



Rizzetta & Company

Riverwood Estates Community Development District

**Audit Committee and Board of
Supervisors Meeting
March 18, 2021**

**District Office:
5844 Old Pasco Road, Suite 100
Wesley Chapel, FL 33544
813-994-1001**

www.riverwoodestatescdd.org

RIVERWOOD ESTATES COMMUNITY DEVELOPMENT DISTRICT

Rizzetta & Company, Inc., 5844 Old Pasco Road, Suite 100, Wesley Chapel, FL 33544

Board of Supervisors	Patricia Buck Jennifer Orsi Julie Vitale Michelle Berry Paula Orsi	Chairman Vice Chairman Assistant Secretary Assistant Secretary Assistant Secretary
District Manager	Lynn Hayes	Rizzetta & Company, Inc.
District Counsel	Wes Haber	Hopping, Green & Sams, P.A.
District Engineer	Paul Skidmore	Florida Design Consultants, Inc.

All cellular phones must be placed on mute while in the meeting room.

The Audience Comment portion of the agenda is where individuals may make comments on matters that concern the District. Individuals are limited to a total of three (3) minutes to make comments during this time.

Pursuant to provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this meeting/hearing/workshop is asked to advise the District Office at least forty-eight (48) hours before the meeting/hearing/workshop by contacting the District Manager at (813) 994-1001. If you are hearing or speech impaired, please contact the Florida Relay Service by dialing 7-1-1, or 1-800-955-8771 (TTY) 1-800-955-8770 (Voice), who can aid you in contacting the District Office.

A person who decides to appeal any decision made at the meeting/hearing/workshop with respect to any matter considered at the meeting/hearing/workshop is advised that person will need a record of the proceedings and that accordingly, the person may need to ensure that a verbatim record of the proceedings is made including the testimony and evidence upon which the appeal is to be based.

March 10, 2021

**Board of Supervisors
Riverwood Estates
Community Development District**

FINAL AGENDA

Dear Board Members:

The Audit committee and regular meeting of the Board of Supervisors' of Riverwood Estates Community Development District will be held on **Thursday March 18, 2021 at 10:00 a.m.** at the offices of Sunfield Homes Inc., located at 3600 Galileo Drive, Suite 104, Trinity, FL 34655. The following is the final agenda for this meeting:

AUDIT COMMITTEE MEETING:

- 1. CALL TO ORDER/ROLL CALL**
- 2. BUSINESS ITEMS**
 - A. Presentation of Audit Proposal Instructions.....Tab 1
 - B. Presentation of Audit Evaluation Criteria Tab 2
 - C. Consideration of Audit RFP Ad.....Tab 3
- 3. ADJOURNMENT**

BOS MEETING:

- 1. CALL TO ORDER**
- 2. AUDIENCE COMMENTS**
- 3. BUSINESS ADMINISTRATION**
 - A. Consideration of Minutes of the Board of Supervisors Meeting held on February 18, 2021 Tab 4
 - B. Consideration of Operation & Maintenance Expenditures for February 2021 Tab 5
- 4. BUSINESS ITEMS**
 - A. Presentation of FY 2020 Audit Report.....Tab 6
- 5. STAFF REPORTS**
 - A. District Counsel
 - B. District Engineer
 - C. District Manager
- 6. SUPERVISOR REQUESTS**
- 7. ADJOURNMENT**

We look forward to seeing you at the meeting. In the meantime, if you have any questions, please do not hesitate to call us at (813) 994-1001.

Sincerely,

Lynn Hayes
District Manager

Tab 1

**RIVERWOOD ESTATES COMMUNITY DEVELOPMENT DISTRICT
REQUEST FOR PROPOSALS**

**District Auditing Services for Fiscal Year 2021-2023
Pasco, Florida**

INSTRUCTIONS TO PROPOSERS

SECTION 1. DUE DATE. Sealed proposals must be received no later than **April 9, 2021 at 12:00 p.m.**, at the offices of District Manager, located at 5844 Old Pasco Road, Suite 100, Wesley Chapel, Florida 33544. Proposals will be publicly opened at that time.

SECTION 2. FAMILIARITY WITH THE LAW. By submitting a proposal, the Proposer is assumed to be familiar with all federal, state, and local laws, ordinances, rules and regulations that in any manner affect the work. Ignorance on the part of the Proposer will in no way relieve it from responsibility to perform the work covered by the proposal in compliance with all such laws, ordinances, and regulations.

SECTION 3. QUALIFICATIONS OF PROPOSER. The contract, if awarded, will only be awarded to a responsible Proposer who is qualified by experience and licensing to do the work specified herein. The Proposer shall submit with its proposal satisfactory evidence of experience in similar work and show that it is fully prepared to complete the work to the satisfaction of the District.

SECTION 4. SUBMISSION OF ONLY ONE PROPOSAL. Proposers shall be disqualified and their proposals rejected if the District has reason to believe that collusion may exist among the Proposers, the Proposer has defaulted on any previous contract or is in arrears on any previous or existing contract, or for failure to demonstrate proper licensure and business organization.

SECTION 5. SUBMISSION OF PROPOSAL. Submit one (1) digital copy and one (1) hard copy of the Proposal Documents, and other requested attachments at the time and place indicated herein, which shall be enclosed in an opaque sealed envelope, marked with the title “Auditing Services – Riverwood Estates Community Development District” on the face of it.

SECTION 6. MODIFICATION AND WITHDRAWAL. Proposals may be modified or withdrawn by an appropriate document duly executed and delivered to the place where proposals are to be submitted at any time prior to the time and date the proposals are due. No proposal may be withdrawn after opening for a period of ninety (90) days.

SECTION 7. PROPOSAL DOCUMENTS. The proposal documents shall consist of the notice announcing the request for proposals, these instructions, the Evaluation Criteria Sheet and a proposal with all required documentation pursuant to Section 12 of these instructions (the “Proposal Documents”).

SECTION 8. PROPOSAL. In making its proposal, each Proposer represents that it has read and understands the Proposal Documents and that the proposal is made in accordance therewith.

SECTION 9. BASIS OF AWARD/RIGHT TO REJECT. The District reserves the right to reject any and all proposals, make modifications to the work, and waive any informalities or irregularities in proposals as it is deemed in the best interests of the District.

SECTION 10. CONTRACT AWARD. Within fourteen (14) days of receipt of the Notice of Award from the District, the Proposer shall enter into and execute a Contract (engagement letter) with the District.

SECTION 11. LIMITATION OF LIABILITY. Nothing herein shall be construed as or constitute a waiver of District's limited waiver of liability contained in section 768.28, Florida Statutes, or any other statute or law.

SECTION 12. MISCELLANEOUS. All proposals shall include the following information in addition to any other requirements of the proposal documents.

- A. List position or title of all personnel to perform work on the District audit. Include resumes for each person listed; list years of experience in present position for each party listed and years of related experience.
- B. Describe proposed staffing levels, including resumes with applicable certifications.
- C. Three references from projects of similar size and scope. The Proposer should include information relating to the work it conducted for each reference as well as a name, address and phone number of a contact person.
- D. The lump sum cost of the provision of the services under the proposal

SECTION 13. PROTESTS. Any protest regarding the Proposal Documents, must be filed in writing, at the offices of the District Manager, within seventy-two (72) hours after the receipt of the proposed project plans and specifications or other contract documents. The formal protest setting forth with particularity the facts and law upon which the protest is based shall be filed within seven (7) calendar days after the initial notice of protest was filed. Failure to timely file a notice of protest or failure to timely file a formal written protest shall constitute a waiver of any right to object or protest with respect to aforesaid plans, specifications or contract documents.

SECTION 14. EVALUATION OF PROPOSALS. The criteria to be used in the evaluation of proposals are presented in the Evaluation Criteria Sheet, contained within the Proposal Documents.

Tab 2

**AUDITOR SELECTION
EVALUATION CRITERIA**

1. *Ability of Personnel.* (20 Points)

(E.g., geographic locations of the firm’s headquarters or permanent office in relation to the project; capabilities and experience of key personnel; present ability to manage this project; evaluation of existing work load; proposed staffing levels, etc.)

2. *Proposer’s Experience.* (20 Points)

(E.g. past record and experience of the Proposer in similar projects; volume of work previously performed by the firm; past performance for other Community Development Districts in other contracts; character, integrity, reputation, of respondent, etc.)

3. *Understanding of Scope of Work.* (20 Points)

Extent to which the proposal demonstrates an understanding of the District’s needs for the services requested.

4. *Ability to Furnish the Required Services.* (20 Points)

Extent to which the proposal demonstrates the adequacy of Proposer’s financial resources and stability as a business entity necessary to complete the services required (E.g. the existence of any natural disaster plan for business operations).

5. *Price* (20 Points)

Points will be awarded based upon the price bid for the rendering of the services and reasonableness of the price to the services

Tab 3

**RIVERWOOD ESTATES COMMUNITY DEVELOPMENT DISTRICT
REQUEST FOR PROPOSALS FOR ANNUAL AUDIT SERVICES**

The Riverwood Estates Community Development District hereby requests proposals for annual financial auditing services. The proposal must provide for the auditing of the District's financial records for the Fiscal Year ending September 30, 2021 with an option for four additional annual renewals. The District is a local unit of special-purpose government created under Chapter 190, Florida Statutes, for the purpose of financing, constructing, and maintaining public infrastructure. The District was created by Pasco County Ordinance and it has issued Special Assessment Revenue Bonds Series 2005 to finance the acquisition and construction of certain improvements for the benefit of the District. For fiscal year 2020/2021, the District had a total annual operating budget of approximately \$27,725. The final contract will require that among other things, the audit for the period ending September 30, 2021 be completed no later than June 1, 2022.

The auditing entity submitting a proposal must be duly licensed and authorized to do business in Florida; hold all applicable state and federal professional licenses in good standing, included but not limited to a license under Chapter 473, Florida Statutes, and be qualified to conduct audits in accordance with "Government Auditing Standards," as adopted by the Florida Board of Accountancy. Audits shall be conducted in accordance with Florida law and particularly Section 218.39, Florida Statutes, and the rules of the Florida Auditor General.

Proposal packages, which include evaluation criteria and instructions to proposers, are available from the District Manager at the address and telephone number listed below.

Proposers must provide one (1) hard copy of their proposal and one (1) Adobe PDF file on flash drive to the District Manager, 5844 Old Pasco Road, Suite 100, Wesley Chapel, FL 33544, in a sealed envelope marked on the outside "Auditing Services - Riverwood Estates Community Development District." **Proposals must be received by 12:00 p.m. on April 9, 2021** at the office of the District Manager. Please direct all questions regarding this Notice to the District Manager, who can be reached at 813-994-1001.

Riverwood Estates Community Development District
Lynn Hayes, District Manager

Run Date: 3/28/2021

Tab 4

MINUTES OF MEETING

Each person who decides to appeal any decision made by the Board with respect to any matter considered at the meeting is advised that the person may need to ensure that a verbatim record of the proceedings is made, including the testimony and evidence upon which such appeal is to be based.

RIVERWOOD ESTATES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of Riverwood Estates Community Development District was held on **February 18, 2021 at 10:14 a.m.** at the offices of Sunfield Homes, Inc., located at 3600 Galileo Drive, Suite 104, Trinity, FL 34655.

Present and constituting a quorum were:

Patricia Buck	Board Supervisors, Chairman
Jennifer Orsi	Board Supervisor, Vice Chairman
Paula Orsi	Board Supervisor, Assistant Secretary

Also present were:

Lynn Hayes	District Manager, Rizzetta Company, Inc.
Wes Haber	District Counsel, Hopping, Green and Sams

Audience
Not Present

FIRST ORDER OF BUSINESS

Call to Order and Roll Call

Mr. Hayes called the meeting to order and confirmed quorum.

SECOND ORDER OF BUSINESS

Consideration of Minutes of the Board of Supervisors' Meeting and Landowner Meeting held on November 19, 2020

Mr. Hayes presented the minutes and inquired if there were any amendments necessary. There were none.

On a Motion by Ms. Patricia Buck, seconded by Ms. Jennifer Orsi, with all in favor, the Board of Supervisors approved the Board of Supervisors meeting minutes and the Landowner meeting minutes held on November 19, 2020, for Riverwood Estates Community Development District.

THIRD ORDER OF BUSINESS

Consideration of Operation and Maintenance Expenditures for November and December 2020, and January 2021

46
47 Mr. Hayes presented the Operation and Maintenance Expenditures for November
48 and December 2020 and January 2021 to the Board of Supervisors.
49

50 On a motion by Ms. Patricia Buck, seconded by Ms. Jennifer Orsi, with all in favor, the
51 Board of Supervisors ratified the Operation and Maintenance payment of the invoices for
52 November 2020, (\$791.67), December 2020 (\$885.47), and January 2021 (\$1,851.67), for
53 Riverwood Estates Community Development District.

54
55 **FOURTH ORDER OF BUSINESS**

**Consideration of Establishing Audit
Committee**

56
57
58 Mr. Hayes discussed establishing an audit committee to select an auditing firm to
59 conduct the annual financial audit.
60

61 On a Motion by Ms. Patricia Buck, seconded by Ms. Jennifer Orsi, with all in favor, the
62 Board of Supervisors approved establishing an audit committee and appointing the
63 Board to serve as the audit committee, for Riverwood Estates Community Development
64 District.

65
66 **FIFTH ORDER OF BUSINESS**

Staff Reports

67
68 **A. District Counsel**
69

On a Motion by Ms. Jennifer Orsi, seconded by Ms. Patricia Buck, with all in favor, the
Board of Supervisors approved the Memorandum of Understanding E-Verify, for
Riverwood Estates Community Development District.

70
71 **B. District Engineer**
72 No report.
73

74 **C. District Manager**

75 Mr. Hayes stated that the next meeting is scheduled for March 18, 2021 at
76 10:00 a.m. at the offices of Sunfield Homes, Inc., located at 3600 Galileo
77 Drive, Suite 104, Trinity, FL 34655.
78

79
80 **SIXTH ORDER OF BUSINESS**

Adjournment

81
82 On a Motion by Ms. Patricia Buck, seconded by Ms. Jennifer Orsi, with all in favor, the
83 Board of Supervisors adjourned the meeting at 10:26 a.m. for Riverwood Estates
84 Community Development District.
85

Secretary/Assistant Secretary

Chairman/ Vice Chairman

Tab 5

RIVERWOOD ESTATES COMMUNITY DEVELOPMENT DISTRICT

DISTRICT OFFICE · 5844 OLD PASCO ROAD · SUITE 100 · WESLEY CHAPEL, FLORIDA 33544

Operation and Maintenance Expenditures February 2021 For Board Approval

Attached please find the check register listing the Operation and Maintenance expenditures paid from February 1, 2021 through February 28, 2021. This does not include expenditures previously approved by the Board.

The total items being presented: **\$745.67**

Approval of Expenditures:

_____ Chairperson

_____ Vice Chairperson

_____ Assistant Secretary

Riverwood Estates Community Development District

Paid Operation & Maintenance Expenditures

February 1, 2021 Through February 28, 2021

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Hopping Green & Sams	001489	120218	General Legal Services 12/20	\$ 229.00
Rizzetta & Company, Inc.	001487	INV0000055982	District Management Fees 02/21	\$ 416.67
Rizzetta Technology Services	001488	INV0000006779	Website Hosting Services 02/21	<u>\$ 100.00</u>
Report Total				<u>\$ 745.67</u>

Tab 6



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

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

We are pleased to provide the following information related to our audit of the Riverwood Estates Community Development District for the year ended September 30, 2020 to assist you in your oversight responsibility of the financial reporting process of the District.

Our responsibility under the auditing standards has been described to you in our engagement letter dated August 18, 2020.

Management is responsible for the appropriateness of the accounting policies used by the District. During the year, no significant new accounting policies were adopted nor were there any changes in the existing accounting policies.

We did not discuss with Management, any significant or unusual transactions nor did we discuss any alternative treatments available under generally accepted accounting policies during the current audit period.

Any audit adjustments provided by Management or communicated to Management have been reported to and agreed upon by Management. If you would like a detailed listing of all audit adjustments for the current period, please contact us.

We did not encounter any immaterial uncorrected misstatements during the course of our audit.

There are no disagreements with Management over the application of significant accounting principles, the basis for judgments made by Management on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

We are not aware of any consultations Management had with other accountants about accounting or auditing matters.

Fort Pierce / Stuart

Member AICPA

Member AICPA Division for CPA Firms
Private Companies practice Section

Member FICPA

Board of Supervisors
Riverwood Estates Community Development District
Page 2

There were no significant issues that were discussed during the course of the audit.

The Debt Service Fund had a deficit fund balance at September 30, 2020.

We did not encounter any difficulties in dealing with Management during the audit process.

Management has made certain written representations to us as part of the audit process. Please contact us if you would like a copy of those representations.

This letter is intended solely for the information and use of the Board of Supervisors and Management and is not intended to be and should not be used by anyone other than the intended parties. Please contact J. W. Gaines should you have any questions concerning this letter. We greatly appreciate the opportunity to be of service to the Riverwood Estates Community Development District.

*Berger Toombs Elam
Gaines + Frank*

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

February 24, 2021

**Riverwood Estates Community
Development District**

ANNUAL FINANCIAL REPORT

September 30, 2020

Riverwood Estates Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2020

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	17-27
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	28-29
MANAGEMENT LETTER	30-33
INDEPENDENT ACCOUNTANT'S REPORT/COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES	34



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 the Financial Statements

We have audited the accompanying financial statements of Riverwood Estates Community Development District as of and for the year ended September 30, 2020, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Accounting Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Fort Pierce / Stuart

Member AICPA

Member AICPA Division for CPA Firms
Private Companies practice Section

Member FICPA

To the Board of Supervisors
Riverwood Estates Community Development District

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Aggregate Discretely Presented Component Unit	Adverse
General Fund	Unmodified
Debt Service Fund	Unmodified

Basis of Adverse Opinion on the Discretely Presented Component Unit

The financial statements do not include financial data for the District's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component unit. The District has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented component unit should have been presented.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Discretely Presented Component Unit", the financial statements referred to above do not present fairly, the financial position of the discretely presented component unit of the District as of September 30, 2020, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Adverse Opinion on the Discretely Presented Component Unit" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of the District as of September 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

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

To the Board of Supervisors
Riverwood Estates Community Development District

Other Matters

Required Supplementary Information

Governmental accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by *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 in accordance with governmental auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 24, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations 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 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

February 24, 2021

**Riverwood Estates Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

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 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 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, 2020**

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 general obligation 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, 2020.

- ◆ The District's total liabilities exceeded total assets by \$(12,428,126) (net position). Net investment in capital assets amounted to \$10,955,704. Unrestricted net position totaled \$(23,383,830).
- ◆ Governmental activities revenues totaled \$16,636 while governmental activities expenses totaled \$770,247.

**Riverwood Estates Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

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	
	2020	2019
Current assets	\$ 12,437	\$ 10,698
Restricted assets	6,809	6,744
Capital assets	21,569,725	21,569,725
Total Assets	21,588,971	21,587,167
Current liabilities	23,791,267	22,642,037
Non-current liabilities	10,225,830	10,619,645
Total Liabilities	34,017,097	33,261,682
 Net Position		
Net investment in capital assets	10,955,704	10,581,824
Unrestricted	(23,383,830)	(22,256,339)
Total Net Position	\$ (12,428,126)	\$ (11,674,515)

The decrease in unrestricted net position and the increase in current liabilities is the result of the current year debt service requirements that were not funded.

The decrease in noncurrent liabilities is related to the current year principal payment which was reclassified as matured bonds payable.

The increase in net investment in capital assets is the result of the reduction in long term liabilities in the current year.

**Riverwood Estates Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

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	
	2020	2019
Program Revenues		
Operating grants and contributions	\$ 16,571	\$ 20,275
General Revenues		
Investment earnings	65	146
Total Revenues	<u>16,636</u>	<u>20,421</u>
Expenses		
General government	26,816	22,066
Interest and other charges	743,431	743,878
Total Expenses	<u>770,247</u>	<u>765,944</u>
Change in Net Position	(753,611)	(745,523)
Net Position - Beginning of Year	<u>(11,674,515)</u>	<u>(10,928,992)</u>
Net Position - End of Year	<u>\$ (12,428,126)</u>	<u>\$ (11,674,515)</u>

The decrease in operating grants and contributions is related to utilizing beginning fund balance in the current year.

The increase in general government is the result of an increase in website related expenses during the current year.

**Riverwood Estates Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

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, 2020 and 2019:

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Land	\$ 3,383,712	\$ 3,383,712
Construction in progress	<u>18,186,013</u>	<u>18,186,013</u>
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 website related expenditures than were anticipated.

The budget was not amended in the current year.

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 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.
- ◆ Series 2006A bonds mature May 1, 2037, and principal is payable annually commencing May 1, 2008 through May 1, 2037. The unmatured balance outstanding at September 30, 2020 for Bond Series 2006A was \$10,640,000.
- ◆ Series 2006B bonds matured on May 1, 2013. The unpaid balance, \$8,775,000, is included as matured bonds payable.
- ◆ More detailed information about the District's debt is presented in the accompanying notes to the financial statements.

**Riverwood Estates Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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 of the District in fiscal year 2021. Riverwood Estates Community Development District has established land owner contributions to meet the 2020/21 fiscal year operating requirements but no assessments were considered to meet debt service requirements.

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 12750 Citrus Park Lane, Suite 115, Tampa, Florida 33625.

Riverwood Estates Community Development District
STATEMENT OF NET POSITION
September 30, 2020

	Governmental Activities
ASSETS	
Current Assets	
Cash	\$ 5,436
Prepaid expenses	7,001
Total Current Assets	12,437
Non-Current Assets	
Restricted Assets	
Investments	6,809
Capital Assets, Not Being Depreciated	
Land	3,383,712
Construction in progress	18,186,013
Total Non-Current Assets	21,576,534
Total Assets	21,588,971
LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	208
Unearned revenues	12,229
Bonds payable - current	395,000
Accrued interest payable	237,183
Matured interest payable	10,981,647
Matured bonds payable	12,165,000
Total Current Liabilities	23,791,267
Non-Current Liabilities	
Bonds payable	10,225,830
Total Liabilities	34,017,097
NET POSITION	
Net investment in capital assets	10,955,704
Unrestricted	(23,383,830)
Total Net Position	\$ (12,428,126)

See accompanying notes to financial statements.

Riverwood Estates Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020

Functions/Programs	Expenses	Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position
			Governmental Activities
Governmental Activities			
General government	\$ (26,816)	\$ 16,571	\$ (10,245)
Interest and other charges	(743,431)	-	(743,431)
Total Governmental Activities	\$ (770,247)	\$ 16,571	(753,676)
			General Revenues
			Investment income
			65
			Changes in Net Position
			(753,611)
			Net Position - Beginning of Year
			(11,674,515)
			Net Position - End of Year
			\$ (12,428,126)

Riverwood Estates Community Development District
BALANCE SHEET –
GOVERNMENTAL FUNDS
September 30, 2020

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash	\$ 5,436	\$ -	\$ 5,436
Prepaid expenses	7,001	-	7,001
Restricted assets			
Investments, at fair value	-	6,809	6,809
Total Assets	\$ 12,437	\$ 6,809	\$ 19,246
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued expenses	\$ 208	\$ -	\$ 208
Unearned revenues	12,229	-	12,229
Matured bonds payable	-	12,165,000	12,165,000
Matured interest payable	-	10,981,647	10,981,647
Total Liabilities	12,437	23,146,647	23,159,084
FUND BALANCES			
Nonspendable - prepaid expenses	7,001	-	7,001
Unassigned	(7,001)	(23,139,838)	(23,146,839)
Total Fund Balances	-	(23,139,838)	(23,139,838)
Total Liabilities and Fund Balances	\$ 12,437	\$ 6,809	\$ 19,246

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, 2020

Total Governmental Fund Balances	\$ (23,139,838)
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 (\$10,640,000), net of bond discount, (\$19,170) are not due and payable in the current period, and therefore are not reported at the fund level.	(10,620,830)
Accrued interest expense for long-term debt is not a current financial use, and therefore, is not reported at the fund level.	<u>(237,183)</u>
Net Position of Governmental Activities	<u><u>\$ (12,428,126)</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, 2020

	General	Debt Service	Total Governmental Funds
Revenues			
SPE contributions	\$ 16,571	\$ -	\$ 16,571
Investment income	-	65	65
Total Revenues	<u>16,571</u>	<u>65</u>	<u>16,636</u>
Expenditures			
Current			
General government	26,816	-	26,816
Debt service			
Principal	-	375,000	375,000
Interest	-	750,606	750,606
Total Expenditures	<u>26,816</u>	<u>1,125,606</u>	<u>1,152,422</u>
Net change in fund balances	(10,245)	(1,125,541)	(1,135,786)
Fund Balances - Beginning of Year	<u>10,245</u>	<u>(22,014,297)</u>	<u>(22,004,052)</u>
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ (23,139,838)</u>	<u>\$ (23,139,838)</u>

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, 2020

Net Change in Fund Balances - Total Governmental Funds	\$	(1,135,786)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Repayments of bond principal are expenditures in the governmental funds statements, but the repayment reduces long-term liabilities in the Statement of Net Position.		375,000
The amortization of bond discount is an expense in the Statement of Activities while the bond discount was listed as an other financing use in the year financing was received.		(1,185)
In the Statement of Activities, interest is accrued on outstanding bonds; whereas at the governmental funds level, interest expenditures are reported when due. This is the change in accrued interest in the current period.		<u>8,360</u>
Change in Net Position of Governmental Activities	\$	<u><u>(753,611)</u></u>

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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
SPE Contributions	\$ 17,525	\$ 17,525	\$ 16,571	\$ (954)
Expenditures				
Current				
General government	<u>27,725</u>	<u>27,725</u>	<u>26,816</u>	<u>909</u>
Net Change in Fund Balances	(10,200)	(10,200)	(10,245)	(45)
Fund Balances - Beginning of Year	<u>10,200</u>	<u>10,200</u>	<u>10,245</u>	<u>45</u>
Fund Balances - End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

Riverwood Estates Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

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.

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.

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, 2020

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 special assessments and interest. 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, 2020

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 according to 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, 2020

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 60 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, 2020

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.

b. Non-current Governmental Assets/Liabilities

GASB Statement 34 requires that non-current governmental assets, such as land and improvements, and non-current governmental liabilities, such as general obligation bonds and due to developer be reported in the governmental activities column in the government-wide Statement of Net Position.

4. Assets, Liabilities, 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, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, 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 method of accounting. 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, 2020**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, and Net Position or Equity (Continued)

e. Budgets

Budgets are prepared and adopted after public hearings 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.

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, 2020, the District's bank balance and the carrying value were \$5,436. As of September 30, 2020, 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.

As of September 30, 2020, the District had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Goldman Sachs Financial Square Govt Fd	47 days*	<u>\$ 6,809</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.

Riverwood Estates Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE B – CASH AND INVESTMENTS (CONTINUED)

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.

The investment listed above is considered a level 1 asset.

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 in money markets and government loans 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, 2020 the District's investment in Goldman Sachs Financial Square Govt Fund was rated AAAM by Standard and Poor's.

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 100% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2020 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, 2020 was as follows:

	Balance October 1, 2019	Additions	Disposals	Balance September 30, 2020
<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>

Riverwood Estates Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE D – LONG-TERM DEBT

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, 2020 for Bond Series 2006A was \$10,640,000.

Series 2006B bonds matured on May 1, 2013. The unpaid balance is reflected as matured bonds payable. The Series 2006B Bonds are subject to optional redemption. All Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determine by the Bond Indenture.

The Bond Indenture requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirements as defined in the Indenture. The District is not in compliance with this requirement at September 30, 2020.

Total principal remaining on the Series 2006A bonds at September 30, 2020 is \$10,640,000. Matured interest and principal payable at September 30, 2020 is \$23,146,647, representing amounts owed for fiscal years 2009 to 2020. Interest of \$750,606 and principal of \$375,000 were due in the current year, but were not paid.

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

	October 1, 2019	Additions	Reductions	September 30, 2020
Governmental Activities				
Series 2006	\$ 11,015,000	\$ -	\$ (375,000)	\$ 10,640,000
Less: bond discount	(20,355)	-	1,185	(19,170)
	<u>\$ 10,994,645</u>	<u>\$ -</u>	<u>\$ (373,815)</u>	<u>\$ 10,620,830</u>
Totals				
		Bonds Payable, Net	<u>\$ 10,620,830</u>	

Riverwood Estates Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE D – LONG-TERM DEBT (CONTINUED)

Special Assessment Bonds – Series 2006 (Continued)

Long-term debt is comprised of the following:

Special Assessment Bonds Series 2006

\$23,000,000 Series 2006 Special Assessment Bonds, interest ranging from 5% to 5.35%, maturing May 1, 2037, payable on May 1 and November 1; collateralized by the pledged revenues of special assessments levied against the benefited property owners. The amount due within one year is \$395,000.	\$ 10,640,000
Bond discount, net	<u>(19,170)</u>
Bonds Payable, Net	<u>\$ 10,620,830</u>

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2020 are as follows:

Year Ending September 30,	Principal	Interest	Total
2021	\$ 395,000	\$ 569,240	\$ 964,240
2022	415,000	548,107	963,107
2023	440,000	525,905	965,905
2024	460,000	502,365	962,365
2025	490,000	477,755	967,755
2026-2030	2,875,000	1,966,125	4,841,125
2031-2035	3,760,000	1,107,718	4,867,718
2036-2037	1,805,000	146,055	1,951,055
Totals	<u>\$ 10,640,000</u>	<u>\$ 5,843,270</u>	<u>\$ 16,483,270</u>

Significant Bond Resolution Terms and Covenants

The Bond Indenture established certain amounts be maintained in a reserve account. In addition, 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 and to meet the reserve requirements. The District did not levy special assessments to meet the debt service requirement in the current year as these amounts are currently held in abeyance.

The bond resolution establishes certain funds and determines the order in which revenues are to be deposited into these funds. A description of the significant funds, including their purposes, is as follows:

**Riverwood Estates Community Development District
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2020**

NOTE D – LONG-TERM DEBT (CONTINUED)

Special Assessment Bonds – Series 2006 (Continued)

SPECIAL ASSESSMENT BONDS, SERIES 2006A

Reserve Funds – Trustee shall calculate the Debt Service Reserve requirement for the Series 2006A Bonds so that the amount required to be on deposit as reserve is equal to 50 percent of the maximum annual debt service requirement deemed outstanding principal amount of the Series 2006A bonds. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

	Special Assessment Bonds	
	Reserve Balance	Reserve Requirement
Series 2006 Special Assessment Bonds	\$ 6,754	\$ 941,413

NOTE E – SPECIAL ASSESSMENT REVENUES

Assessments are non-ad valorem assessments on benefited property within the District. Operating and maintenance assessments are based upon the adopted budget and levied annually at a public hearing by the District. Debt service assessments are levied when bonds are issued and collected annually. The District may collect assessments directly or utilize the uniform method of collections (Chapter 197.3632, Florida Statutes). Direct collected assessments are due as determined by annual assessment resolution adopted by the Board of Supervisors. Assessments collected under the uniform method are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Per Section 197.162, Florida Statutes discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount. No special assessments were included in the current year budget.

NOTE F – 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 cost of these risks, coverage may not extend to all situations. The District has not filed any claims under this commercial coverage during the last three years.



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 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 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 of Riverwood Estates Community Development District, as of and for the year ended September 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated February 24, 2021.

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 may exist that have not been identified.

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

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 the following instance 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 has not been corrected as of September 30, 2020.

We noted certain matters that we reported to management of the District in a separate letter dated February 24, 2021.

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

February 24, 2021



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, 2020, and have issued our report thereon dated February 24, 2021.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States; 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 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 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 February 24, 2021, 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:

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 was 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. As of September 30, 2020, 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).

Fort Pierce / Stuart

To the Board of Supervisors
Riverwood Estates Community Development District

12-01 Failure to make Debt Service Payment when Due (Continued)

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 has not been corrected as of September 30, 2020.

12-02 Failure to Meet Debt Service Reserve Account Requirement

See page 29.

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.

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

To the Board of Supervisors
Riverwood Estates Community Development District

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 has not been corrected as of September 30, 2020.

Financial Condition

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 met one of the conditions described in Section 218.503(1), Florida Statutes (See Finding 12-01).

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial conditions assessment procedures as of September 30, 2020 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.

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 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. 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

February 24, 2021



**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 ACCOUNTANT'S 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, 2020. 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, 2020.

*Berger Toombs Elam
Gaines & Frank*

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

February 24, 2021