

Arborwood Community Development District
ANNUAL FINANCIAL REPORT
September 30, 2025

Arborwood Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2025

TABLE OF CONTENTS

	<u>Page Number</u>
REPORT OF INDEPENDENT AUDITORS	1-3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4-9
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements	
Balance Sheet – Governmental Funds	12
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	16
Notes to the Financial Statements	17-30
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>	31-32
MANAGEMENT LETTER	33-36
INDEPENDENT ACCOUNTANTS’ REPORT/COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES	37



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REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
Arborwood Community Development District
Lee 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 Arborwood Community Development District (the "District"), as of and for the year ended September 30, 2025, 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 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, 2025, 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 audit 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 (*Government Auditing Standards*). 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 audit. 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 the 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
Arborwood 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 any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities 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 opinions. 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 judgment 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 judgment, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements.



To the Board of Supervisors
Arborwood Community Development District

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 GAAS, 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 Information

Management is responsible for the other information included in the financial report. The other information comprises the information for compliance with Florida Statutes 218.39(3)(c) but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 28, 2026 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 and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

*Berger Toombs Elam
Gaines & Frank*

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

July 28, 2026

**Arborwood Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2025**

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position is reported in three 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, and debt service.

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

Arborwood Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2025

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 capital assets, are reported in the **statement of net position**. All liabilities obligated but not paid by the District, are included. In the **statement of activities** transactions between the different functions of the District are 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 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 is also included in the *notes to financial statements*.

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2025:

- The District's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$73,611,390 (net position). Unrestricted net position for governmental activities was \$192,135. Restricted net position was \$714,535. Net investment in capital assets for governmental activities was \$72,704,720.
- Governmental activities revenues totaled \$3,771,560 while governmental activities expenses totaled \$3,699,182.

**Arborwood Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District

The following tables present condensed, government-wide current year and prior year data about net position and changes in net position. Comparative year data is shown based on the Government financial reporting model under the Governmental Accounting Standards Board Statement No. 34.

Net Position

	Governmental Activities	
	2025	2024
Current assets	\$ 556,144	\$ 486,425
Prepaid bond insurance	407,170	445,342
Restricted assets	2,496,223	2,350,978
Capital assets, net	96,122,304	98,074,260
Total Assets	<u>99,581,841</u>	<u>101,357,005</u>
Deferred outflows of resources	<u>456,492</u>	<u>499,288</u>
Current liabilities	2,412,680	2,372,147
Non-current liabilities	24,013,753	25,944,574
Total Liabilities	<u>26,426,433</u>	<u>28,316,721</u>
Deferred inflows of resources	<u>510</u>	<u>560</u>
Net investment in capital assets	72,704,720	72,845,236
Net position - restricted	714,535	524,612
Net position - unrestricted	192,135	169,164
Total Net Position	<u>\$ 73,611,390</u>	<u>\$ 73,539,012</u>

The increase in current and restricted assets is primarily related to revenues exceeding expenditures at the fund level in the current year.

The decrease in capital assets is related to current year depreciation.

The decrease in total liabilities is related to principal payments in the current year.

**Arborwood Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2025**

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	
	2025	2024
Program Revenues		
Charges for services	\$ 3,644,948	\$ 3,676,361
General Revenues		
Investment earnings	126,612	161,617
Total Revenues	<u>3,771,560</u>	<u>3,837,978</u>
Expenses		
General government	138,727	119,241
Physical environment	2,260,251	2,421,999
Interest and other charges	1,300,204	1,384,370
Total Expenses	<u>3,699,182</u>	<u>3,925,610</u>
Conveyances to other entities	<u>-</u>	<u>(1,885,681)</u>
Change in Net Position	72,378	(1,973,313)
Net Position – Beginning of Year	<u>73,539,012</u>	<u>75,512,325</u>
Net Position – End of Year	<u>\$ 73,611,390</u>	<u>\$ 73,539,012</u>

The increase in general government is primarily related to the increase in engineering fees in the current year.

The decrease in physical environment is related to the decrease in lake bank erosion and streetlighting maintenance in the current year.

The decrease in interest and other charges is related to the reduction in bonds outstanding.

The decrease in conveyances to other entities is due to the transfer of streetlights in the prior year.

**Arborwood Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2025**

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, 2025 and 2024.

Description	Governmental Activities	
	2025	2024
Land and improvements	\$ 84,410,571	\$ 84,410,571
Infrastructure	39,039,107	39,039,107
Improvements	562,032	562,032
Less: accumulated depreciation	(27,889,406)	(25,937,450)
Capital Assets, Net	<u>\$ 96,122,304</u>	<u>\$ 98,074,260</u>

The capital asset activity for the current year was depreciation of \$1,951,956.

General Fund Budgetary Highlights

Final budgeted expenditures exceeded actual expenditures primarily because of less engineering, traffic monitoring, and legal fees than were anticipated.

The September 30, 2025 budget was amended to closely reflect actual expenditures.

Debt Management

Governmental Activities debt includes the following:

- ◆ In December 2014, the District issued \$4,939,888 Capital Improvement Revenue Refunding Bonds, Series 2014A-1, \$1,041,652 Capital Improvement Revenue Refunding Bonds, Series 2014A-2 and \$9,097,400 Capital Improvement Revenue Refunding Bonds, Series 2014B. The bonds included a provision for accreted interest through May 1, 2016, which increased the outstanding balances to \$5,430,000, \$1,145,000 and \$10,000,000. The bonds were issued to refund Series 2005A-1, Series 2005B-1, and Series 2006 A-1 bonds. The balance outstanding at September 30, 2025 was \$3,785,000 for the A-1 bond, \$420,000 for the A-2 bond.
- ◆ In February 2018, the District issued \$24,465,000 Capital Improvement Revenue and Refunding Bonds, Series 2018A-1 and \$8,740,000 Capital Improvement Revenue and Refunding Bonds, Series 2018A-2. The Bonds were issued to (i) finance the cost of acquiring, constructing and equipping assessable improvements; (ii) currently refund and redeem all of Series 2005A-2, Series 2006A-2, and Series 2006A-3 bonds; (iii) pay certain costs associated with the issuance of the Series 2018 Bonds; and (iv) purchase the Reserve Policy to be deposited to the Series 2018A-1 Reserve Account. The balance outstanding at September 30, 2025 was \$16,360,000 for the A-1 bond, and \$5,670,000 for the A-2 bond.

**Arborwood Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Economic Factors and Next Year's Budget

Arborwood Community Development District does not expect any economic factors to have any significant effect on the financial position or results of operations of the District in fiscal year 2026.

Request for Information

The financial report is designed to provide a general overview of Arborwood Community Development District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Arborwood Community Development District, Special District Services, Inc., 2501A Burns Road, Palm Beach Gardens, Florida 33410.

Arborwood Community Development District
STATEMENT OF NET POSITION
September 30, 2025

	Governmental Activities
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 547,211
Due from other governments	8,933
Total Current Assets	<u>556,144</u>
Non-current Assets	
Prepaid bond insurance, net	407,170
Restricted assets	
Investments	2,496,223
Capital assets, not being depreciated	
Land and improvements	84,410,571
Capital assets, being depreciated	
Infrastructure	39,039,107
Improvements	562,032
Less: accumulated depreciation	<u>(27,889,406)</u>
Total Non-current Assets	<u>99,025,697</u>
Total Assets	<u>99,581,841</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding, net	<u>456,492</u>
 LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	27,275
Bonds payable	1,910,000
Accrued interest payable	475,223
Other current liabilities	182
Total Current Liabilities	<u>2,412,680</u>
Non-current Liabilities	
Bonds payable, net	<u>24,013,753</u>
Total Liabilities	<u>26,426,433</u>
 DEFERRED INFLOW OF RESOURCES	
Deferred gain on refunding, net	<u>510</u>
 NET POSITION	
Net investment in capital assets	72,704,720
Restricted for debt service	714,535
Unrestricted	192,135
Total Net Position	<u><u>\$ 73,611,390</u></u>

See accompanying notes to financial statements.

Arborwood Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenues and Changes in Net Position Governmental Activities
Governmental Activities			
General government	\$ (138,727)	\$ 157,702	\$ 18,975
Physical environment	(2,260,251)	350,465	(1,909,786)
Interest and other charges	(1,300,204)	3,136,781	1,836,577
Total Governmental Activities	<u>\$ (3,699,182)</u>	<u>\$ 3,644,948</u>	<u>(54,234)</u>
General Revenues			
Investment earnings			<u>126,612</u>
Change in Net Position			72,378
Net Position - October 1, 2024			<u>73,539,012</u>
Net Position - September 30, 2025			<u><u>\$ 73,611,390</u></u>

See accompanying notes to financial statements.

Arborwood Community Development District
BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2025

	General	Debt Service 2014	Debt Service 2018	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 547,211	\$ -	\$ -	\$ 547,211
Due from other funds	-	6,897	32,723	39,620
Due from other governments	1,292	1,452	6,189	8,933
Restricted assets				
Investments	-	889,912	1,606,311	2,496,223
Total Assets	<u>\$ 548,503</u>	<u>\$ 898,261</u>	<u>\$ 1,645,223</u>	<u>\$ 3,091,987</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued expenses	\$ 27,275	\$ 182	\$ -	\$ 27,457
Due to other funds	39,620	-	-	39,620
Total Liabilities	<u>66,895</u>	<u>182</u>	<u>-</u>	<u>67,077</u>
Fund Balances				
Restricted				
Debt service	-	898,079	1,645,223	2,543,302
Unassigned	481,608	-	-	481,608
Total Fund Balances	<u>481,608</u>	<u>898,079</u>	<u>1,645,223</u>	<u>3,024,910</u>
Total Liabilities and Fund Balances	<u>\$ 548,503</u>	<u>\$ 898,261</u>	<u>\$ 1,645,223</u>	<u>\$ 3,091,987</u>

See accompanying notes to financial statements.

Arborwood Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2025

Total Governmental Fund Balances	\$ 3,024,910
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets not being depreciated, land, used in governmental activities are not current financial resources and therefore, are not reported at the fund level.	84,410,571
Capital assets being depreciated, infrastructure, \$39,039,107, and improvements, \$562,032, net of accumulated depreciation, \$(27,889,406), used in governmental activities are not current financial resources and therefore, are not reported at the fund level.	11,711,733
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported in the fund level statements.	(26,235,000)
The bonds payable includes a discount on bonds, \$532,521, net of accumulated amortization, \$(221,274), which is reflected as a decrease to bonds payable.	311,247
Prepaid bond insurance is not related to the current period, and therefore, is not reported at the fund level.	407,170
The deferred amount on refunding is a deferred outflow of resources, not related to the current period and is not reported at the fund level.	456,492
The deferred gain on refunding is a deferred inflow of resources, not related to the current period and is not reported at the fund level.	(510)
Accrued interest expense for long-term debt is not a current financial use and is not reported in the fund level statements.	(475,223)
Net Position of Governmental Activities	<u>\$ 73,611,390</u>

See accompanying notes to financial statements.

Arborwood Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended September 30, 2025

	General	Debt Service 2014	Debt Service 2018	Capital Projects 2018	Total Governmental Funds
Revenues					
Special assessments	\$ 508,167	\$ 596,201	\$ 2,540,580	\$ -	\$ 3,644,948
Investment earnings	-	38,779	87,828	5	126,612
Total Revenues	<u>508,167</u>	<u>634,980</u>	<u>2,628,408</u>	<u>5</u>	<u>3,771,560</u>
Expenditures					
Current					
General government	138,727	-	-	-	138,727
Physical environment	308,295	-	-	-	308,295
Debt service					
Principal	-	280,000	1,610,000	-	1,890,000
Interest	-	309,120	901,952	-	1,211,072
Other	-	1,649	7,025	-	8,674
Total Expenditures	<u>447,022</u>	<u>590,769</u>	<u>2,518,977</u>	<u>-</u>	<u>3,556,768</u>
Excess of revenues over/(under) expenditures	<u>61,145</u>	<u>44,211</u>	<u>109,431</u>	<u>5</u>	<u>214,792</u>
Other Financing Sources/(Uses)					
Transfers in	-	-	188	-	188
Transfers out	-	-	-	(188)	(188)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>188</u>	<u>(188)</u>	<u>-</u>
Net change in fund balances	61,145	44,211	109,619	(183)	214,792
Fund Balances - October 1, 2024	<u>420,463</u>	<u>853,868</u>	<u>1,535,604</u>	<u>183</u>	<u>2,810,118</u>
Fund Balances - September 30, 2025	<u>\$ 481,608</u>	<u>\$ 898,079</u>	<u>\$ 1,645,223</u>	<u>\$ -</u>	<u>\$ 3,024,910</u>

See accompanying notes to financial statements.

Arborwood 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, 2025

Net Change in Fund Balances - Total Governmental Funds	\$ 214,792
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. At the government-wide level these expenditures are capitalized as capital assets and depreciated over their estimated useful lives. This is the amount of depreciation, \$(1,951,956), in the current period.	(1,951,956)
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Principal payments are reported as expenditures at the fund level since they use current financial resources. However, at the government-wide level, bond payments decrease long-term liabilities.	1,890,000
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The deferred gain on refunding is recognized as a component of interest expense over the remaining life of the bond. This is the current year amortization expense associated with the deferred inflow of resources.	50
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At the government wide level, interest is accrued on outstanding debt; whereas at the fund level interest expenditures are reported when due. This is the difference between the prior year and current year accruals.	29,639
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At the government-wide level bond discounts, bond insurance and deferred amount on refunding are amortized over the life of the bonds. This is the current year amortization expense.	(110,147)
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Change in Net Position of Governmental Activities	\$ 72,378
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See accompanying notes to financial statements.

Arborwood Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL FUND
For the Year Ended September 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	<u>\$ 506,263</u>	<u>\$ 506,248</u>	<u>\$ 508,167</u>	<u>\$ 1,919</u>
Expenditures				
Current				
General government	202,313	153,911	138,727	15,184
Physical environment	<u>318,950</u>	<u>319,980</u>	<u>308,295</u>	<u>11,685</u>
Total Expenditures	<u>521,263</u>	<u>473,891</u>	<u>447,022</u>	<u>26,869</u>
Net Change in Fund Balances	(15,000)	32,357	61,145	28,788
Fund Balances - October 1, 2024	<u>15,000</u>	<u>459,322</u>	<u>420,463</u>	<u>(38,859)</u>
Fund Balances - September 30, 2025	<u>\$ -</u>	<u>\$ 491,679</u>	<u>\$ 481,608</u>	<u>\$ (10,071)</u>

See accompanying notes to financial statements.

Arborwood Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP). 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 14, 2004, pursuant to Rule 42RR-1, Florida Administrative Code and Chapter 190, Florida Statutes. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing or reconstructing, enlarging or extending, equipping, operating and maintaining water management, bridges or culverts, district roads, landscaping, streetlights and other basic infrastructure projects within or without the boundaries of the Arborwood Community Development District. The District is governed by a five-member Board of Supervisors who are elected for four-year terms. The District operates within the criteria established by Chapter 190, Florida Statutes.

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

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

Arborwood Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting

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

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

a. Government-wide Financial Statements

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

Governmental activities are primarily supported by special assessments. 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.

Arborwood Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds

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

The District has various policies governing the fund balance classifications.

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

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

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

Unassigned Fund Balance – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

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.

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.

Arborwood Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

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

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources are expended, rather than as fund assets. The proceeds of long-term debt are recorded as 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.

2014 Debt Service Fund – The 2014 Debt Service Fund accounts for debt service requirements to retire the capital improvement bonds which were used to refund Series 2005 A-1, Series 2005 B-1, Series 2005-1 and Series 2006 A-1 bonds. The bond series is secured by a pledge (lien) of all debt service special assessment revenues on all acreage of benefited land.

2018 Debt Service Fund – The 2018 Debt Service Fund accounts for debt service requirements to retire the capital improvement and revenue refunding bonds which were used to fund a capital project and refund the outstanding Series 2005 and Series 2006 bonds. The bond series is secured by a pledge (lien) of all debt service special assessment revenues on all acreage of benefited land.

2018 Capital Projects Fund – The Capital Projects Fund accounts for construction of infrastructure improvements funded by the Series 2018 Bonds within the boundaries of the District. The 2018 Capital Projects Fund was closed in the current year.

Arborwood Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation (Continued)

b. Non-current Governmental Assets/Liabilities

GASB Statement 34 requires that non-current governmental assets, such as capital assets, and non-current governmental liabilities, such as capital improvement bonds, be reported in the governmental activities column in the government-wide Statement of Net Position.

4. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position

a. Cash and Investments

Chapter 280, Florida Statutes requires state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

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

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less and held in a qualified public depository as defined by Chapter 280.02, Florida Statutes.

b. Restricted Net Position

Certain net position of the District are classified as restricted net position 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 assets, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

Arborwood Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position (Continued)

c. Capital Assets

Capital assets, which include land, infrastructure, and improvements, are reported in governmental activities.

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

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

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

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

Infrastructure	20-40 years
Improvement	10 years

d. Unamortized Bond Discounts

Bond discounts associated with the issuance of revenue bonds are amortized over the life of the associated bond using the straight-line method. For financial reporting, unamortized bond discounts are netted against the applicable long-term debt.

e. Prepaid Bond Insurance

Prepaid bond insurance associated with the issuance of debt is amortized over the life of the associated bonds using the straight-line method.

f. Deferred Outflows/Inflows of Resources

Deferred outflows of resources is the consumption of net position by the government that is applicable to a future reported period. Deferred amount on refunding is amortized and recognized as a component of interest expense over the life of the bond.

Deferred inflows of resources represents an acquisition of net position by the government that is applicable to a future reporting period. Deferred gain on refunding is amortized and recognized as a reduction to interest expense over the life of the bond.

Arborwood Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position (Continued)

g. Budgets

Budgets are prepared and adopted after a public hearing 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. Formal budgets are adopted for the general and debt service funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end.

h. Use of Estimates

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

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, \$3,024,910, differs from “net position” of governmental activities, \$73,611,390, 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.

Capital related items

When capital assets are purchased or constructed, the cost of those assets is reported as expenditures at the governmental fund level. However, the Statement of Net Position included those capital assets among the assets of the District as a whole.

Land and improvements	\$ 84,410,571
Infrastructure	39,039,107
Improvements	562,032
Less: accumulated depreciation	<u>(27,889,406)</u>
Total	<u>\$ 96,122,304</u>

Arborwood Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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)

Prepaid bond insurance

Prepaid bond insurance is a non-current asset related to insurance purchased at the time debt was issued by the District.

Prepaid bond insurance, net	\$ <u>407,170</u>
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Deferred outflows of resources

The deferred amount on refunding is reported at the fund level as an expenditure, at the government-wide level it is reported as a deferred outflow of resources.

Deferred amount on refunding, net	\$ <u>456,492</u>
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Long-term debt transactions

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

Bonds payable	\$ <u>(26,235,000)</u>
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Certain discounts are reflected net of amortization expense as a reduction of bonds payable in the Statement of Net Position.

Bonds discount, net	\$ <u>311,247</u>
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Deferred inflows of resources

The deferred gain on refunding is a deferred inflow of resources over the remaining life of the bond and not related to the current period. Accordingly, deferred inflows of resources are not reported at the fund level.

Deferred gain on refunding, net	\$ <u>(510)</u>
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Accrued interest

Accrued liabilities in the Statement of Net Position differ from the amount reported at the fund level due to the accrued interest on bonds.

Accrued interest	\$ <u>(475,223)</u>
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Arborwood Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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 governmental funds, \$214,792, differs from the “change in net position” for governmental activities, \$72,378, 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 at the fund level. 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 decreases by the amount of depreciation charged for the year.

Depreciation	\$ <u>(1,951,956)</u>
--------------	-----------------------

Long-term debt transactions

The issuance of long-term debt and bond discount is reported as an other financing source/(use) and the repayments of bond principal are reported as expenditures at the governmental fund level and, thus, affect fund balance because current financial resources have been added or used.

Principal payments	\$ <u>1,890,000</u>
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In the Statement of Activities, the deferred gain on refunding is recognized as a reduction of interest expense and amortized over the remaining life of the bond.

Deferred gain on refunding amortization	\$ <u>50</u>
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In the Statement of Activities, bond discounts, prepaid bond insurance and deferred amounts on refunding are amortized over the life of the bonds at the government-wide level. This is the amount of current year amortization.

Amortization	\$ <u>(110,147)</u>
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At the government-wide level interest is accrued on long term debt, whereas, at the fund level interest is recognized when paid. This is the current year change in accrued interest.

Accrued interest	\$ <u>29,639</u>
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Arborwood Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE C – CASH AND INVESTMENTS

All operating 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, 2025, the District's bank balance and carrying value were \$547,211. Exposure to custodial credit risk was as follows. The District maintains cash 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 the Federal Deposit Insurance Corporation or collateralized under Chapter 280, Florida Statutes.

Investments

As of September 30, 2025, the District had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
First American Government Obligations Fund	45 days*	\$ 889,912
U.S. Bank Money Market	N/A	1,606,311
Total		<u>\$ 2,496,223</u>

*Weighted average maturity

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

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

Based on the criteria in the preceding paragraph, the investments in First American Government Obligations Fund are Level 1 assets.

Arborwood Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE C – CASH AND INVESTMENTS (CONTINUED)

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 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, 2025, the District's investments in the First American Government Obligations Fund were rated AAAM by Standard & Poor's. The District's investments in U.S. Bank Money Market were not rated.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one investment. The investments in First American Government Obligations Fund are 36% and the U.S. Bank Money Market represents 64% of the District's total investments. The District considers any decline in fair value for certain investments to be temporary.

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025 was as follows:

	Balance October 1, 2024	Additions	Deletions	Balance September 30, 2025
Governmental Activities:				
Capital assets, not being depreciated				
Land and improvements	\$ 84,410,571	\$ -	\$ -	\$ 84,410,571
Capital assets, being depreciated				
Infrastructure	39,039,107	-	-	39,039,107
Improvements	562,032	-	-	562,032
Total Capital Assets, Being Depreciated	39,601,139	-	-	39,601,139
Less accumulated depreciation for:				
Infrastructure	(25,375,418)	(1,951,956)	-	(27,327,374)
Improvements	(562,032)	-	-	(562,032)
Total Accumulated Depreciation	(25,937,450)	(1,951,956)	-	(27,889,406)
Total Capital Assets Depreciated, Net	13,663,689	(1,951,956)	-	11,711,733
Governmental Activities Capital Assets	\$ 98,074,260	\$ (1,951,956)	\$ -	\$ 96,122,304

Depreciation of \$1,951,956 was charged to physical environment.

Arborwood Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE E – INTERFUND ACTIVITY

Interfund balances at September 30, 2025, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>
	<u>General Fund</u>
Debt Service Fund 2014	\$ 6,897
Debt Service Fund 2018	32,723
Total	<u>\$ 39,620</u>

Interfund balances relate to revenue collected by the General Fund for the Debt Service Funds that were not remitted as of year-end.

Interfund transfers for the year ended September 30, 2025, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>
	<u>Capital Projects Fund 2018</u>
Debt Service Fund 2018	<u>\$ 188</u>

Transfers were made in accordance with the Trust Indenture.

NOTE F – LONG-TERM DEBT

The following is a summary of activity in the long-term debt of the District for the year ended September 30, 2025:

Long-term debt at October 1, 2024	\$ 28,125,000
Principal payments	<u>(1,890,000)</u>
Long-term debt at September 30, 2025	26,235,000
Less: bond discount, net	<u>(311,247)</u>
Long-term Debt, Net at September 30, 2025	<u>\$ 25,923,753</u>

Capital Improvement Revenue Bonds

Series 2014 A-1 Capital Improvement Revenue Refunding Bonds, \$5,430,000, maturing in May 2036. Interest at a rate of 6.90% is due November 1, beginning November 2016. Current portion is \$240,000.

\$ 3,785,000

Series 2014 A-2 Capital Improvement Revenue Refunding Bonds, \$1,145,000, maturing in May 2036. Interest at a rate of 6.90% is due November 1, beginning November 2016. Current portion is \$20,000.

420,000

Arborwood Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE F – LONG-TERM DEBT (CONTINUED)

Capital Improvement Revenue Bonds (Continued)

Series 2018 A-1 Capital Improvement Revenue and Refunding Bonds, \$24,465,000, due in annual principal installments beginning May 2019, maturing in May 2036. Interest rates ranging from 2.00% to 3.70% is due May 1 and November 1, beginning May 2018. Current portion is \$1,250,000. 16,360,000

Series 2018 A-2 Capital Improvement Revenue and Refunding Bonds, \$8,740,000, due in annual principal installments beginning May 2019, maturing in May 2036. Interest rates ranging from 4.125% to 5.000% is due May 1 and November 1, beginning May 2018. Current portion is \$400,000. 5,670,000

Bonds payable	26,235,000
Bond discount, net	<u>(311,247)</u>

Bond Payable, Net	<u><u>\$ 25,923,753</u></u>
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The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2025 are as follows:

Year Ending September 30,	Principal	Interest	Total
2026	\$ 1,910,000	\$ 1,140,535	\$ 3,050,535
2027	1,985,000	1,066,595	3,051,595
2028	2,070,000	987,694	3,057,694
2029	2,175,000	903,305	3,078,305
2030	2,280,000	808,910	3,088,910
2031-2035	12,885,000	2,457,845	15,342,845
2036	<u>2,930,000</u>	<u>133,530</u>	<u>3,063,530</u>
Totals	<u><u>\$ 26,235,000</u></u>	<u><u>\$ 7,498,414</u></u>	<u><u>\$ 33,733,414</u></u>

Arborwood Community Development District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE F – LONG-TERM DEBT (CONTINUED)

Summary of Significant Bonds Resolution Terms and Covenants

The Trust Indenture has certain restrictions and requirements relating to 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.

Depository Funds – The bond indentures require 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 Fund – The Series 2014A1/A2, 2018A-1, and 2018A-2 Capital Improvement Revenue Bonds Reserve Accounts are funded from the proceeds of the Bonds in an amount equal to reserve accounts percentage times the deemed outstanding principal amount of the bonds, as of the time of any such calculation. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

	<u>Reserve Balance</u>	<u>Reserve Requirement</u>
Series 2014A-1 Capital Improvement Revenue Refunding Bond	\$ 503,233	\$ 501,467
Series 2014A-2 Capital Improvement Revenue Refunding Bond	\$ 107,960	\$ 57,598
Series 2018A-1 Capital Improvement Revenue Refunding Bond	\$ 454,732	\$ 454,543
Series 2018A-2 Capital Improvement Revenue Refunding Bond	\$ 340,813	\$ 339,938

The District also holds a bond insurance policy in partial satisfaction of the Series 2018A-1 Reserve Account Requirement.

NOTE G – RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. Settled claims from these risks did not exceed commercial coverage over 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
Arborwood Community Development District
Lee 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 (*Government Auditing Standards*), the financial statements, as listed in the table of contents, of Arborwood Community Development District, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated July 28, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered Arborwood 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 Arborwood Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Arborwood 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 were not identified.



To the Board of Supervisors
Arborwood Community Development District

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Arborwood 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

July 28, 2026



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

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MANAGEMENT LETTER

To the Board of Supervisors
Arborwood Community Development District
Lee County, Florida

Report on the Financial Statements

We have audited the financial statements of Arborwood Community Development District as of and for the year ended September 30, 2025, and have issued our report thereon dated July 28, 2026.

Auditor's 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 Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated July 28, 2026, 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 in the preceding financial audit report.



To the Board of Supervisors
Arborwood 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 Arborwood Community Development District met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that Arborwood 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 condition assessment procedures for Arborwood Community Development District. It is management's responsibility to monitor Arborwood Community Development District's financial condition; and 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 below was provided by management and has not been audited by us; 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)7, Rules of the Auditor General, Arborwood Community Development District reported:

- 1) The total number of District employees compensated in the last pay period of the District's fiscal year as: 0
- 2) The total number of independent contractors, to whom nonemployee compensation was paid in the last month of the District's fiscal year as: 4
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as: \$0
- 4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$96,983
- 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, 2024, together with the total expenditures for such project as: 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 Board amended the budget. See Original Budget vs. Actual below:

To the Board of Supervisors
Arborwood Community Development District

	Original Budget	Actual	Variance with Original Budget Positive (Negative)
Revenues			
Special assessments	\$ 506,263	\$ 508,167	\$ 1,904
Expenditures			
Current			
General government	202,313	138,727	63,586
Physical environment	318,950	308,295	10,655
Total Expenditures	521,263	447,022	74,241
Net changes in fund balance	(15,000)	61,145	76,145
Fund Balances - October 1, 2024	15,000	420,463	405,463
Fund Balances - September 30, 2025	\$ -	\$ 481,608	\$ 481,608

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)9, Rules of the Auditor General, Arborwood Community Development District reported:

- 1) The rate or rates of non-ad valorem special assessments imposed by the District:
\$57.52 – \$237 for the General Fund and \$297 – \$1,782.82 for the Debt Service Fund
- 2) The amount of special assessments collected by or on behalf of the District: \$3,634,808
- 3) The total amount of outstanding bonds issued by the District and the terms of such bonds are as follows: \$3,785,000 Series 2014A-1 Bonds due on May 1, 2036, \$420,000 Series 2014A-2 Bonds due on May 1, 2036, \$16,360,000 Series 2018A-1 Bonds due on May 1, 2036, \$5,670,000 Series 2018A-2 Bonds due on May 1, 2036. See Note F of the report for additional details.

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 fraud, waste, or abuse, that has occurred or is likely to have occurred, that has an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.



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

To the Board of Supervisors
Arborwood Community Development District

Purpose of this Letter

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

*Berger Toombs Elam
Gaines & Frank*

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

July 28, 2026



**Berger, Toombs, Elam,
Gaines & Frank**

Certified Public Accountants PL

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

To the Board of Supervisors
Arborwood Community Development District
Lee County, Florida

We have examined Arborwood Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2025. Management is responsible for Arborwood Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Arborwood 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 Arborwood 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 Arborwood Community Development District's compliance with the specified requirements.

In our opinion, Arborwood Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2025.

*Berger Toombs Elam
Gaines & Frank*

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

July 28, 2026