Rivers Edge II Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2023

Rivers Edge II Community Development District

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REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
Rivers Edge II Community Development District
St. Johns County, Florida

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities and each major fund of Rivers Edge II Community Development District (the "District"), as of and for the year ended September 30, 2023, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Rivers Edge II Community Development District as of September 30, 2023, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

To the Board of Supervisors
Rivers Edge II Community Development District

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including currently known information that may raise substantial doubt thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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

To the Board of Supervisors
Rivers Edge II Community Development District

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 11, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rivers Edge II Community Development District's internal control over financial reporting and compliance.

Berger Toombs Elam Gaines & Frank

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

July 11, 2024

Rivers Edge II Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2023.

- The District's total assets were exceeded by total liabilities by $(577,034) (net position). Unrestricted net position for Governmental Activities was $719,518 and restricted net position was $197,992. Net investment in capital assets was $(1,494,544).

- Governmental activities revenues totaled $4,097,966 while governmental activities expenses totaled $4,100,510.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District

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

Net Position

	Governmental Activities	
	2023	**2022**
Current assets	$ 773,225	$ 1,026,043
Restricted assets	991,027	1,587,904
Capital assets	16,121,289	14,200,888
Total Assets	17,885,541	16,814,835
Current liabilities	671,588	1,001,978
Non-current liabilities	17,790,987	16,387,347
Total Liabilities	18,462,575	17,389,325
Net investment in capital assets	(1,494,544)	(1,378,575)
Restricted net position	197,992	67,950
Net position - unrestricted	719,518	736,135
Total Net Position	$ (577,034)	$ (574,490)

The decrease in current assets is related to the decrease in investments in the current year.

The increase in capital assets and non-current liabilities is related to the increase in improvements other than buildings and a developer advance in the current year.

The decrease in current liabilities is primarily related to the decrease in accounts payable and due to other governments in the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

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

Change In Net Position

	Governmental Activities	
	2023	2022
Program Revenues		
Charges for services	$ 2,561,905	$ 2,086,116
Grants and contributions	1,459,272	1,822,542
General Revenues		
Miscellaneous revenues	6,651	13,660
Investment earnings	70,138	7,265
Total Revenues	4,097,966	3,929,583
Expenses		
General government	105,828	170,686
Physical environment	322,481	281,092
Culture/recreation	2,992,102	2,513,265
Interest and other charges	680,099	689,833
Total Expenses	4,100,510	3,654,876
Change in Net Position	(2,544)	274,707
Net Position - Beginning of Year	(574,490)	(849,197)
Net Position - End of Year	$ (577,034)	$ (574,490)

The increase in charges for services is related to an increase in special assessments and café revenues in the current year.

The decrease in operating contributions is related to the decrease in developer contributions in the current year.

The increase in physical environment is related to the increase in depreciation in the current year.

The increase in culture/recreation is mainly related to the increase in payroll, café expenses, insurance and landscape expenses in the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets as of September 30, 2023 and 2022.

Description	Governmental Activities 2023	2022
Buildings and improvements	$ 7,145,562	$ 7,145,562
Improvements other than buildings	10,914,968	8,433,901
Accumulated depreciation	(1,939,241)	(1,378,575)
Total Capital Assets (Net)	$ 16,121,289	$ 14,200,888

The activity for the year consisted of $560,666 in depreciation and additions to improvements other than buildings of $2,481,067.

General Fund Budgetary Highlights

Budgeted expenditures were more than actual amounts primarily due to lower grounds maintenance and reserve expenditures than were anticipated in the amended budget.

The 2023 budget was amended for increased landscape, café, and repair expenditures than were originally anticipated.

Debt Management

Governmental Activities debt includes the following:

- In May 2020, the District issued $7,165,000 Series 2020 Capital Improvement Revenue Bonds. These bonds were issued to finance a portion of the cost of acquisition, construction, installation and equipping of a portion of the 2020 Project. As of September 30, 2023, the balance outstanding was $6,805,000.

- In April 2021, the District issued $9,900,000 Series 2021 Capital Improvement Revenue Bonds. These bonds were issued to finance a portion of the cost of acquisition, construction, installation and equipping of a portion of the 2021 Project. As of September 30, 2023, the balance outstanding was $9,495,000.

- In March 2023, the District acquired infrastructure improvements from the Developer with a value of $2,480,300, to be paid using current or future bond proceeds. As of September 30, 2023, the balance outstanding was $1,746,696.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Economic Factors and Next Year's Budget

The District is not aware of any circumstances that would have a significant effect on the financial position or results of operations of the District in fiscal year 2024.

Request for Information

The financial report is designed to provide a general overview of Rivers Edge II Community Development District finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Rivers Edge II Community Development District, Governmental Management Services, 475 West Town Place, Suite 114, St. Augustine, Florida 32092.

Rivers Edge II Community Development District
STATEMENT OF NET POSITION
September 30, 2023

	Governmental Activities
ASSETS	
Current Assets	
Cash	$ 561,337
Investments	33,564
Accounts receivable	5,569
Special assessments receivable	9,725
Due from other	64,760
Prepaid items	81,430
Deposits	16,840
Total Current Assets	773,225
Non-current Assets	
Restricted assets	
Investments	991,027
Capital assets, being depreciated	
Buildings and improvements	7,145,562
Improvements other than buildings	10,914,968
Less: accumulated depreciation	(1,939,241)
Total Non-current Assets	17,112,316
Total Assets	17,885,541
LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	48,991
Due to developer	360
Accrued interest	282,237
Bonds payable - current portion	340,000
Total Current Liabilities	671,588
Non-current Liabilities	
Developer advance	1,746,696
Bonds payable, net	16,044,291
Total Non-current Liabilities	17,790,987
Total Liabilities	18,462,575
NET POSITION	
Net investment in capital assets	(1,494,544)
Restricted for debt service	197,992
Unrestricted	719,518
Total Net Position	$ (577,034)

See accompanying notes.

Rivers Edge II Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
General government	$ (105,828)	$ 93,051	$ 218,891	$ 206,114
Physical environment	(322,481)	-	-	(322,481)
Culture/recreation	(2,992,102)	1,368,481	1,240,381	(383,240)
Interest and other charges	(680,099)	1,100,373	-	420,274
Total Governmental Activities	$ (4,100,510)	$ 2,561,905	$ 1,459,272	(79,333)
General Revenues:				
Miscellaneous revenues				6,651
Investment earnings				70,138
Total General Revenues				76,789
Change in Net Position				(2,544)
Net Position - October 1, 2022				(574,490)
Net Position - September 30, 2023				$ (577,034)

See accompanying notes.

Rivers Edge II Community Development District
BALANCE SHEET –
GOVERNMENTAL FUNDS
September 30, 2023

ASSETS	General	Debt Service	Capital Projects	Total Governmental Funds
Cash	$ 561,337	$ -	$ -	$ 561,337
Investments	33,564	-	-	33,564
Accounts receivable	5,569	-	-	5,569
Assessments receivable	9,715	10	-	9,725
Due from other funds	-	4,346	-	4,346
Due from other	64,760	-	-	64,760
Prepaid items	81,430	-	-	81,430
Deposits	16,840	-	-	16,840
Restricted assets				
Investments	-	983,532	7,495	991,027
Total Assets	$ 773,215	$ 987,888	$ 7,495	$ 1,768,598
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	$ 48,991	$ -	$ -	$ 48,991
Due to other funds	4,346	-	-	4,346
Due to developer	360	-	-	360
Total Liabilities	53,697	-	-	53,697
FUND BALANCES				
Nonspendable				
Prepaid items/deposits	98,270	-	-	98,270
Restricted				
Debt service	-	987,888	-	987,888
Capital projects	-	-	7,495	7,495
Assigned - operating reserves	75,000	-	-	75,000
Unassigned	546,248	-	-	546,248
Total Fund Balances	719,518	987,888	7,495	1,714,901
Total Liabilities and Fund Balances	$ 773,215	$ 987,888	$ 7,495	$1,768,598

See accompanying notes.

Rivers Edge II Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2023

Total Governmental Fund Balances	$	1,714,901
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets, including buildings and improvements, $7,145,562, and improvements other than buildings, $10,914,968, net of accumulated depreciation, $(1,939,241), used in governmental activities are not current financial resources and, therefore, are not reported at the fund level.		16,121,289
Long-term liabilities, $(16,300,000), net, of bond premium, net, $(84,291), and developer advance, $(1,746,696), are not due and payable in the current period and, therefore, are not reported at the fund level.		(18,130,987)
Accrued interest expense for long-term debt is not a current financial use and, therefore, is not reported at the fund level.		(282,237)
Net Position of Governmental Activities	$	(577,034)

See accompanying notes.

Rivers Edge II Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	General	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Special assessments	$ 620,339	$1,100,373	$ -	$ 1,720,712
Developer contribution	1,459,272	-	-	1,459,272
Charges for services	841,193	-	-	841,193
Investment earnings	11,970	42,824	15,344	70,138
Miscellaneous revenues	6,651	-	-	6,651
Total Revenues	2,939,425	1,143,197	15,344	4,097,966
Expenditures				
Current				
General government	105,828	-	-	105,828
Culture/recreation	2,753,917	-	-	2,753,917
Capital outlay	-	-	734,371	734,371
Debt service				
Principal	-	330,000	-	330,000
Interest	-	687,288	-	687,288
Total Expenditures	2,859,745	1,017,288	734,371	4,611,404
Net change in fund balances	79,680	125,909	(719,027)	(513,438)
Fund Balances - October 1, 2022	639,838	861,979	726,522	2,228,339
Fund Balances - September 30, 2023	$ 719,518	$ 987,888	$ 7,495	$ 1,714,901

See accompanying notes.

Rivers Edge II Community Development District
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Net Change in Fund Balances - Total Governmental Funds	$	(513,438)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount that depreciation, $(560,666) was exceeded by capital outlay, $734,371, in the current period.		173,705
Bond premium is amortized over the life of the loan at the government-wide level. This is the amount of current-year amortization.		3,056
In the Statement of Activities, interest is accrued on outstanding bonds; whereas in governmental funds, interest expenditures are reported when due. This is the net amount between the prior year and the current year accruals.		4,133
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		330,000
Change in Net Position of Governmental Activities	$	(2,544)

See accompanying notes.

Rivers Edge II Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	$ 609,021	$ 614,970	$ 620,339	$ 5,369
Developer contribution	1,294,243	1,601,797	1,459,272	(142,525)
Charges for services	633,507	841,810	841,193	(617)
Investment earnings	-	-	11,970	11,970
Miscellaneous revenues	17,000	16,700	6,651	(10,049)
Total Revenues	2,553,771	3,075,277	2,939,425	(135,852)
Expenditures				
Current				
General government	124,309	127,364	105,828	21,536
Culture/recreation	2,494,462	3,012,913	2,753,917	258,996
Total Expenditures	2,618,771	3,140,277	2,859,745	280,532
Net change in fund balances	(65,000)	(65,000)	79,680	144,680
Fund Balances - October 1, 2022	65,000	65,000	639,838	574,838
Fund Balances - September 30, 2023	$ -	$ -	$ 719,518	$ 719,518

See accompanying notes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

The District was established on June 22, 2018 by St. Johns County, Florida Ordinance 2018-026 as later amended by St. Johns County, Florida Ordinance 2019-71, under the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), as a Community Development District. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District amended its boundaries by contracting approximately 0.01777 acres and expanding by approximately 96.96 acres on November 5, 2019, such that the amended District boundaries encompass approximately 983.88 acres. The District is governed by a five-member Board of Supervisors. The District operates within the criteria established by Chapter 190, Florida Statutes. The Board has the responsibility for assessing and levying assessments, approving budgets, exercising control over facilities and properties, controlling the use of funds generated by the District, approving the hiring and firing of key personnel, and financing improvements.

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

Based upon the application of the above-mentioned criteria as set forth by the Governmental Accounting Standards Board, the District has identified no component units.

2. Measurement Focus and Basis of Accounting

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

a. Government-wide Financial Statements

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

Governmental activities are supported by special assessments, miscellaneous revenues and interest. Program revenues include charges for services, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

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

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

b. Fund Financial Statements

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds

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

The District has various policies governing the fund balance classifications.

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

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

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

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

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

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

Debt service expenditures are recorded only when payment is due.

3. Basis of Presentation

a. Governmental Major Funds

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation (Continued)

a. Governmental Major Funds (Continued)

Debt Service Fund – Accounts for debt service requirements to retire certain capital improvement revenue bonds which were used to finance the construction of District infrastructure improvements and finance certain additional improvements. The bond series is secured by a pledge of debt service special assessment revenues in any fiscal year related to the improvements. A lien is placed on all benefited land in relationship to the debt outstanding.

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

b. Non-current Governmental Assets/Liabilities

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

4. Assets, Liabilities and Net Position

a. Cash and Investments

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

a. Cash and Investments (Continued)

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

1. Direct obligations of the United States Treasury;

2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;

3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;

4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Cash equivalents include time deposits and certificates of deposit with original maturities of three months or less and held in a qualified public depository as defined by Florida Statute 280.02.

b. Restricted Net Position

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

c. Capital Assets

Capital assets, which include buildings and improvements, and improvements other than buildings, are reported in the applicable governmental activities column.

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

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities and Net Position (Continued)

c. Capital Assets (Continued)

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

Buildings and improvements:	30 years
Improvements other than buildings:	30 years

d. Unamortized Bond Premium

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

e. Budgets

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

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

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

"Total fund balances" of the District's governmental funds, $1,714,901, differs from "net position" of governmental activities, $(577,034), reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated below.

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

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

Capital related items

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

Buildings and improvements	$ 7,145,562
Improvements other than buildings	10,914,968
Accumulated depreciation	(1,939,241)
Total	$ 16,121,289

Long-term debt transactions

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

Bonds payable	$ (16,300,000)
Bond premium, net	(84,291)
Developer advance	(1,746,696)
Bonds payable, net	$ (18,130,987)

Accrued interest

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

Accrued interest on bonds payable	$ (282,237)

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

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

The "net change in fund balances" for government funds, $(513,438), differs from the "change in net position" for governmental activities, $(2,544), reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

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

Depreciation	$ (560,666)
Capital outlay	734,371
Total	$ 173,705

Long-term debt transactions

Long-term debt transactions are reflected as expenditures and other financing sources at the fund level. These transactions affect liabilities at the government-wide level.

Debt principal payments	$ 330,000

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

Net change in accrued interest payable	$ 4,133
Amortization of bond premium	$ 3,056

NOTE C – CASH AND INVESTMENTS

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk; however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2023, the District's bank balance was $702,861 and the carrying value was $561,337. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

Investments

As of September 30, 2023, the District had the following investments and maturities:

Investment	Maturities	Fair Value
First American Government Obligation	24 days*	$ 991,027
U.S. Bank Managed Money Market	N/A	7,204
Florida PRIME	35 days*	26,360
Total		$ 1,024,591

* Weighted Average Maturity

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

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

Based on the criteria in the preceding paragraph, the District’s investments First American Government Obligation and U.S. Bank Managed Money Market are Level 1 assets.

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes. The investment in Florida PRIME is measured at amortized cost. Florida PRIME has established policies and guidelines regarding participant transactions and the authority to limit or restrict withdrawals or impose a penalty for an early withdrawal. As of September 30, 2023, there were no redemption fees, maximum transaction amounts, or any other requirement that would limit daily access to 100 percent of the account value.

Interest Rate Risk

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

Credit Risk

The District's investments in commercial paper and government loans are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. As of September 30, 2023, the District's investments in First American Government Obligation and Florida PRIME were rated AAAm by Standard and Poor's. The District's investment in U.S. Bank Managed Money Market is not rated.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The District's investments in First American Government Obligation represents 97% of the District's total investments. The District's investments in Florida PRIME represents approximately 3% of total investments and the District's investments in U.S. Bank Managed Money Market make up less than 1% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2023 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary.

NOTE D – SPECIAL ASSESSMENT REVENUES

Assessments are non-ad valorem assessments on benefitted property within the District. Operating and Maintenance Assessments are based upon adopted budget and levied annually. Debt Service Assessments are levied when bonds are issued and collected annually. The District may collect assessments directly or utilize the uniform method of collection (Chapter 197.3632, Florida Statutes). Direct collected assessments are due as determined by annual assessment resolution adopted by the Board of Supervisors. Assessments collected under the uniform method are mailed by County Tax Collector on November 1 and due on or before March 31 of each year. Property owners may prepay a portion or all of the Debt Service Assessments on their property subject to various provisions in the bond documents.

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.

NOTE E – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2023 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets, being depreciated:				
Buildings and improvements	$ 7,145,562	$ -	$ -	$ 7,145,562
Improvements other than buildings	8,433,901	2,481,067	-	10,914,968
Total Capital Assets Depreciated	15,579,463	2,481,067	-	18,060,530
Less accumulated depreciation	(1,378,575)	(560,666)	-	(1,939,241)
Total Capital Assets Depreciated, Net	$ 14,200,888	$ 1,920,401	$ -	$ 16,121,289

Depreciation in the amount of $322,481 was charged to physical environment and $238,185 to culture/recreation.

NOTE F – LONG-TERM DEBT

The following is a summary of activity for long-term debt of the District for the year ended September 30, 2023:

Long-term debt at October 1, 2022	$ 16,630,000
Issuance of debt	1,746,696
Principal payments	(330,000)
Long-term debt at September 30, 2023	18,046,696
Bond premium, net	84,291
Long-term Debt, Net	$ 18,130,987

Capital Improvement Revenue Refunding Bonds

Long-term debt is comprised of the following:

$7,165,000 Series 2020 Capital Improvement Revenue Bonds maturing through 2050, at various interest rates between 4.00% and 5.15%, payable May 1 and November 1 beginning November 2020. Current portion is $130,000.	$ 6,805,000
$9,900,000 Series 2021 Capital Improvement Revenue Bonds maturing through 2051, at various interest rates between 2.40% and 4.00%, payable May 1 and November 1 beginning November 2021. Current portion is $210,000.	$ 9,495,000

NOTE F – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2023 are as follows:

Year Ending September 30,	Principal	Interest	Total
2024	$ 340,000	$ 677,368	$ 1,017,368
2025	350,000	667,128	1,017,128
2026	360,000	656,568	1,016,568
2027	370,000	645,268	1,015,268
2028	385,000	632,283	1,017,283
2029-2033	2,155,000	2,943,265	5,098,265
2034-2038	2,630,000	2,478,115	5,108,115
2039-2043	3,240,000	1,887,639	5,127,639
2044-2048	4,040,000	1,101,434	5,141,434
2049-2051	2,430,000	194,438	2,624,438
Totals	$ 16,300,000	$ 11,883,506	$ 28,183,506

Summary of Significant Bonds Resolution Terms and Covenants

Capital Improvement Revenue Bonds

Significant Bond Provisions

The Series 2020 Bonds are subject to redemption at the option of the District prior to their maturity, in whole or in part, at any time after May 1, 2030 at a price equal to the par amount of the Series 2020 Bonds thereof, together with accrued interest to the date of redemption. The Series 2020 are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Trust Indenture.

The Series 2021 Bonds are subject to redemption at the option of the District prior to their maturity, in whole or in part, at any time after May 1, 2031 at the redemption price of the principal amount to be redeemed plus accrued interest to the date of redemption. The Series 2021 are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Trust Indenture.

The Trust Indentures establish certain amounts be maintained in a reserve account. In addition, the Trust Indentures have certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements.

NOTE F – LONG-TERM DEBT (CONTINUED)

Depository Funds

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

Reserve Funds

The Series 2020 Reserve Account was funded from the proceeds of the Series 2020 Bonds in an amount equal to 50 percent of the maximum annual debt service for the Series 2020 Bonds.

The Series 2021 Reserve Account was funded from the proceeds of the Series 2021 Bonds in an amount equal to 50 percent of the maximum annual debt service for the Series 2021 Bonds.

Monies held in the reserve accounts will be used only for the purposes established in the Trust Indentures.

The following is a schedule of required reserve balances as of September 30, 2023:

	Reserve Balance	Reserve Requirement
Capital Improvement Revenue Bonds, Series 2020	$ 234,645	$ 231,659
Capital Improvement Revenue Bonds, Series 2021	$ 276,000	$ 276,000

Developer Advance

In March 2023, the District entered into an acquisition agreement with the Developer. The District acquired infrastructure improvements for $2,480,300. During the current year, the District paid $733,604 to the Developer for the improvements. The balance outstanding as of September 30, 2023 is $1,746,696. The balance will be paid in the future from available bond proceeds.

NOTE G – ECONOMIC DEPENDENCY

The Developer owns a significant portion of land within the District. The District's activity is dependent upon the continued involvement of the Developer, the loss of which could have a material adverse effect on the District's operations. As of September 30, 2023, all board members were affiliated with the Developer.

NOTE H – INTERLOCAL COST SHARE AGREEMENT

The District is a party to an interlocal cost sharing agreement with Rivers Edge Community Development District ("Rivers Edge") and Rivers Edge III Community Development District ("Rivers Edge III") whereby the District, Rivers Edge, and Rivers Edge III are to share various master infrastructure maintenance and amenity center related costs. During the current year, the District paid $713,588 for landscape maintenance.

NOTE I – RISK MANAGEMENT

The government is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no claims or settled claims from these risks for each of the past three years.

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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
Rivers Edge II Community Development District
St. Johns County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements, as listed in the table of contents, of Rivers Edge II Community Development District, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated July 11, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered Rivers Edge II Community Development District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rivers Edge II Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Rivers Edge II Community Development District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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

To the Board of Supervisors
Rivers Edge II Community Development District

Report on Compliance and Other Matters

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

Purpose of this Report

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

Berger Toombs Elam Gaines & Frank

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

July 11, 2024

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MANAGEMENT LETTER

To the Board of Supervisors
Rivers Edge II Community Development District
St. Johns County, Florida

Report on the Financial Statements

We have audited the financial statements of the Rivers Edge II Community Development District as of and for the year ended September 30, 2023, and have issued our report thereon dated July 11, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with AICPA Professionals Standards, AT-C Section 315 regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated July 11, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

To the Board of Supervisors
Rivers Edge II Community Development District

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires us to apply appropriate procedures and communicate the results of our determination as to whether or not Rivers Edge II Community Development District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the Rivers Edge II Community Development 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 conditions assessment procedures as of September 30, 2023 for the Rivers Edge II Community Development District. It is management's responsibility to monitor the Rivers Edge II Community Development District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same.

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

Specific Information

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

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Rivers Edge II Community Development District reported:

1) The total number of district employees compensated in the last pay period of the District's fiscal year: 0
2) The total number of independent contractors, who are issued a 1099, to whom nonemployee compensation was paid in the last month of the District's fiscal year: 23
3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: $0
4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: $3,058,300
5) Each construction project with a total cost of at least $65,000 approved by the District that is scheduled to begin on or after October 1, 2022, together with the total expenditures for such project: N/A
6) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes: The budget was amended, see the next page.

To the Board of Supervisors
Rivers Edge II Community Development District

	Original Budget	Actual	Variance with Original Budget Positive (Negative)
Revenues			
Special assessments	$ 609,021	$ 620,339	$ 11,318
Developer contribution	1,294,243	1,459,272	165,029
Charges for services	633,507	841,193	207,686
Investment earnings	-	11,970	11,970
Miscellaneous revenues	17,000	6,651	(10,349)
Total Revenues	2,553,771	2,939,425	385,654
Expenditures			
Current			
General government	124,309	105,828	18,481
Culture/recreation	2,494,462	2,753,917	(259,455)
Total Expenditures	2,618,771	2,859,745	(240,974)
Net Change in Fund Balances	(65,000)	79,680	144,680
Fund Balances - October 1, 2022	65,000	639,838	574,838
Fund Balances - September 30, 2023	$ -	$ 719,518	$ 719,518

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General, the Rivers Edge II Community Development District reported:

1) The rate or rates of non-ad valorem special assessments imposed by the District: General Fund, $958.31 - $2,023.10 and Debt Service Fund, $654.10- $1,703.59.
2) The amount of special assessments collected by or on behalf of the District: Total special assessments collected was $2,561,905.
3) The total amount of outstanding bonds issued by the District and the terms of such bonds: Series 2020, $6,805,000 maturing May 2050 and Series 2021, $9,495,000, maturing May 2051.

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To the Board of Supervisors
Rivers Edge II Community Development District

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 noted no such findings.

Purpose of this Letter

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

Berger Toombs Elam
Gaines + Frank

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

July 11, 2024

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

To the Board of Supervisors
Rivers Edge II Community Development District
St. Johns County, Florida

We have examined Rivers Edge II Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2023. Management is responsible for Rivers Edge II Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Rivers Edge II Community Development District's compliance based on our examination.

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

In our opinion, Rivers Edge II Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2023.

Berger Toombs Elam Gaines & Frank

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

July 11, 2024