

Riverwood Estates Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2024

TABLE OF CONTENTS

	<u>Page Number</u>
REPORT OF INDEPENDENT AUDITORS	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-9
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	16
Notes to Financial Statements	17-28
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	29-30
MANAGEMENT LETTER	31-35
INDEPENDENT ACCOUNTANTS' REPORT/COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES	36



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

REPORT OF INDEPENDENT AUDITORS

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

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities and each major fund of Riverwood Estates Community Development District (the "District"), as of and for the year ended September 30, 2024, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Riverwood Estates Community Development District as of September 30, 2024, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 (*Government Auditing Standards*). 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; 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.

Fort Pierce / Stuart

- 1 -

Member AICPA

Member AICPA Division for CPA Firms
Private Companies practice Section

Member FICPA

To the Board of Supervisors
Riverwood Estates Community Development District

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 one year beyond the financial statement date, including currently known information that may raise substantial doubt thereafter.

Auditor's Responsibility 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 opinion. 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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.



To the Board of Supervisors
Riverwood Estates Community Development District

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis 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 obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 17, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Riverwood Estates Community Development District's internal control over financial reporting and compliance.

*Berger Toombs Elam
Gaines & Frank*

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

November 17, 2025

**Riverwood Estates Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024**

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

**Riverwood Estates Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund financial statements include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures and changes in fund balances – budget and actual** is provided for the District's General Fund. *Fund financial statements* provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses or to comply with legal requirements.

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

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

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2024.

- ◆ The District's total assets exceeded total liabilities by \$12,381,380 (net position). Net investment in capital assets was \$12,308,487. Unrestricted net position totaled \$23,415 and restricted net position was \$49,478.
- ◆ Governmental activities revenues totaled \$23,940,499 while governmental activities expenses totaled \$5,675,314.

**Riverwood Estates Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District

The following schedule provides a summary of the assets, liabilities and net position of the District and is presented by category for comparison purposes.

Net Position

	Governmental Activities	
	2024	2023
Current assets	\$ 289,530	\$ 9,683
Restricted assets	4,748,846	3,639
Capital assets	21,569,725	21,569,725
Total Assets	<u>26,608,101</u>	<u>21,583,047</u>
Current liabilities	751,420	27,327,467
Non-current liabilities	13,745,301	8,914,385
Total Liabilities	<u>14,496,721</u>	<u>36,241,852</u>
Net Position		
Net investment in capital assets	12,308,487	12,191,759
Restricted	49,478	-
Unrestricted	23,415	(26,850,564)
Total Net Position	<u>\$ 12,381,380</u>	<u>\$ (14,658,805)</u>

The increase in current assets is primarily related to the increase in due from developer in the current year.

The increase in restricted assets and non-current liabilities is the result of the issuance of long-term debt in the current year.

The decrease in current liabilities is related to the payments on matured principal and interest and the cancellation of debt in the current year.

**Riverwood Estates Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

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

Change In Net Position

	Governmental Activities	
	2024	2023
Program Revenues		
Charges for services	\$ 23,810,537	\$ -
Operating grants and contributions	112,114	26,887
General Revenues		
Investment earnings	17,848	294
Total Revenues	<u>23,940,499</u>	<u>27,181</u>
Expenses		
General government	82,799	30,387
Physical environment	5,900	-
Interest and other charges	5,586,615	741,983
Total Expenses	<u>5,675,314</u>	<u>772,370</u>
Debt cancellation	<u>8,775,000</u>	<u>-</u>
Change in Net Position	27,040,185	(745,189)
Net Position - Beginning of Year	<u>(14,658,805)</u>	<u>(13,913,616)</u>
Net Position - End of Year	<u>\$ 12,381,380</u>	<u>\$ (14,658,805)</u>

The increase in charges for services is related to the payment of delinquent assessments in the current year.

The increase in operating contributions and general government is related to the District resuming normal operations.

The increase in interest and other charges is related to the payment on matured interest in the current year.

**Riverwood Estates Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets as of September 30, 2024 and 2023:

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
Land	\$ 3,383,712	\$ 3,383,712
Construction in progress	18,186,013	18,186,013
Governmental Activities Capital Assets	<u>\$ 21,569,725</u>	<u>\$ 21,569,725</u>

There was no activity for the current year.

General Fund Budgetary Highlights

Actual governmental expenditures were less than budgeted amounts primarily due to lower miscellaneous contingency costs than were anticipated.

The September 30, 2024 budget was not amended.

Debt Management

Governmental Activities debt includes the following:

- ◆ On December 1, 2006, the District issued \$23,000,000 of Special Assessment Bonds Series 2006. These bonds consist of \$14,225,000 Series 2006A Bonds due on May 1, 2037 and \$8,775,000 of Series 2006B due May 1, 2013. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. The balance outstanding on the Series 2006A Bonds as of September 30, 2024, is \$8,930,000. The matured bonds payable related to the Series 2006B Bonds were cancelled in the current year.
- ◆ On August 6, 2024, the District issued \$3,870,000 Special Assessment Bonds, Series 2024A-1, Assessment Area One to finance the acquisition and construction of a portion of the Series 2024 Project. The balance outstanding as of September 30, 2024, was \$3,870,000.

**Riverwood Estates Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Debt Management (Continued)

- ◆ On August 6, 2024, the District issued \$1,179,731 Convertible Capital Appreciation Special Assessment Bonds, Series 2024A-2, Assessment Area One. Interest will continue to accrete through November 1, 2037 and will have a total bond value of \$2,580,000. The Bonds were issued to finance the acquisition and construction of a portion of the Series 2024 Project. The balance outstanding at September 30, 2024 was \$1,179,731.

Economic Factors and Next Year's Budget

Riverwood Estates Community Development District does not expect any changes in any economic factors to have any significant effect on the financial position or results of operations in fiscal year 2025. Riverwood Estates Community Development District will resume levying assessments in 2024-2025 and continue the Series 2024 Project.

Request for Information

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

Riverwood Estates Community Development District
STATEMENT OF NET POSITION
September 30, 2024

	Governmental Activities
ASSETS	
Current Assets	
Cash	\$ 11,397
Due from developer	277,293
Deposits	840
Total Current Assets	289,530
Non-current Assets	
Restricted Assets	
Investments	4,748,846
Capital Assets, Not Being Depreciated	
Land	3,383,712
Construction in progress	18,186,013
Total Non-current Assets	26,318,571
Total Assets	26,608,101
LIABILITIES	
Current Liabilities	
Accounts payable	21,767
Due to developer	6,000
Bonds payable	490,000
Accrued interest	233,653
Total Current Liabilities	751,420
Non-current Liabilities	
Bonds payable, net	13,475,301
Total Liabilities	14,226,721
NET POSITION	
Net investment in capital assets	12,308,487
Restricted for debt service	49,478
Unrestricted	23,415
Total Net Position	\$ 12,381,380

See accompanying notes to financial statements.

Riverwood Estates Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses)</u> <u>Revenues and</u> <u>Changes in</u> <u>Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating Grants</u> <u>and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Governmental Activities				
General government	\$ (82,799)	\$ -	\$ 104,657	\$ 21,858
Physical environment	(5,900)	-	7,457	1,557
Interest and other charges	(5,586,615)	23,810,537	-	18,223,922
Total Governmental Activities	<u>\$ (5,675,314)</u>	<u>\$ 23,810,537</u>	<u>\$ 112,114</u>	<u>18,247,337</u>
		General Revenues		
				17,848
				<u>8,775,000</u>
				27,040,185
				<u>(14,658,805)</u>
				<u>\$ 12,381,380</u>

Riverwood Estates Community Development District
BALANCE SHEET –
GOVERNMENTAL FUNDS
September 30, 2024

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash	\$ 11,397	\$ -	\$ -	\$ 11,397
Due from developer	38,945	238,348	-	277,293
Deposits	840	-	-	840
Restricted assets				
Investments	-	72,168	4,676,678	4,748,846
Total Assets	<u>\$ 51,182</u>	<u>\$ 310,516</u>	<u>\$ 4,676,678</u>	<u>\$ 5,038,376</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 21,767	\$ -	\$ -	\$ 21,767
Due to developer	6,000	-	-	6,000
Total Liabilities	<u>27,767</u>	<u>-</u>	<u>-</u>	<u>27,767</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	<u>2,418</u>	<u>-</u>	<u>-</u>	<u>2,418</u>
FUND BALANCES				
Nonspendable				
Deposits	840	-	-	840
Restricted				
Debt service	-	310,516	-	310,516
Capital projects	-	-	4,676,678	4,676,678
Unassigned	<u>20,157</u>	<u>-</u>	<u>-</u>	<u>20,157</u>
Total Fund Balances	<u>20,997</u>	<u>310,516</u>	<u>4,676,678</u>	<u>5,008,191</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 51,182</u>	 <u>\$ 310,516</u>	 <u>\$ 4,676,678</u>	 <u>\$ 5,038,376</u>

See accompanying notes to financial statements.

**Riverwood Estates Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2024**

Total Governmental Fund Balances	\$ 5,008,191
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets not being depreciated, construction in progress, \$18,186,013, and land, \$3,383,712, used in governmental activities are not current financial resources, and therefore, are not reported at the fund level.	21,569,725
Long-term liabilities, bonds payable, \$(13,979,731), net of bond discount, net, \$14,430, are not due and payable in the current period, and therefore, are not reported at the fund level.	(13,965,301)
Revenues that are unavailable are not recognized at the fund level; however, revenue is recognized when earned at the government-wide level.	2,418
Accrued interest expense for long-term debt is not a current financial use, and therefore, is not reported at the fund level.	<u>(233,653)</u>
Net Position of Governmental Activities	<u><u>\$ 12,381,380</u></u>

See accompanying notes to financial statements.

Riverwood Estates Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended September 30, 2024

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Special assessments	\$ -	\$ 23,810,537	\$ -	\$ 23,810,537
Developer contributions	109,696	-	-	109,696
Investment income	-	1,397	16,451	17,848
Total Revenues	109,696	23,811,934	16,451	23,938,081
Expenditures				
Current				
General government	82,799	-	-	82,799
Physical environment	5,900	-	-	5,900
Debt service				
Principal	-	460,000	-	460,000
Interest	-	5,233,346	-	5,233,346
Other	-	327,750	-	327,750
Total Expenditures	88,699	6,021,096	-	6,109,795
Excess revenues over/(under) expenditures	20,997	17,790,838	16,451	17,828,286
Other financing sources/uses				
Issuance of long-term debt	-	389,504	4,660,227	5,049,731
Cancellation of debt	-	8,775,000	-	8,775,000
Total Other Financing Sources/Uses	-	9,164,504	4,660,227	13,824,731
Net change in fund balances	20,997	26,955,342	4,676,678	31,653,017
Fund Balances - Beginning of Year	-	(26,644,826)	-	(26,644,826)
Fund Balances - End of Year	\$ 20,997	\$ 310,516	\$ 4,676,678	\$ 5,008,191

See accompanying notes to financial statements.

Riverwood Estates Community Development District
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

Net Change in Fund Balances - Total Governmental Funds \$ 31,653,017

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

Repayments of bond principal are expenditures in the governmental fund level statements, but the repayment reduces long-term liabilities at the government-wide level. 460,000

The issuance of long-term debt is recognized as an other financing source at the fund level, but increases long-term liabilities at the government-wide level. (5,049,731)

At the fund level bond discount is recognized as an other financing use in the year the bond is issued; however, at the government-wide level bond discount is amortized over the life of the bond. This is the current year amortization. (1,185)

At the fund level, revenues are recognized when they become available; however, revenues are recognized when earned at the government-wide level. This is the change in earned revenue that was not available. 2,418

In the Statement of Activities, interest is accrued on outstanding bonds; whereas at the governmental fund level, interest expenditures are reported when due. This is the change in accrued interest in the current period. (24,334)

Change in Net Position of Governmental Activities \$ 27,040,185

See accompanying notes to financial statements.

Riverwood Estates Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Developer contributions	\$ 150,064	\$ 150,064	\$ 109,696	\$ (40,368)
Expenditures				
Current				
General government	150,064	150,064	82,799	67,265
Physical environment	-	-	5,900	(5,900)
Total Expenditures	<u>150,064</u>	<u>150,064</u>	<u>88,699</u>	<u>61,365</u>
Net Change in Fund Balances	-	-	20,997	20,997
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,997</u>	<u>\$ 20,997</u>

See accompanying notes to financial statements.

Riverwood Estates Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

The District was established on February 14, 2006, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), by Pasco County Ordinance #06-01 as a Community Development District. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing district roads, landscaping, and other basic infrastructure projects within or outside the boundaries of the Riverwood Estates Community Development District. The District is governed by a five member Board of Supervisors who are elected on an at large basis by landowners of the District. The District operates within the criteria established by Chapter 190, Florida Statutes.

In fiscal year 2009, the Developer declared bankruptcy and development activities of the District were halted. In May 2010, a Special Purpose Entity ("SPE"), Riverwood Estates Holdco, LLC ("Holdings"), was awarded the developer property through Federal Bankruptcy Court. The SPE became legal owner of the property in December 2010. The SPE was formed by the Trustee, on behalf of the Bondholders, to own, manage and dispose of the property. The District is economically dependent on the SPE. On February 18, 2015, Rizzetta-Riverwood Properties, LLC the sole Managing Member of the SPE for consideration transferred all its membership interest to Riverwood Estates Management LLC. In the current year, the SPE sold the remaining property held. On April 25, 2024, the SPE voluntarily dissolved.

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

Based upon the application of the above-mentioned criteria as set forth by the Governmental Accounting Standards Board, the District has identified one component unit. The component unit is Holdings. Holdings did not provide the District with any financial activity for the current year, and therefore, the component unit is not reflected in the financial statements as a stand-alone component unit.

Riverwood Estates Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statement

a. Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include all the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities are supported by contributions and special assessments. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source.

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

b. Fund Financial Statements

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

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

Riverwood Estates Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds

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

The District has various policies governing the fund balance classifications.

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

Restricted Fund Balance – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Assigned Fund Balance – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed. The assigned fund balances can also be assigned by the District's management company.

Unassigned Fund Balance – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fund Balance Spending Hierarchy – For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

Riverwood Estates Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 90 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources".

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

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

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

Debt service expenditures are recorded only when payment is due.

3. Basis of Presentation

a. Governmental Major Funds

General Fund – The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Riverwood Estates Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation (Continued)

a. Governmental Major Funds (Continued)

Debt Service Fund – Accounts for debt service requirements to retire the special assessment bonds which were used to finance the construction of District infrastructure improvements. The bonds are secured by a first lien on and pledge of the special assessment revenues and pledged funds.

Capital Projects Fund – The Capital Projects Fund accounts for the construction of infrastructure improvements within the District.

b. Non-current Governmental Assets/Liabilities

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

4. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

a. Cash and Investments

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

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

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

Riverwood Estates Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

a. Cash and Investments (Continued)

Cash equivalents include time deposits and all highly liquid debt instruments with original maturities of three months or less and held in a qualified public depository as defined by Section 280.02, Florida Statutes.

b. Restricted Net Position

Certain net position of the District is classified as restricted on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation, or by restrictions imposed externally by creditors. In a fund with both restricted and unrestricted net position, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

c. Capital Assets

Capital assets, which include land and construction in progress, are reported in the governmental activities column.

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

d. Unamortized Bond Discount

Bond discounts are presented on the government-wide financial statements. The costs are amortized over the life of the bonds using the straight-line method. For financial reporting, the unamortized bond discount is netted against the applicable long-term debt.

Riverwood Estates Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**4. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity
(Continued)**

e. Budgets

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

f. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District only has one item that qualifies for reporting in the category. Unavailable revenues are reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amounts become available.

g. Use of Estimates

The preparation of the 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 financial statement date and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE B – CASH AND INVESTMENTS

All deposits are held in qualified public depositories and are included on the accompanying balance sheet as cash and investments.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk; however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. Exposure to custodial credit risk was as follows. As of September 30, 2024, the District's bank balance and the carrying value were \$11,397. As of September 30, 2024, the District had deposits at a financial institution fully insured by FDIC. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

**Riverwood Estates Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024**

NOTE B – CASH AND INVESTMENTS (CONTINUED)

Investments

As of September 30, 2024, the District had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Goldman Sachs Financial Square Govt Fund	36 days*	\$ 10,195
Fidelity Money Market Treasury	25 days*	4,738,651
Total		<u>\$ 4,748,846</u>

* Weighted average maturity

The District categorizes its fair value measurements within the fair value hierarchy recently established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The District uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted prices for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable and uses significant unobservable inputs that use the best information available under the circumstances, which includes the District's own data in measuring unobservable inputs.

Based on the criteria in the preceding paragraph, the District's investments listed above are considered Level 1 assets.

Interest Rate Risk

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

Credit Risk

The District's investments are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. As of September 30, 2024 the District's investments in the Goldman Sachs Financial Square Govt Fund and Fidelity Money Market Treasury were rated AAAM by Standard & Poor's.

Riverwood Estates Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE B – CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The investments in Goldman Sachs Financial Square Govt Fund are less than 1% and the investments in Fidelity Money Market Treasury totaled more than 99% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2024, were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary.

NOTE C – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2024 was as follows:

	Balance October 1, 2023	Additions	Disposals	Balance September 30, 2024
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Construction in Progress	\$ 18,186,013	\$ -	\$ -	\$ 18,186,013
Land	3,383,712	-	-	3,383,712
Governmental Activities Capital Assets	<u>\$ 21,569,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,569,725</u>

NOTE D – LONG-TERM DEBT

Changes in long-term liability activity for the fiscal year ended September 30, 2024 were as follows:

	Balances October 1, 2023	Additions	Reductions	Balances September 30, 2024
Governmental Activities				
Series 2006	\$ 9,390,000	\$ -	\$ (460,000)	\$ 8,930,000
Less: bond discount	(15,615)	-	1,185	(14,430)
Series 2024A-1	-	3,870,000	-	3,870,000
Series 2024A-2	-	1,179,731	-	1,179,731
Totals	<u>\$ 9,374,385</u>	<u>\$ 5,049,731</u>	<u>\$ (458,815)</u>	<u>\$ 13,965,301</u>

Riverwood Estates Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE D – LONG-TERM DEBT (CONTINUED)

Special Assessment Bonds – Series 2006

On December 1, 2006, the District issued \$23,000,000 of Special Assessment Bonds Series 2006. These bonds consist of \$14,225,000 Series 2006A Bonds due on May 1, 2037 with a fixed interest rate of 5.35% and \$8,775,000 of Series 2006B due May 1, 2013 with a fixed interest rate of 5%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is paid semiannually on each May 1 and November 1, commencing May 1, 2007.

The Series 2006A bonds mature May 1, 2037, and principal is payable annually commencing May 1, 2008 through May 1, 2037. The Series 2006A Bonds are subject to redemption at the option of the District, in whole or in part at anytime on or after May 1, 2016 at a redemption price as set forth in the Bond Indenture. The balance outstanding at September 30, 2024 for Bond Series 2006A was \$8,930,000.

Series 2006B bonds matured on May 1, 2013. The unpaid balance, previously reflected as matured bonds payable, was cancelled in the current year upon the sale of the final property held by the SPE.

Special Assessment Bonds – Series 2024

On August 6, 2024, the District issued \$3,870,000 Special Assessment Bonds, Series 2024A-1, Assessment Area One. Interest is payable at a rate of 5.85% each May 1 and November 1, beginning November 1, 2024. Principal payments are due May 1, beginning May 1, 2038 with a final maturity May 1, 2054. The balance outstanding at September 30, 2024, was \$3,870,000.

On August 6, 2024, the District issued \$1,179,731 Convertible Capital Appreciation Special Assessment Bonds, Series 2024A-2, Assessment Area One. Interest will continue to accrete through November 1, 2037 and will have a total bond value of \$2,580,000. Principal payments are due May 1, beginning May 1, 2038 and maturing May 1, 2054. The balance outstanding at September 30, 2024 was \$1,179,731.

Riverwood Estates Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE D – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2024 are as follows:

Year Ending September 30,	Principal	Interest	Total
2025	\$ 490,000	\$ 644,407	\$ 1,134,407
2026	515,000	677,935	1,192,935
2027	545,000	650,383	1,195,383
2028	575,000	621,225	1,196,225
2029	605,000	590,463	1,195,463
2030-2034	3,560,000	2,430,153	5,990,153
2035-2039	2,920,000	1,411,373	4,331,373
2040-2044	875,000	953,550	1,828,550
2045-2049	1,160,000	666,315	1,826,315
2050-2054	1,555,000	284,018	1,839,018
Totals	<u>\$ 12,800,000</u>	<u>\$ 8,929,822</u>	<u>\$ 21,729,822</u>

The Convertible Capital Appreciation Special Assessment Bonds, Series 2024A-2, are not included in the amortization above.

Significant Bond Resolution Terms and Covenants

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service. The District did not levy special assessments to meet the debt service requirement in the current year as these amounts have been held in abeyance. The levy of special assessments will resume for the Series 2006 Bonds and begin for the Series 2024 Bonds in fiscal year 2025.

NOTE E – RISK MANAGEMENT

The government 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 many not extend to all situations. The District has not filed any claims under this commercial insurance coverage over the past three years.

Riverwood Estates Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE F – ECONOMIC DEPENDENCY / RELATED PARTY

A significant portion of the District's activity is dependent upon continued involvement of the Developer, the loss which could have a material adverse effect on the District's operations. All voting members of the Board of Supervisors were employed by the Developer or a related entity September 30, 2024. The District recognized \$112,114 in operating contributions from the Developer for the year ended September 30, 2024. In addition, the District had \$277,293 due from the developer and \$6,000 due to the developer at September 30, 2024.



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

INDEPENDENT AUDITORS' 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 Estates Community Development District
Pasco County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements, as listed in the table of contents, of Riverwood Estates Community Development District, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated November 17, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered Riverwood Estates Community Development District's internal control over financial reporting (internal control) as a basis for designing 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 Riverwood Estates Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Riverwood Estates Community Development 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 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 have not been identified.

To the Board of Supervisors
Riverwood Estates Community Development District

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Riverwood Estates Community Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Finding 12-02: The District was not in compliance with certain provisions of the Bond Indentures in that the District did not maintain the required reserve requirement. Reserve funds were utilized in a prior year to make certain debt service payments at the request of the bondholders.

Response: The District continues to try to maintain adequate reserves as required.

Current status: The finding was corrected.

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.



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

November 17, 2025



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Riverwood Estates Community Development District as of and for the year ended September 30, 2024, and have issued our report thereon dated November 17, 2025.

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 Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with AICPA Professionals Standards, AT-C Section 315 regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated November 17, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been made to address findings and recommendations made in the preceding financial audit report. The following findings or recommendations were made in the preceding financial audit report:

To the Board of Supervisors
Riverwood Estates Community Development District

12-01 Failure to make Debt Service Payment when Due

Finding: The Special Assessment Revenue Bonds Series 2006 require semiannual interest payments and annual principal payments per the Bond Indenture. In the current year and prior years, interest and principal were not paid on the bonds. The Trustee has directed the District not to collect debt service special assessments. The District, therefore, is not receiving debt service assessments due to the Developer's nonpayment and Special Purpose Entity purchase of the land within the District. The District was not in compliance with the requirements of the bond indenture and has met a financial emergency condition as described in Florida Statutes Section 218.503(1).

Recommendation: We recommend that the District utilize all remedies available to bring debt service payments current.

Management Response: During the year ending September 30, 2009, the Developer declared bankruptcy and abandoned the project. The Developer was unable to pay their debt service assessments and therefore, the Bonds went into default. During the year ending September 30, 2010, the Federal Bankruptcy Court mandated a sale of the land and gave the District a credit for bidding on the land equal to the par amount of the bonds. The Court mandated that a minimum of one million dollars must be bid by the District. The District assigned its right to an SPE, which was successful in securing the land with the minimum bid. Subsequent to that, the District withdrew its foreclosure suit. The SPE has assumed responsibility for the operations and maintenance payments. The past due and future debt service payments will be held in abeyance until the trustee notifies the District to the contrary.

Current Status: The finding was corrected.

12-02 Failure to Meet Debt Service Reserve Account Requirement

See page 30.

12-03 Failure to Include Component Unit Financial Statement in the Financial Report

Finding: Generally accepted accounting principles require that the District include the financial statements of the Special Purpose Entity (SPE) in their audited financial report as a discretely-presented component unit because the assets of the SPE will be potentially used to satisfy the bonds payable included in the financial statements of the District. The SPE is not included as a component unit in the District's financial report. Due to the lack of control by the District and that the SPE's primary beneficiary is the bondholders, the District's position is that the SPE is not a component unit of the District. We could not audit the records nor include them as a discretely-presented component unit in the District's government-wide financial statements.

To the Board of Supervisors
Riverwood Estates Community Development District

12-03 Failure to Include Component Unit Financial Statement in the Financial Report
(Continued)

Recommendation: We recommend that the District include the SPE as a discretely-presented component unit of the District's government-wide financial statements.

Management Response: The District's management does not agree that the SPE should be included as a discretely-presented component unit on the government-wide financial statements. In summary, management feels that it would be misleading to the users of the financial statements to include the SPE as a component unit. The District has no ownership and/or control over the SPE and in no way can it impose its will on the SPE. In addition, the District will not benefit from the activities of the SPE. When the land held by the SPE is sold, the proceeds will be paid to the Bondholders to satisfy the Bond debt. The District will not be responsible for any deficiency between the net proceeds of the sale and the associated Bond debt.

Current Status: The finding was corrected.

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial conditions assessment procedures as of September 30, 2024 for the Riverwood Estates Community Development District. It is management's responsibility to monitor the Riverwood Estates Community Development District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

To the Board of Supervisors
Riverwood Estates Community Development District

Specific Information

The information below was provided by management and has not been audited by us; therefore, we do not express an opinion or provide any assurance on the information.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, Riverwood Estates Community Development District reported:

- 1) The total number of District employees compensated in the last pay period of the District's fiscal year: 0
- 2) The total number of independent contractors, defined as individuals or entities that receive 1099s, to whom nonemployee compensation was paid in the last month of the District's fiscal year: 2
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$0
- 4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$19,628.52
- 5) Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1, 2023, together with the total expenditures for such project: Series 2024
- 6) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes: The Board did not amend the budget.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)9, Rules of the Auditor General, the Riverwood Estates Community Development District reported:

- 1) The rate or rates of non-ad valorem special assessments imposed by the District: Debt Service Fund: \$781.13 - \$992.63
- 2) The amount of special assessments collected by or on behalf of the District: Total delinquent special assessments collected was \$23,810,537.
- 3) The total amount of outstanding bonds issued by the District and the terms of such bonds are as follows: \$8,930,000 Series 2006A Bonds due on due May 2037 at a fixed interest rate of 5.35%; \$3,870,000 Series 2024A-1 Bonds due May 2054 at a fixed rate of 5.85%; and \$1,179,731 Series 2024A-2 Bonds due May 2054.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that has occurred or is likely to have occurred, that has an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.



Berger, Toombs, Elam,
Gaines & Frank
Certified Public Accountants PL

To the Board of Supervisors
Riverwood Estates Community Development District

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Supervisors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Berger Toombs Elam
Gaines + Frank*

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

November 17, 2025



**Berger, Toombs, Elam,
Gaines & Frank**

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

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

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

We have examined Riverwood Estates Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2024. Management is responsible for Riverwood Estates Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Riverwood Estates Community Development District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Riverwood Estates Community Development District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Riverwood Estates Community Development District's compliance with the specified requirements.

In our opinion, Riverwood Estates Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2024.

*Berger Toombs Elam
Gaines & Frank*

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

November 17, 2025