278	-	93,278
Customer deposits payable from restricted assets	-	197,087	197,087
Non-current liabilities:			
Due within one year	440,000	-	440,000
Due in more than one year	5,459,000	-	5,459,000
Total liabilities	<u>6,015,510</u>	<u>324,905</u>	<u>6,340,415</u>
NET POSITION			
Net investment in capital assets	4,491,154	7,391,977	11,883,131
Restricted for debt service	377,305	-	377,305
Unrestricted	2,851,208	2,237,016	5,088,224
Total net position	<u>\$ 7,719,667</u>	<u>\$ 9,628,993</u>	<u>\$ 17,348,660</u>

See notes to the financial statements

**RIVERWOOD COMMUNITY DEVELOPMENT DISTRICT
CHARLOTTE COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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	\$ 214,485	\$ 214,485	\$ -	\$ -	\$ -	\$ -	\$ -
Physical environment	409,102	1,087,999	-	678,897	-	-	678,897
Culture/recreation	703,680	240,524	490	(462,666)	-	-	(462,666)
Interest	234,857	672,736	1,478	439,357	-	-	439,357
Total governmental activities	1,562,124	2,215,744	1,968	655,588	-	-	655,588
Business-type activities:							
Water and sewer activities	2,281,901	2,285,447	-	-	3,546	-	3,546
Total business-type activities	2,281,901	2,285,447	-	-	3,546	-	3,546
General revenues:							
Unrestricted investment earnings				16,162	12,543		28,705
Miscellaneous				32,965	-		32,965
Total general revenues				49,127	12,543		61,670
Change in net position				704,715	16,089		720,804
Net position - beginning				7,014,952	9,612,904		16,627,856
Net position - ending				\$ 7,719,667	\$ 9,628,993		\$ 17,348,660

See notes to the financial statements

**RIVERWOOD COMMUNITY DEVELOPMENT DISTRICT
CHARLOTTE COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	Major Funds			Total Governmental Funds
	General	Special Revenue	Debt Service	
ASSETS				
Equity in pooled cash	\$ 2,681,885	\$ 165,146	\$ -	\$ 2,847,031
Investments	-	-	461,934	461,934
Due from other governments	16,746	-	8,649	25,395
Prepaid items	8,974	1,689	-	10,663
Advances to other funds	165,492	-	-	165,492
Total assets	<u>\$ 2,873,097</u>	<u>\$ 166,835</u>	<u>\$ 470,583</u>	<u>\$ 3,510,515</u>
LIABILITIES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 22,571	\$ 661	\$ -	\$ 23,232
Advances from other funds	-	165,492	-	165,492
Total liabilities	<u>22,571</u>	<u>166,153</u>	<u>-</u>	<u>188,724</u>
FUND BALANCES				
Nonspendable:				
Prepays and deposits	8,974	1,689	-	10,663
Restricted for:				
Debt service	-	-	470,583	470,583
Assigned to:				
Roadways	759,490	-	-	759,490
Recreational facilities	539,731	-	-	539,731
RV Park	86,373	-	-	86,373
Reserves - Settlement	251,618	-	-	251,618
Operating reserve	350,000	-	-	350,000
Environmental services	407,706	-	-	407,706
Unassigned	446,634	(1,007)	-	445,627
Total fund balances	<u>2,850,526</u>	<u>682</u>	<u>470,583</u>	<u>3,321,791</u>
Total liabilities and fund balances	<u>\$ 2,873,097</u>	<u>\$ 166,835</u>	<u>\$ 470,583</u>	<u>\$ 3,510,515</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, 2022**

Total fund balances - governmental funds \$ 3,321,791

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	37,186,238	
Accumulated depreciation	<u>(26,797,668)</u>	10,388,570

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.

1,584

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	(93,278)	
Bonds payable	<u>(5,899,000)</u>	<u>(5,992,278)</u>

Net position of governmental activities		<u><u>\$ 7,719,667</u></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, 2022**

	Major Funds			Total Governmental Funds
	General	Special Revenue	Debt Service	
REVENUES				
Assessments	\$ 1,302,484	\$ -	\$ 672,736	\$ 1,975,220
Charges for services	74,368	166,156	-	240,524
Interest earnings	16,162	490	1,478	18,130
Other revenues	32,668	297	-	32,965
Total revenues	<u>1,425,682</u>	<u>166,943</u>	<u>674,214</u>	<u>2,266,839</u>
EXPENDITURES				
Current:				
General government	209,680	-	4,805	214,485
Physical environment	312,402	-	-	312,402
Culture/recreation	340,976	111,941	-	452,917
Debt service:				
Principal	-	-	424,000	424,000
Interest	-	1,417	239,958	241,375
Capital outlay	228,236	-	-	228,236
Total expenditures	<u>1,091,294</u>	<u>113,358</u>	<u>668,763</u>	<u>1,873,415</u>
Excess (deficiency) of revenues over (under) expenditures	334,388	53,585	5,451	393,424
Fund balances - beginning	<u>2,516,138</u>	<u>(52,903)</u>	<u>465,132</u>	<u>2,928,367</u>
Fund balances - ending	<u>\$ 2,850,526</u>	<u>\$ 682</u>	<u>\$ 470,583</u>	<u>\$ 3,321,791</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, 2022**

Net change in fund balances - total governmental funds \$ 393,424

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. 240,408

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. 424,000

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. 6,705

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. (359,635)

Change in net position of governmental activities \$ 704,715

See notes to the financial statements

**RIVERWOOD COMMUNITY DEVELOPMENT DISTRICT
CHARLOTTE COUNTY, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUND
SEPTEMBER 30, 2022**

	Water & Sewer
ASSETS	
Current assets:	
Equity in pooled cash	\$ 2,192,187
Accounts receivable, net	172,647
Restricted assets:	
Equity in pooled cash	197,087
Total current assets	2,561,921
Noncurrent assets:	
Capital assets:	
Land	343,998
Infrastructure	10,649,119
Buildings and improvements	1,413,584
Equipment	37,977
Less accumulated depreciation	(5,052,701)
Total capital assets (net of depreciation)	7,391,977
Total noncurrent assets	7,391,977
Total assets	9,953,898
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	127,818
Payable from restricted assets:	
Customer deposits	197,087
Total current liabilities	324,905
Total liabilities	324,905
NET POSITION	
Net investment in capital assets	7,391,977
Unrestricted	2,237,016
Total net position	\$ 9,628,993

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, 2022**

	<u>Water & Sewer</u>
Operating revenues:	
Charges for services:	
Water and sewer charges	\$ 2,252,505
Meter and other fees	<u>32,942</u>
Total operating revenues	<u>2,285,447</u>
 Operating expenses:	
Cost of sales and services	1,691,342
General and administrative	174,894
Depreciation	<u>415,665</u>
Total operating expenses	<u>2,281,901</u>
 Operating income (loss)	<u>3,546</u>
 Nonoperating revenues (expenses):	
Interest income	<u>12,543</u>
Total nonoperating revenues (expenses)	<u>12,543</u>
 Change in net position	16,089
 Net position - beginning	<u>9,612,904</u>
 Net position - ending	<u><u>\$ 9,628,993</u></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, 2022**

	<u>Water & Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 2,323,552
Payments to suppliers of goods and services	<u>(1,790,465)</u>
Net cash provided (used) by operating activities	<u>533,087</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	<u>(535,212)</u>
Net cash provided (used) by financing activities	<u>(535,212)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	<u>12,543</u>
Net cash provided (used) by investing activities	<u>12,543</u>
Net increase (decrease) in cash and cash equivalents	10,418
Cash and cash equivalents - October 1	<u>2,378,856</u>
Cash and cash equivalents - September 30	<u>\$ 2,389,274</u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 3,546
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization expense	415,665
(Increase) decrease in accounts receivables	35,996
Increase (decrease) in accounts payable and accrued expenses	75,771
Increase (decrease) in customer deposits	<u>2,109</u>
Total adjustments	<u>529,541</u>
Net cash provided (used) by operating activities	<u>\$ 533,087</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, 2022:

	<u>Amortized Cost</u>	<u>Credit Risk</u>	<u>Maturities</u>
First American Government			Weighted average of the fund
Oblig Fd CL Y	\$ 461,934	S&P AAAM	portfolio: 18 days
Total Investments	<u>\$ 461,934</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 AND PAYABLES

Interfund receivables and payables for the fiscal year ended September 30, 2022 were as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 165,492	\$ -
Special revenue fund	-	165,492
Total	<u>\$ 165,492</u>	<u>\$ 165,492</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.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2022 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
Infrastructure under construction	-	20,200	-	20,200
Total capital assets, not being depreciated	2,093,166	20,200	-	2,113,366
Capital assets, being depreciated				
Buildings	8,164,622	-	-	8,164,622
Equipment	374,657	17,438	-	392,095
Infrastructure - water control	11,042,926	-	-	11,042,926
Infrastructure - roadways and other improvements	15,473,229	202,770	(202,770)	15,473,229
Total capital assets, being depreciated	35,055,434	220,208	(202,770)	35,072,872
Less accumulated depreciation for:				
Buildings	(1,304,851)	(209,263)	-	(1,514,114)
Equipment	(137,922)	(41,500)	-	(179,422)
Infrastructure - water control	(11,042,926)	-	-	(11,042,926)
Infrastructure - roadways and other improvements	(14,155,104)	(108,872)	202,770	(14,061,206)
Total accumulated depreciation	(26,640,803)	(359,635)	202,770	(26,797,668)
Total capital assets, being depreciated, net	8,414,631	(139,427)	-	8,275,204
Governmental activities capital assets	\$ 10,507,797	\$ (119,227)	\$ -	\$ 10,388,570

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

Physical environment	\$ 108,872
Culture/recreation	250,763
Total depreciation expense	<u>\$ 359,635</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	297,397	(757,577)	-
Total capital assets, not being depreciated	804,178	297,397	(757,577)	343,998
Capital assets, being depreciated				
Equipment	10,477	27,500	-	37,977
Infrastructure	9,889,615	759,504	-	10,649,119
Buildings and improvements	1,413,584	-	-	1,413,584
Total capital assets, being depreciated	11,313,676	787,004	-	12,100,680
Less accumulated depreciation for:				
Equipment	(8,528)	(3,676)	-	(12,204)
Infrastructure	(3,833,973)	(376,649)	-	(4,210,622)
Buildings and improvements	(794,535)	(35,340)	-	(829,875)
Total accumulated depreciation	(4,637,036)	(415,665)	-	(5,052,701)
Total capital assets, being depreciated, net	6,676,640	371,339	-	7,047,979
Business-type activities capital assets	\$ 7,480,818	\$ 668,736	\$ (757,577)	\$ 7,391,977

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, 2022.

Long-term Debt activity

Changes in long-term liability activity for the fiscal year ended September 30, 2022 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Notes payable:					
Series 2018	\$ 6,323,000	\$ -	\$ 424,000	\$ 5,899,000	\$ 440,000
Total	\$ 6,323,000	\$ -	\$ 424,000	\$ 5,899,000	\$ 440,000

At September 30, 2022, the scheduled debt service requirements on the long - term debt were as follows:

Year ending September 30:	Business-type Activities		
	Principal	Interest	Total
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	512,000	153,052	665,052
2028-2032	2,877,000	458,019	3,335,019
2033	644,000	24,440	668,440
Total	\$ 5,899,000	\$ 1,428,097	\$ 7,327,097

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 an engineer related to the water system interconnect upgrade design project. During the current fiscal year, a settlement was reached, and the District received \$12,000 for its claims. Furthermore, the parties agreed, there was no further or ongoing liability to the District for unpaid bills or any unbilled time.

**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, 2022**

	<u>Budgeted Amounts</u>		Variance with Final Budget - Positive (Negative)
	Original & Final	Actual Amounts	
REVENUES			
Assessments	\$ 1,297,773	\$ 1,302,484	\$ 4,711
Charges for services	20,500	74,368	53,868
Interest earnings	2,199	16,162	13,963
Miscellaneous	100	32,668	32,568
Total revenues	<u>1,320,572</u>	<u>1,425,682</u>	<u>105,110</u>
EXPENDITURES			
Current:			
General government	249,915	209,680	40,235
Physical environment	633,835	312,402	321,433
Culture/recreation	436,822	340,976	95,846
Capital outlay	-	228,236	(228,236)
Total expenditures	<u>1,320,572</u>	<u>1,091,294</u>	<u>229,278</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	334,388	<u>\$ 334,388</u>
Fund balance - beginning		<u>2,516,138</u>	
Fund balance - ending		<u>\$ 2,850,526</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, 2022**

	<u>Budgeted Amounts</u>		Variance with Final Budget - Positive (Negative)
	Original & Final	Actual Amounts	
REVENUES			
Charges for services	\$ 152,100	\$ 166,156	14,056
Interest earnings	-	490	490
Miscellaneous	-	297	297
Total revenues	<u>152,100</u>	<u>166,943</u>	<u>14,843</u>
EXPENDITURES			
Current:			
Culture/recreation	127,242	111,941	15,301
Debt service:			
Principal	23,441	-	23,441
Interest	1,417	1,417	-
Total expenditures	<u>152,100</u>	<u>113,358</u>	<u>38,742</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	53,585	<u>\$ 53,585</u>
Fund balance - beginning		<u>(52,903)</u>	
Fund balance - ending		<u>\$ 682</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, 2022. Actual special revenue fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2022.

**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 9/30/2022	13
Number of independent contractors compensated in September 2022	13
Employee compensation for FYE 9/30/2022 (paid/accrued)	\$397,181
Independent contractor compensation for FYE 9/30/2022	\$413,905
Construction projects to begin on or after October 1; (>\$65K)	None
Budget variance report	See pages 26-27
Ad Valorem taxes;	Not applicable
Non ad valorem special assessments;	
Special assessment rate FYE 9/30/2022	Operations and maintenance - \$962.55 residential; \$647.87 commercial Debt service - \$515.98 residential; \$130.33 commercial
Special assessments collected FYE 9/30/2022	\$1,975,220
Outstanding Bonds:	
Series 2018, due May 1, 2033,	see Note 7 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, 2022, 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 26, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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 26, 2023.

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Management Letter. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 26, 2023



**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, 2022. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2022.

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 26, 2023



**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, 2022, and have issued our report thereon dated June 26, 2023.

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 26, 2023, 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 26, 2023

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2022-01 Water and Sewer Internal Controls:

Observation: During our procedures, we noted that certain late fees and other miscellaneous fees on monthly billing summaries could not be reconciled to the general ledger postings.

Recommendation: Management should improve controls and reporting procedures to ensure that billing registers, including all miscellaneous fees and adjustments are accurately posted and reconciled to the general ledger.

Reference Numbers for Prior Year Findings: 2021-01, 2020-01

Management Response: In October 2022, the Utility billing provider modified the billing register to include all miscellaneous fees and adjustments. All fees and adjustments are accurately posted and reconciled to the general ledger.

II. PRIOR YEARS FINDINGS AND RECOMMENDATIONS

2021-01, 2020-01 Water and Sewer Internal Controls:

Current Status: Not completely resolved. See finding number 2022-01 above.

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

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

1. A statement as to whether or not corrective actions 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, 2021, 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, 2022, 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, 2022.

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, 2022. 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.