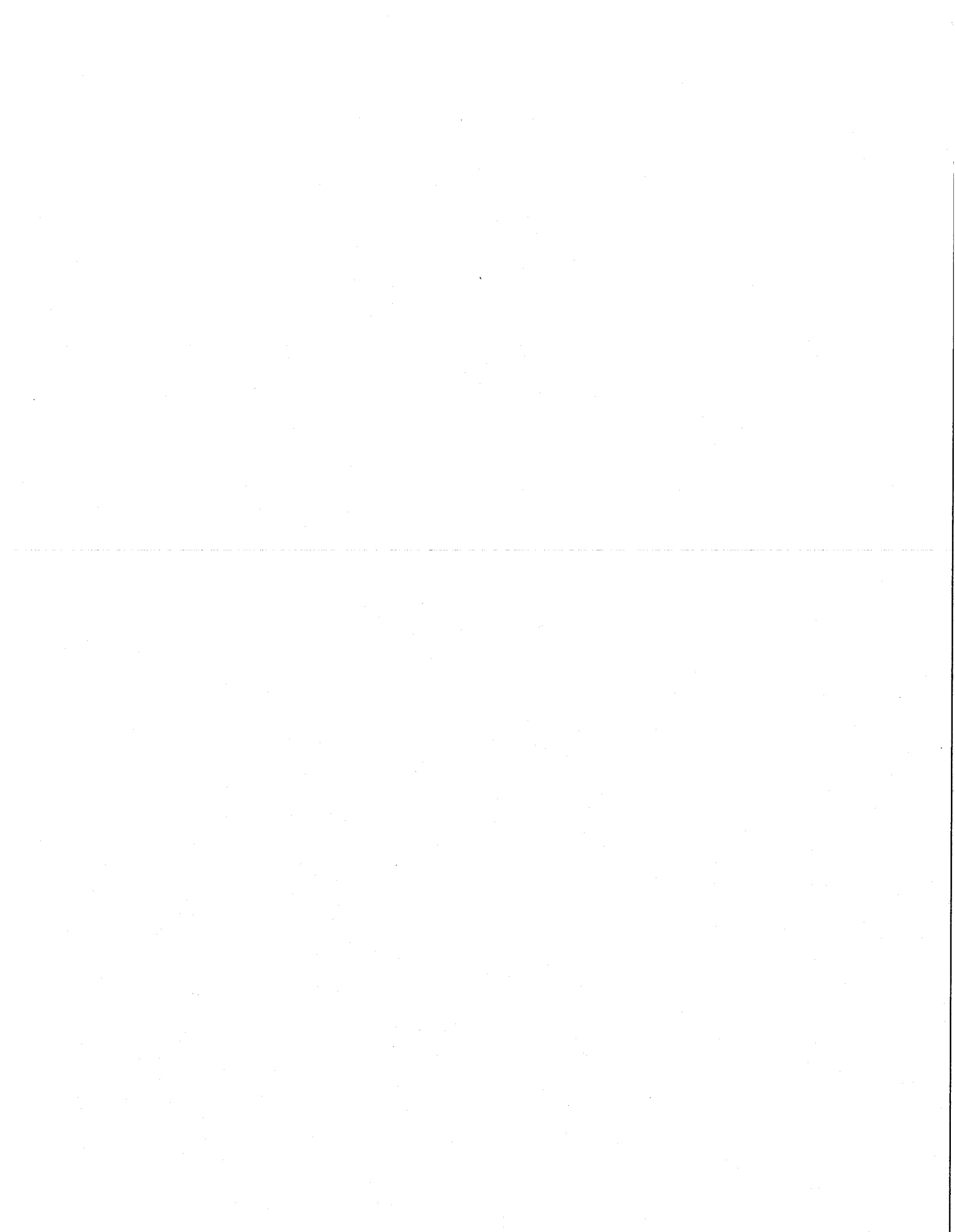


**Fiddler's Creek Community
Development District**

ANNUAL FINANCIAL REPORT

September 30, 2006



Fiddler's Creek Community Development District

ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2006

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Certified Public Accountants PL

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Report of Independent Auditors

To the Board of Supervisors
Fiddler's Creek Community Development District
Naples, Florida

We have audited the accompanying basic financial statements of Fiddler's Creek Community Development District (the "District") as of and for the year ended September 30, 2006, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic 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, 2006, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 11, 2007 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Berger, Toombs, Elam,
Gaines & Frank

Certified Public Accountants PL

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

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Berger, Toombs, Elam,
Gaines & Frank*

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

June 11, 2007

**Fiddler's Creek Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2006**

Management's discussion and analysis of Fiddler's Creek 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 funds. The *Notes to financial statements* provide additional information concerning the District's finances that are not disclosed in the Government-wide or Fund financial statements.

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

The **statement of net assets** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net assets. Net assets are reported in three categories; 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Assets, liabilities, and net assets 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 assets. 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 interest on debt.

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
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2006**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2006.

- ◆ The District's total assets exceeded total liabilities by \$3,278,192 (net assets). Unrestricted net assets for Governmental Activities were (\$4,789,214). Restricted net assets were \$234,525. Invested in capital assets net of related debt was \$7,832,881.
- ◆ Governmental activities revenues totaled \$8,487,969 while governmental activities expenses totaled \$8,593,552.

**Fiddler's Creek Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2006**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District

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

	Net Assets		Percent Change
	Governmental Activities		
	2006	2005	
Current Assets	\$ 1,162,303	\$ 279,616	315.7 %
Restricted Assets	16,852,223	8,982,079	87.6 %
Capital Assets	35,736,131	31,820,547	12.3 %
Other Non-Current Assets	1,054,413	874,307	20.6 %
Total Assets	54,805,070	41,956,549	30.6 %
Current Liabilities	3,029,641	2,426,839	24.8 %
Non-Current Liabilities	48,497,237	36,145,935	34.2 %
Total Liabilities	51,526,878	38,572,774	33.6 %
Net Assets Invested in Capital			
Assets, Net of Debt	7,832,881	4,855,076	61.3 %
Net Assets - Restricted	234,525	3,423,218	(93.1)%
Net Assets - Unrestricted	(4,789,214)	(4,894,519)	2.2 %
Total Net Assets	\$ 3,278,192	\$ 3,383,775	(3.1)%

The increase in current assets was caused by the receipt of bond proceeds during the fiscal year.

The increase in restricted assets and non-current liabilities is due to the issuance of the Series 2005 Bonds.

The increase in net assets invested in capital assets, net of related debt and the decrease in net assets – restricted was caused by the purchase of capital assets.

**Fiddler's Creek Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2006**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

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

Change in Net Assets

	<u>Governmental Activities</u>		<u>Percent Change</u>
	<u>2006</u>	<u>2005</u>	
Program Revenues			
Charges for services	\$ 4,982,015	\$ 4,865,181	2.4 %
Operating grants and contributions	2,814,614	2,412,917	16.6 %
General Revenues			
Investment earnings	689,046	170,076	305.1 %
Miscellaneous income	2,294	2,870	(20.1)%
Total Revenues	<u>8,487,969</u>	<u>7,451,044</u>	13.9 %
Expenses			
General government	267,505	255,458	4.7 %
Physical environment	5,126,600	1,617,997	216.8 %
Transportation	-	142,768	(100.0)%
Public safety	-	741,235	(100.0)%
Interest on long-term debt	3,199,447	2,582,454	23.9 %
Total Expenses	<u>8,593,552</u>	<u>5,339,912</u>	60.9 %
Change in Net Assets	(105,583)	2,111,132	(105.0)%
Net Assets - Beginning of Year	<u>3,383,775</u>	<u>1,272,643</u>	165.9 %
Net Assets - End of Year	<u>\$ 3,278,192</u>	<u>\$ 3,383,775</u>	(3.1)%

The increase in investment earnings is a result of the increase in investments throughout the year.

Physical environment increased due to hurricane cleanup and depreciation expense.

**Fiddler's Creek Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2006**

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, 2006 and 2005.

<u>Description</u>	<u>Governmental Activities</u>		<u>Percent Change</u>
	<u>2006</u>	<u>2005</u>	
Land and improvements	\$20,813,030	\$18,472,451	12.7 %
Building and improvements	7,415,238	6,369,704	16.4 %
Infrastructure	13,557,071	11,911,142	13.8 %
Equipment	64,808	64,808	0.0 %
Accumulated depreciation	<u>(6,114,016)</u>	<u>(4,997,558)</u>	(22.3)%
Total Capital Assets (Net)	<u>\$35,736,131</u>	<u>\$31,820,547</u>	12.3 %

During the year \$2,340,579 of additions were added to capital assets not being depreciated, \$2,691,463 of additions were added to capital assets being depreciated, and depreciation expense was \$1,116,458.

General Fund Budgetary Highlights

The District amended the original budget primarily because of a loan agreement with SunTrust in the amount of \$2,835,000 in order to pay for hurricane cleanup.

There were no other amendments to the budget.

Debt Management

Governmental Activities debt includes the following:

- ◆ In June 1996, the District issued \$20,210,000 Series 1996 Capital Improvement Revenue Bonds. These bonds were issued to fund the construction and installation of certain master infrastructure improvements. The outstanding balance at September 30, 2006 is \$7,235,000.
- ◆ In May 1999, the District issued \$9,305,000 Series 1999A and \$7,940,000 Series 1999B Capital Improvement Revenue Bonds. These bonds were issued to fund the construction and installation of certain master infrastructure improvements. The outstanding balances at September 30, 2006 are \$7,875,000 and \$4,195,000 respectively.

**Fiddler's Creek Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2006**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Debt Management (Continued)

- ◆ In June 2002, the District issued \$10,120,000 Series 2002A and \$5,330,000 Series 2002B Capital Improvement Revenue Bonds. These bonds were issued to fund the construction and installation of certain master infrastructure improvements. The outstanding balances at September 30, 2006 are \$9,785,000 and \$5,145,000 respectively.
- ◆ In December 2005, the District issued \$18,095,000 Series 2005 Special Assessment Revenue Bonds. The initial draw on this bond was for \$13,130,000. These bonds were issued to fund the construction and installation of certain master infrastructure improvements. The outstanding balance at September 30, 2006 is \$13,130,000.
- ◆ On March 22, 2006, the Board of Supervisors of the District adopted a resolution authorizing, among other things the issuance of a Promissory Note of the District in the principal amount not to exceed \$3,600,000 for the purpose of financing Project Costs. The outstanding balance at September 30, 2006 is \$2,545,799.

Economic Factors and Next Year's Budget

Fiddler's Creek 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 2007.

Request for Information

The financial report is designed to provide a general overview of Fiddler's Creek Community Development District'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, Wrathell, Hart, Hunt, & Associates, 6131 Lyons Road, Suite 100, Coconut Creek, Florida 33073.

Fiddler's Creek Community Development District
STATEMENT OF NET ASSETS
September 30, 2006

	Governmental Activities
Assets	
Current Assets	
Cash and equivalents	\$ 581,491
Investments	466,898
Accounts receivable	33,712
Deposits	5,125
Due from other governments	5,862
Due from developer	69,215
Total Current Assets	1,162,303
Non-Current Assets	
Restricted assets	
Investments	16,781,025
Interest receivable	71,198
Bond issuance, net	1,054,413
Capital assets	
Assets not being depreciated	
Land and improvements	20,813,030
Assets being depreciated	
Buildings and improvements	7,415,238
Infrastructure	13,557,071
Equipment	64,808
Less: accumulated depreciation	(6,114,016)
Total Non-Current Assets	53,642,767
Total Assets	54,805,070
Liabilities	
Current Liabilities	
Accounts payable and accrued expenses	239,295
Accrued interest	1,320,849
Capital leases payable	24,056
Bonds payable	1,445,441
Total Current Liabilities	3,029,641
Non-Current Liabilities	
Capital leases payable	31,879
Bonds payable	48,465,358
Total Non-Current Liabilities	48,497,237
Total Liabilities	51,526,878
Net Assets	
Invested in capital assets, net of related debt	7,832,881
Restricted for	
Capital projects	234,525
Unrestricted	(4,789,214)
Total Net Assets	\$ 3,278,192

See accompanying notes.

Fiddler's Creek Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2006

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenues and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Assets</u>
				<u>Governmental</u>
				<u>Activities</u>
Governmental Activities				
General government	\$ (267,505)	\$ 55,318	\$ 29,473	\$ (182,714)
Physical environment	(5,126,600)	1,299,792	768,369	(3,058,439)
Debt Service				
Interest on long-term debt	(3,199,447)	3,626,905	2,016,772	2,444,230
Total Governmental Activities	<u>\$(8,593,552)</u>	<u>\$ 4,982,015</u>	<u>\$ 2,814,614</u>	<u>(796,923)</u>
General Revenues				
				689,046
Investment earnings				2,294
Miscellaneous income				<u>691,340</u>
Total General Revenues				(105,583)
Change in Net Assets				3,383,775
Net Assets - October 1, 2005				<u>\$ 3,278,192</u>
Net Assets - September 30, 2006				

See accompanying notes.

Fiddler's Creek Community Development District
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2006

	<u>General</u>	<u>1996 Debt Service Fund</u>	<u>1999 Debt Service Fund</u>	<u>2002 Debt Service Fund</u>
Assets				
Cash	\$ 581,491	\$ -	\$ -	\$ -
Investments	466,898	-	-	-
Accounts receivable	14,368	9,600	9,744	-
Due from other funds	4,070	-	2,472	-
Due from developer	69,215	-	-	-
Due from other governments	5,862	-	-	-
Restricted assets				
Investments	-	1,682,055	2,672,526	1,242,186
Interest receivable	-	8,191	9,985	5,865
Deposits	5,125	-	-	-
Total Assets	<u>\$1,147,029</u>	<u>\$1,699,846</u>	<u>\$ 2,694,727</u>	<u>\$ 1,248,051</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable and accrued expenses	\$ 239,295	\$ -	\$ -	\$ -
Due to other funds	5,172	1,370	-	-
Total Liabilities	<u>244,467</u>	<u>1,370</u>	<u>-</u>	<u>-</u>
Fund Balances				
Reserved for debt service	-	1,698,476	2,694,727	1,248,051
Reserved for capital projects	-	-	-	-
Unreserved and undesignated	902,562	-	-	-
Total Fund Balances	<u>902,562</u>	<u>1,698,476</u>	<u>2,694,727</u>	<u>1,248,051</u>
Total Liabilities and Fund Balances	<u>\$1,147,029</u>	<u>\$1,699,846</u>	<u>\$ 2,694,727</u>	<u>\$ 1,248,051</u>

See accompanying notes.

<u>2005 Debt Service Fund</u>	<u>1996 Capital Projects Fund</u>	<u>1999 Capital Projects Fund</u>	<u>2002 Capital Projects Fund</u>	<u>2005 Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 581,491
-	-	-	-	-	466,898
-	-	-	-	-	33,712
-	-	-	-	-	6,542
-	-	-	-	-	69,215
-	-	-	-	-	5,862
2,446,894	94,370	(359)	164,484	8,478,869	16,781,025
9,595	370	359	1,392	35,441	71,198
-	-	-	-	-	5,125
<u>\$ 2,456,489</u>	<u>\$ 94,740</u>	<u>\$ -</u>	<u>\$ 165,876</u>	<u>\$ 8,514,310</u>	<u>\$18,021,068</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ 239,295
-	-	-	-	-	6,542
-	-	-	-	-	245,837
2,456,489	-	-	-	-	8,097,743
-	94,740	-	165,876	8,514,310	8,774,926
-	-	-	-	-	902,562
<u>2,456,489</u>	<u>94,740</u>	<u>-</u>	<u>165,876</u>	<u>8,514,310</u>	<u>17,775,231</u>
<u>\$ 2,456,489</u>	<u>\$ 94,740</u>	<u>\$ -</u>	<u>\$ 165,876</u>	<u>\$ 8,514,310</u>	<u>\$18,021,068</u>

Fiddler's Creek Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
September 30, 2006

Total Governmental Fund Balances	\$ 17,775,231
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets not being depreciated (land and improvements (\$20,813,030)) used in governmental activities are not financial resources and; therefore, are not reported in the funds.	20,813,030
Capital assets being depreciated (building and improvements (\$7,415,238), infrastructure (\$13,557,071), equipment (\$64,808), less accumulated depreciation (\$6,114,016)) used in governmental activities are not financial resources and; therefore, are not reported in the funds.	14,923,101
Bond issuance costs being amortized (\$1,592,821) less accumulated amortization (\$538,408) used in governmental activities are not financial resources and; therefore, are not reported in the funds.	1,054,413
Long-term liabilities, including bonds payable (\$49,910,799), and capital leases payable (\$55,935) are not due and payable in the current period and; therefore, are not reported in the funds.	(49,966,734)
Accrued interest expense for long-term debt is not a financial use and; therefore, is not reported in the funds.	<u>(1,320,849)</u>
Net Assets of Governmental Activities	<u><u>\$ 3,278,192</u></u>

See accompanying notes.

Fiddler's Creek Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2006

	<u>General</u>	<u>1996 Debt Service Fund</u>	<u>1999 Debt Service Fund</u>	<u>2002 Debt Service Fund</u>
Revenues				
Special assessments	\$ 1,462,087	\$ 1,380,184	\$ 2,139,744	\$ -
Developer contributions	778,989	156,275	627,596	1,175,904
Intergovernmental revenue	75,850	-	-	-
Investment earnings	15,382	54,416	61,742	45,938
Miscellaneous	2,294	-	-	-
Total Revenues	<u>2,334,602</u>	<u>1,590,875</u>	<u>2,829,082</u>	<u>1,221,842</u>
Expenditures				
Current				
General government	170,668	44,641	37,341	14,855
Physical environment	4,010,142	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	319,079	1,170,000	1,775,000	185,000
Interest	3,769	605,250	772,036	1,026,131
Other	7,200	-	-	-
Total Expenditures	<u>4,510,858</u>	<u>1,819,891</u>	<u>2,584,377</u>	<u>1,225,986</u>
Excess of revenues over/(under) expenditures before other financing sources/(uses)	<u>(2,176,256)</u>	<u>(229,016)</u>	<u>244,705</u>	<u>(4,144)</u>
Other financing sources/(uses)				
Issuance of long-term debt	2,835,000	-	-	-
Transfers in	130,625	-	-	37,811
Transfers out	(37,811)	-	-	-
Total Other Financing Sources/(Uses)	<u>2,927,814</u>	<u>-</u>	<u>-</u>	<u>37,811</u>
Excess of revenues and other sources over/(under) expenditures and other uses	751,558	(229,016)	244,705	33,667
Fund Balances - October 1, 2005	<u>151,004</u>	<u>1,927,492</u>	<u>2,450,022</u>	<u>1,214,384</u>
Fund Balances - September 30, 2006	<u>\$ 902,562</u>	<u>\$ 1,698,476</u>	<u>\$ 2,694,727</u>	<u>\$ 1,248,051</u>

See accompanying notes.

<u>2005 Debt Service Fund</u>	<u>1996 Capital Projects Fund</u>	<u>1999 Capital Projects Fund</u>	<u>2002 Capital Projects Fund</u>	<u>2005 Capital Projects Fund</u>	<u>Totals Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,982,015
-	-	-	-	-	2,738,764
-	-	-	-	-	75,850
86,809	4,820	24,801	52,515	342,623	689,046
-	-	-	-	-	2,294
<u>86,809</u>	<u>4,820</u>	<u>24,801</u>	<u>52,515</u>	<u>342,623</u>	<u>8,487,969</u>
-	-	-	-	-	267,505
-	-	-	-	-	4,010,142
-	84,709	1,119,661	1,909,743	1,917,929	5,032,042
-	-	-	-	-	3,449,079
301,990	-	-	-	-	2,709,176
-	-	-	-	368,714	375,914
<u>301,990</u>	<u>84,709</u>	<u>1,119,661</u>	<u>1,909,743</u>	<u>2,286,643</u>	<u>15,843,858</u>
<u>(215,181)</u>	<u>(79,889)</u>	<u>(1,094,860)</u>	<u>(1,857,228)</u>	<u>(1,944,020)</u>	<u>(7,355,889)</u>
2,671,670	-	-	-	10,458,330	15,965,000
-	-	-	-	-	168,436
-	-	(130,625)	-	-	(168,436)
<u>2,671,670</u>	<u>-</u>	<u>(130,625)</u>	<u>-</u>	<u>10,458,330</u>	<u>15,965,000</u>
2,456,489	(79,889)	(1,225,485)	(1,857,228)	8,514,310	8,609,111
-	174,629	1,225,485	2,023,104	-	9,166,120
<u>\$ 2,456,489</u>	<u>\$ 94,740</u>	<u>\$ -</u>	<u>\$ 165,876</u>	<u>\$ 8,514,310</u>	<u>\$ 17,775,231</u>

Fiddler's Creek 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, 2006

Net Change in Fund Balances - Total Governmental Funds \$ 8,609,111

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 expense. This is the amount by which capital outlay (\$5,032,042) exceeded depreciation (\$1,116,458) in the current period. 3,915,584

Governmental funds report issuance of long-term debt as revenues. However, in the Statement of Activities, the issuance of long-term debt is a liability. This is the amount of long-term debt (\$15,965,000) in the current period. (15,965,000)

Governmental funds report bond issuance costs as expenditures. However, in the Statement of Activities, the cost of those assets are allocated on an effective rate as amortization expense. This is the amount that costs of issuance (\$375,914) in the current period exceeded amortization (\$195,808) in the current period. 180,106

Repayment of bond principal (\$3,419,201) and capital lease principal (\$29,878) are expenditures in governmental funds, but the repayments reduce liabilities in the Statement of Activities. 3,449,079

In the Statement of Activities, interest is accrued on outstanding bonds; whereas, in governmental funds, interest expenditures are reported when due, this is the net increase in accrued interest from the prior year. (294,463)

Change in Net Assets of Governmental Activities \$ (105,583)

Fiddler's Creek Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$ 1,424,970	\$ 1,497,205	\$ 1,462,087	\$ (35,118)
Developer contributions	624,213	778,989	778,989	-
Intergovernmental revenues	-	75,850	75,850	-
Investment earnings	1,500	17,676	15,382	(2,294)
Miscellaneous	-	-	2,294	2,294
Total Revenues	<u>2,050,683</u>	<u>2,369,720</u>	<u>2,334,602</u>	<u>(35,118)</u>
Expenditures				
Current				
General government	238,946	256,165	170,668	85,497
Physical environment	1,811,737	4,782,779	4,010,142	772,637
Debt service				
Principal	-	289,201	319,079	(29,878)
Interest	-	-	3,769	(3,769)
Other	-	7,200	7,200	-
Total Expenditures	<u>2,050,683</u>	<u>5,335,345</u>	<u>4,510,858</u>	<u>824,487</u>
Excess of revenues over/(under) expenditures before other financing sources/(uses)	<u>-</u>	<u>(2,965,625)</u>	<u>(2,176,256)</u>	<u>789,369</u>
Other financing sources/(uses)				
Issuance of long-term debt	-	2,835,000	2,835,000	-
Transfers in	-	130,625	130,625	-
Transfers out	-	-	(37,811)	(37,811)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>2,965,625</u>	<u>2,927,814</u>	<u>(37,811)</u>
Excess of revenues and other sources over/(under) expenditures and other uses	<u>-</u>	<u>-</u>	<u>751,558</u>	<u>751,558</u>
Fund Balances - October 1, 2005	<u>-</u>	<u>-</u>	<u>151,004</u>	<u>151,004</u>
Fund Balances - September 30, 2006	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 902,562</u>	<u>\$ 902,562</u>

See accompanying notes.

Fiddler's Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

The District was established on August 13, 1996, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), established by Rule 42X-1.001 of the Florida Land and Water Adjudicatory Commission, 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 or re-constructing, enlarging or extending, equipping, operating and maintaining water management, water supply, sewer and waste water management, bridges or culverts, district roads, landscaping, street lights and other basic infrastructure projects within or without the boundaries of the Fiddler's Creek Community Development District. The District is governed by a five-member Board of Supervisors who are elected for four year terms.

The District encompasses approximately 1,390 acres within Fiddler's Creek Development. The District is located in Naples, Florida and is a planned development of regional impact being developed by 951 Land Holdings Joint Venture (the Developer). The developer expects to construct approximately 6,000 residential units including single-family detached, patio and zero lot line, duplexes, single-family attached and townhouse, and multi-family dwellings, commercial areas, two 18 hole golf courses and a storm water management system. The District also contains jurisdictional wetlands that the District will maintain and manage.

As required by GAAP, these financial statements present the Fiddler's Creek 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 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 Statement Number 14, The Financial Reporting Entity, the District has identified no component units.

Fiddler's Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2006

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

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include separate columns for the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

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

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financial 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
NOTES TO FINANCIAL STATEMENTS
September 30, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period, or soon thereafter, to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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

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

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

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

Debt service expenditures are recorded only when payment is due.

Fiddler's Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

1996 Debt Service Fund - Accounts for debt service requirements to retire the special assessment bonds which were used to finance the construction of District infrastructure improvements. The bond series is secured by a pledge of all available special assessment revenues in any fiscal year related to the improvements and a first lien on the special assessment revenues from the District's lien on all acreage of benefited land.

1999 Debt Service Fund - Accounts for debt service requirements to retire the special assessment bonds which were used to finance the construction of District infrastructure improvements. The bond series is secured by a pledge of all available special assessment revenues in any fiscal year related to the improvements and a first lien on the special assessment revenues from the District's lien on all acreage of benefited land.

2002 Debt Service Fund - Accounts for debt service requirements to retire the special assessment bonds which were used to finance the construction of District infrastructure improvements. The bond series is secured by a pledge of all available special assessment revenues in any fiscal year related to the improvements and a first lien on the special assessment revenues from the District's lien on all acreage of benefited land.

2005 Debt Service Fund - Accounts for debt service requirements to retire the special assessment bonds which were used to finance the construction of District infrastructure improvements. The bond series is secured by a pledge of all available special assessment revenues in any fiscal year related to the improvements and a first lien on the special assessment revenues from the District's lien on all acreage of benefited land.

1996 Capital Projects Fund - The Project Fund accounts for construction of infrastructure improvements within the boundaries of the District.

1999 Capital Projects Fund - The Project Fund accounts for construction of infrastructure improvements within the boundaries of the District.

Fiddler's Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation (Continued)

a. Governmental Major Funds (Continued)

2002 Capital Projects Fund - The Project Fund accounts for construction of infrastructure improvements within the boundaries of the District.

2005 Capital Projects Fund - The Project Fund accounts for construction of infrastructure improvements within the boundaries of the District.

b. Non-Current Governmental Assets/Liabilities

GASB Statement 34 requires that non-current governmental assets, such as land, buildings, infrastructure and equipment and non-current governmental liabilities, such as special assessment bonds, and capital leases be reported in the governmental activities column in the government-wide Statement of Net Assets.

4. Assets, Liabilities, and Net Assets 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. Negotiable direct or indirect obligations which are secured by the United States Government;
2. The Local Government Surplus Funds Trust as created by Section 218.415, Florida Statutes;
3. Interest-bearing time deposits or savings accounts in authorized financial institutions;
4. Obligations guaranteed by the Government National Mortgage Association or similarly structured and secured associations or corporations.

**Fiddler's Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2006**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, and Net Assets or Equity (Continued)

b. Restricted Assets

Certain net assets of the District are classified as restricted assets on the Statement of Net Assets 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 assets and then from unrestricted net assets.

c. Capital Assets

Capital assets, which includes land and improvements, buildings, infrastructure, and equipment, are reported in the applicable governmental activities column.

The District defines capital assets as assets with an initial, individual cost of \$750 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:

Buildings and improvements	7-39 years
Infrastructure	20-40 years
Equipment	5-10 years

Fiddler's Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, and Net Assets or Equity (Continued)

d. Unamortized Bond Costs

Bond issuance costs and legal fees associated with the issuance of bonds are amortized over the life of the bonds using the effective interest rate method of accounting.

e. Budgets

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190 and Section 200.065, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Formal budgets are adopted for the general and debt service funds. As a result, deficits in the budget columns of the accompanying financial statements may occur.

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

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

“Total fund balances” of the District’s governmental funds (\$17,775,231) differs from “net assets” of governmental activities (\$3,278,192) reported in the Statement of Net Assets. This difference primarily results from the long-term economic focus of the Statement of Net Assets 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 (land, buildings, infrastructure and equipment that are to be used in governmental activities) are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the Statement of Net Assets included those capital assets among the assets of the District.

Land and improvements	\$ 20,813,030
Building and improvements	7,415,238
Infrastructure	13,557,071
Equipment	64,808
Accumulated depreciation	<u>(6,114,016)</u>
Total	<u>\$ 35,736,131</u>

Fiddler's Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2006

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 Assets (Continued)

Bond issuance costs

When intangible assets (legal fees, trustee fees, and other bond related costs are to be used in governmental activities) are expended, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Assets includes these intangible assets of the District.

Bond issuance costs	\$ 1,592,821
Accumulated amortization	<u>(538,408)</u>
Total	<u>\$ 1,054,413</u>

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 as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Assets. Balances at September 30, 2006 were:

Bonds payable	\$(49,910,799)
Capital leases payable	<u>(55,935)</u>
Total	<u>\$(49,966,734)</u>

Accrued interest

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

Accrued interest payable	<u>\$ (1,320,849)</u>
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2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities

The "net change in fund balances" for government funds (\$8,609,111) differs from the "Change in Net Assets" for governmental activities (\$105,583) 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.

Fiddler's Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2006

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 (Continued)

Capital related items

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

Capital outlay	\$ 5,032,042
Depreciation expense	<u>(1,116,458)</u>
Difference	<u>\$ 3,915,584</u>

Bond issuance costs

When bond issuance costs used in governmental activities are expended, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as amortization costs. As a result, fund balances decrease by the amount of financial resources expended, whereas, net assets decrease by the amount of amortization expense charged for the year.

Cost of issuance	\$ 375,914
Amortization expense	<u>(195,808)</u>
Total	<u>\$ 180,106</u>

Long-term debt transactions

Repayments of bond and lease principal are reported as an expenditure in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used. Proceeds from long-term debt are an other financing source in the governmental funds and, thus have the effect of increasing fund balance because current financial resources have been received.

Issuance of long-term debt	<u>\$(15,965,000)</u>
Bonds principal payments	\$ 3,419,201
Capital lease principal payments	<u>29,878</u>
Total	<u>\$ 3,449,079</u>

**Fiddler's Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2006**

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 (Continued)

Long-term debt transactions (Continued)

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

Net change in accrued bonds interest payable	<u>\$ (294,463)</u>
----------------------------------------------	---------------------

NOTE C – CASH AND INVESTMENTS

All deposits are held in qualified public depositories and are included on the accompanying statement of net assets and balance sheet as cash, cash and equivalents 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. 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, 2006, the District's bank balance was \$587,486 and the carrying value was \$581,491. 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.

As of September 30, 2006, the District had the following investments and maturities:

Investment	Maturities	Fair Value
US Treasury SEC MM	N/A	\$ 16,305,872
Federal Home Loan	01/18/07	942,051
Total		<u>\$ 17,247,923</u>

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.

Fiddler's Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2006

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Credit Risk

The District's investments in treasury funds and government loans are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. As of September 30, 2006, the District's investment in the US Treasury SEC MM was rated AAAM by Standard & Poor's. The Federal Home Loan is rated AAA by Standard & Poor's.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one. The investments in the US Treasury SEC MM are 95% of the District's total investments. The remaining investments in the Federal Home Loan are 5% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2006 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary.

NOTE D – SPECIAL ASSESSMENT REVENUES

The special assessment levy recognized for the 2005-2006 Fiscal Year was established by the District at a public hearing in September 2005. All assessments are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Per Section 197.162, Florida Statutes, discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount.

All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to, June 1; therefore, there were no material taxes receivable at fiscal year end.

Fiddler's Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2006

NOTE E – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2006 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities</u>				
<i>Capital assets, not being depreciated</i>				
Land and improvements	\$ 18,472,451	\$ 2,340,579	\$ -	\$ 20,813,030
<i>Capital assets, being depreciated</i>				
Building and improvements	6,369,704	1,045,534	-	7,415,238
Infrastructure	11,911,142	1,645,929	-	13,557,071
Equipment	64,808	-	-	64,808
Total Capital Assets, Being Depreciated	<u>18,345,654</u>	<u>2,691,463</u>	<u>-</u>	<u>21,037,117</u>
<i>Less accumulated depreciation for</i>				
Building and improvements	(3,008,690)	(634,858)	-	(3,643,548)
Infrastructure	(1,974,196)	(475,119)	-	(2,449,315)
Equipment	(14,672)	(6,481)	-	(21,153)
Total Accumulated Depreciation	<u>(4,997,558)</u>	<u>(1,116,458)</u>	<u>-</u>	<u>(6,114,016)</u>
Total Capital Assets Depreciated, Net	<u>13,348,096</u>	<u>1,575,005</u>	<u>-</u>	<u>14,923,101</u>
Governmental Activities Capital Assets	<u>\$ 31,820,547</u>	<u>\$ 3,915,584</u>	<u>\$ -</u>	<u>\$ 35,736,131</u>

Depreciation expense is charged to the following functions:

Physical environment \$ 1,116,458

The District has entered into lease agreements which qualify as capital leases for accounting purposes and have been recorded as capital assets in Infrastructure and Equipment. Capitalized cost and accumulated depreciation pertaining to capital leases are as follows:

	Cost	Accumulated Depreciation	Net Total
Infrastructure	\$ 116,000	\$ (17,400)	\$ 98,600
Equipment	21,121	(6,160)	14,961
	<u>\$ 137,121</u>	<u>\$ (23,560)</u>	<u>\$ 113,561</u>

Fiddler's Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2006

NOTE F – LONG-TERM DEBT

The following is a summary of activity of the long-term debt of the District for the year ended September 30, 2006:

Long-term debt at October 1, 2005	\$ 37,450,813
Issuance of long-term debt	15,965,000
Lease principal payments	(29,878)
Bond principal payments	<u>(3,419,201)</u>
Long-term debt at September 30, 2006	<u>\$ 49,966,734</u>

Long-term debt is comprised of the following:

Special Assessment Revenue Bonds

\$20,210,000 Series 1996 Term Bonds maturing through 2018, interest at 7.5%, collateralized by the pledged revenues of special assessments levied against the benefited property owners, payable May 1 and November 1.	\$ 7,235,000
\$9,305,000, Series 1999A Term Bonds, maturing May 1, 2021; interest at 5.875%, collateralized by the pledged revenues of special assessments levied against the benefited property owners, payable May 1 and November 1.	7,875,000
\$7,940,000, Series 1999B Term Bonds maturing May 1, 2021; interest at 5.8%, collateralized by the pledged revenues of special assessments levied against the benefited property owners, payable May 1 and November 1.	4,195,000
\$10,120,000 Series 2002A Term Bonds, maturing May 1, 2033; interest at 6.875%, collateralized by the pledged revenues of special assessments levied against the benefited property owners, payable May 1 and November 1.	9,785,000
\$5,330,000 Series 2002B Term Bonds, maturing May 1, 2033; interest at 6.625%, collateralized by the pledged revenues of special assessments levied against the benefited property owners, payable May 1 and November 1.	5,145,000
\$18,095,000 Series 2005 Term Bonds, maturing May 1, 2038; interest at 6%, collateralized by the pledged revenues of special assessments levied against the benefited property owners, payable May 1 and November 1. As of September 30, 2006 the District made an initial draw of \$13,130,000 of the \$18,095,000 Series 2005 Term Bonds leaving a draw of \$4,965,000 still available to the District.	13,130,000

Fiddler's Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2006

NOTE F – LONG-TERM DEBT (CONTINUED)

Special Assessment Revenue Bonds (Continued)

\$2,835,000 SunTrust Loan Agreement, maturing April 30, 2011; interest at 5.22%, payable at various dates established by SunTrust Loan Amortization Schedule. 2,545,799

\$116,000 capital lease, maturing October 6, 2008; interest at 5.2%, collateralized by the fountains purchased with the proceeds of this lease. 55,935

\$ 49,966,734

The annual requirements to amortize the principal and interest of debt outstanding as of September 30, 2006 are as follows:

Year Ending September 30,	Special Assessment Bonds		Capital Lease		Payments
	Principal	Interest	Principal	Interest	
2007	\$ 1,445,441	\$ 3,311,430	\$24,056	\$ 2,340	\$ 4,783,267
2008	1,745,537	3,081,137	25,337	1,059	4,853,070
2009	2,019,842	2,972,903	6,542	57	4,999,344
2010	2,145,708	2,847,810	-	-	4,993,518
2011	2,114,271	2,714,700	-	-	4,828,971
2012-2016	9,990,000	11,747,735	-	-	21,737,735
2017-2021	10,565,000	8,245,814	-	-	18,810,814
2022-2026	5,175,000	5,728,256	-	-	10,903,256
2027-2031	7,135,000	3,810,881	-	-	10,945,881
2032-2036	5,825,000	1,424,725	-	-	7,249,725
2037-2041	1,750,000	993,203	-	-	2,743,203
Totals	<u>\$ 49,910,799</u>	<u>\$ 46,878,594</u>	<u>\$ 55,935</u>	<u>\$ 3,456</u>	<u>\$ 96,848,784</u>

Summary of Significant Bonds Resolution Terms and Covenants

The bond resolution and the trust indenture provide for the establishment of certain accounts and an order in which revenues are to be deposited into these accounts. The accounts include a construction, revenue, redemption, reserve, interest and prepayment account for each bond issue and are maintained by a trustee.

The bond indenture provides for Debt Service Reserve Funds, which shall be held by the Trustee separate and apart from all other funds.

Fiddler's Creek Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2006

NOTE F – LONG-TERM DEBT (CONTINUED)

Special Assessment Revenue Bonds (Continued)

The following is a summary of reserve requirements and balances in the reserve accounts at September 30, 2006:

	<u>Reserve Balance</u>	<u>Reserve Requirement</u>
Series 1996 Special Assessment Revenue Bonds	\$ 1,222,728	\$ 723,500
Series 1999A Special Assessment Revenue Bonds	\$ 804,830	\$ 792,816
Series 1999B Special Assessment Revenue Bonds	\$ 480,803	\$ 419,500
Series 2002A Special Assessment Revenue Bonds	\$ 819,859	\$ 799,000
Series 2002B Special Assessment Revenue Bonds	\$ 422,059	\$ 412,144
Series 2005 Special Assessment Revenue Bonds	\$ 478,628	\$ 475,150

Any excess is reserved for the payment of principal and interest.

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.



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**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
Naples, Florida

We have audited the basic financial statements of Fiddler's Creek Community Development District (the "District") as of and for the year ended September 30, 2006, and have issued our report thereon dated June 11, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over the financial reporting and its operation that we consider to be material weaknesses.



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Certified Public Accountants PL

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

Compliance

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

This report is intended solely for the information of the Board of Supervisors, management, federal and state awarding agencies, pass-through entities and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

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Gaines & Frank*

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

June 11, 2007



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Management Letter

To the Board of Supervisors
Fiddler's Creek Community Development District
Naples, Florida

We have audited the financial statements of the Fiddler's Creek Community Development District, Florida, as of and for the year ended September 30, 2006, and have issued our report thereon dated June 11, 2007.

We conducted our audit in accordance with United States generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Compliance and Internal Control over Financial Reporting. Disclosures in that report which is dated June 11, 2007 should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General. Those rules (Section 10.554(1)(h)1.a) require that we address in the management letter, if not already addressed in the auditors' report on compliance and internal controls whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no findings in the prior year audit.

The Rules of the Auditor General (Section 10.554(1)(h)1.b) require that we address in the management letter, if not already addressed in the auditor's report on compliance and internal controls, whether or not recommendations made in the preceding annual financial report have been followed. There were no recommendations made in the preceding audit report.

As required by the Rules of the Auditor General (Section 10.554(1)(h)2.) the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes regarding the investment of public funds. In connection with our audit, we determined that Fiddler's Creek Community Development District complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(h)4) require that we address in the management letter, if not already addressed in the auditors report on compliance and internal controls: (1) violations of laws, rules, regulations, and contractual provisions have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate



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

accounting procedures (e.g. the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that comes to the attention of the auditor. Our audit did not discover any of the above items that require disclosure.

As required by the Rules of the Auditor General (Section 10.554(h)(6)c. and 10.556), we applied financial conditions assessment procedures. It is management's responsibility to monitor the entity'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.

In connection with our audit, we determine that the Fiddler's Creek Community Development District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(h)6.b), we determined that the annual financial report for the District for the fiscal year ended September 30, 2006, filed with the Department of Banking Finance pursuant to Section 218.32, Florida Statutes, is in agreement with our annual financial audit report for the fiscal year ended September 30, 2006.

This management letter is intended solely for the information of Fiddler's Creek Community Development District and management, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

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Gaines & Frank*

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Fort Pierce, Florida

June 11, 2007