

**Riverwood Community Development District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2016**

**Riverwood Community Development District**

**ANNUAL FINANCIAL REPORT**

**Fiscal Year Ended September 30, 2016**

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# 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 Community Development District  
Charlotte County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of Riverwood Community Development District as of and for the year ended September 30, 2016, 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 audits. We conducted our audits 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  
- 1 -

To the Board of Supervisors  
Riverwood Community Development District

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of Riverwood Community Development District, as of September 30, 2016, and the respective changes in financial position and the budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 14, 2017 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 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 14, 2017

**Riverwood Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2016**

Management's discussion and analysis of Riverwood 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 companies. Emphasis is placed on the net position of governmental activities and business-type activities and the change in net position. Governmental activities are primarily supported by assessments. Business-type activities are supported by charges to the users of those activities, such as water and sewer usage.

The **statement of net position** presents information on all assets, liabilities and deferred outflows of the District, with the difference between assets and liabilities reported as net position. Net position are reported in three categories; 1) net investment in capital assets, 2) restricted and 3) unrestricted. Assets, liabilities, and net position are reported for all Governmental activities separate from the assets, liabilities, and net position of business-type activities.

**The statement of activities** presents information on all revenues and expenses of the District and the change in net position. Expenses and related program revenues are reported by major function, 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 or business-type activities. Governmental activities financed by the District include general government, physical environment, and interest on long term debt. Business-type activities of the District include the water and sewer operation and interest on long term debt.

*Fund financial statements* present financial information for governmental funds and enterprise funds. These statements provide financial information for the major and other governmental 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. The Water and Sewer fund financial statements provide information on all assets and liabilities of the fund, changes in the economic resources (revenues and expenses), and total economic resources.

**Riverwood Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2016**

**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. For the Water and Sewer fund, a **statement of net position**, a **statement of revenues, expenses, and changes in net position**; and a **statement of cash flows** are presented. *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.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as balances of expendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

*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, 2016.

- ◆ The District's total assets exceeded total liabilities by \$15,923,865 (net position). Net investment in capital assets for Governmental Activities was \$5,324,622. Net investment in capital assets for Business-type Activities was \$7,841,342. Unrestricted net position for Governmental Activities was \$772,464 and for Business-type Activities was \$618,669. Restricted net position for Governmental Activities was \$145,400. Restricted net position for Business-type Activities was \$1,221,368.
- ◆ Governmental Activities revenues totaled \$1,290,713 while Governmental Activities expenses totaled \$1,495,088. Business-type Activities revenues totaled \$2,045,960 while Business-type Activities expenses totaled \$1,814,483.

**Riverwood Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2016**

**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**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Current assets	\$ 821,857	\$ 1,684,532	\$ 2,156,069	\$ 1,520,533	\$ 2,977,926	\$ 3,205,065
Restricted assets	154,235	151,742	-	-	154,235	151,742
Capital assets	<u>7,021,065</u>	<u>6,634,216</u>	<u>7,841,342</u>	<u>8,176,730</u>	<u>14,862,407</u>	<u>14,810,946</u>
<b>Total Assets</b>	<u>7,997,157</u>	<u>8,470,490</u>	<u>9,997,411</u>	<u>9,697,263</u>	<u>17,994,568</u>	<u>18,167,753</u>
Current liabilities	244,308	327,186	316,032	247,361	560,340	574,547
Non-current liabilities	<u>1,510,363</u>	<u>1,696,443</u>	<u>-</u>	<u>-</u>	<u>1,510,363</u>	<u>1,696,443</u>
<b>Total Liabilities</b>	<u>1,754,671</u>	<u>2,023,629</u>	<u>316,032</u>	<u>247,361</u>	<u>2,070,703</u>	<u>2,270,990</u>
<b>Net Position</b>						
Net investment in capital assets	5,324,622	4,759,184	7,841,342	8,176,730	13,165,964	12,935,914
Net position - restricted	145,400	141,516	1,221,368	858,388	1,366,768	999,904
Net position - unrestricted	<u>772,464</u>	<u>1,546,161</u>	<u>618,669</u>	<u>414,784</u>	<u>1,391,133</u>	<u>1,960,945</u>
<b>Total Net Position</b>	<u>\$ 6,242,486</u>	<u>\$ 6,446,861</u>	<u>\$ 9,681,379</u>	<u>\$ 9,449,902</u>	<u>\$ 15,923,865</u>	<u>\$ 15,896,763</u>

The decreases in current assets and net position-unrestricted for governmental activities is primarily due to expenditures in excess of revenues at the fund statement level.

The increases in capital assets and net investment in capital assets for governmental activities is primarily the result of capital additions in excess of depreciation and disposals in the current year.

The increases in current assets, net position-restricted, and net position-unrestricted for business-type activities is primarily due to cash received from customers in excess of cash paid for supplies.

**Riverwood Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2016**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District (Continued)**

The decrease in capital assets and net investment in capital assets for business-type activities is due to depreciation in the current year.

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**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Program Revenues						
Charges for services	\$ 1,130,766	\$ 870,577	\$ 2,039,478	\$ 2,064,683	\$ 3,170,244	\$ 2,935,260
General Revenues						
Investment earnings	4,145	7,129	6,482	6,179	10,627	13,308
Other revenues	155,802	202,110	-	-	155,802	202,110
Total Revenues	<u>1,290,713</u>	<u>1,079,816</u>	<u>2,045,960</u>	<u>2,070,862</u>	<u>3,336,673</u>	<u>3,150,678</u>
Expenses						
General government	78,985	85,158	-	-	78,985	85,158
Culture/recreation	258,742	297,777	-	-	258,742	297,777
Physical environment	1,082,759	752,514	-	-	1,082,759	752,514
Water and sewer	-	-	1,814,483	2,010,766	1,814,483	2,010,766
Interest on long-term debt	74,602	44,245	-	-	74,602	44,245
Total Expenses	<u>1,495,088</u>	<u>1,179,694</u>	<u>1,814,483</u>	<u>2,010,766</u>	<u>3,309,571</u>	<u>3,190,460</u>
Change in Net Position	(204,375)	(99,878)	231,477	60,096	27,102	(39,782)
Net Position - Beginning of Year	<u>6,446,861</u>	<u>6,546,739</u>	<u>9,449,902</u>	<u>9,389,806</u>	<u>15,896,763</u>	<u>15,936,545</u>
Net Position - End of Year	<u>\$ 6,242,486</u>	<u>\$ 6,446,861</u>	<u>\$ 9,681,379</u>	<u>\$ 9,449,902</u>	<u>\$ 15,923,865</u>	<u>\$ 15,896,763</u>

The increase in charges for services for governmental activities is the result of an increase in special assessment due to the issuance of new debt in the prior year.

The increase in physical environment for governmental activities is primarily due to the rehabilitation of lakes during the current year.

The decrease in water and sewer for business-type activities is due to a decrease in water purchased from other governmental entities in the current year.



**Riverwood Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2016**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Capital Assets Activity**

The following schedule provides a summary of the District's capital assets activity as of September 30, 2016.

Description	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land and improvements	\$ 2,093,166	\$ 2,093,166	\$ 330,000	\$ 330,000	\$ 2,423,166	\$ 2,423,166
Construction in progress	110,175	212,050	-	-	110,175	212,050
Building and improvements	2,543,166	2,543,166	1,413,584	1,413,584	3,956,750	3,956,750
Infrastructure	26,428,899	25,426,812	9,062,813	9,062,813	35,491,712	34,489,625
Equipment	108,002	35,810	7,989	7,989	115,991	43,799
Accumulated depreciation	<u>(24,262,343)</u>	<u>(23,676,788)</u>	<u>(2,973,044)</u>	<u>(2,637,656)</u>	<u>(27,235,387)</u>	<u>(26,314,444)</u>
Total Capital Assets (Net)	<u>\$ 7,021,065</u>	<u>\$ 6,634,216</u>	<u>\$ 7,841,342</u>	<u>\$ 8,176,730</u>	<u>\$ 14,862,407</u>	<u>\$ 14,810,946</u>

During the year, depreciation for governmental activities was \$585,555. Governmental activities transferred \$185,044 of construction in progress to infrastructure, and added \$83,169 of construction in progress, \$817,043 of infrastructure, and \$72,192 of equipment. Business-type activities depreciation was \$335,388.

**General Fund Budgetary Highlights**

The budget exceeded governmental expenditures primarily because repairs and maintenance expenditures were not as extensive as anticipated and budgeted contingencies were not fully utilized.

The budget was amended for increased use of reserves and capital outlay expenditures.

**Debt Management**

Governmental Activities debt includes the following:

- ◆ In 2007, the District issued \$6,831,105 Series 2007A and 2007B Special Assessment Revenue Refunding Bonds with a fixed interest rate of 3.920% and 4.070% respectively. These bonds were issued to refund the Series 1992A, Series 2003, and the developer loan. As of September 30, 2016, \$581,303 of Series 2007A was still outstanding.
- ◆ In 2015 the District entered into loan agreements with a bank, Series 2015A for \$675,000 and Series 2015B for \$550,000 to finance certain improvements. The balances at September 30, 2016 were \$614,465 and \$500,675.

**Riverwood Community Development District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2016**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Economic Factors and Next Year's Budget**

Riverwood Community Development District does not expect any economic factors to have any significant effect on the financial position or results of operations of the District in fiscal year 2017.

**Request for Information**

This financial report is designed to provide homeowners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact Riverwood Community Development District, Severn Trent Management Services, Inc. at 210 North University Drive, Suite 702, Coral Springs, Florida 33071.

**Riverwood Community Development District**  
**STATEMENT OF NET POSITION**  
**September 30, 2016**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and equivalents	\$ 507,861	\$ 1,322,664	\$ 1,830,525
Investments, at fair value	312,909	466,390	779,299
Accounts receivable	-	207,372	207,372
Due from other governments	14,275	-	14,275
Internal balances	(13,188)	13,188	-
Restricted assets -			
Customer deposits	-	146,455	146,455
<b>Total Current Assets</b>	<u>821,857</u>	<u>2,156,069</u>	<u>2,977,926</u>
<b>Non-current Assets</b>			
Restricted assets			
Cash and investments	154,235	-	154,235
Capital assets:			
Assets not being depreciated			
Land and improvements	2,093,166	330,000	2,423,166
Construction in progress	110,175	-	110,175
Assets being depreciated			
Buildings and improvements	2,543,166	1,413,584	3,956,750
Infrastructure	26,428,899	9,062,813	35,491,712
Equipment	108,002	7,989	115,991
Less: accumulated depreciation	(24,262,343)	(2,973,044)	(27,235,387)
<b>Total Non-current Assets</b>	<u>7,175,300</u>	<u>7,841,342</u>	<u>15,016,642</u>
<b>Total Assets</b>	<u>7,997,157</u>	<u>9,997,411</u>	<u>17,994,568</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	48,059	162,402	210,461
Accrued interest payable	10,169	-	10,169
Unearned revenues	-	7,175	7,175
Notes payable, current portion	105,976	-	105,976
Bonds payable, current portion	80,104	-	80,104
Payable from restricted assets:			
Customer deposits	-	146,455	146,455
<b>Total Current Liabilities</b>	<u>244,308</u>	<u>316,032</u>	<u>560,340</u>
<b>Non-current Liabilities</b>			
Notes payable	1,009,164	-	1,009,164
Bonds payable	501,199	-	501,199
<b>Total Noncurrent Liabilities</b>	<u>1,510,363</u>	<u>-</u>	<u>1,510,363</u>
<b>Total Liabilities</b>	<u>1,754,671</u>	<u>316,032</u>	<u>2,070,703</u>
<b>NET POSITION</b>			
Net investment in capital assets	5,324,622	7,841,342	13,165,964
Restricted for debt service	145,400	-	145,400
Restricted for sewer system	-	908,650	908,650
Restricted for water system	-	312,718	312,718
Unrestricted	772,464	618,669	1,391,133
<b>Total Net Position</b>	<u>\$ 6,242,486</u>	<u>\$ 9,681,379</u>	<u>\$ 15,923,865</u>

See accompanying notes to financial statements

**Riverwood Community Development District**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2016**

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Governmental Activities	Business- type Activities	
<b>Governmental Activities</b>					
General government	\$ (78,985)	\$ 107,946	\$ 28,961	\$ -	\$ 28,961
Culture/recreation	(258,742)	785,358	526,616	-	526,616
Physical environment	(1,082,759)	130,657	(952,102)	-	(952,102)
Interest on long-term debt	(74,602)	105,683	31,081	-	31,081
Total Governmental Activities	<u>(1,495,088)</u>	<u>1,129,644</u>	<u>(365,444)</u>	<u>-</u>	<u>(365,444)</u>
<b>Business-type Activities</b>					
Water and sewer utilities	(1,814,483)	2,039,478	-	224,995	224,995
Total Business-type Activities	<u>(1,814,483)</u>	<u>2,039,478</u>	<u>-</u>	<u>224,995</u>	<u>224,995</u>
Total Primary Government	<u>\$ (3,309,571)</u>	<u>\$ 3,169,122</u>	<u>(365,444)</u>	<u>224,995</u>	<u>(140,449)</u>
<b>General Revenues</b>					
Investment earnings			4,145	6,482	10,627
Other revenues			155,802	-	155,802
Total General Revenues			<u>159,947</u>	<u>6,482</u>	<u>166,429</u>
Change in Net Position			(205,497)	231,477	25,980
Net Position - October 1, 2015			6,446,861	9,449,902	15,896,763
Net Position - September 30, 2016			<u>\$ 6,241,364</u>	<u>\$ 9,681,379</u>	<u>\$ 15,922,743</u>

See accompanying notes to financial statements.

**Riverwood Community Development District**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2016**

	General	Special Revenue	Debt Service Series 2007A	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalent	\$ 507,861	\$ -	\$ -	\$ 507,861
Investments, at fair value	312,909	-	-	312,909
Due from other funds	298,926	2,033	-	300,959
Due from other governments	12,941	-	1,334	14,275
Restricted assets				
Investments, at fair value	-	-	154,235	154,235
<b>Total Assets</b>	<b>\$ 1,132,637</b>	<b>\$ 2,033</b>	<b>\$ 155,569</b>	<b>\$ 1,290,239</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 41,204	\$ 6,855	\$ -	\$ 48,059
Due to other funds	14,239	299,908	-	314,147
<b>Total Liabilities</b>	<b>55,443</b>	<b>306,763</b>	<b>-</b>	<b>362,206</b>
<b>Fund Balances:</b>				
Restricted for debt service	-	-	155,569	155,569
Assigned:				
Roadways	127,853	-	-	127,853
Ponds	42,149	-	-	42,149
Activity center	551,617	-	-	551,617
Dog park	7,661	-	-	7,661
First quarter operations	192,460	-	-	192,460
RV park	14,755	-	-	14,755
Unassigned	140,699	(304,730)	-	(164,031)
<b>Total Fund Balances</b>	<b>1,077,194</b>	<b>(304,730)</b>	<b>155,569</b>	<b>928,033</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,132,637</b>	<b>\$ 2,033</b>	<b>\$ 155,569</b>	<b>\$ 1,290,239</b>

See accompanying notes to financial statements.

**Riverwood Community Development District  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
September 30, 2016**

<b>Total Governmental Fund Balances</b>	<b>\$ 928,033</b>
 <b>Amounts reported for governmental activities in the Statement of Net Position  are different because:</b>	
Capital assets not being depreciated, land and improvements, \$2,093,166 and construction in progress, \$110,175 used in governmental activities are not financial resources and, therefore, are not reported at the fund statement level.	2,203,341
Capital assets being depreciated, infrastructure, \$26,428,899; buildings and improvements, \$2,543,166; equipment, \$108,002; net of accumulated depreciation, \$(24,262,343) used in governmental activities are not financial resources and; therefore, are not reported at the fund statement level.	4,817,724
Long-term liabilities, including notes payable, \$(1,115,140), and bonds payable, \$(581,303), are not due and payable in the current period and; therefore, are not reported at the fund statement level.	(1,696,443)
Accrued interest expense for long-term debt is not a financial use and; therefore, is not reported at the fund statement level.	<u>(10,169)</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 6,242,486</u></u></b>

*See accompanying notes to financial statements.*

**Riverwood Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2016**

	General	Special Revenue	Debt Service Series 2007A	Totals Governmental Funds
<b>Revenues</b>				
Special assessments	\$ 1,023,961	\$ -	\$ 105,683	\$ 1,129,644
Charges for services	-	1,122	-	1,122
Investment earnings	4,006	-	139	4,145
Other revenues	24,258	131,544	-	155,802
Total Revenues	<u>1,052,225</u>	<u>132,666</u>	<u>105,822</u>	<u>1,290,713</u>
<b>Expenditures</b>				
Current				
General government	78,205	-	780	78,985
Physical environment	568,980	-	-	568,980
Culture/recreation	94,659	92,307	-	186,966
Capital outlay	949,842	22,562	-	972,404
Debt service				
Principal	101,643	-	76,947	178,590
Interest	47,595	2,796	25,496	75,887
Total Expenditures	<u>1,840,924</u>	<u>117,665</u>	<u>103,223</u>	<u>2,061,812</u>
Net change in fund balances	<u>(788,699)</u>	<u>15,001</u>	<u>2,599</u>	<u>(771,099)</u>
Fund Balances - October 1, 2015	<u>1,865,893</u>	<u>(319,731)</u>	<u>152,970</u>	<u>1,699,132</u>
Fund Balances - September 30, 2016	<u>\$ 1,077,194</u>	<u>\$ (304,730)</u>	<u>\$ 155,569</u>	<u>\$ 928,033</u>

See accompanying notes to financial statements.

**Riverwood 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, 2016**

Net Change in Fund Balances -Total Governmental Funds \$ (771,099)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount depreciation (\$585,555) was exceeded by capital asset additions (\$972,404) in the current period. 386,849

Repayment of long-term liabilities are reported as expenditures in the governmental fund statement but such repayments reduce liabilities in the Statement of Net Position and are eliminated in the Statement of Activities. 178,590

Accrued interest expense is reported in the Statement of Activities but in governmental funds interest expenditures are reported when due. This is the net amount between current year and prior year accruals. 1,285

Change in Net Position of Governmental Activities \$ (204,375)

*See accompanying notes to financial statements.*



**Riverwood Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended September 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Special assessments	\$ 1,020,191	\$ 1,020,191	\$ 1,023,961	\$ 3,770
Investment earnings	4,500	4,500	4,006	(494)
Other revenues	18,700	18,700	24,258	5,558
Total Revenues	<u>1,043,391</u>	<u>1,043,391</u>	<u>1,052,225</u>	<u>8,834</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	86,743	97,778	78,205	19,573
Physical environment	533,018	1,507,533	568,980	938,553
Culture/recreation	151,779	162,164	94,659	67,505
Capital outlay	4,000	86,475	949,842	(863,367)
<b>Debt service</b>				
Principal	94,889	94,889	101,643	(6,754)
Interest	57,845	57,845	47,595	10,250
Total Expenditures	<u>928,274</u>	<u>2,006,684</u>	<u>1,840,924</u>	<u>165,760</u>
Excess (deficiency) of revenues over (under) expenditures	<u>115,117</u>	<u>(963,293)</u>	<u>(788,699)</u>	<u>174,594</u>
<b>Other financing sources (uses)</b>				
Transfers out	<u>-</u>	<u>(27,503)</u>	<u>-</u>	<u>27,503</u>
Net change in fund balances	115,117	(990,796)	(788,699)	202,097
Fund Balance - October 1, 2015	<u>1,794,988</u>	<u>1,887,989</u>	<u>1,865,893</u>	<u>(22,096)</u>
Fund Balance - September 30, 2016	<u>\$ 1,910,105</u>	<u>\$ 897,193</u>	<u>\$ 1,077,194</u>	<u>\$ 180,001</u>

See accompanying notes to financial statements.

**Riverwood Community Development District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUND**  
**For the Year Ended September 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Charges for services	\$ -	\$ -	\$ 1,122	\$ 1,122
Other revenues	126,645	126,645	131,544	4,899
Total Revenues	<u>126,645</u>	<u>126,645</u>	<u>132,666</u>	<u>6,021</u>
Expenditures				
Current				
Culture/recreation	88,712	93,653	92,307	1,346
Capital outlay	-	22,562	22,562	-
Debt service				
Principal	21,579	21,579	-	21,579
Interest	2,796	2,796	2,796	-
Total Expenditures	<u>113,087</u>	<u>140,590</u>	<u>117,665</u>	<u>22,925</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,558</u>	<u>(13,945)</u>	<u>15,001</u>	<u>28,946</u>
Other financing sources (uses)				
Transfers in	<u>-</u>	<u>27,503</u>	<u>-</u>	<u>(27,503)</u>
Net change in fund balances	13,558	13,558	15,001	1,443
Fund Balance - October 1, 2015	<u>45,166</u>	<u>773</u>	<u>(319,731)</u>	<u>(320,504)</u>
Fund Balance - September 30, 2016	<u>\$ 58,724</u>	<u>\$ 14,331</u>	<u>\$ (304,730)</u>	<u>\$ (319,061)</u>

See accompanying notes to financial statements.

**Riverwood Community Development District**  
**STATEMENT OF NET POSITION –**  
**WATER & SEWER FUND**  
**September 30, 2016**

<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 1,322,664
Investments	466,390
Accounts receivable	207,372
Due from other funds	13,188
Restricted Assets-	
Customer deposits	146,455
Total Current Assets	<u>2,156,069</u>
Non-current Assets	
Capital Assets:	
Land	330,000
Buildings and improvements	1,413,584
Infrastructure	9,062,813
Equipment	7,989
Accumulated depreciation	(2,973,044)
Total Non-current Assets	<u>7,841,342</u>
Total Assets	<u>9,997,411</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable and accrued expenses	162,402
Unearned revenues	7,175
Payable from restricted assets-	
Customer deposits	146,455
Total Current Liabilities	<u>316,032</u>
<b>NET POSITION</b>	
Net investment in capital assets	7,841,342
Restricted:	
Sewer system	908,650
Water system	312,718
Unrestricted	618,669
Total Net Position	<u>\$ 9,681,379</u>

*See accompanying notes to financial statements.*

**Riverwood Community Development District**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND NET POSITION - WATER & SEWER FUND**  
**For The Year Ended September 30, 2016**

Operating Revenues	
Charges for Services	
Water and sewer charges	\$ 2,018,643
Meter and connection fees	20,835
Total Operating Revenues	<u>2,039,478</u>
 Operating Expenses	
Cost of sales and services	1,641,405
General and administrative	173,078
Total Operating Expenses	<u>1,814,483</u>
 Operating Income	 224,995
 Non-operating revenues/(expenses)	
Interest earnings	 <u>6,482</u>
 Change in Net Position	 231,477
 Net Position - October 1, 2015	 <u>9,449,902</u>
 Net Position - September 30, 2016	 <u><u>\$ 9,681,379</u></u>

*See accompanying notes to financial statements.*

**Riverwood Community Development District**  
**STATEMENT OF CASH FLOWS –**  
**WATER & SEWER FUND**  
**For The Year Ended September 30, 2016**

	Water & Sewer Fund
Cash Flows From Operating Activities	
Cash received from customers	\$ 2,054,777
Cash paid to suppliers	(1,420,132)
Net Cash Provided By Operating Activities	634,645
Cash Flows From Investing Activities	
Sales of investments	253,658
Purchases of investments	(258,794)
Interest income	8,657
Net Cash Provided By Investing Activities	3,521
Net increase in cash and equivalents	638,166
Cash and equivalents, beginning of year	830,953
Cash and equivalents, end of year	\$ 1,469,119
Reconciliation of Net Operating Income to Net Cash Provided By Operating Activities	
Cash Flows From Operating Activities:	
Operating income	\$ 224,995
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	335,388
Changes in assets and liabilities:	
Decrease in due from other funds	13,847
Increase in accounts receivable	(11,560)
Decrease in prepaid expenses	3,304
Increase in accounts payable	55,659
Increase in customer deposits	5,837
Increase in unearned revenues	7,175
Total Adjustments	409,650
Net Cash Provided By Operating Activities	\$ 634,645

*See accompanying notes to financial statements.*

**Riverwood Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE A – SUMMARY OF ACCOUNTING POLICIES**

The financial statements of Riverwood Community Development District (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 in 1991, by the Board of County Commissioners of Charlotte County by Ordinance 91-58, pursuant to the provisions of Chapter 190, Florida Statutes, for the purpose of planning, financing, constructing, operating, and maintaining certain community-wide infrastructure. The District is governed by a five member Board of Supervisors, who are elected to a term of four years, by landholders of the District on a one-vote-per acre basis.

As required by GAAP, these financial statements present the Riverwood 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 includes, but is 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 no component units.

**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 statements

**a. Government-wide Financial Statements**

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include separate columns for the governmental and business-type activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

**Riverwood Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE A – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**a. Government-wide Financial Statements (Continued)**

Governmental activities which normally are supported by special assessments, rents and interest, are reported separately from business-type activities. Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. 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 financial 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.

**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.

**Riverwood Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

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.

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 financial 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.



**Riverwood Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

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 were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

Debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

**Enterprise Funds**

In the fund financial statements, the enterprise fund is presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, enterprise funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in total net position. The District applies all GASB pronouncements as well as all FASB and AICPA pronouncements, issued on or before November 30, 1989, which do not conflict with, or contradict, GASB pronouncements.

Enterprise fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as other financing sources.

Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

**Riverwood Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

Special Revenue Fund

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

Debt Service Fund – Series 2007A

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term general obligation debt on the Series 2007A Bonds.

**b. Enterprise Major Fund**

Water and Sewer Fund

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

**c. Non-current Governmental Assets/Liabilities**

GASB Statement 34 requires that non-current governmental assets, such as land and buildings, and non-current governmental liabilities, such as general obligation bonds be reported in the governmental activities column in the government-wide statement of net position.

**Riverwood Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

For purposes of the statement of cash flows, cash equivalents include time deposits and certificates of deposit with original maturities of three months or less and held in a qualified public depository as defined by Florida Statute 280.02.

**b. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported as "internal balances".

**c. Restricted Net Position**

Certain net position of the District are 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.

**Riverwood Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**d. Capital Assets**

Capital assets, which include land, buildings and equipment, are reported in the applicable governmental or business-type 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 one year. 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.

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings and improvements	20-40 years
Infrastructure	15-40 years
Equipment	7 years

**e. Budgets**

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Section 200.065 of the 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.

**Riverwood Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016**

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

“Total fund balances” of the District’s governmental funds (\$928,033) differs from “net position” of governmental activities (\$6,242,486) reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated as follows:

**Capital related items**

When capital assets (property, plant and equipment that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the statement of net position included those capital assets among the assets of the District as a whole.

Land	\$ 2,093,166
Construction in progress	110,175
Buildings and improvements	2,543,166
Infrastructure	26,428,899
Equipment	108,002
Accumulated depreciation	<u>(24,262,343)</u>
Total	<u>\$ 7,021,065</u>

**Long-term debt transactions**

Long-term liabilities applicable to the District’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position.

Bonds payable	\$ (581,303)
Notes payable	<u>(1,115,140)</u>
Total	<u>\$ (1,696,443)</u>

**Accrued interest**

Accrued liabilities in the Statement of Net Position differ from the amount reported in governmental funds due to accrued interest on long-term debt.

Accrued interest	<u>\$ (10,169)</u>
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**Riverwood Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016**

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities**

The “net change in fund balances” for government funds, \$(771,099), differs from the “change in net position” for governmental activities, \$(204,375), reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated as follows.

**Capital related items**

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decrease by the amount of depreciation charged for the year.

Depreciation	\$ (585,555)
Capital outlay	972,404
Total	<u>\$ 386,849</u>

**Long-term debt transactions**

Repayments of bond principal are reported as expenditures in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used.

Note principal payments	\$ 101,643
Bond principal payments	76,947
Total	<u>\$ 178,590</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Net change in accrued interest payable	<u>\$ 1,285</u>
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**Riverwood Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE C - 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. The District does, however, follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2016, the District's bank balance was \$2,160,599 and the carrying value was \$1,976,980. Exposure to custodial credit risk was as follows. 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, 2016, the District had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Certificates of Deposit	3/2017 - 7/2017	\$ 779,299
First American Government Obligation Fund Class Y	N/A	2,150
U S Bank Open Commercial Paper Manual Sweep	N/A	<u>152,085</u>
Total		<u>\$ 933,534</u>

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 price 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 uses 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 investments in Florida American Government Obligation and Commercial Paper are Level 1 assets.

**Riverwood Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE C - CASH AND INVESTMENTS (CONTINUED)**

Investments

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes.

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 treasury funds, commercial paper, 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.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The investments in Certificates of Deposit represent 83% of the District's investments. The investments in Commercial Paper represent 16% of the District's total investments. The investments First American Government Obligation Funds Class Y represent the remaining 1% of the District's investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2016 were typical. The First American Government Obligations Fund Class Y investments were rated AAAM by Standard & Poor's. The Commercial Paper investments were rated A-1+ by Standard & Poor's. The Certificates of Deposit are not rated by any nationally recognized rating agency.

**NOTE D – SPECIAL ASSESSMENT REVENUES**

Assessment revenues recognized for the 2015-2016 fiscal year were levied in October 2015. All taxes 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.

All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to June 1; therefore, there were no material taxes receivable at fiscal year end.



**Riverwood Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE E – CAPITAL ASSETS**

Capital Asset activity for the year ended September 30, 2016 was as follows:

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land and land improvements	\$ 2,093,166	\$ -	\$ -	\$ 2,093,166
Construction in progress	212,050	83,169	(185,044)	110,175
Total Capital Assets, Not Depreciated	<u>2,305,216</u>	<u>83,169</u>	<u>(185,044)</u>	<u>2,203,341</u>
Capital assets, being depreciated:				
Buildings	2,543,166	-	-	2,543,166
Equipment	35,810	72,192	-	108,002
Infrastructure - water control	11,042,926	-	-	11,042,926
Infrastructure - roadways and other improvements	14,383,886	1,002,087	-	15,385,973
Total Capital Assets, Being Depreciated	<u>28,005,788</u>	<u>1,074,279</u>	<u>-</u>	<u>29,080,067</u>
Less accumulated depreciation for:				
Buildings	(657,638)	(64,049)	-	(721,687)
Equipment	(12,219)	(7,727)	-	(19,946)
Infrastructure - water control	(9,320,229)	(441,717)	-	(9,761,946)
Infrastructure - roadways and other improvements	(13,686,702)	(72,062)	-	(13,758,764)
Total Accumulated Depreciation	<u>(23,676,788)</u>	<u>(585,555)</u>	<u>-</u>	<u>(24,262,343)</u>
Total Capital Assets Depreciated, Net	<u>4,329,000</u>	<u>488,724</u>	<u>-</u>	<u>4,817,724</u>
Governmental Activities Capital Assets	<u>\$ 6,634,216</u>	<u>\$ 571,893</u>	<u>\$ (185,044)</u>	<u>\$ 7,021,065</u>

Depreciation of \$585,555 was charged to culture/recreation (\$71,776) and physical environment (\$513,779).

**Riverwood Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE E – CAPITAL ASSETS (CONTINUED)**

Capital Asset activity for the year ended September 30, 2016 was as follows:

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016
<b><u>Business-type activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 330,000	\$ -	\$ -	\$ 330,000
Total Capital Assets, Not Depreciated	<u>330,000</u>	<u>-</u>	<u>-</u>	<u>330,000</u>
Capital assets, being depreciated:				
Buildings	1,413,584	-	-	1,413,584
Equipment	7,989	-	-	7,989
Infrastructure - utilities	9,062,813	-	-	9,062,813
Total Capital Assets, Being Depreciated	<u>10,484,386</u>	<u>-</u>	<u>-</u>	<u>10,484,386</u>
Less accumulated depreciation for:				
Buildings	(582,500)	(35,340)	-	(617,840)
Equipment	(571)	(1,141)	-	(1,712)
Infrastructure	(2,054,585)	(298,907)	-	(2,353,492)
Total Accumulated Depreciation	<u>(2,637,656)</u>	<u>(335,388)</u>	<u>-</u>	<u>(2,973,044)</u>
Total Capital Assets Depreciated, Net	<u>7,846,730</u>	<u>(335,388)</u>	<u>-</u>	<u>7,511,342</u>
Business-type Activities Capital Assets	<u>\$ 8,176,730</u>	<u>\$ (335,388)</u>	<u>\$ -</u>	<u>\$ 7,841,342</u>

Depreciation expense of \$335,388 was charged to cost of sales and services.

**NOTE F – LONG-TERM DEBT**

The following is a summary of activity in the long-term debt of the District for the year ended September 30, 2016:

**Governmental Activities**

Long-term debt at October 1, 2015	\$ 1,875,033
Principal payments	<u>(178,590)</u>
Long-term debt at September 30, 2016	<u>1,696,443</u>

**Riverwood Community Development District  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016**

**NOTE F – LONG-TERM DEBT (CONTINUED)**

Long-term debt is comprised of the following:

Revenue Bonds

\$1,221,105 Series 2007A Bonds, interest at 3.920%, maturing thru November 1, 2022, payable on May 1 and November 1; collateralized by the pledged revenues of special assessments levied against the benefited property owners. \$ 581,303

Notes Payable

The District issued 2015A and 2015B notes payable on August 25, 2015 payable each month beginning September 25, 2015 at 4% interest. \$ 1,115,140

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2016 are as follows:

Year Ending September 30,	Principal	Interest	Total
2017	\$ 80,104	\$ 23,436	\$ 103,540
2018	83,319	20,221	103,540
2019	86,663	16,877	103,540
2020	90,111	13,429	103,540
2021	93,759	8,683	102,442
2022-2023	<u>147,347</u>	<u>5,986</u>	<u>153,333</u>
Totals	<u>\$ 581,303</u>	<u>\$ 88,632</u>	<u>\$ 669,935</u>

The annual requirements of principal and interest for the notes payable is as follows at September 30, 2016:

Year Ending September 30,	Principal	Interest	Total
2017	\$ 105,976	\$ 43,262	\$ 149,238
2018	110,355	38,883	149,238
2019	114,915	34,324	149,239
2020	119,579	29,659	149,238
2021	124,603	25,635	150,238
2022-2025	<u>539,712</u>	<u>44,910</u>	<u>584,622</u>
Totals	<u>\$ 1,115,140</u>	<u>\$ 216,673</u>	<u>\$ 1,331,813</u>

**Riverwood Community Development District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE F – LONG-TERM DEBT (CONTINUED)**

Summary of Significant Bonds Resolution Terms and Covenants

**Special Assessment Revenue Refunding Bonds – Series 2007A**

In 2007, the District issued \$1,221,105 Series 2007A Special Assessment Revenue Refunding Bonds with a fixed interest rate of 3.920%. These bonds were issued to refund the Series 2003 Bonds. Interest is to be paid semiannually on each May 1 and November 1. Principal is to be paid serially commencing May 1, 2008 through November 1, 2022.

The Bonds may, at the option of the District be called for redemption as a whole at any time or in part on any interest payment date on or after May 1, 2009 at a redemption price set in the Bond Indenture.

The Bonds are subject to mandatory redemption prior to maturity in the manner determined by the trustee and the District Manager if certain events occurred as outlined in the Bond Indenture.

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 agreed to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District is in compliance with the requirements of the Bond Indenture.

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 agreed to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District is in compliance with the requirements of the Bond Indenture.

**NOTE G – 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 for which the government carries commercial insurance. These risks are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for each of the past three fiscal 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 Community Development District  
Charlotte County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Riverwood Community Development District, as of and for the year ended September 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated February 14, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Riverwood Community Development District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Riverwood Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Riverwood Community Development District's internal control over financial reporting.

*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 over financial reporting 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.

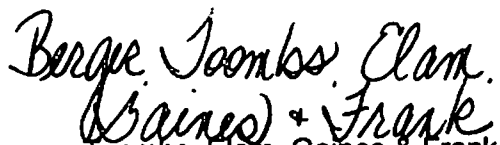
To the Board of Supervisors  
Riverwood Community Development District

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Riverwood 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*.

### **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  
Fort Pierce, Florida

February 14, 2017



# 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 Community Development District  
Charlotte County, Florida

### Report on the Financial Statements

We have audited the financial statements of the Riverwood Community Development District as of and for the year ended September 30, 2016, and have issued our report thereon dated February 14, 2017.

### 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 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, Section 601 regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated February 14, 2017, 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 address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls, whether or not recommendations made in the preceding annual financial report have been followed. There were no recommendations made in the preceding audit report.

### Financial Condition

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

To the Board of Supervisors  
Riverwood Community Development District

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial conditions assessment procedures. It is management's responsibility to monitor the Riverwood 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.

### **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Riverwood Community Development District for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

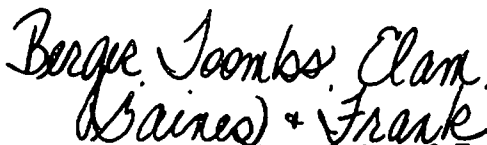
### **Other Matters**

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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 have any such findings.

### **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  
Certified Public Accountants PL  
Fort Pierce, Florida

February 14, 2017





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 Community Development District  
Charlotte County, Florida

We have examined Riverwood Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2016. Management is responsible for Riverwood Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Riverwood 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 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 Community Development District's compliance with the specified requirements.

In our opinion, Riverwood Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2016.

*Berger, Toombs, Elam,  
Gaines & Frank*

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

February 14, 2017