

Fiddler's Creek Community Development District #2

ANNUAL FINANCIAL REPORT

September 30, 2024

Fiddler's Creek Community Development District #2

ANNUAL FINANCIAL REPORT

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Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
Fiddler's Creek Community Development District #2
Collier 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 Fiddler's Creek Community Development District #2 (the "District"), as of and for the year ended September 30, 2024, 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 Fiddler's Creek Community Development District #2 as of September 30, 2024, 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 (*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 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.

Fort Pierce / Stuart

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To the Board of Supervisors
Fiddler's Creek Community Development District #2

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 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.

To the Board of Supervisors
Fiddler's Creek Community Development District #2

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 June 30, 2025 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 Fiddler's Creek Community Development District #2'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

June 30, 2025

Fiddler's Creek Community Development District #2
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended September 30, 2024

Management's discussion and analysis of Fiddler's Creek Community Development District #2'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 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.

**Fiddler's Creek Community Development District #2
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended September 30, 2024**

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, 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 special assessment bonds, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, reconciliations are 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 fiscal year ended September 30, 2024.

- ◆ The District's assets exceeded liabilities by \$5,948,531 (net position). Restricted net position was \$2,082,344, and unrestricted net position was \$2,630,617. Net investment in capital assets was \$1,235,570.
- ◆ Governmental activities revenues totaled \$9,001,711, while governmental activities expenses totaled \$5,838,197.

**Fiddler's Creek Community Development District #2
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended September 30, 2024**

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	
	2024	2023
Current assets	\$ 3,278,464	\$ 5,800,364
Restricted assets	3,386,972	1,002,019
Capital assets	36,701,408	37,731,687
Total Assets	43,366,844	44,534,070
Current liabilities	2,950,680	1,119,389
Non-current liabilities	34,371,610	40,526,570
Total Liabilities	37,322,290	41,645,959
Deferred inflows of resources	96,023	103,094
Net Position		
Net investment in capital assets	1,235,570	5,789,245
Restricted	2,082,344	1,722,517
Unrestricted	2,630,617	(4,726,745)
Total Net Position	\$ 5,948,531	\$ 2,785,017

The decrease in current assets and increase in restricted assets is related to the change in reporting of certain restricted investments in the current year.

The decrease in capital assets is the result of depreciation exceeding capital additions in the current year.

The decrease in total liabilities is primarily related to the principal payments made on long-term debt in the current year.

**Fiddler's Creek Community Development District #2
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended September 30, 2024**

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	
	2024	2023
Program Revenues		
Charges for services	\$ 8,707,608	\$ 7,513,469
Grants and contributions	-	50,000
Miscellaneous revenues	10,000	108,318
Investment income	284,103	183,233
Total Revenues	<u>9,001,711</u>	<u>7,855,020</u>
Expenses		
General government	451,087	345,207
Physical environment	3,202,120	2,842,660
Interest and other charges	2,184,990	2,267,085
Total Expenses	<u>5,838,197</u>	<u>5,454,952</u>
Change in Net Position	3,163,514	2,400,068
Net Position - Beginning of Year	<u>2,785,017</u>	<u>384,949</u>
Net Position - End of Year	<u>\$ 5,948,531</u>	<u>\$ 2,785,017</u>

The increase in charges for services is related to the increase in special assessments in the current year.

The decrease in grants and contributions is related to the decrease in capital contributions in the current year.

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

The increase in physical environment is primarily related to the increase in contractual service expenses in the current year.

The decrease in interest and other charges is related to the reduction in principal and interest payments on long-term debt in the current year.

**Fiddler's Creek Community Development District #2
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended September 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets activity as of September 30, 2024 and 2023:

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
Capital assets not being depreciated:		
Land and improvements	\$ 16,226,776	\$ 16,226,776
Construction in progress	1,555,416	1,512,312
Capital assets being depreciated:		
Infrastructure	30,769,406	30,602,911
Buildings	12,760,696	12,760,696
Equipment	401,245	401,245
Accumulated depreciation	<u>(25,012,131)</u>	<u>(23,772,253)</u>
Total Capital Assets	<u>\$ 36,701,408</u>	<u>\$ 37,731,687</u>

Capital asset activity for the year consisted of depreciation, \$1,239,878, additions to infrastructure, \$166,495, and additions to construction in progress, \$43,104.

General Fund Budgetary Highlights

Actual expenditures were less than the final budget because miscellaneous expenditures were less than anticipated.

The September 30, 2024 budget was amended to increase expenditures related to engineering, water management services, and capital outlay which were higher than originally anticipated.

Debt Management

Governmental Activities debt includes the following:

- ◆ In November 2004, the District issued \$17,905,000 Series 2004 Special Assessment Revenue Bonds. These bonds were issued to finance a portion of the cost of acquisition, construction, and equipping of assessable improvements. As of September 30, 2024, the balance outstanding was \$205,000.
- ◆ In November 2005, the District issued \$38,850,000 Series 2005 Special Assessment Revenue Bonds. These bonds were issued to finance a portion of the cost of acquisition, construction, and equipping of a portion of Phase 3 of the Series 2005 Project. As of September 30, 2024, the balance outstanding was \$1,535,000.
- ◆ In July 2014, the District issued \$9,560,000 Series 2014-1 Special Assessment Bonds. These bonds were issued to exchange a portion of the Series 2004 Special Assessment Revenue Bonds. In June 2018, the Series 2014-1 Bonds were exchanged into the Series 2014-1A and Series 2014-1B Special Assessment Revenue Bonds. As of September 30, 2024, the balances outstanding were \$2,380,000 and \$3,045,000, respectively.

**Fiddler's Creek Community Development District #2
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended September 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Debt Management (Continued)

- ◆ In July 2014, the District issued \$16,165,000 Series 2014-2 Special Assessment Bonds. These bonds were issued to exchange a portion of the Series 2005 Special Assessment Revenue Bonds. In June 2018, the Series 2014-2 Bonds were exchanged into the Series 2014-2A and Series 2014-2B Special Assessment Revenue Bonds. As of September 30, 2024, the balances outstanding were \$5,005,000 and \$3,765,000, respectively.
- ◆ In July 2014, the District issued \$16,170,000 Series 2014-3 Special Assessment Bonds. These bonds were issued to exchange a portion of the Series 2005 Special Assessment Revenue Bonds. As of September 30, 2024, the balance outstanding was \$6,545,000.
- ◆ In November 2015, the District issued \$6,050,000 Series 2015A-1 Capital Improvement Bonds, \$1,810,000 Series 2015A-2 Special Assessment Revenue Refunding Bonds, and \$5,915,000 Series 2015B Special Assessment Revenue Refunding Bonds. The Series 2015A-1 Bonds were issued to finance and refinance the costs of the 2015 Improvements. The Series 2015A-2 and 2015B Bonds were issued to refund a portion of the Series 2014-3 Bonds. As of September 30, 2024, the balances outstanding were \$2,585,000 and \$675,000 for the Series 2015A-1 and 2015A-2, respectively. The Series 2015B Bonds were paid off in the current year.
- ◆ In October 2019, the District issued \$14,245,000 issued Series 2019 Special Assessment Revenue Refunding Bonds. The Series 2019 Bonds were issued to fully refund the Series 2003A Special Assessment Revenue Bonds. As of September 30, 2024, the balance outstanding was \$10,000,000.

Economic Factors and Next Year's Budget

Fiddler's Creek Community Development District #2 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 2025.

Request for Information

The financial report is designed to provide a general overview of Fiddler's Creek Community Development District #2's 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 Fiddler's Creek Community Development District #2's Finance Department at 2300 Glades Road, Suite 410W, Boca Raton, Florida 33431.

Fiddler's Creek Community Development District #2
STATEMENT OF NET POSITION
September 30, 2024

	Governmental Activities
ASSETS	
Current Assets	
Cash	\$ 2,429,570
Accounts receivable	3,116
Assessments receivable	461,710
Due from other governments	362,627
Due from developer	21,441
Total Current Assets	3,278,464
Non-current Assets	
Restricted Assets	
Investments	3,386,972
Capital Assets, not being depreciated	
Construction in progress	1,555,416
Land	16,226,776
Capital Assets, being depreciated	
Infrastructure	30,769,406
Buildings	12,760,696
Equipment	401,245
Less: accumulated depreciation	(25,012,131)
Total Non-current Assets	40,088,380
Total Assets	43,366,844
LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	190,454
Contracts/retainage payable	22,428
Due to developer	897
Due to other governments	540
Accrued interest payable	856,361
Bonds payable	1,880,000
Total Current Liabilities	2,950,680
Non-current Liabilities	
Bonds payable, net	34,371,610
Total Liabilities	37,322,290
DEFERRED INFLOWS OF RESOURCES	
Deferred gain on refunding, net	96,023
NET POSITION	
Net investment in capital assets	1,235,570
Restricted for debt service	2,082,344
Unrestricted	2,630,617
Total Net Position	\$ 5,948,531

See accompanying notes to financial statements.

Fiddler's Creek Community Development District #2
BALANCE SHEET –
GOVERNMENTAL FUNDS
September 30, 2024

	General	Series 2004 Debt Service	Series 2005 Debt Service	Series 2014 Debt Service	Series 2015 Debt Service	Series 2019 Debt Service	Series 2014 Capital Projects	Series 2015 Capital Projects	Total Governmental Funds
ASSETS									
Cash	\$2,429,570	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,429,570
Accounts receivable	3,116	-	-	-	-	-	-	-	3,116
Assessments receivable	38,599	527	2,798	395,697	4,842	19,247	-	-	461,710
Due from other funds	2,295	-	25,559	2,524	3,203	-	-	-	33,581
Due from developer	990	-	-	-	-	-	20,451	-	21,441
Due from other governments	362,627	-	-	-	-	-	-	-	362,627
Restricted Assets									
Investments	-	221,405	269,821	1,000,404	673,029	927,265	1,268	293,780	3,386,972
Total Assets	<u>\$2,837,197</u>	<u>\$ 221,932</u>	<u>\$ 298,178</u>	<u>\$1,398,625</u>	<u>\$ 681,074</u>	<u>\$ 946,512</u>	<u>\$ 21,719</u>	<u>\$ 293,780</u>	<u>\$6,699,017</u>
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable and accrued expenses	\$ 190,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 190,454
Due to other funds	-	25,559	-	8,022	-	-	-	-	33,581
Contracts/retainage payable	15,586	-	-	-	-	-	6,842	-	22,428
Due to developer	-	-	-	897	-	-	-	-	897
Due to other governments	540	-	-	-	-	-	-	-	540
Total Liabilities	<u>206,580</u>	<u>25,559</u>	<u>-</u>	<u>8,919</u>	<u>-</u>	<u>-</u>	<u>6,842</u>	<u>-</u>	<u>247,900</u>
FUND BALANCES									
Restricted									
Debt service	-	196,373	298,178	1,389,706	681,074	946,512	-	-	3,511,843
Capital projects	-	-	-	-	-	-	14,877	293,780	308,657
Unassigned	<u>2,630,617</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,630,617</u>
Total Fund Balances	<u>2,630,617</u>	<u>196,373</u>	<u>298,178</u>	<u>1,389,706</u>	<u>681,074</u>	<u>946,512</u>	<u>14,877</u>	<u>293,780</u>	<u>6,451,117</u>
Total Liabilities and Fund Balances	<u>\$2,837,197</u>	<u>\$ 221,932</u>	<u>\$ 298,178</u>	<u>\$1,398,625</u>	<u>\$ 681,074</u>	<u>\$ 946,512</u>	<u>\$ 21,719</u>	<u>\$ 293,780</u>	<u>\$6,699,017</u>

See accompanying notes to financial statements.

Fiddler's Creek Community Development District #2
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2024

Total Governmental Fund Balances	\$ 6,451,117
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets not being depreciated, construction in progress, \$1,555,416, and land, \$16,226,776, used in governmental activities are not current financial resources and therefore, are not reported at the fund level.	17,782,192
Capital assets being depreciated, infrastructure, \$30,769,406, buildings, \$12,760,696, and equipment, \$401,245, net of accumulated depreciation, \$(25,012,131), used in governmental activities are not current financial resources and; therefore, are not reported at the fund level.	18,919,216
Long-term liabilities, including bonds payable, \$(35,740,000), net of bond premium, net, \$(614,950), and bond discount, net, \$103,340, are not due and payable in the current period and therefore, are not reported at the fund level.	(36,251,610)
Accrued interest expense for long-term debt is not a current financial use and therefore, is not reported at the governmental fund level.	(856,361)
Deferred inflows of resources, deferred gain on refunding, used in governmental activities are not current financial resources and, therefore, are not reported at the fund level.	(96,023)
Net Position of Governmental Activities	\$ 5,948,531

See accompanying notes to financial statements.

Fiddler's Creek Community Development District #2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2024

	General	Series 2004 Debt Service	Series 2005 Debt Service	Series 2014 Debt Service	Series 2015 Debt Service	Series 2019 Debt Service	Series 2014 Capital Projects	Series 2015 Capital Projects	Total Governmental Funds
Revenues									
Special assessments	\$ 2,480,583	\$ 33,881	\$ 179,828	\$ 2,337,341	\$ 2,333,436	\$ 1,342,539	\$ -	\$ -	\$ 8,707,608
Miscellaneous revenues	10,000	-	-	-	-	-	-	-	10,000
Investment income	73,384	10,895	14,420	56,509	56,618	56,105	1,922	14,250	284,103
Total Revenues	<u>2,563,967</u>	<u>44,776</u>	<u>194,248</u>	<u>2,393,850</u>	<u>2,390,054</u>	<u>1,398,644</u>	<u>1,922</u>	<u>14,250</u>	<u>9,001,711</u>
Expenditures									
Current									
General government	427,482	293	1,553	8,382	2,689	10,688	-	-	451,087
Physical environment	1,969,792	-	-	-	-	-	-	-	1,969,792
Capital outlay	166,495	-	-	-	-	-	43,104	-	209,599
Debt service									
Principal	-	15,000	100,000	1,005,000	2,230,000	885,000	-	-	4,235,000
Interest	-	14,850	97,350	1,346,588	330,638	506,869	-	-	2,296,295
Total Expenditures	<u>2,563,769</u>	<u>30,143</u>	<u>198,903</u>	<u>2,359,970</u>	<u>2,563,327</u>	<u>1,402,557</u>	<u>43,104</u>	<u>-</u>	<u>9,161,773</u>
Excess of revenues over/(under) expenditures	198	14,633	(4,655)	33,880	(173,273)	(3,913)	(41,182)	14,250	(160,062)
Other Financing Sources/(Uses)									
Insurance proceeds	7,550	-	-	-	-	-	-	-	7,550
Net change in fund balances	7,748	14,633	(4,655)	33,880	(173,273)	(3,913)	(41,182)	14,250	(152,512)
Fund Balances - October 1, 2023	2,622,869	181,740	302,833	1,355,826	854,347	950,425	56,059	279,530	6,603,629
Fund Balances - September 30, 2024	<u>\$ 2,630,617</u>	<u>\$ 196,373</u>	<u>\$ 298,178</u>	<u>\$ 1,389,706</u>	<u>\$ 681,074</u>	<u>\$ 946,512</u>	<u>\$ 14,877</u>	<u>\$ 293,780</u>	<u>\$ 6,451,117</u>

See accompanying notes to financial statements.

**Fiddler's Creek Community Development District #2
RECONCILIATION OF THE STATEMENT
OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2024**

Net Change in Fund Balances - Total Governmental Funds	\$ (152,512)
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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 capital outlay, \$209,599, was exceeded by depreciation, \$(1,239,878), in the current year.	(1,030,279)
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Amortization of deferred amount on refunding is recognized in the governmental fund level statements, but is reported as interest in the Statement of Activities.	7,071
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At the fund level, principal payments on long-term debt are recognized as an expenditure, however, at the government-wide level they reduce liabilities.	4,235,000
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In the Statement of Activities, interest is accrued on outstanding bonds; whereas at the fund level, interest expenditures are reported when due. This is the change in accrued interest in the current period.	64,274
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Amortization of bond premium, \$58,124, and bond discount, \$(18,164), does not require the use of current financial resources and therefore, is not reported at the fund level. This is the amount of amortization in the current period.	<u>39,960</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 3,163,514</u></u>
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See accompanying notes to financial statements.

Fiddler's Creek Community Development District #2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Fiscal Year Ended September 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	\$ 2,459,324	\$ 2,480,583	\$ 2,480,583	\$ -
Miscellaneous revenues	70,000	83,384	10,000	(73,384)
Investment income	-	-	73,384	73,384
Total Revenues	<u>2,529,324</u>	<u>2,563,967</u>	<u>2,563,967</u>	<u>-</u>
Expenditures				
Current				
General government	385,161	427,481	427,482	(1)
Physical environment	2,102,963	1,971,167	1,969,792	1,375
Capital outlay	-	214,760	166,495	48,265
Total Expenditures	<u>2,488,124</u>	<u>2,613,408</u>	<u>2,563,769</u>	<u>49,639</u>
Excess of revenues over/(under) expenditures	41,200	(49,441)	198	(49,639)
Other Financing Sources/(Uses)				
Insurance proceeds	-	7,550	7,550	-
Net Change in Fund Balances	41,200	(41,891)	7,748	(49,639)
Fund Balances - October 1, 2023	<u>2,141,491</u>	<u>2,622,509</u>	<u>2,622,869</u>	<u>360</u>
Fund Balances - September 30, 2024	<u>\$ 2,182,691</u>	<u>\$ 2,580,618</u>	<u>\$ 2,630,617</u>	<u>\$ 49,999</u>

See accompanying notes to financial statements.

Fiddler's Creek Community Development District #2
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of 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 November 19, 2002, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), and by Ordinance 02-61 of the Board of County Commissioners of Collier County, Florida, 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 is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing district roads, landscaping, and other basic infrastructure projects within or outside the boundaries of the Fiddler's Creek Community Development District #2. The District is governed by a five member Board of Supervisors. The District operates within the criteria established by Chapter 190, Florida Statutes.

As required by GAAP, these financial statements present the Fiddler's Creek Community Development District #2 (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 including, but 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 in Governmental Accounting Standards Board, The Financial Reporting Entity, 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

Fiddler's Creek Community Development District #2
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

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 all 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. 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.

Fiddler's Creek Community Development District #2
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

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

The District has various policies governing the fund balance classifications.

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

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

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

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

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

Fiddler's Creek Community Development District #2
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

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 90 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 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.

Fiddler's Creek Community Development District #2
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation (Continued)

a. Governmental Major Funds (Continued)

Debt Service Funds – The Debt Service Funds account for the debt service requirements to retire the long-term debt of the District.

Capital Projects Funds – The Capital Projects Funds account for the construction of infrastructure improvements within the District.

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 special assessment bonds be reported in the governmental activities column in the government-wide Statement of Net Position.

4. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

a. Cash and Investments

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

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

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

Fiddler's Creek Community Development District #2
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

a. Cash and Investments (Continued)

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

b. Capital Assets

Capital assets, which include land, construction in progress, infrastructure, buildings, and equipment, are reported in the applicable governmental or business-type activities column.

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

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

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

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

Infrastructure	10-50 years
Buildings	7-40 years
Equipment	5-20 years

Fiddler's Creek Community Development District #2
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

c. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District only has one item that qualifies for reporting in the category. Unavailable revenues are reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amounts become available.

d. 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. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. A formal budget is adopted for the general fund. As a result, deficits in the budget columns of the accompanying financial statements may occur.

e. Unamortized Bond Premium/Discount

Bond premiums/discounts associated with the issuance of revenue bonds are amortized according to the straight-line method. For financial reporting, unamortized bond premiums/discounts are netted with the applicable long-term debt.

Fiddler's Creek Community Development District #2
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE B – 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, 2024, the District's bank balance was \$2,665,762 and the carrying value was \$2,429,570. 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, 2024, the District had the following investments and maturities:

Investment	Maturities	Fair Value
Federated Hermes Treasury Obligations Fund	28 Days*	\$ 3,386,972

*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 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 investment listed above is a Level 1 asset.

Fiddler's Creek Community Development District #2
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE B – 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, 2024, the District's investments in Federated Hermes Treasury Obligations Fund was rated AAAM by Standard and Poor's.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The investments in Federated Hermes Treasury Obligations Fund represent 100% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2024 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.

Fiddler's Creek Community Development District #2
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE C – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2024 was as follows:

	Beginning Balance October 1, 2023	Additions	Deletions	Ending Balance September 30, 2024
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,512,312	\$ 43,104	\$ -	\$ 1,555,416
Land	16,226,776	-	-	16,226,776
Total Capital Assets, Not Depreciated	<u>17,739,088</u>	<u>43,104</u>	<u>-</u>	<u>17,782,192</u>
Capital assets, being depreciated:				
Infrastructure	30,602,911	166,495	-	30,769,406
Buildings	12,760,696	-	-	12,760,696
Equipment	401,245	-	-	401,245
Total Capital Assets, Depreciated	<u>43,764,852</u>	<u>166,495</u>	<u>-</u>	<u>43,931,347</u>
Less accumulated depreciation for:				
Infrastructure	(12,763,795)	(1,050,169)	-	(13,813,964)
Improvements other than buildings	(156,767)	(166,868)	-	(323,635)
Equipment	(10,851,691)	(22,841)	-	(10,874,532)
Total Accumulated Depreciation	<u>(23,772,253)</u>	<u>(1,239,878)</u>	<u>-</u>	<u>(25,012,131)</u>
Total Capital Assets Depreciated, Net	<u>19,992,599</u>	<u>(1,073,383)</u>	<u>-</u>	<u>18,919,216</u>
 Governmental Activities Capital Assets	 <u>\$ 37,731,687</u>	 <u>\$ (1,030,279)</u>	 <u>\$ -</u>	 <u>\$ 36,701,408</u>

Depreciation in the amount of \$1,239,878 was charged to physical environment.

Fiddler's Creek Community Development District #2
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE D – LONG-TERM DEBT

The following is a summary of activity for long-term debt of the District for the year ended September 30, 2024:

Governmental Activities

Bonds payable at October 1, 2023	\$	39,975,000
Bond principal payments		(4,235,000)
Bonds payable at September 30, 2024	\$	35,740,000
Less: Bond Discount, net		(103,340)
Add: Bond Premium, net		614,950
Long-term debt at September 30, 2024, net	\$	36,251,610

Special Assessment Debt

Long-term debt is comprised of the following:

\$17,905,000 Special Assessment Revenue Bonds, Series 2004 due in annual principal installments, maturing through May 2037. Interest is due annually on May 1 and November 1, at a rate of 6.75%. Current portion is \$5,000.	\$	205,000
\$38,850,000 Special Assessment Revenue Bonds, Series 2005 due in annual principal installments maturing through May 2038. Interest is due annually on May 1 and November 1, at a rate of 6.00%. Current portion is \$70,000.		1,535,000
\$4,000,000 Special Assessment Revenue Bonds, Series 2014-1A due in annual principal installments maturing through May 2037. Interest is due annually on May 1 and November 1, at a rate of 6.75%. Current portion is \$120,000.		2,380,000
\$3,815,000 Special Assessment Revenue Bonds, Series 2014-1B due in annual principal installments maturing through May 2037. Interest is due annually on May 1 and November 1, at a rate of 6.75%. Current portion is \$150,000.		3,045,000
\$8,635,000 Special Assessment Revenue Bonds, Series 2014-2A due in annual principal installments maturing through May 2038. Interest is due annually on May 1 and November 1, at a rate of 6.00%. Current portion is \$235,000.		5,005,000

Fiddler's Creek Community Development District #2
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE D – LONG-TERM DEBT (CONTINUED)

Special Assessment Debt (Continued)

<p>\$4,835,000 Special Assessment Revenue Bonds, Series 2014-2B due in annual principal installments maturing through May 2038. Interest is due annually on May 1 and November 1, at a rate of 6.00%. Current portion is \$175,000.</p>	3,765,000
<p>\$16,170,000 Special Assessment Revenue Bonds, Series 2014-3 due in annual principal installments maturing through May 2038. Interest is due annually on May 1 and November 1, at a rate of 6.00%. Current portion is \$310,000.</p>	6,545,000
<p>\$6,050,000 Capital Improvement Bonds, Series 2015A-1 due in annual principal installments maturing through May 2045. Interest is due annually on May 1 and November 1, at various rates between 5.00% - 6.00%. Current portion is \$65,000.</p>	2,585,000
<p>\$1,810,000 Special Assessment Revenue Refunding Bonds, Series 2015A-2 due in annual principal installments maturing through May 2038. Interest is due annually on May 1 and November 1, at various rates between 5.00% - 6.00%. Current portion is \$30,000.</p>	675,000
<p>\$5,915,000 Special Assessment Revenue Refunding Bonds, Series 2015B due in one balloon payment on May 1, 2025. Interest is due annually on May 1 and November 1, at a rate of 6.25%. This bond was fully paid off in the current year.</p>	-
<p>\$14,245,000 Special Assessment Revenue Refunding Bonds, Series 2019 due in annual principal installments maturing through May 2035. Interest is due annually on May 1 and November 1, at various rates between 3.25% - 5.00%. Current portion is \$720,000.</p>	<u>10,000,000</u>
<p>Bonds payable at September 30, 2024</p>	<u>\$ 35,740,000</u>

Fiddler's Creek Community Development District #2
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE D – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the principal and interest of debt outstanding as of September 30, 2024 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,880,000	\$ 2,055,263	\$ 3,935,263
2026	1,995,000	1,953,950	3,948,950
2027	2,100,000	1,846,175	3,946,175
2028	2,215,000	1,731,388	3,946,388
2029	2,345,000	1,610,200	3,955,200
2030-2034	13,960,000	5,892,724	19,852,724
2035-2039	10,155,000	1,768,225	11,923,225
2040-2044	880,000	228,000	1,108,000
2045	210,000	12,600	222,600
Totals	<u>\$ 35,740,000</u>	<u>\$ 17,098,525</u>	<u>\$ 52,838,525</u>

Summary of Significant Resolution Terms and Covenants

Significant Bond Provisions

The Series 2004, Series 2005, and Series 2014 Bonds are subject to redemption at the option of the District prior to their maturity, in whole or in part, at a price equal to the par amount of the respective Bonds thereof, together with accrued interest to the redemption date.

The Series 2015A-1 and Series 2015A-2 Bonds maturing on May 1, 2026 not subject to optional redemption. The Series 2015A-1 and Series 2015A-2 Bonds maturing on May 1, 2045 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, 2028, at a price equal to the par amount of the Series 2015A-1 and Series 2015A-2 Bonds thereof, together with accrued interest to the redemption date.

The Series 2019 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, 2029, at a price equal to the par amount of the Series 2019 Bonds thereof, together with accrued interest to the redemption date.

The Series 2004, Series 2005, Series 2014, Series 2015, and Series 2019 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.

Fiddler's Creek Community Development District #2
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE D – LONG-TERM DEBT (CONTINUED)

Summary of Significant Resolution Terms and Covenants (Continued)

Significant Bond Provisions (Continued)

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

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 2004, Series 2005, Series 2014-1B and Series 2014-2B have reserve requirements of \$50,000, \$50,000, \$125,000, and \$125,000, respectively. The Series 2015A-1 and Series 2015A-2 have reserve requirements in amounts equal to 25 percent of the maximum annual debt service on the corresponding Bond. The Series 2019 Bonds has a reserve requirement of \$150,000. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

The following is a schedule of required reserve balances as of September 30, 2024:

	<u>Reserve Balance</u>	<u>Reserve Requirement</u>
Special Assessment Revenue Bonds, Series 2004	\$ 52,128	\$ 50,000
Special Assessment Revenue Bonds, Series 2005	\$ 52,128	\$ 50,000
Special Assessment Revenue Bonds, Series 2014-1B	\$ 130,314	\$ 125,000
Special Assessment Revenue Bonds, Series 2014-2B	\$ 130,314	\$ 125,000
Capital Improvement Bonds, Series 2015A-1	\$ 113,131	\$ 54,763
Special Assessment Revenue Refunding Bonds, Series 2015A-2	\$ 37,780	\$ 18,375
Special Assessment Revenue Refunding Bonds, Series 2019	\$ 156,360	\$ 150,000

Fiddler's Creek Community Development District #2
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE E – INTERFUND ACTIVITY

Interfund balances as of September 30, 2024, consisted of the following:

<u>Interfund Receivable</u>	<u>Interfund Payables</u>		Total
	Series 2004 Debt Service	Series 2014 Debt Service	
General Fund	\$ -	\$ 2,295	\$ 2,295
Series 2005 Debt Service	25,559	-	25,559
Series 2014 Debt Service	-	2,524	2,524
Series 2015 Debt Service	-	3,203	3,203
Total	<u>\$ 25,559</u>	<u>\$ 8,022</u>	<u>\$ 33,581</u>

Interfund balances between the Series 2014 Debt Service Fund and General Fund are related primarily to payments made by one fund on behalf of the other that have not been repaid as of year-end.

Interfund balances between the Debt Service Funds relates to assessments collected in one fund on behalf of another that have not been remitted to the appropriate fund as of year end.

NOTE F – RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. These risks are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for each of the past three fiscal years.

NOTE G – SPECIAL ASSESSMENT REVENUES

Special assessments revenues that fund the annual operating budget are levied annually at a public hearing prior to the beginning of each fiscal year. Special assessment revenues that repay the Districts bond issuances were levied when the bonds were issued and are collected annually over the term of the bonds. Assessments collected utilizing the uniform method of collection per Section 197.3632 Florida Statutes are certified for collection to the County Tax Collector no later than September 15th of each year. The District's Special Assessments are included on the property owners November 1st property tax bill which if paid in November receives an early payment discount of 4%, if paid in December payment discount is 3%, if paid in January discount is 2% and paid in February is 1%. Property tax bills paid in March, receive no early payment discount. Discounts are in accordance with Section 197.162, Florida Statutes.

Fiddler's Creek Community Development District #2
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE H – SUBSEQUENT EVENT

On November 1, 2024 and May 1, 2025, the District made bond prepayments on several outstanding bonds. These payments are summarized as follows:

<u>Bond Series</u>	<u>November 1, 2024</u>	<u>May 1, 2025</u>
Series 2005	-	5,000
Series 2014-1B	-	5,000
Series 2014-2A	5,000	-
Series 2014-2B	20,000	5,000
Series 2014-3	-	25,000
Series 2015A-1	45,000	5,000
Series 2015A-2	10,000	-
Series 2019	30,000	5,000



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

INDEPENDENT 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
Fiddler's Creek Community Development District #2
Collier 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 Fiddler's Creek Community Development District #2, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated June 30, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered Fiddler's Creek Community Development District #2'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 Fiddler's Creek Community Development District #2's internal control. Accordingly, we do not express an opinion on the effectiveness of Fiddler's Creek Community Development District #2'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.

To the Board of Supervisors
Fiddler's Creek Community Development District #2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fiddler's Creek Community Development District #2's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



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

June 30, 2025



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

MANAGEMENT LETTER

To the Board of Supervisors
Fiddler's Creek Community Development District #2
Collier County, Florida

Report on the Financial Statements

We have audited the financial statements of the Fiddler's Creek Community Development District #2 as of and for the year ended September 30, 2024, and have issued our report thereon dated June 30, 2025.

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 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 June 30, 2025, 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
Fiddler's Creek Community Development District #2

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 Fiddler's Creek Community Development District #2 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 Fiddler's Creek Community Development District #2 has not met one 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, 2024 for the Fiddler's Creek Community Development District #2. It is management's responsibility to monitor the Fiddler's Creek Community Development District #2'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 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, Fiddler's Creek Community Development District #2 reported:

- 1) The total number of District elected officials receiving statutory compensation, reported as employees for the purposes of the audit: 5
- 2) The total number of independent contractors, defined as individuals or entities that receive 1099s, to whom nonemployee compensation was paid in the last month of the District's fiscal year: 7
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$13,563.90
- 4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$340,318.63
- 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, 2023, 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 Board amended the budget, see below.

To the Board of Supervisors
Fiddler's Creek Community Development District #2

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)9, Rules of the Auditor General, the Fiddler's Creek Community Development District #2 reported:

- 1) The rate or rates of non-ad valorem special assessments imposed by the District: \$1,660.26 for the General Fund and \$1,293.03 - \$5,032.98 for the Debt Service Funds.
- 2) Total special assessments collected was \$8,707,608.
- 3) The total amount of outstanding bonds issued by the District and the terms of such bonds as: There were no new bonds issued by the District. See Note D for details on outstanding long-term debt.

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance with Original Budget Positive (Negative)</u>
Revenues			
Special assessments	\$ 2,459,324	\$ 2,480,583	\$ 21,259
Miscellaneous revenues	70,000	10,000	(60,000)
Investment earnings	-	73,384	73,384
Total Revenues	<u>2,529,324</u>	<u>2,563,967</u>	<u>34,643</u>
Expenditures			
Current			
General government	385,161	427,482	(42,321)
Physical environment	2,102,963	1,969,792	133,171
Capital outlay	-	166,495	(166,495)
Total Expenditures	<u>2,488,124</u>	<u>2,563,769</u>	<u>(75,645)</u>
Excess of revenues over/(under) expenditures	<u>41,200</u>	<u>198</u>	<u>(41,002)</u>
Other Financing Sources/(Uses)			
Insurance proceeds	-	7,550	7,550
Net Change in Fund Balances	41,200	7,748	(33,452)
Fund Balances - October 1, 2023	<u>2,141,491</u>	<u>2,622,869</u>	<u>481,378</u>
Fund Balances - September 30, 2024	<u>\$ 2,182,691</u>	<u>\$ 2,630,617</u>	<u>\$ 447,926</u>

To the Board of Supervisors
Fiddler's Creek Community Development District #2

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.

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

June 30, 2025



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

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

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

To the Board of Supervisors
Fiddler's Creek Community Development District #2
Collier County, Florida

We have examined Fiddler's Creek Community Development District #2's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2024. Management is responsible for Fiddler's Creek Community Development District #2's compliance with those requirements. Our responsibility is to express an opinion on Fiddler's Creek Community Development District #2'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 Fiddler's Creek Community Development District #2'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 Fiddler's Creek Community Development District #2's compliance with the specified requirements.

In our opinion, Fiddler's Creek Community Development District #2 complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2024.

*Berger Toombs Elam
Gaines & Frank*

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

June 30, 2025