

**New River Community
Development District**

FINANCIAL STATEMENTS

September 30, 2018



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New River Community Development District
Table of Contents
September 30, 2018

REPORT	<u>PAGE</u>
Independent Auditors' Report	1
FINANCIAL STATEMENTS	
Management's Discussion and Analysis (required supplemental information)	3
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements	
Balance Sheet – Governmental Funds	10
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Notes to Financial Statements	14
Required Supplemental Information (other than MD&A)	
Budget to Actual Comparison Schedule - General Fund	26
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	27
Management Letter	29
Independent Accountants' on Compliance with Section 218.415 Florida Statutes	31



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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
New River Community Development District
Pasco County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of New River Community Development District (hereinafter referred to as "District"), as of and for the year ended September 30, 2018, 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

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.

Auditors' Responsibility

Our responsibility is to express opinions 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 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 auditors' 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 opinions.

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, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, 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 our report dated June 28, 2019, 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 and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida

June 28, 2019



Management's Discussion And Analysis

New River Community Development District Management's Discussion and Analysis

Our discussion and analysis of the New River Community Development District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2018. Please read it in conjunction with the District's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- At September 30, 2018, the liabilities and deferred inflows of resources of the District exceed its assets and deferred outflows of resources by approximately \$1.8 million (deficit).
- During the year ended September 30, 2018, the District incurred interest expenditures of approximately \$1.1 million and repaid \$1,180,000 of principal on its bonds.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 8 – 9 provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 10. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the District as a Whole

Our analysis of the District as a whole begins on page 4. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and related changes during the current year. You can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors; however, such as changes in the District's assessment base and the condition of the District's infrastructure, to assess the overall health of the District.

New River Community Development District Management's Discussion and Analysis

Reporting the District's Most Significant Funds

Our analysis of the District's major funds begins on page 6. The fund financial statements begin on page 10 and provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. All of the District's funds are governmental fund-types.

- *Governmental funds* – All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

THE DISTRICT AS A WHOLE

The following table reflects the condensed Statement of Net Position and is compared to the prior year.

<i>September 30,</i>	2018	2017	Change
Assets			
Current and other assets	\$ 708,805	\$ 843,585	\$ (134,780)
Capital assets, net	22,234,053	22,678,954	(444,901)
Total assets	22,942,858	23,522,539	(579,681)
Deferred outflows of resources			
Deferred charge on refunding	451,668	474,251	(22,583)
Total assets and deferred outflows of resources	\$ 23,394,526	\$ 23,996,790	\$ (602,264)
Liabilities			
Current liabilities	\$ 1,295,955	\$ 1,157,184	\$ 138,771
Other liabilities	23,855,000	25,105,000	(1,250,000)
Total liabilities	25,150,955	26,262,184	(1,111,229)
Deferred inflows of resources			
Deferred revenue	125	-	125
Total liabilities and deferred inflows of resources	\$ 25,151,080	\$ 26,262,184	\$ (1,111,104)
Net position			
Net investment in capital assets	(1,567,635)	(2,280,151)	712,516
Restricted for:			
Debt service	-	6,238	(6,238)
Capital projects	87,024	84,699	2,325
Unrestricted	(275,943)	(76,180)	(199,763)
Total net position (deficit)	(1,756,554)	(2,265,394)	508,840
Total liabilities, deferred inflows of resources and net position	\$ 23,394,526	\$ 23,996,790	\$ (602,389)

New River Community Development District Management's Discussion and Analysis

For more detailed information, see the accompanying Statement of Net Position.

During the fiscal year ended September 30, 2018, total assets and liabilities decreased by approximately \$580,000 and approximately \$1.1 million, respectively, while deferred outflows and inflows of resources did not change significantly from the prior year. The decrease in assets is primarily due to depreciation on the completed infrastructure. The decrease in liabilities is primarily due to the repayment of outstanding long-term bond principal.

The following schedule compares the Statement of Activities for the current and previous fiscal year.

<i>Year ended September 30,</i>	2018	2017	Change
Revenues:			
Program revenues:			
Charges for services	\$ 1,278,466	\$ 2,539,361	\$ (1,260,895)
Grants and contributions	1,103,616	538,808	564,808
General revenues:			
Interest and other revenues	4,001	761	3,240
Total revenues	2,386,083	3,078,930	(692,847)
Expenses:			
General government	77,793	85,698	(7,905)
Maintenance and operations	282,635	293,970	(11,335)
Interest	1,071,914	1,127,649	(55,735)
Unallocated depreciation	444,901	444,901	-
Total expenses	1,877,243	1,952,218	(74,975)
Change in net position	508,840	1,126,712	(617,872)
Net position (deficit), beginning	(2,265,394)	(3,392,106)	1,126,712
Net position (deficit), ending	\$ (1,756,554)	\$ (2,265,394)	\$ 508,840

For more detailed information, see the accompanying Statement of Activities.

Revenues and expenses decreased by approximately \$693,000 and \$75,000, respectively. The decrease in revenues is largely due to a decrease in prepayment revenues. The decrease in expenses is primarily due to a decrease in interest expense. The overall result was a \$508,840 increase in net position for fiscal year 2018.

New River Community Development District Management's Discussion and Analysis

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 10) reported a combined fund balance of approximately \$599,000, which is a decrease from last year's balance that totaled approximately \$811,000. Significant transactions are discussed below.

- During the fiscal year ended September 30, 2018, the District incurred approximately \$1.1 million of interest expenditures and repaid principal of \$1,180,000.

The overall decrease in fund balance for the year ended September 30, 2018 totaled approximately \$212,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2018, the District had approximately \$22.2 million invested in capital assets (net of accumulated depreciation). This amount represents a decrease of approximately \$445,000 from the fiscal year 2017 total.

A listing of capital assets by major category for the current and prior year follows:

<i>September 30,</i>	2018	2017	Change
Land	\$ 6,250,103	\$ 6,250,103	\$ -
Infrastructure	17,745,529	17,745,529	-
Dog park	18,944	18,944	-
Total, prior to depreciation	24,014,576	24,014,576	-
Accumulated depreciation	(1,780,523)	(1,335,622)	(444,901)
Net capital assets	\$ 22,234,053	\$ 22,678,954	\$ (444,901)

More information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

At September 30, 2018, the District had approximately \$24.5 million of long-term liabilities outstanding. This amount represents a net decrease of \$1,100,000 from the fiscal year 2017 total.

New River Community Development District Management's Discussion and Analysis

A listing of debt amounts outstanding for the current and prior year is as follows:

<i>September 30,</i>	2018	2017	Change
Capital Improvement Revenue Bonds:			
Series 2010 A-1	\$ 3,140,000	\$ 3,230,000	\$ (90,000)
Series 2010 A-2	8,215,000	8,430,000	(215,000)
Series 2010 B-1	55,000	315,000	(260,000)
Series 2010 B-2	6,435,000	7,050,000	(615,000)
Unexchanged 2006 bond principal	6,375,000	6,375,000	-
Promissory notes	334,398	254,398	80,000
Total	\$ 24,554,398	\$ 25,654,398	\$ (1,100,000)

More information about the District's long-term debt is presented in Notes 5 - 7 to the financial statements.

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

An Operating budget was established by the governing board for the District pursuant to the requirements of Florida Statutes. The budget to actual comparison for the general fund, including the original budget and final adopted budget, is shown at page 26.

The District experienced an unfavorable variance in revenues as compared to the budget in the amount of \$136,455, while expenses experienced a favorable variance as compared to the budget in the amount of \$145,997. The unfavorable variance in revenues occurred primarily because of lower than anticipated lot sales throughout the current year. The favorable variance in expenses occurred primarily due to fewer maintenance expenditures incurred throughout the year compared to budgeted amounts.

FUTURE FINANCIAL FACTORS

New River Community Development District is an independent special district that operates under the provisions of Chapter 190, Florida Statutes. The District operates under an elected Board of Supervisors, which establishes policy and sets assessment rates. Assessment rates for fiscal year 2019 were established to provide for the operations of the District as well as the necessary debt service requirements.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the New River Community Development District's finance department at 12750 Citrus Park Lane, Suite 115, Tampa, FL 33625.



Basic Financial Statements

**New River Community Development District
Statement of Net Position**

<i>September 30,</i>	2018
	Governmental Activities
Assets	
Cash and cash equivalents	\$ 51,121
Investments	646,121
Deposits	5,385
Prepaid expenses	6,178
Capital assets:	
Not being depreciated	6,250,103
Depreciable, net	15,983,950
Total assets	22,942,858
Deferred outflows of resources	
Deferred charge on refunding	451,668
Total deferred outflows of resources	451,668
Liabilities	
Accounts payable	21,648
Accrued expenses payable	7,834
Accrued interest	567,075
Due to developer	334,398
Non-current liabilities:	
Due within one year	365,000
Due in more than one year	23,855,000
Total liabilities	25,150,955
Deferred inflows of resources	
Deferred revenue	125
Total deferred inflows of resources	125
Net position	
Net investment in capital assets	(1,567,635)
Restricted for:	
Capital projects	87,024
Unrestricted	(275,943)
Total net position (deficit)	\$ (1,756,554)

The accompanying notes are an integral part of these financial statements.

New River Community Development District Statement of Activities

Year ended September 30,

2018

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Net (Expense) Revenue and Changes in Net Position
Primary government:						
Governmental activities:						
General government	\$ (77,793)	\$ 79,491	\$ -	\$ -	\$ 1,698	
Maintenance & operations	(282,635)	288,803	-	-	6,168	
Interest	(1,071,914)	910,172	1,103,460	156	941,874	
Unallocated depreciation	(444,901)	-	-	-	(444,901)	
Total governmental activities	\$(1,877,243)	\$ 1,278,466	\$ 1,103,460	\$ 156	504,839	

General revenues

Interest and other revenues	4,001
Change in net position	508,840
Net position (deficit) - beginning of year	(2,265,394)
Net position (deficit) - end of year	\$ (1,756,554)

The accompanying notes are an integral part of these financial statements.

**New River Community Development District
Balance Sheet – Governmental Funds**

<i>September 30,</i>	2018			
	General	Debt Service	Capital Projects	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 51,121	\$ -	\$ -	\$ 51,121
Investments	-	578,812	67,309	646,121
Prepaid expenditures	6,178	-	-	6,178
Deposits	5,385	-	-	5,385
Due from other funds	-	-	19,715	19,715
Total assets	\$ 62,684	\$ 578,812	\$ 87,024	\$ 728,520
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 21,648	\$ -	\$ -	\$ 21,648
Accrued expenditures payable	7,834	-	-	7,834
Due to developer	80,000	-	-	80,000
Due to other funds	19,715	-	-	19,715
Total liabilities	129,197	-	-	129,197
Deferred inflows of resources				
Deferred revenues	125	-	-	125
Total deferred inflows of resources	125	-	-	125
Fund balances				
Nonspendable	11,563	-	-	11,563
Restricted for:				
Debt service	-	578,812	-	578,812
Capital projects	-	-	87,024	87,024
Unassigned	(78,201)	-	-	(78,201)
Total fund balances (deficit)	(66,638)	578,812	87,024	599,198
Total liabilities, deferred inflows of resources, and fund balances	\$ 62,684	\$ 578,812	\$ 87,024	\$ 728,520

The accompanying notes are an integral part of these financial statements.

**New River Community Development District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of
Net Position**

<i>September 30,</i>	2018
Total fund balances (deficit), governmental funds	\$ 599,198
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund level statements.	22,234,053
Deferred charges on refunding are not financial resources and, therefore are not reported in governmental funds. The Statement of Net Position includes these costs, net of amortization.	451,668
Liabilities not due and payable from current resources, including accrued interest, are not reported in the fund level statements.	(25,041,473)
Total net position (deficit) - governmental activities	\$ (1,756,554)

The accompanying notes are an integral part of these financial statements.

**New River Community Development District
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds**

Year ended September 30,

2018

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Assessments	\$ 368,294	\$ 910,172	\$ -	\$ 1,278,466
Prepayment assessments	-	1,101,676	-	1,101,676
Interest and other revenues	1,676	1,784	2,481	5,941
Total revenues	369,970	2,013,632	2,481	2,386,083
Expenditures				
Current:				
General government	77,793	-	-	77,793
Maintenance and operations	282,635	-	-	282,635
Debt service:				
Principal payment	-	1,180,000	-	1,180,000
Interest	-	1,057,522	-	1,057,522
Total expenditures	360,428	2,237,522	-	2,597,950
Excess (deficit) of revenues over expenditures	9,542	(223,890)	2,481	(211,867)
Other Financing Sources (Uses)				
Transfers in	-	156	-	156
Transfers out	-	-	(156)	(156)
Total other financing sources (uses)	-	156	(156)	-
Net change in fund balances	9,542	(223,734)	2,325	(211,867)
Fund balances (deficit), beginning of year	(76,180)	802,546	84,699	811,065
Fund balances (deficit), end of year	\$ (66,638)	\$ 578,812	\$ 87,024	\$ 599,198

The accompanying notes are an integral part of these financial statements.

**New River Community Development District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities**

<i>Year ended September 30,</i>	2018
Net change in fund balances - governmental funds	\$ (211,867)
Depreciation on capital assets is not recognized in the fund financial statements but are reported as an expense in the Statement of Activities.	(444,901)
Principal payments reported as a reduction to the liabilities on the Statement of Net Position, is shown as an expenditure in the governmental funds.	1,180,000
Amortization of deferred charges on refunding is not recognized in the governmental fund statement but is reported as an expense in the Statement of Activities.	(22,583)
The change in accrued interest between the current and prior year is recorded on the Statement of Activities but not on the fund financial statements.	8,191
Change in net position of governmental activities	\$ 508,840

The accompanying notes are an integral part of these financial statements.

New River Community Development District Notes to Financial Statements

NOTE 1: NATURE OF ORGANIZATION

The New River Community Development District (the “District”) was established on December 30, 2005 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by Pasco County Ordinance No. 05-50. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District was established for the purposes of financing and managing the acquisition, construction, maintenance, and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by a Board of Supervisors (“Board”), which is comprised of five members. The Supervisors are elected on an at large basis by the owners of the property within the District. During the reporting period, certain Supervisors were affiliated with the Developer of the community, NRD, LLC. The District is economically dependent on the Developer. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes.

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.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth by Generally Accepted Accounting Principles (GAAP) as defined by the Governmental Accounting Standards Board (GASB). Based on the foregoing criteria, no potential component units were found.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to GAAP as applicable to governments in accordance with those promulgated by GASB. The following is a summary of the more significant policies:

Government-wide and Fund Financial Statements

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

New River Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities are reported separately in government-wide financial statements; however, at September 30, 2018, the District did not have any significant business-type activities. Therefore, no business-type activities are reported. Assessments and other items not properly included as program revenues (i.e., charges to customers or applicants who purchase, use, or directly benefit from goods or services) are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of 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 the related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and other similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. 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 and/or certified for collection by the District prior to the start of the fiscal year which begins October 1st and ends on September 30th. Operation and maintenance special assessments are imposed upon all benefited 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. Certain debt service assessments are collected upon the closing of those lots subject to short term debt and are used to prepay a portion of the bonds outstanding.

New River Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The District reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

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

For the year ended September 30, 2018, the District does not report any proprietary funds.

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. When committed, assigned, or unassigned resources are available for use in the governmental fund financial statements, it is the government's policy to use committed resources first, followed by assigned resources, then unassigned resources as needed.

Cash, Deposits and Investments

The District maintains deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities in accordance with collateral requirements determined by the State's Chief Financial Officer. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories.

Under this method, all the District's deposits are fully insured or collateralized at the highest level of security as defined by GASB, Statement Number 40, *Deposits and Investment Disclosures (An Amendment of GASB, Statement Number 3)*.

The District is authorized to invest in financial instruments as established by Section 218.415, Florida Statutes. The authorized investments include among others, direct obligations of the U.S. Treasury; the Local Government Surplus Funds Trust as created by Section 218.405, Florida

New River Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statutes; SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and interest-bearing time deposits or savings accounts in authorized financial institutions. The Bond Indenture allows funds to be invested in commercial paper rated in the highest category by S&P or Moody's at the time of purchase.

Capital Assets

Capital assets, which include primarily infrastructure assets (e.g., roads, sidewalks, water management systems and similar items), are reported in the 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 and estimated historical cost if purchased or constructed. Donated 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 asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives: Infrastructure - 40 years; Dog park - 15 years.

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line or effective interest method. Bonds payable are reported net of these premiums or discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current period expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the 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

New River Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and Balance Sheet – Governmental Funds 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. At September 30, 2018, the District had \$451,668 recorded as a deferred charge on refunding. A deferred charge on refunding results from a debt refunding transaction where the consideration paid for the refunded bonds exceeds the carrying amount.

In addition to liabilities, the Statement of Net Position and Balance Sheet – Governmental Funds 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 only has one item, deferred revenue, which qualifies for reporting in this category at September 30, 2018. Deferred revenue resulted from the determination of whether the funds are current financial resources (i.e. received within 60 days of year-end).

Fund Equity

Net position in the government-wide financial statements represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents assets related to infrastructure and property, plant and equipment, net of any related debt. Restricted net position represents the assets restricted by the District's bond covenants.

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the District board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the District board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

Budgets

The District is required to establish a budgetary system and an approved annual budget. Annual budgets are legally adopted on a basis consistent with GAAP for the General Fund. Any revision to

New River Community Development District Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the budget must be approved by the District Board. The budgets are compared to actual expenditures. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represent final authorization amounts.

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

- A. Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- B. A public hearing is conducted to obtain comments.
- C. Prior to October 1, the budget is legally adopted by the District Board.
- D. All budget changes must be approved by the District Board.
- E. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

NOTE 3: INVESTMENTS

The District's investments consist of short-term investments that are treated for accounting purposes similarly to money market funds. In accordance with GASB 72, *Fair Value Measurement and Application*, these amounts are reported at amortized cost.

<i>September 30,</i>	2017	Credit Risk Maturities	
Commercial paper	\$ 646,121	S&P A-1+	N/A

Custodial credit risk – For an investment, custodial credit risk is the risk that the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk. At September 30, 2018, the commercial paper is not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration risk – The District's investment policy requires diversification, but does not specify limits on types of investments.

Interest rate risk – The District does not have a formal policy for addressing interest rate risk; however, investments are made with discretion, to seek reasonable returns, preserve capital, and in general, avoid speculative investments. The District manages its exposure to declines in fair values from interest rate changes by reviewing the portfolio on an ongoing basis for changes in effective yield amounts.

New River Community Development District Notes to Financial Statements

NOTE 4: CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended September 30, 2018:

	Beginning Balance	Additions	Ending Balance
Governmental Activities:			
<i>Capital assets not being depreciated</i>			
Land	\$ 6,250,103	\$ -	\$ 6,250,103
Total capital assets, not being depreciated	6,250,103	-	6,250,103
<i>Capital assets being depreciated</i>			
Infrastructure	17,745,529	-	17,745,529
Dog park	18,944	-	18,944
Total capital assets, being depreciated	17,764,473	-	17,764,473
<i>Less accumulated depreciation</i>			
Infrastructure	1,331,623	443,638	1,775,261
Dog park	3,999	1,263	5,262
Total accumulated depreciation	1,335,622	444,901	1,780,523
Total capital assets, being depreciated, net	16,428,851	(444,901)	15,983,950
Governmental activities capital assets, net	\$ 22,678,954	\$ (444,901)	\$ 22,234,053

Depreciation expense of \$444,901 was unallocated on the accompanying Statement of Activities.

NOTE 5: BONDS PAYABLE

On November 1, 2006, the District issued \$27,345,000 of Capital Improvement Revenue Bonds, consisting of \$2,865,000 of Series 2006 A Bonds and \$24,480,000 of Series 2006 B Bonds with an interest rate of 5.35% and 5.00%, respectively. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest was paid semiannually on each May 1 and November 1. Principal on the Series 2006 A Bonds was to be paid serially commencing on May 1, 2009 through May 1, 2038. Principal on the Series 2006 B Bonds was due in full on May 1, 2013. The unexchanged portion is the only Series 2006 Bonds outstanding.

In previous years, the Developer and the District, with the consent of the bondholders, entered into a restructuring agreement regarding the refunding of the Series 2006 Bonds, completion of the infrastructure, and assessments on Developer owned land within the District. In accordance with the restructuring agreement, the District and the bondholders agreed that no remedial actions relating to the unpaid debt service assessments on the 2006 bonds would be commenced during the restructuring period. The restructuring agreement also stipulated that the Developer will pay all O&M assessments going forward from the date of the agreement.

New River Community Development District Notes to Financial Statements

NOTE 5: BONDS PAYABLE (Continued)

In connection with this agreement, the District issued \$20,876,985 of Capital Improvement Revenue Refunding Bonds, Series 2010 as follows:

<i>Series</i>	Initial Principal Amount	Conversion Date Accreted Value	Interest Rate	Maturity date	Principal Payments Commencing	Interest Payments Commencing
2010 A-1	\$ 3,195,800	\$ 3,575,000	5.75%	May 1, 2038	May 1, 2013	May 1, 2013
2010 A-2	7,183,080	9,000,000	5.75%	May 1, 2038	May 1, 2015	May 1, 2015
2010 B-1	4,412,263	4,865,000	5.00%	May 1, 2019	May 1, 2015	May 1, 2013
2010 B-2	6,085,842	7,050,000	5.00%	May 1, 2038	May 1, 2018	May 1, 2014
	<u>\$ 20,876,985</u>	<u>\$ 24,490,000</u>				

The bonds were issued to refund the Series 2006 Bonds and to allow the Developer to reposition itself, continue the development, and complete the infrastructure within the District. The Series 2010 B-1 bonds were extended to May 1, 2019 in a previous year. In April 2016, the maturity date of the B-2 Bonds was extended to May 1, 2038. The “conversion date accreted value” represents the initial principal amount of the bonds plus accrued interest between the date of issuance and the date that principal payments commence on each separate issue.

The amount by which the outstanding balance of the Series 2006 Bonds exceeds the initial principal amount of the Series 2010 Bonds (approximately \$6.5 million) will be represented by a “cash flow note”. The cash flow note is non-interest bearing and will be repaid from lot sales revenues after repayment of Series B debt, eligible project expenses, and Developer Capital.

The balance of the long-term bonds at September 30, 2018 is summarized as follows:

<i>September 30,</i>	2018
2010 bonds principal balance	\$ 17,845,000
Unexchanged 2006 bond principal balance	6,375,000
Net bonds payable	\$ 24,220,000

At September 30, 2018, the scheduled debt service requirements on long-term debt were as follows. The amount of the cash flow note, which represents the balance of unexchanged Series 2006 bonds, is reflected as maturing the year after all of the Series 2010 Bonds are shown as being fully repaid.

New River Community Development District Notes to Financial Statements

NOTE 5: BONDS PAYABLE (Continued)

<i>Year Ending September 30,</i>	Principal	Interest	Total Debt Service
2019	\$ 365,000	\$ 993,501	\$ 1,358,501
2020	330,000	972,926	1,302,926
2021	350,000	953,951	1,303,951
2022	370,000	933,826	1,303,826
2023	395,000	912,551	1,307,551
2024 - 2028	2,330,000	4,252,494	6,582,494
2029 - 2033	3,120,000	3,521,363	6,641,363
2034 - 2038	10,585,000	2,511,951	13,096,951
	<u>\$ 17,845,000</u>	<u>\$ 15,052,563</u>	<u>\$ 32,897,563</u>

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 2006 Bond Indenture had certain requirements that the District maintain adequate funds in the reserve accounts to meet the debt service reserve requirements as defined in the Indenture. The 2010 Bond Indenture acknowledges that it is unlikely that any of the related 2010 Series A Reserve accounts will ever be fully funded or that the 2010 Series B Reserve accounts will be funded at all.

NOTE 6: PROMISSORY NOTES

The District has entered into a promissory note with the Developer to finance a portion of the purchase price of certain land within the District. Per the agreement, the note is intended to be reimbursed from the proceeds of the District's next bond issue. At September 30, 2018, the outstanding principal and interest on the promissory note totaled \$254,398 and \$153,116, respectively. As of the date of this report, the District has not made any payments on the promissory note.

The promissory note shall not be deemed to constitute a general debt or a pledge of the faith and credit of the District, or a debt or pledge of the faith and credit of the State of Florida or any political subdivision thereof. It is expressly agreed by the Developer that it shall never have the right to require or compel the exercise of the ad valorem taxing power of the District or any other political subdivision of the State of Florida for the payment of the principal and interest on this note.

New River Community Development District Notes to Financial Statements

NOTE 6: PROMISSORY NOTES (Continued)

The District entered into an additional promissory note with the Developer to finance any General Fund shortfall during the fiscal year ended September 30, 2018. Per the agreement, the note is intended to be reimbursed only to the extent that there are excess revenues collected from the development and platting of new residential lots for the fiscal year ended September 30, 2019, the District will reimburse those excess amounts within 60 days of receipt from the Pasco County Tax Collector. The reimbursement of advances made by the Developer pursuant to this note will not bear any interest. The outstanding principal on the promissory note at September 30, 2018 totaled \$80,000.

NOTE 7: LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended September 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Activities</i>					
Bonds Payable:					
Series 2010 A-1	\$ 3,230,000	\$ -	\$ (90,000)	\$ 3,140,000	\$ 85,000
Series 2010 A-2	8,430,000	-	(215,000)	8,215,000	225,000
Series 2010 B-1	315,000	-	(260,000)	55,000	55,000
Series 2010 B-2	7,050,000	-	(615,000)	6,435,000	-
Unexchanged 2006 Bond principal	6,375,000	-	-	6,375,000	-
Total bonds payable	25,400,000	-	(1,180,000)	24,220,000	365,000
Developer promissory notes (see Note 6)	254,398	80,000	-	334,398	-
	\$ 25,654,398	\$ 80,000	\$ (1,180,000)	\$ 24,554,398	\$ 365,000

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District maintains commercial insurance coverage to mitigate the risk of loss. Coverage may not extend to all situations. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. The District has not received any insurance claims under the commercial coverage in the previous three years.

New River Community Development District Notes to Financial Statements

NOTE 9: MANAGEMENT COMPANY

The District has contracted with a management company to perform management services, which include financial and accounting services. Certain employees of the management company also serve as officers (Board appointed non-voting positions) of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, and other administrative costs.

NOTE 10: RELATED PARTY TRANSACTIONS

The Developer has agreed to fund the debt service costs on property owned within the District. In connection with these agreements, the Developer paid debt service assessments and prepayment assessments directly to the District totaling approximately \$1.1 million.

At September 30, 2018, the Developer owned a substantial amount of the assessable property located within the District boundaries. A significant portion of the District's future activity is dependent upon the continued involvement of the Developer.

All new operation and maintenance assessments, all ad valorem property taxes applicable to the property arising after November 16, 2010 (effective date), and any operating deficit sustained by the District are due and payable as outlined in the funding agreement or upon invoice from the County tax collector. To the best of management's knowledge, the Developer is current on the ad valorem taxes assessed. All debt service assessments levied against the Developer owned land are due and payable to allow the District to make the required principal and interest payments on the Bonds as they become due. As outlined above in Note 5, the initial debt service payments commenced May 1, 2013.

NOTE 11: INTERFUND BALANCES

Interfund receivable and payable at September 30, 2018 were as follows:

	Receivable	Payable
Major funds:		
General	\$	- \$ 19,715
Capital Projects	19,715	-
Total	\$ 19,715	\$ 19,715

The outstanding balances between funds are mainly due to expenses paid by the Capital Projects Funds on behalf of the General Fund.



New River Community Development District Notes to Financial Statements

NOTE 12: CONCENTRATION

A significant portion of the District's activity is dependent upon the continued involvement of a major landowner, Avex Homes. The loss of significant involvement could have a material adverse effect of the District's operations.

During the year ended September 30, 2018, Avex Homes paid approximately \$669,000 in prepayment revenues to the District, which are included in Operating Grants and Contributions on the Statement of Activities.



**Required Supplemental Information
(Other Than MD&A)**

**New River Community Development District
Budget to Actual Comparison Schedule – General Fund**

<i>Year ended September 30,</i>	2018		
	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Assessments	\$ 506,425	\$ 368,294	\$ (138,131)
Interest and other revenues	-	1,676	1,676
Total revenues	506,425	369,970	(136,455)
Expenditures			
General government	70,075	77,793	(7,718)
Maintenance and operations	436,350	282,635	153,715
Total expenditures	506,425	360,428	145,997
 Excess of revenues over expenditures	 \$ -	 \$ 9,542	 \$ 9,542

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Supervisors
New River Community Development District
Pasco County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of New River Community Development District (hereinafter referred to as the "District"), as of and for the year ended September 30, 2018, 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 28, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 from 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida

June 28, 2019

MANAGEMENT LETTER

To the Board of Supervisors
New River Community Development District
Pasco County, Florida

Report on the Financial Statements

We have audited the financial statements of the New River Community Development District ("District") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 28, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports, which are dated June 28, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information required is disclosed in the notes to the financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and communicate the results of our determination as to whether or not the District 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 did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial 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.

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and communicate whether the annual financial report for the District for the fiscal year ended September 30, 2018, 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, 2018. In connection with our audit, we determined that these two reports were in agreement.

Additional Matters

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida

June 28, 2019



Carr, Riggs & Ingram, LLC
Certified Public Accountants
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INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Supervisors
New River Community Development District
Pasco County, Florida

We have examined New River Community Development District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
June 28, 2019