

**RIVERBEND  
COMMUNITY DEVELOPMENT DISTRICT**

**FINANCIAL REPORT**

Year Ended September 30, 2013

RIVERBEND COMMUNITY DEVELOPMENT DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
*Riverbend Community Development District*

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, and each major fund of the *Riverbend Community Development District* (the "District"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

The District's 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 Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**MCDIRMIT DAVIS & COMPANY, LLC**  
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## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the District as of September 30, 2013, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis starting on page 3, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

As discussed in the Notes to the financial statements, the Developer did not pay assessments owed to the District. As a result, the District has been unable to make all of its debt service payments due on the Series 2005 and Series 2007 Bonds in the current and prior years. In the prior year the District foreclosed on certain lots owned by the Developer and subsequently resold those lots to a new landowner. In the current year, the bondholders cancelled \$360,000 of bond principal and \$240,754 of interest that was due on the Series 2005 Bonds. At September 30, 2013, the District owes \$2,109,892 for past due interest on the Series 2007 Bonds.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 11, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*McDiernit Davis & Company, LLC*

Orlando, Florida  
June 11, 2014

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of *Riverbend Community Development District's*, (the "District") financial accomplishments provide an overview of the District's financial activities for the year ended September 30, 2013. Please read it in conjunction with the District's Independent Auditor's Report, financial statements and accompanying notes.

This information is being presented to provide additional information regarding the activities of the District and to meet the disclosure requirements of Government Accounting Standards Board Statement (GASB) No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued June 1999.

### Financial Highlights

- The liabilities of the District exceeded its assets at September 30, 2013 by \$(3,338,897), an increase in net position of \$194,174 in comparison with the prior year. Net position was also decreased by \$355,635 due to implementation of new GASB's. Additionally, a prior period adjustment was made to increase net position by \$79,632.
- At September 30, 2013, the District's governmental funds reported a combined fund balance of \$209,219, an increase of \$186,225 in comparison with the prior year.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the *Riverbend Community Development District's* financial statements. The District's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by special assessment revenues. The District does not have any business-type activities. The governmental activities of the District include general government, maintenance and operations and parks and recreation related functions.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund category: Governmental Funds.

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

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

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and capital projects fund. The general fund and debt service fund are considered to be major funds.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

### Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### Government-Wide Financial Analysis

Statement of Net Position - The District's net position was \$(3,338,897) at September 30, 2013. The following analysis focuses on the net position of the District's governmental activities.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Government-Wide Financial Analysis (Continued):**

Riverbend Community Development District  
Statement of Net Position

	<b>September 30, 2013</b>	<b>September 30, 2012</b>
Assets, excluding capital assets	\$ 2,339,239	\$ 3,633,745
Capital assets, net of depreciation	<u>14,177,845</u>	<u>14,423,745</u>
Total assets	<u>16,517,084</u>	<u>18,057,490</u>
Liabilities, excluding long-term liabilities	2,576,372	3,690,645
Long-term liabilities	<u>17,279,609</u>	<u>17,544,281</u>
Total liabilities	<u>19,855,981</u>	<u>21,234,926</u>
Net position:		
Net investment in capital assets	(3,101,764)	(2,763,254)
Restricted for capital projects	1,649	-
Unrestricted	<u>(238,782)</u>	<u>(414,182)</u>
Total net position	<u>\$ (3,338,897)</u>	<u>\$ (3,177,436)</u>

The following is a summary of the District's governmental activities for the fiscal years ended September 30, 2013 and 2012.

Changes in Net Position  
Year ended September 30,

	<b>2013</b>	<b>2012</b>
Revenues:		
Program revenues	\$ 1,736,043	\$ 2,029,046
General revenues	<u>42,923</u>	<u>1,112</u>
Total revenues	<u>1,778,966</u>	<u>2,030,158</u>
Expenses:		
General government	142,724	324,099
Maintenance and operations	911,227	862,939
Culture and recreation	28,705	18,027
Interest on long-term debt	<u>1,102,890</u>	<u>1,171,773</u>
Total expenses	<u>2,185,546</u>	<u>2,376,838</u>
Special Item:		
Gain on debt cancellation	<u>600,754</u>	<u>-</u>
Change in net position	<u>194,174</u>	<u>(346,680)</u>
Net position - beginning, as previously stated	(3,257,068)	(2,910,388)
Restatement of net position (GASB 65)	(355,635)	-
Prior period adjustment for note payment	<u>79,632</u>	<u>-</u>
Net position - beginning, as restated	<u>(3,533,071)</u>	<u>(2,910,388)</u>
Net position - ending	<u>\$ (3,338,897)</u>	<u>\$ (3,257,068)</u>

As noted above and in the statement of activities, the cost of all governmental activities during the year ended September 30, 2013 was \$2,185,546. The majority of these costs are comprised of interest on bonds outstanding and maintenance and operations expenses.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Financial Analysis of the Government's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At September 30, 2013, the District's governmental funds reported a combined ending fund balance of \$209,219. Of this total, \$18,667 is nonspendable, \$1,649 is restricted, and the remainder is an unassigned fund balance of \$188,903.

The fund balance of the general fund decreased by \$186,157 primarily because assessments were not collected from a major landowner. The debt service fund balance increased by \$372,380 due to the reversal of the accrued debt service obligation which more than offset the current year deficit caused by the nonpayment of assessments by a major landowner.

### General Fund Budgetary Highlights

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. There were no amendments to the general fund budget. The legal level of budgetary control is at the fund level.

### Capital Asset and Debt Administration

**Capital Assets** - At September 30, 2013, the District had \$14,177,845 invested in land and infrastructure, net of accumulated depreciation. More detailed information about the District's capital assets is presented in the notes to the financial statements.

**Capital Debt** - At September 30, 2013, the District had \$17,065,000 in bonds outstanding and \$214,609 of capital lease obligations. More detailed information about the District's capital debt is presented in the notes to the financial statements.

### Requests for Information

If you have questions about this report or need additional financial information, contact the *Riverbend Community Development District's* Finance Department at 5680 W. Cypress Street, Suite A, Tampa, Florida 33607.



## **FINANCIAL STATEMENTS**

RIVERBEND COMMUNITY DEVELOPMENT DISTRICT

**STATEMENT OF NET POSITION**

September 30, 2013

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash	\$ 528,725
Other receivables	7,128
Prepaid costs	1,192
Deposits	17,475
Restricted assets:	
Temporarily restricted investments	1,784,719
Capital assets not being depreciated	1,974,904
Capital assets being depreciated, net	12,202,941
Total assets	<u>16,517,084</u>
<b>Liabilities:</b>	
Accounts payable and accrued expenses	20,128
Accrued interest payable	446,352
Matured interest payable	2,109,892
Noncurrent liabilities:	
Due within one year	281,389
Due in more than one year	16,998,220
Total liabilities	<u>19,855,981</u>
<b>Net Position</b>	
Net investment in capital assets	(3,101,764)
Restricted for capital projects	1,649
Unrestricted	(238,782)
Total net position	<u>\$ (3,338,897)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

RIVERBEND COMMUNITY DEVELOPMENT DISTRICT

**STATEMENT OF ACTIVITIES**

Year Ended September 30, 2013

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense)</u>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating Grants</u>	<u>Revenue and</u>
		<u>Services</u>	<u>and</u>	<u>Changes in Net</u>
			<u>Contributions</u>	<u>Position</u>
				<u>Governmental</u>
				<u>Activities</u>
Governmental activities:				
General government	\$ 142,724	\$ 89,904	\$ -	\$ (52,820)
Maintenance and operations	911,227	573,997	-	(337,230)
Parks and recreation	28,705	18,082	-	(10,623)
Interest on long-term debt	1,102,890	1,053,178	882	(48,830)
Total governmental activities	<u>\$ 2,185,546</u>	<u>\$ 1,735,161</u>	<u>\$ 882</u>	<u>(449,503)</u>
General Revenues:				
Interest income				23
Miscellaneous income				42,900
Total general revenues				<u>42,923</u>
Special Item:				
Gain on debt cancellation				<u>600,754</u>
Change in net position				<u>194,174</u>
Net position - beginning, as previously stated				(3,257,068)
Effect of adoption of GASB 65				(355,635)
Prior period adjustment for note payment				<u>79,632</u>
Net position - beginning, as restated				<u>(3,533,071)</u>
Net position - ending				<u>\$ (3,338,897)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

RIVERBEND COMMUNITY DEVELOPMENT DISTRICT

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

September 30, 2013

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Cash	\$ 528,725	\$ -	\$ -	\$ 528,725
Investments	-	1,783,070	1,649	1,784,719
Other receivables	7,128	-	-	7,128
Due from other funds	-	127,118	-	127,118
Prepaid costs	1,192	-	-	1,192
Deposits	17,475	-	-	17,475
Total assets	<u>\$ 554,520</u>	<u>\$ 1,910,188</u>	<u>\$ 1,649</u>	<u>\$ 2,466,357</u>
<b>Liabilities and Fund Balances:</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 20,128	\$ -	\$ -	\$ 20,128
Due to other funds	127,118	-	-	127,118
Matured interest payable	-	2,109,892	-	2,109,892
Total liabilities	<u>147,246</u>	<u>2,109,892</u>	<u>-</u>	<u>2,257,138</u>
Fund balances:				
Nonspendable	18,667	-	-	18,667
Restricted for capital projects	-	-	1,649	1,649
Unassigned	388,607	(199,704)	-	188,903
Total fund balances	<u>407,274</u>	<u>(199,704)</u>	<u>1,649</u>	<u>209,219</u>
Total liabilities and fund balances	<u>\$ 554,520</u>	<u>\$ 1,910,188</u>	<u>\$ 1,649</u>	

**Amounts reported for governmental activities in the statement of net position are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 14,177,845

Liabilities not due and payable from current available resources are not reported in governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide statements.

Accrued interest payable	(446,352)	
Bonds payable	<u>(17,279,609)</u>	<u>(17,725,961)</u>
<b>Net Position of Governmental Activities</b>		<u>\$ (3,338,897)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

RIVERBEND COMMUNITY DEVELOPMENT DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

Year Ended September 30, 2013

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Special assessments	\$ 681,983	\$ 1,068,543	\$ -	\$ 1,750,526
Investment income	23	882	-	905
Miscellaneous income	42,898	-	2	42,900
Total revenues	<u>724,904</u>	<u>1,069,425</u>	<u>2</u>	<u>1,794,331</u>
<b>Expenditures:</b>				
Current:				
General government	126,797	15,927	-	142,724
Maintenance and operations	280,650	-	-	280,650
Parks and recreation	28,705	-	-	28,705
Debt Service:				
Interest	25,560	1,081,872	-	1,107,432
Principal	64,672	200,000	-	264,672
Capital Outlay	384,677	-	-	384,677
Total expenditures	<u>911,061</u>	<u>1,297,799</u>	<u>-</u>	<u>2,208,860</u>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<u>(186,157)</u>	<u>(228,374)</u>	<u>2</u>	<u>(414,529)</u>
<b>Special Item:</b>				
Reversal of accrued debt service obligation due to bond cancellation	-	600,754	-	600,754
Net change in fund balances	(186,157)	372,380	2	186,225
<b>Fund Balances (Deficit) - Beginning of Year</b>	<u>593,431</u>	<u>(572,084)</u>	<u>1,647</u>	<u>22,994</u>
<b>Fund Balances (Deficit) - End of Year</b>	<u>\$ 407,274</u>	<u>\$ (199,704)</u>	<u>\$ 1,649</u>	<u>\$ 209,219</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

RIVERBEND COMMUNITY DEVELOPMENT DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT  
OF ACTIVITIES**

Year Ended September 30, 2013

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

Net change in fund balances - total governmental funds (page 10) \$ 186,225

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. However, in the statement of net position the cost of those assets is recorded as capital assets.

Capital outlay	384,677	
Depreciation expense	<u>(630,577)</u>	(245,900)

Special assessment revenue reported in the funds in the current year must be eliminated from the statement of activities since revenue was recognized in the prior year. (15,365)

Repayments of long-term liabilities are reported as expenditures in governmental funds, while repayments reduce long-term liabilities in the statement of net position. 264,672

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

Change in accrued interest	<u>4,542</u>	
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Change in net position of governmental activities (page 8)	<u><u>\$ 194,174</u></u>	
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The accompanying Notes to Financial Statements are an integral part of this statement.

RIVERBEND COMMUNITY DEVELOPMENT DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**

Year Ended September 30, 2013

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Special assessments	\$ 447,625	\$ 447,625	\$ 681,983	\$ 234,358
Investment income	1,000	1,000	23	(977)
Miscellaneous income	510	510	42,898	42,388
Total revenues	449,135	449,135	724,904	275,769
<b>Expenditures:</b>				
Current:				
General government	94,235	94,235	126,797	(32,562)
Maintenance and operations	342,700	342,700	280,650	62,050
Parks and recreation	12,200	12,200	28,705	(16,505)
Debt Service:				
Principal	-	-	64,672	(64,672)
Interest	-	-	25,560	(25,560)
Capital Outlay	-	-	384,677	(384,677)
Total expenditures	449,135	449,135	911,061	(461,926)
Net change in fund balance	-	-	(186,157)	(186,157)
<b>Fund Balance - Beginning of Year</b>	593,431	593,431	593,431	-
<b>Fund Balance - End of Year</b>	\$ 593,431	\$ 593,431	\$ 407,274	\$ (186,157)

The accompanying Notes to Financial Statements are an integral part of this statement.

**NOTES TO FINANCIAL STATEMENTS**



RIVERBEND COMMUNITY DEVELOPMENT DISTRICT

**NOTES TO FINANCIAL STATEMENTS**

Year Ended September 30, 2013

**Note 1 - Summary of Significant Accounting Policies:**

**Reporting Entity**

The *Riverbend Community Development District*, (the "District") was created by Hillsborough County Ordinance 04-48 enacted on November 18, 2004 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190 Florida Statutes. The Act provides among other things, the power to manage basic services for community development, the power to borrow money and issue bonds, and the power to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure. The District was established for the purpose of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by the Board of Supervisors (the "Board"), which is composed of five members. The Supervisors are elected on an at large basis by the owners of the property within the District. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes. In the prior year, the District foreclosed on certain lots owned by the previous developer and sold the lots to Lennar Homes, LLC. None of the Board members are associated with Lennar at September 30, 2013.

The Board has the final responsibility for:

1. Assessing and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement 14, and Statement 39, an amendment of GASB Statement 14. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Year Ended September 30, 2013

**Note 1 - Summary of Significant Accounting Policies (Continued):**

**Government-Wide and Fund Financial Statements**

The financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and 3) operating-type special assessments that are treated as charges for services (including assessments for maintenance and debt service). Other items not included among program revenues are reported instead as *general revenues*.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the modified *accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assessments, including debt service assessments and operation and maintenance assessments, are non-ad valorem assessments imposed on all lands located within the district and benefited by the District's activities. Assessments are levied by the District prior to the start of the fiscal year which begins October 1<sup>st</sup> and ends on September 30<sup>th</sup>. Operation and maintenance special assessments are imposed upon all lands located in the District. Debt service special assessments are imposed upon certain lots and lands as described in each resolution imposing the special assessment for each series of bonds issued by the District.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Year Ended September 30, 2013

**Note 1 - Summary of Significant Accounting Policies (Continued):**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued):**

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The general fund and debt service fund are considered to be major funds. The District reports the following governmental funds:

**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.

**Debt Service Fund** - accounts for the accumulation of resources for the annual payment of principal and interest on long-term general obligation debt.

**Capital Projects Fund** - accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**Restricted Assets** - These assets represent cash and investments set aside pursuant to bond covenants.

**Deposits and Investments** - The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

Investments of the District are reported at fair value. The District's investments consist of investments authorized per their investment policy adopted in accordance with Section 218.415, Florida Statutes.

**Prepaid Items** - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Receivables** - All receivables are shown net of allowance for uncollectible amounts.

RIVERBEND COMMUNITY DEVELOPMENT DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Year Ended September 30, 2013

**Note 1 - Summary of Significant Accounting Policies (Continued):**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued):**

**Capital Assets** - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Stormwater Management Control	25
Landscape	30
Furniture and equipment	5

**Long Term Obligations** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of premiums or discounts. Bond issuance costs are expensed.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

RIVERBEND COMMUNITY DEVELOPMENT DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Year Ended September 30, 2013

**Note 1 - Summary of Significant Accounting Policies (Continued):**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued):**

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any item that qualifies for reporting in this category for the year ended September 30, 2013.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District does not have any item that qualifies for reporting in this category for the year ended September 30, 2013.

**Net Position Flow Assumption** - Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted- net position and unrestricted- net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted-net position is applied.

**Fund Balance Flow Assumptions** - Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Year Ended September 30, 2013

**Note 1 - Summary of Significant Accounting Policies (Continued):**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued):**

**Fund Balance Policies** - Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes fund balance amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Supervisors is the highest level of decision-making authority for the government that can, by adoption of an ordinance or resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board of Supervisors has authorized the District Manager to assign amounts for specific purposes. The Board of Supervisors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above and additional action is essential to either remove or revise a commitment.

**New GASB Statements Implemented** - GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*- This statement classifies all sources of generally accepted accounting principles for state and local governments so that the authoritative accounting and financial reporting literature will be together in a single source, with that guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. The District elected to include all pre-November 30, 1989 FASB pronouncements which are now codified in GASB 62

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*- This statement provides guidance for deferred outflows of resources and deferred inflows of resources. It further identifies net position as the residual of all elements presented in a statement of financial position. This Statement redefines certain assets and liabilities as "deferred outflows of resources" or "deferred inflows of resources." It further requires the "Capital asset, net of debt" now be titled "Net investment in capital assets" and that the last line of the statements, previously called "Net assets" now be titled "Net position."

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Year Ended September 30, 2013

**Note 1 - Summary of Significant Accounting Policies (Continued):**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued):**

**New GASB Statements Implemented (Continued):**

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* - This statement provides additional guidance for the items listed in GASB 63 and includes additional changes in accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This Statement requires that debt issuance costs be expensed in the period the debt was issued. This Statement also requires that taxes and lease revenues received prior to the period to which they relate to be classified as Unavailable Revenue (a deferred inflow). The implementation of GASB 65 resulted in the write off of bond issue costs and the effect of adoption of GASB 65 is the reduction of beginning net position by \$355,635 of the governmental activities. The effect on fiscal year 2012 had the implementation of GASB 65 occurred earlier would have resulted in a decrease in expenses of the governmental activities by \$47,294.

**Other Disclosures**

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Note 2 - Stewardship, Compliance and Accountability:**

**A. Budgetary Information**

The District is required to establish a budgetary system and an approved annual budget for the General Fund. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at the fiscal year end. The legal level of budgetary control is at the fund level. Any budget amendments that increase the aggregate budgeted appropriations, at the fund level, must be approved by the Board of Supervisors.

RIVERBEND COMMUNITY DEVELOPMENT DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Year Ended September 30, 2013

**Note 2 - Stewardship, Compliance and Accountability (Continued):**

**A. Budgetary Information (continued):**

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted by the District Board.
4. All budget changes must be approved by the District Board.
5. The budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

**B. Deficit Fund Equity**

The debt service fund has a deficit fund balance at September 30, 2013.

**C. Expenditures in Excess of Appropriations**

As noted on page 12, actual expenditures exceeded budgeted expenditures by \$461,926. This was funded by actual revenues in excess of budgeted revenues and the use of beginning fund balance.

**Note 3 - Deposits and Investments:**

**Deposits**

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.



RIVERBEND COMMUNITY DEVELOPMENT DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Year Ended September 30, 2013

**Note 3 - Deposits and Investments (Continued):**

**Investments**

Investments are stated at fair value, which is the amount for which an investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. Fair value is based on quoted market prices. Changes in the fair value of investments are recognized as revenue and included in investment revenue. Investment revenue is recognized as earned and is recorded in the respective fund related to the investment activity.

Instead of establishing a written investment policy, the District elected to limit investments to those approved by Florida Statutes and the District Trust Indenture. Therefore the District does not have an investment policy that addresses credit risk, concentration of credit risk, custodial credit risk or interest rate risk. Authorized District investments include, but are not limited to:

1. The Local Government Surplus Funds Trust Fund (SBA);
2. Securities and Exchange Commission Registered Money Market Funds with the highest credit quality rating from a nationally recognized rating agency;
3. Interest-bearing time deposits or savings accounts in qualified public depositories;
4. Direct obligations of the U.S. Treasury;
5. Short-term bond funds investing in U.S. Government securities or U.S. Government Agency Securities;
6. Securities of registered investment companies (mutual funds) that are limited to obligations of the U.S. Government or any agency or instrumentality thereof.
7. Obligations of any state of the United States or any political subdivision thereof rated in one of the top two rating categories by both Moody's and S&P, the interest on which is exempt from federal income taxation.

The SBA is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund. Therefore, the pool account balance can be used as fair value for financial reporting.

Investments made by the District at September 30, 2013 are summarized below. In accordance with GASB 31, investments are reported at fair value.

<b>Investment Type</b>	<b>Fair Value</b>	<b>Credit Rating</b>	<b>Weighted Average Maturity</b>
US Bank Money Market Account	\$ 1,784,719	AAAm	NA

RIVERBEND COMMUNITY DEVELOPMENT DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Year Ended September 30, 2013

**Note 4 - Interfund Receivables, Payables and Transfers:**

At September 30, 2013, the general fund owed the debt service fund \$127,118 for assessments collected on behalf of this fund.

**Note 5 - Capital Assets:**

Capital asset activity for the year ended September 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 810,902	\$ -	\$ -	\$ 810,902
Infrastructure under construction	783,325	380,677	-	1,164,002
Total capital assets not being depreciated	<u>1,594,227</u>	<u>380,677</u>	<u>-</u>	<u>1,974,904</u>
Capital assets being depreciated:				
Stormwater Management Control	13,535,156	-	-	13,535,156
Landscape	2,459,246	-	-	2,459,246
Furniture and equipment	31,977	4,000	-	35,977
Total capital assets being depreciated	<u>16,026,379</u>	<u>4,000</u>	<u>-</u>	<u>16,030,379</u>
Less accumulated depreciation for:				
Stormwater Management Control	(2,942,452)	(541,406)	-	(3,483,858)
Landscape	(245,925)	(81,975)	-	(327,900)
Furniture and equipment	(8,484)	(7,196)	-	(15,680)
Total accumulated depreciation	<u>(3,196,861)</u>	<u>(630,577)</u>	<u>-</u>	<u>(3,827,438)</u>
Total capital assets being depreciated, net	<u>12,829,518</u>	<u>(626,577)</u>	<u>-</u>	<u>12,202,941</u>
Governmental activities capital assets, net	<u>\$ 14,423,745</u>	<u>\$ (245,900)</u>	<u>\$ -</u>	<u>\$ 14,177,845</u>

Depreciation expense for 2013 was charged to maintenance and operations expense. The District improvements are complete.

RIVERBEND COMMUNITY DEVELOPMENT DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Year Ended September 30, 2013

**Note 6 - Long-Term Liabilities:**

**Series 2005**

On May 18, 2005 the District issued \$9,960,000 of Capital Improvement Revenue Bonds, Series 2005 due on May 1, 2035 with a fixed interest rate of 5.45%. 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 November 1, 2005. Principal on the Series 2005 Bonds is payable annually commencing May 1, 2006 through May 1, 2035.

The Series 2005 Bonds are subject to redemption at the option of the District prior to their maturity. The Series 2005 Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Indenture.

The Bond Indenture requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirement as defined in the Indenture. The requirement has not been met at September 30, 2013.

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. Payment of principal and interest on the Series 2005 Bonds is secured by a pledge of and first lien upon the pledged special assessment revenue. The District is not in compliance with the requirements of the Bond Indenture.

Total principal and interest remaining on the Series 2005 Revenue Bonds at September 30, 2013 is \$15,049,650. Interest paid in the current year was \$1,488,122 which included \$1,006,888 for prior year interest and \$481,234 for current year interest. Principal paid in the current year was \$200,000. Total special assessment revenue pledged for the year was \$673,771. In the current year, the bondholders cancelled \$360,000 of principal and \$240,754 of interest that was due from prior years. These amounts are recorded as a gain on cancellation of debt in the government-wide and fund financial statements.

RIVERBEND COMMUNITY DEVELOPMENT DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Year Ended September 30, 2013

**Note 6 - Long-Term Liabilities (Continued):**

**Series 2007**

On November 14, 2007, the District issued \$9,600,000 of Capital Improvement Revenue Bonds, Series 2007 due on November 1, 2015 with a fixed interest rate of 7.125%. 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, 2008. Principal on the Series 2007 Bonds is to be paid in full on November 1, 2015.

The Series 2007 Bonds are not subject to optional redemption. These Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Indenture.

The Bond Indenture requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirement as defined in the Indenture. The requirement has not been met at September 30, 2013.

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. Payment of principal and interest on the Series 2006 Bonds is secured by a pledge of and first lien upon the pledged special assessment revenue. The District is not in compliance with certain requirements of the Bond Indenture.

Total principal and interest remaining on the Series 2007 Revenue Bonds at September 30, 2013 is \$12,041,485, which includes \$2,109,892 of matured interest payable. No principal was due in the current year. Interest of \$600,638 was due but was not paid. Special assessment revenue pledged was \$394,772.

**Restatement for Note Payment**

The beginning net position was restated due to an error in fiscal year 2009. The District paid off the Developer Note Payable balance in 2009, however the note was not removed from the Statement of Net Position. Therefore, the net position of the District was increased by \$79,632 as a result of the prior period adjustment for correction of this error. This restatement had no effect on the results of operations of the immediate preceding period.

RIVERBEND COMMUNITY DEVELOPMENT DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Year Ended September 30, 2013

**Note 6 - Long-Term Liabilities (Continued):**

Long-term debt activity for the year ended September 30, 2013 was as follows:

	<b>Beginning Balance, as restated</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Bonds payable:					
Series 2005	\$ 9,195,000	\$ -	\$ (560,000)	\$ 8,635,000	\$ 210,000
Series 2007	8,430,000	-	-	8,430,000	-
Capital lease	279,281	-	(64,672)	214,609	71,389
Governmental activity long-term liabilities	<u>\$ 17,904,281</u>	<u>\$ -</u>	<u>\$ (624,672)</u>	<u>\$ 17,279,609</u>	<u>\$ 281,389</u>

The beginning balance of Long-Term Liabilities was restated as a result of the prior period adjustment for a correction of an error totaling \$79,632.

The reduction of \$560,000 in the current year includes \$200,000 of principal paid and \$360,000 of principal cancelled by the bondholders.

At September 30, 2013, the scheduled debt service requirements on the bonds payable were as follows:

<b>Year Ending September 30,</b>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2014	\$ 210,000	\$ 1,071,245
2015	220,000	1,059,800
2016	8,665,000	747,491
2017	245,000	434,365
2018	260,000	421,013
2019 - 2023	1,535,000	1,875,890
2024 - 2028	2,015,000	1,408,553
2029 - 2033	2,650,000	793,520
2034 - 2035	1,265,000	104,366
	<u>\$ 17,065,000</u>	<u>\$ 7,916,243</u>

RIVERBEND COMMUNITY DEVELOPMENT DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Year Ended September 30, 2013

**Note 7 - Capital Lease:**

In fiscal year 2011, the District entered into a lease for certain amenity center improvements. The lease agreement qualifies as a capital lease and therefore has been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through the capital lease totaled \$352,900. No depreciation has been taken as these items are reported as construction in progress:

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013 are as follows:

	<b>Governmental Activities</b>		
	<b>Total</b>	<b>Principal</b>	<b>Interest</b>
<b>Year ending September 30,</b>			
2014	\$ 90,228	\$ 71,387	\$ 18,841
2015	90,228	78,799	11,429
2016	67,671	64,423	3,248
Total minimum lease payments	248,127	<u>\$ 214,609</u>	<u>\$ 33,518</u>
Less amount representing interest	(33,518)		
Present value of minimum lease payments	<u>\$ 214,609</u>		

**Note 8 - Miscellaneous Income:**

In the current year, \$42,900 of miscellaneous income is reported and is comprised of two items: 1) reimbursements from the Riverbend Homeowners Association for legal expenses paid on their behalf in a prior year; and 2) the reversal of accounts payable to a vendor for invoices District counsel determined are not payable due to nonperformance.

**Note 9 - Significant Landowner Transactions:**

In the current year, Lennar paid the district \$887,622 of assessments, representing 51% of total assessment revenue.

**Note 10 - 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. These risks are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage since inception of the District.

**Note 11 - Subsequent Events:**

Subsequent to year end, the District was unable to make the November 2013 and May 2014 interest payments due on the Series 2007 Bonds.

**COMPLIANCE SECTION**

**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  
*Riverbend Community Development District*

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the *Riverbend Community Development District* (the "District") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 11, 2014.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in Appendix B to this report.

We noted certain other matters that we reported to management of the District in a separate letter dated June 11 2014. The District's response to our findings identified in our audit is included in this report. We did not audit the District's response, and accordingly, we express no opinion on it.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*McDiernit Davis & Company, LLC*

Orlando, Florida  
June 11, 2014

## MANAGEMENT COMMENTS

Board of Supervisors  
*Riverbend Community Development District*

We have audited the financial statements of the *Riverbend Community Development District* (the "District"), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated June 11, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our 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. Disclosures in that report, which is dated June 11, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information which is not included in the aforementioned auditor's report.

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The status of management's response to our recommendations included in the preceding annual financial report is outlined in Appendix A to this report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., 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 had one recommendation described in Appendix C to this report.
- Section 10.554(1)(i)4., 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.

**MCDIRMIT DAVIS & COMPANY, LLC**  
934 NORTH MAGNOLIA AVENUE, SUITE 100 • ORLANDO, FLORIDA 32803  
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- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the District and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.
- Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District met one of the conditions described in Section 218.503(1), Florida Statutes. This condition is described in Appendix D.
- Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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 and applicable management, and is not intended to be and should not be used by anyone other than those specified parties.

*McDiernit Davis & Company, LLC*

June 11, 2014

RIVERBEND COMMUNITY DEVELOPMENT DISTRICT

**APPENDIX A - PRIOR YEAR RECOMMENDATIONS**

Year Ended September 30, 2013

<b>No.</b>	<b>Prior Year's Finding</b>	<b>Finding No Longer Relevant</b>	<b>Finding is Still Relevant</b>	<b>Finding Included in Second Preceding Audit</b>
12-01	Failure to Meet Debt Service Reserve Account Requirement		X	X
12-02	Failure to Make Debt Service Payments When Due		X	X
12-03	Failure to File Audit Reports	X		
12-04	Actual Expenditures Exceeded Budgeted Expenditures		X	X

**APPENDIX B - COMPLIANCE VIOLATIONS OF LAWS, REGULATIONS AND CONTRACTUAL PROVISIONS**

Year Ended September 30, 2013

**12-01 - Failure to Meet Debt Service Reserve Account Requirement**

**Criteria**

The Trust Indenture requires the District to maintain a minimum balance in the Series 2005 and Series 2007 Debt Service Reserve Accounts.

**Condition**

At September 30, 2013, the Series 2005 and Series 2007 Debt Service Reserve Accounts were deficient.

**Cause**

The balance in the Series 2005 and Series 2007 Debt Service Reserve Accounts were used to pay debt service payments.

**Effect**

The District is not in compliance with the Trust Indenture.

**Recommendation**

We recommend the District utilize all remedies available to replenish the Debt Service Reserve Accounts.

**12-02 - Failure to Make Debt Service Payments When Due**

**Criteria**

The Special Assessment Revenue Bonds Series 2005 and Series 2007 require interest and principal payments as per the Bond Indenture.

**Condition**

In the current and prior years, the District did not pay the principal and interest due on the Series 2005 and Series 2007 Bonds.

**Cause**

The District did not receive special assessments from certain landowners.

**Effect**

At September 30, 2013, the District was not in compliance with the requirements of the Bond Indenture and has met a financial emergency condition as described in Florida Statute Section 218.503(1).

**Recommendation**

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

**APPENDIX C - RECOMMENDATION TO IMPROVE FINANCIAL MANAGEMENT**

Year Ended September 30, 2013

**12-04 – Actual Expenditures Exceeded Budgeted Expenditures**

**Criteria**

Florida Statutes state that actual expenditures may not exceed budgeted expenditures and the budget should be amended within 60 days following the end of the fiscal year.

**Condition**

The District did not amend the General Fund budget for expenditures that exceeded the original budget.

**Cause**

The District paid expenses related to the major landowner foreclosure.

**Effect**

The District's General Fund expenditures were \$461,926 over budget.

**Recommendation**

We recommend the District amend their budget before November 30 of each year.

RIVERBEND COMMUNITY DEVELOPMENT DISTRICT

**APPENDIX D - CONDITION OF FINANCIAL EMERGENCY**

Year Ended September 30, 2013

**12-02 - Failure to Make Debt Service Payments When Due**

In the current year, the District did not pay the principal and interest due on the Series 2005 and Series 2007 Bonds as a result of lack of funds; therefore the District meets Section 218.503(1)(a) as a financial emergency condition.

06/11/2014

Management Responses for Riverbend Audit FY13:

12-01

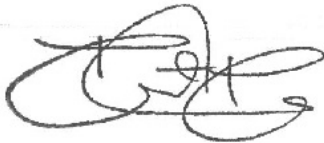
The District Manager will work with bond counsel and the Trustee to ensure that the CDD will meet the reserve account requirement in the future. This will include looking into the possibility of modifying the Trust Indenture.

12-02

The District Manager will work with bond counsels and the Trustee to ensure that the CDD will make future Debt Service payments when due.

12-04

The District Manager will work with the Board to ensure the CDD can amend their budget before November 30<sup>th</sup> of each year as necessary.



Robert Rios  
VP, Municipal Accounting  
Meritus Districts

