

**FIDDLER'S CREEK  
COMMUNITY DEVELOPMENT  
DISTRICT #1**

**REGULAR MEETING  
AGENDA**

**October 24, 2012**

# Fiddler's Creek Community Development District #1

6131 Lyons Road, Suite 100 • Coconut Creek, Florida 33073

Phone: (954) 426-2105 • Fax: (954) 426-2147 • Toll-free: (877) 276-0889

October 18, 2012

## ATTENDEES:

Please identify yourself each time you speak to facilitate accurate transcription of meeting minutes.

Boards of Supervisors

Fiddler's Creek Community Development District #1

Dear Board Members:

The Board of Supervisors of the Fiddler's Creek Community Development District #1 will hold a Regular Meeting on **Wednesday, October 24, 2012 at 8:00 a.m.**, at the **Fiddler's Creek Club and Spa, 3470 Club Center Boulevard, Naples, Florida 34114**. The agenda is as follows:

1. Call to Order/Roll Call
2. Special Counsel Update: Bankruptcy Proceedings
3. Presentation of Draft Reissued Fiscal Year 2011 Audit
4. Developer's Report/Update
5. Engineer's Report
6. Discussion: Memo Regarding Appropriateness of CDD Paying For Lake Bank Erosion Repairs
7. Update: Security Contract Notice of Renewal and Status of Revised Agreement
8. Discussion: Regarding Security Vehicle Replacement
9. Approval of **September 26, 2012** Regular Meeting Minutes
10. Other Business
11. Staff Reports
  - A. Attorney
  - B. Manager
    - i. Unaudited Financial Statements as of September 30, 2012
    - ii. **NEXT MEETING DATE: November 28, 2012 at 8:00 A.M.**
  - C. Operations Manager

12. Audience Comments/Supervisors' Requests
13. Adjournment

Should you have any questions, please do not hesitate to contact me directly at 239-464-7114.

Sincerely,



Chesley E. Adams, Jr.  
District Manager

CA:dg

**FOR BOARD MEMBERS AND STAFF TO ATTEND BY TELEPHONE:**

**CALL IN NUMBER: 1-888-354-0094**

**CONFERENCE ID: 8593810**

**FIDDLER'S CREEK  
COMMUNITY DEVELOPMENT DISTRICT 1  
COLLIER COUNTY, FLORIDA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

**REISSUED DRAFT REPORT**

**FIDDLER’S CREEK COMMUNITY DEVELOPMENT DISTRICT 1  
COLLIER COUNTY, FLORIDA**

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**REISSUED DRAFT REPORT**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
Fiddler's Creek Community Development District 1  
Collier County, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Fiddler's Creek Community Development District 1, Collier County, Florida (the "District") as of and for the fiscal year ended September 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 opinions.

As discussed in Note 8 to the financial statements and the Report to Management as Finding 2011-01, the District is unable to provide sufficient competent evidential matter for certain expenditures paid for by the Trustee from the Series 2002 debt service fund and the capital project fund. In addition, as discussed in Note 12, the District is unable to provide sufficient competent evidential matter to support certain transfers made by the Trustee through the capital project fund between the District and Fiddler's Creek Community Development District 2. The financial information of the Series 2002 debt service fund and capital projects fund are part of the governmental activities and are considered major funds of the District.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the effects of the matter, as discussed above, been audited, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the debt service Series 2002 fund and the capital projects fund of the District as of September 30, 2011, and the changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general, debt service Series 1999, debt service Series 2005, and debt service Series 2006 funds of the District as of September 30, 2011, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 16 to the financial statements, the financial statements and Auditor's reports have been reissued. Further, as discussed in Notes 7 through 11 to the financial statements, the Developer did not pay current and prior year assessments of approximately \$6.3 million and, along with certain related entities, filed for Chapter 11 reorganization in the prior year. Consequently there were insufficient funds to pay the principal and interest on the Series 2002 Bonds and the Series 2005 Bonds due on or before May 1, 2011. As a result, the Trustee noticed an event of default on the Series 2002 Bonds and Series 2005 Bonds. During the current fiscal year, the Bankruptcy Court approved the Developer and certain related entities' plans of reorganization. As a result, the Series 2002 and 2005 Bonds claims with respect to off roll property owned by the Developer were de-accelerated and shall have a new par amount equal to the outstanding amounts plus unpaid and accrued interest and as of September 30, 2011 are not due until May 1, 2013. In addition, subsequent to fiscal year end, the Developer and another delinquent land owner paid assessments due to the District with respect to on roll property in the amount of approximately \$786,000. The District is economically dependent on the Developer.

**REISSUED DRAFT REPORT**

In accordance with *Government Auditing Standards*, we have also issued our report dated **October XX**, 2012, 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, contracts, agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

**October XX**, 2012

**REISSUED DRAFT REPORT**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Fiddler's Creek Community Development District 1, Collier County, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2011. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

### FINANCIAL HIGHLIGHTS

- The liabilities of the District exceeded its assets at the close of the fiscal year ended September 30, 2011 resulting in a net asset deficit balance of (\$4,967,835).
- The change in the District's total net assets in comparison with the prior year was (\$10,386,849), a decrease. The key components of the District's net assets and change in net assets are reflected in the table in the government-wide financial analysis section.
- At September 30, 2011, the District's governmental funds reported combined ending fund balances of \$1,845,995, a decrease of (\$456,283) in comparison with the prior fiscal year.

### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by special assessments and Developer revenues. The District does not have any business-type activities. The governmental activities of the District include the general government (management) and maintenance functions.

#### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund category: governmental funds.

## OVERVIEW OF FINANCIAL STATEMENTS (Continued)

### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service Series 1999, 2002, 2005 and 2006 funds and capital projects Series 2005 funds. All of the funds are considered to be major funds.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets exceeded liabilities at the close of the most recent fiscal year.

Key components of the District's net assets are reflected in the following table:

NET ASSETS		
SEPTEMBER 30,		
	2011	2010
Assets, excluding capital assets	\$ 3,856,219	\$ 9,271,816
Capital assets, net of depreciation	37,159,638	37,973,767
Total assets	<u>41,015,857</u>	<u>47,245,583</u>
Liabilities, excluding long-term liabilities	512,285	2,414,016
Long-term liabilities	45,471,407	39,412,553
Total liabilities	<u>45,983,692</u>	<u>41,826,569</u>
Net assets		
Invested in capital assets, net of related debt	(7,444,357)	170,679
Restricted for debt service	1,268,145	4,765,984
Unrestricted	1,208,377	482,351
Total net assets	<u>\$ (4,967,835)</u>	<u>\$ 5,419,014</u>

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The District's net assets reflects its investment in capital assets (e.g. land, land improvements, and infrastructure); less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the District's net assets represents resources that are subject to external restrictions on how they may be used.

The District's net assets decreased during the most recent fiscal year. The decrease is primarily a result of the de-acceleration of the Series 2002 and 2005 Bonds debt service payments in the current year into future years which resulted in an overall increase in the principal owed on the Series 2002 and 2005 Bonds of \$7,520,576.

Key elements of the change in net assets are reflected in the following table:

CHANGES IN NET ASSETS FOR THE FISCAL YEAR ENDED SEPTEMBER 30,		
	2011	2010
Revenues:		
Program revenues		
Charges for services	\$ 3,830,617	\$ 7,305,062
Operating grants and contributions	237	112
Capital grants and contributions	528	4,638
General revenues		
Investment income	1,510	4,585
Intergovernmental	135,540	-
Other	969,794	-
Total revenues	<u>4,938,226</u>	<u>7,314,397</u>
Expenses:		
General government	1,617,787	683,392
Maintenance and operations	2,433,980	2,771,061
Other expense	11,234,584	-
Interest	38,724	2,431,827
Total expenses	<u>15,325,075</u>	<u>5,886,280</u>
Change in net assets	(10,386,849)	1,428,117
Net assets beginning	5,419,014	3,990,897
Net assets ending	<u>\$ (4,967,835)</u>	<u>\$ 5,419,014</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2011 was \$15,325,075. The majority of the costs were associated with the de-acceleration of assessments that had been previously recorded and the related de-acceleration of delinquent debt as a result of the Developer bankruptcy case which resulted in an increase in the principal outstanding of \$7,520,576. A portion of the costs of the District's activities were paid by program revenues. Program revenues are comprised primarily of assessments in the current year.

## GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. The general fund budget for the fiscal year ended September 30, 2011 was amended to increase revenues by \$3,748 and increase appropriations by \$979,534. The increase in appropriations is primarily due to unanticipated legal costs. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2011.

**REISSUED DRAFT REPORT**

## GENERAL BUDGETING HIGHLIGHTS (Continued)

Actual general fund expenditures for the fiscal year ended September 30, 2011 were less than appropriations due primarily to anticipated costs which were not incurred in the current fiscal year. Assessments collected were less than budgeted amounts.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At September 30, 2011, the District had \$48,718,478 invested in land, land improvements, and infrastructure. In the government-wide financial statements depreciation of \$11,558,840 has been taken, which resulted in a net book value of \$37,159,638. More detailed information about the District's capital assets is presented in the notes of the financial statements.

### Capital Debt

At September 30, 2011, the District had \$45,560,576 in Bonds outstanding for its governmental activities. More detailed information about the District's capital debt is presented in the notes of the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

As discussed in the notes to the basic financial statements, there are significant delinquent fiscal year 2009, 2010 and 2011 assessments that have not been collected due to the Developer not paying its assessments. Consequently, the District did not have sufficient funds to pay the principal and interest on the Series 2002 Bonds and the Series 2005 Bonds due on or before May 1, 2011. As a result, events of default on the Series 2002 Bonds and Series 2005 Bonds have been declared by the trustee. During the current fiscal year, the Bankruptcy Court approved the Developer and certain related entities' plans of reorganization. As a result, the Series 2002 and 2005 Bonds claims in respect to off roll property owned by the Developer shall have a new par amount equal to the outstanding amounts plus unpaid and accrued interest. In addition, subsequent to fiscal year end the Developer and another land owner paid assessments due to the District in respect of on roll property in the amount of approximately \$786,000.

### Contacting the District's Financial Management

This financial report is designed to provide our citizens, land owners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Fiddler's Creek Community Development District 1's Finance Department at 6131 Lyons Road, Suite 100, Coconut Creek, Florida, 33073.

**FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT 1  
COLLIER COUNTY, FLORIDA  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2011**

	Governmental Activities
<b>ASSETS</b>	
Cash	\$ 332,085
Investments	47,621
Accounts receivable	906,747
Due from Developer	73,405
Deposits	5,125
Due from other government	15,547
Restricted assets:	
Temporarily restricted	
Investments	1,575,003
Deferred charges	900,686
Capital assets:	
Nondepreciable	25,829,408
Depreciable, net	11,330,230
Total assets	41,015,857
<b>LIABILITIES</b>	
Accounts payable	221,125
Accrued interest payable	251,198
Contracts payable	39,962
Non-current liabilities:	
Due within one year	1,063,462
Due in more than one year	44,407,945
Total liabilities	45,983,692
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	(7,444,357)
Restricted for debt service	1,268,145
Unrestricted	1,208,377
Total net assets	\$ (4,967,835)

See notes to the financial statements

**REISSUED DRAFT REPORT**

**FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT 1  
COLLIER COUNTY, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Assets
					Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 1,617,787	\$ 1,617,787	\$ -	\$ -	\$ -
Maintenance and operations	2,433,980	576,935	-	528	(1,856,517)
De-acceleration of assessments previously recorded	3,714,008				(3,714,008)
Delinquent debt from bankruptcy proceedings	7,520,576				(7,520,576)
Interest on long-term debt	38,724	1,635,895	237	-	1,597,408
Total governmental activities	15,325,075	3,830,617	237	528	(11,493,693)
General revenues:					
Unrestricted investment earnings					1,510
Intergovernmental					135,540
Miscellaneous: de-acceleration of prior year interest expense					969,794
Total general revenues					1,106,844
Change in net assets					(10,386,849)
Net assets - beginning					5,419,014
Net assets - ending					\$ (4,967,835)

See notes to the financial statements

**FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT 1  
COLLIER COUNTY, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

	Major Funds						Total Governmental Funds
	General	Debt Service Series 1999	Debt Service Series 2002	Debt Service Series 2005	Debt Service Series 2006	Capital Projects Series 2005	
<b>ASSETS</b>							
Cash	\$ 332,085	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 332,085
Investments	47,621	904,973	39,839	5,262	608,850	16,079	1,622,624
Due from other funds	257,528	3,382	-	-	2,221	-	263,131
Due from Developer	73,405	-	-	-	-	-	73,405
Accounts receivable	363,372	368,554	-	-	174,821	-	906,747
Deposits	5,125	-	-	-	-	-	5,125
Due from other governments	15,547	-	-	-	-	-	15,547
Total assets	<u>\$ 1,094,683</u>	<u>\$ 1,276,909</u>	<u>\$ 39,839</u>	<u>\$ 5,262</u>	<u>\$ 785,892</u>	<u>\$ 16,079</u>	<u>\$ 3,218,664</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 221,125	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 221,125
Contracts payable	-	-	-	-	-	39,962	39,962
Due to other funds	-	-	7,500	246,240	-	9,391	263,131
Deferred revenue	335,157	350,430	-	-	162,864	-	848,451
Total liabilities	<u>556,282</u>	<u>350,430</u>	<u>7,500</u>	<u>246,240</u>	<u>162,864</u>	<u>49,353</u>	<u>1,372,669</u>
Fund balances:							
Nonspendable:							
Prepays and deposits	5,125	-	-	-	-	-	5,125
Restricted for:							
Debt service	178,475	926,479	32,339	-	623,028	-	1,760,321
Unassigned:							
General	354,801	-	-	-	-	-	354,801
Debt service	-	-	-	(240,978)	-	-	(240,978)
Capital projects	-	-	-	-	-	(33,274)	(33,274)
Total fund balances	<u>538,401</u>	<u>926,479</u>	<u>32,339</u>	<u>(240,978)</u>	<u>623,028</u>	<u>(33,274)</u>	<u>1,845,995</u>
Total liabilities and fund balances	<u>\$ 1,094,683</u>	<u>\$ 1,276,909</u>	<u>\$ 39,839</u>	<u>\$ 5,262</u>	<u>\$ 785,892</u>	<u>\$ 16,079</u>	<u>\$ 3,218,664</u>

See notes to the financial statements

**REISSUED DRAFT REPORT**

**FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT 1  
COLLIER COUNTY, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2011**

Fund balance - governmental funds		\$ 1,845,995
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in the governmental funds. The statement of net assets includes those capital assets, net of any accumulated depreciation, in the net assets of the government as a whole.

Cost of capital assets	48,718,478	
Accumulated depreciation	<u>(11,558,840)</u>	37,159,638

Assets that are not available to pay for current-period expenditures are deferred in the fund statements.		848,451
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Bond issue costs are not financial resources and, therefore are not reported as assets in the governmental funds. The statements of net assets includes these costs, net of amortization.

Bond issue costs	1,841,764	
Accumulated amortization	<u>(941,078)</u>	900,686

Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Accrued interest payable	(251,198)	
Deferred amount on refunding	92,631	
Bonds payable	(45,560,576)	
Leases payable	<u>(3,462)</u>	<u>(45,722,605)</u>

Net assets of governmental activities		<u>\$ (4,967,835)</u>
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See notes to the financial statements

**FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT 1  
COLLIER COUNTY, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	Major Funds						Total Governmental Funds
	General	Debt Service Series 1999	Debt Service Series 2002	Debt Service Series 2005	Debt Service Series 2006	Capital Projects Series 2005	
<b>REVENUES</b>							
Assessments	\$ 2,184,413	\$ 980,713	\$ -	\$ -	\$ 655,182	\$ -	\$ 3,820,308
Interest	1,510	-	224	13	-	528	2,275
Intergovernmental revenue	-	-	-	-	-	148,777	148,777
Miscellaneous income	10,309	-	-	-	-	-	10,309
Total revenues	<u>2,196,232</u>	<u>980,713</u>	<u>224</u>	<u>13</u>	<u>655,182</u>	<u>149,305</u>	<u>3,981,669</u>
<b>EXPENDITURES</b>							
Current:							
General government	1,553,885	29,478	7,500	7,500	19,424	-	1,617,787
Maintenance and operations	1,492,242	-	-	-	-	-	1,492,242
Intergovernmental expenses	-	-	13,237	-	-	-	13,237
Debt service:							
Principal	455,250	740,000	-	-	530,000	-	1,725,250
Interest	11,190	476,954	-	-	188,477	-	676,621
Capital outlay	-	-	-	-	-	127,609	127,609
Total expenditures	<u>3,512,567</u>	<u>1,246,432</u>	<u>20,737</u>	<u>7,500</u>	<u>737,901</u>	<u>127,609</u>	<u>5,652,746</u>
Excess (deficiency) of revenues over (under) expenditures	(1,316,335)	(265,719)	(20,513)	(7,487)	(82,719)	21,696	(1,671,077)
<b>OTHER FINANCING SOURCES (USES)</b>							
De-acceleration of previously recognized debt service	-	-	1,214,794	-	-	-	1,214,794
Transfers in	1,193,910	-	-	-	-	-	1,193,910
Transfers out	-	-	(333,331)	(177,932)	-	(682,647)	(1,193,910)
Total other financing sources (uses)	<u>1,193,910</u>	<u>-</u>	<u>881,463</u>	<u>(177,932)</u>	<u>-</u>	<u>(682,647)</u>	<u>1,214,794</u>
Net change in fund balances	(122,425)	(265,719)	860,950	(185,419)	(82,719)	(660,951)	(456,283)
Fund balances - beginning	660,826	1,192,198	(828,611)	(55,559)	705,747	627,677	2,302,278
Fund balances - ending	<u>\$ 538,401</u>	<u>\$ 926,479</u>	<u>\$ 32,339</u>	<u>\$ (240,978)</u>	<u>\$ 623,028</u>	<u>\$ (33,274)</u>	<u>\$ 1,845,995</u>

See notes to the financial statements

**FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT 1  
COLLIER COUNTY, FLORIDA  
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, 2011**

Net change in fund balances - total governmental funds	\$ (456,283)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures, however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net assets.	127,609
Depreciation on capital assets is not recognized in the governmental fund statement but is reported as an expense in the statement of activities.	(941,738)
Deferred revenue previously recognized as revenues in the statement of activities were eliminated as the assessment has been de-accelerated to a subsequent period.	(3,714,008)
Repayment of long-term liabilities are reported as expenditures in the governmental fund statement but such repayments reduce liabilities in the statement of net assets and are eliminated in the statement of activities.	1,725,250
Prior delinquent debt service payments (principal and accrued interest) from Developer bankruptcy proceedings have been recapitalized and will be amortized over the remaining life of the bonds.	(7,520,576)
Governmental funds report the effect of issuance of costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Amortization of bond issuance costs	(81,103)
Amortization of deferred amount on refunding	(18,527)
Prior year Series 2002AB debt service payable has been de-accelerated during the current year and eliminated from the fund statements.	(245,000)
The change in accrued interest on long-term liabilities between the current and prior fiscal year is recorded in the statement of activities but not in the fund financial statements.	<u>737,527</u>
Change in net assets of governmental activities	<u><u>\$ (10,386,849)</u></u>

See notes to the financial statements

**REISSUED DRAFT REPORT**

**FIDDLER’S CREEK COMMUNITY DEVELOPMENT DISTRICT 1  
COLLIER COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY**

**Reporting Entity**

Fiddler’s Creek Community Development District 1, (“District”) was created on August 13, 1996 under the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the “Act”) and Rule 42X 1.001-1.003 adopted by Florida Land and Water Adjudicatory Commission and amended on September 16, 2003, designated as Fiddler’s Creek Community Development District 1. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

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

The District is located in the metropolitan Naples area of Collier County, Florida, within the Fiddler’s Creek Development of Regional Impact (“DRI”), a master planned community that is comprised of the District and Fiddler’s Creek Community Development District 2. The District consists of approximately 1,390 acres within the Fiddler’s Creek DRI. In 2003, the boundaries of the District were modified but the acreage, 1,390 acres, remained the same. The Developer owns significant portions of the land; therefore, the District is economically dependent on the Developer. In the prior year the Developer and certain related entities filed for bankruptcy protection.

The District is governed by the Board of Supervisors (“Board”), which is composed of five members. The Supervisors are elected by qualified electors living within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the responsibility for:

1. Assessing and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

The financial statements were prepared in accordance with Governmental Accounting Standards Board (“GASB”) Statement 14, and Statement 39, an amendment of GASB Statement 14. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Government-Wide and Fund Financial Statements**

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment (Operating-type special assessments for maintenance and debt service are treated as charges for services.) and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

### **Assessments**

Assessments are non-ad valorem assessments on all real property within the District. Assessments are levied each November 1 on property as of the previous January. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. For debt service assessments, amounts collected as advance payments are used to prepay a portion of the Bonds outstanding. The District invoices the prime Developer for some of the debt service assessments. Otherwise, assessments are collected annually to provide funds for the debt service on the portion of the Bonds which are not paid with prepaid assessments.

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

### **General Fund**

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

### **Debt Service Funds**

The debt service funds are used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt for the Series 1999, 2002, 2005 and 2006.

**REISSUED DRAFT REPORT**

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

#### Capital Projects Funds

This fund accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District related to the Series 2005 capital project.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

### **Assets, Liabilities and Net Assets or Equity**

#### Restricted Assets

These assets represent cash and investments set aside pursuant to bond and debt covenants.

#### Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured and any unspent Bond proceeds are required to be held in investments as specified in the Bond Indenture.

The District records all interest revenue related to investment activities in the respective funds and reports investments at fair value.

#### Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Assets, Liabilities and Net Assets or Equity (Continued)

#### Capital Assets (Continued)

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	5 - 10
Infrastructure	20 - 40
Buildings and improvements	7 - 39

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

#### Deferred Charges

In prior years, in connection with the issuance of certain debt, the District incurred costs totaling \$1,841,764. In the government-wide financial statements that amount has been capitalized and amortized over the estimated life of the Bonds. At September 30, 2011, the District reported accumulated amortization of \$941,078.

#### Deferred Amount on Refunding

For current refundings and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized using the effective interest method over the remaining life of the old debt or the life of the new debt, whichever is shorter. The deferred amount is offset against the new liability.

In connection with the refunding, the deferred amount on the refunding was \$185,266 and is being amortized over the life of the Bonds. Accumulated amortization of the deferred amount is \$92,631 at September 30, 2011.

#### Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

#### Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the Bonds using the straight-line method, which does not result in a material difference from the effective interest method. Bonds payable are reported net of applicable premiums or discounts.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### Fund Equity/Net Assets

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change. Under GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances are required to be reported according to the following classifications:

Non-spendable fund balance – Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

Restricted fund balance – Amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts established by the Board of Supervisors that are intended to be used for specific purposes that are neither considered restricted nor committed.

Unassigned fund balance – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net assets in the government-wide financial statements are categorized as invested in capital assets, net of related debt, restricted or unrestricted. Invested in capital assets, net of related debt represents net assets related to infrastructure and property, plant and equipment, net of any related debt. Restricted net assets represent the assets restricted by the District’s Bond covenants.

### Other Disclosures

#### Use of Estimates

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

### NOTE 3 – BUDGETARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end.

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

- a) Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain public comments.
- c) Prior to October 1, the budget is legally adopted by the District Board.
- d) All budget changes must be approved by the District Board.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

### NOTE 4 – DEPOSITS AND INVESTMENTS

#### Deposits

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

#### Investments

The District's investments were held as follows at September 30, 2011:

	Fair Value	Credit Risk	Maturities
Money Market Mutual Funds - First American			Weighted average of the fund portfolio: 50 days
Government Obligations	\$ 1,584,518	S&P AAAM	
Treasury Obligations Fund SS	38,106	S&P AAAM	Weighted average of the fund portfolio: 21 days
Total Investments	<u>\$ 1,622,624</u>		

*Custodial risk* – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk. The money market mutual funds are not evidenced by securities that exist in physical or book entry form.

*Credit risk* – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

*Concentration risk* – The District places no limit on the amount the District may invest in any one issuer.

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

However, the Bond Indenture limits the type of investments held using unspent proceeds.

**REISSUED DRAFT REPORT**

## NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land and improvements	\$ 23,293,924	\$ -	\$ -	\$ 23,293,924
Construction in progress	2,423,731	127,609	(15,856)	2,535,484
Total capital assets, not being depreciated	25,717,655	127,609	(15,856)	25,829,408
Capital assets, being depreciated				
Building and improvements	7,695,968	-	-	7,695,968
Infrastructure	15,109,489	-	-	15,109,489
Equipment	67,757	15,856	-	83,613
Total capital assets, being depreciated	22,873,214	15,856	-	22,889,070
Less accumulated depreciation for:				
Building and improvements	6,014,834	404,866	-	6,419,700
Infrastructure	4,560,237	527,831	-	5,088,068
Equipment	42,031	9,041	-	51,072
Total accumulated depreciation	10,617,102	941,738	-	11,558,840
Total capital assets, being depreciated, net	12,256,112	(925,882)	-	11,330,230
Governmental activities capital assets	\$ 37,973,767	\$ (798,273)	\$ (15,856)	\$ 37,159,638

The total projected cost of infrastructure to the District was estimated at approximately \$55,000,000. Four phases of major infrastructure construction were anticipated. Construction of Phases 1, 2, and 3 were substantially completed. In the prior year the Trustee redeemed a portion of the outstanding Series 2005 Bonds. For the fiscal year ended September 30, 2011, \$127,609 construction cost was incurred for the remaining phases.

Depreciation expense was charged to the maintenance and operation function.

## NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at September 30, 2011 were as follows:

Fund	Receivable	Payable
General	\$ 257,528	\$ -
Debt service Series 1999	3,382	-
Debt service Series 2002	-	7,500
Debt service Series 2005	-	246,240
Debt service Series 2006	2,221	-
Capital projects Series 2005	-	9,391
Total	\$ 263,131	\$ 263,131

The outstanding balances between funds result primarily from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. The balances between the general fund and the debt service Series 2005 relate to legal fees incurred with regard to the bond default that were paid from the general fund and are allowed to be paid from the Series 2005 remedial trust account with the consent of the Bondholders. As of the report date, the Bondholders have not consented to the payment of the legal fees of the District from the remedial trust account.

## NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Interfund transfers for the fiscal year ended September 30, 2011 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer out</u>
General	\$ 1,193,910	\$ -
Debt service Series 2002	-	333,331
Debt service Series 2005	-	177,932
Capital projects Series 2005	-	682,647
Total	<u>\$ 1,193,910</u>	<u>\$ 1,193,910</u>

These transfers from the debt service funds and the capital project fund to the general fund are related to legal fees incurred with regard to the bond default. Of this amount, approximately \$980,000 was pulled out by the Trustee to pay Trustee legal fees— see Note 7.

## NOTE 7 – LONG TERM LIABILITIES

At September 30, 2011 the District has the following Bond issues outstanding.

### Series 1999

In May 1999, the District issued \$17,245,000 of Special Assessment Revenue Bonds, Series 1999 consisting of \$9,305,000 Term Bonds Series 1999A due on May 1, 2021 with a fixed interest rate of 5.875% and \$7,940,000 Term Bonds Series 1999B due on May 1, 2021 with a fixed interest rate of 5.80%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is to be paid semiannually on each May 1 and November 1. Principal is to be paid on May 1, commencing May 1, 2002.

The Series 1999 Bonds are subject to redemption at the option of the District, in whole or in part at any time on or after May 1, 2009 at a redemption price as set forth in the Master Trust Indenture and associated Supplemental Trust Indentures (“Bond Indenture”).

The Series 1999 Bonds 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 Bond Indenture. During the fiscal year ended September 30, 2011, the District collected assessments and prepaid \$75,000 on the Series 1999A Bonds and \$120,000 on the Series1999B.

The Bond Indenture established a debt service reserve requirement as well as other 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. The District is in compliance with those requirements of the Bond Indenture at September 30, 2011.

### Series 2002

In March 2002, the District issued \$15,450,000 of Special Assessment Revenue Bonds, Series 2002 consisting of \$10,120,000 Term Bonds Series 2002A due on May 1, 2033 with a fixed interest rate of 6.875% and \$5,330,000 Term Bonds Series 2002B due on May 1, 2033 with a fixed interest rate of 6.625%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is to be paid semiannually on each May 1 and November 1. Principal is to be paid on May 1, commencing May 1, 2004.

The Series 2002 Bonds are subject to redemption at the option of the District, in whole or in part at any time on or after May 1, 2012 at a redemption price as set forth in the Bond Indenture.

The Series 2002 Bonds 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 Bond Indenture.

**REISSUED DRAFT REPORT**

## **NOTE 7 – LONG TERM LIABILITIES (Continued)**

### **Series 2002 (Continued)**

The Bond Indenture established a debt service reserve requirement as well as other 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. Because of delinquent special assessments due from the Developer there were insufficient funds to pay the principal and interest on the 2002 Series Bonds due on or before May 1, 2011. As a result, the Trustee declared an event of default. In accordance with the Developer Plans of Reorganization filed on March 8, 2011 and the Confirmation Order entered on August 29, 2011, the Series 2002A and 2002B delinquent debt service payments were de-accelerated with debt service payments being made semi-annually commencing on May 1, 2013.

In a prior year, the Series 2002 Bond Indenture was amended which directed the Trustee to withdraw \$29,129 from the Series 2002A reserve subaccount and \$15,303 from the Series 2002B reserve subaccount and deposit into the Remedial Expenditures Account to be used to pay remedial fees (legal fees and expenses, and consultant charges related to the preparation for and enforcement of a foreclosure action to enforce the collection of delinquent special assessments). Remedial fees could be incurred by the District or the Trustee on behalf of the Bondholders. Any remedial fees that are incurred by the District must be approved by a majority of the Bondholders, whereas any remedial fees that are incurred by the Trustee do not require the approval of a majority of the Bondholders. During the fiscal year ended September 30, 2011, approximately \$300,000 was utilized by the Trustee for legal and other fees.

### **Series 2005**

In December 2005, the District issued \$18,095,000 of Special Assessment Revenue Bonds, Series 2005 due May 1, 2038 with a fixed interest rate of 6.00%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is to be paid semiannually on each May 1 and November 1. Principal is to be paid on May 1, commencing May 1, 2009.

The Series 2005 Bonds are subject to redemption at the option of the District, in whole or in part at any time on or after May 1, 2016 at a redemption price as set forth in the Bond Indenture.

The Series 2005 Bonds 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 Bond Indenture.

The Bond Indenture established a debt service reserve requirement as well as other 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. Because of delinquent special assessments due from the Developer there were insufficient funds to pay the principal and interest on the 2005 Series Bonds due on or before May 1, 2011. As a result, the Trustee declared an event of default. In accordance with the Developer Plans of Reorganization filed on March 8, 2011 and the Confirmation Order entered on August 29, 2011, the Series 2005 delinquent debt service payments were de-accelerated with debt service payments being made semi-annually commencing on April 15, 2013.

In a prior year, the Series 2005 Bond Indenture was amended which directed the Trustee to withdraw \$55,568 from the Series 2005 acquisition and construction account and deposit into the Remedial Expenditures Account to be used to pay remedial fees incurred by the District or the Trustee on behalf of the Bondholders. Pursuant to the provisions of the Bond Indenture, any remedial fees that are incurred by the District must be approved by a majority of the Bondholders, whereas any remedial fees that are incurred by the Trustee do not require the approval of a majority of the Bondholders. During the fiscal year ended September 30, 2011, approximately \$680,000 was utilized by the Trustee for legal and other fees. However, the District is seeking recourse from the Trustee as to replenishing the Series 2005 Bonds Construction account (see Note 15 for details).

## NOTE 7 – LONG TERM LIABILITIES (Continued)

### Series 2006

In November 2006, the District issued \$6,570,000 of Special Assessment Revenue Refunding Bonds, Series 2006 due May 1, 2018 with a fixed interest rate of 4.20%. Bonds were issued to refund \$6,790,000 of the Capital Improvement Revenue Bonds, Series 1996. Interest is to be paid semiannually on each May 1 and November 1, commencing May 1, 2007. Principal is to be paid on May 1, commencing May 1, 2008.

The Series 2006 Bonds are subject to redemption at the option of the District, in whole or in part at any time at a redemption price as set forth in the Bond Indenture.

The Series 2006 Bonds 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 Bond Indenture. This occurred during the fiscal year ended September 30, 2011 as the District collected assessments and prepaid \$45,000 of the Series 2006 Bonds.

The Bond Indenture established a debt service reserve requirement as well as other 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. The District is in compliance with those requirements of the Bond Indenture at September 30, 2011.

### SunTrust Loan

On March 23, 2006 the District entered into an agreement with SunTrust Bank and obtained a Promissory Note in the principal amount not to exceed \$3,600,000 for the purpose of financing repairs to certain District assets damaged by Hurricane Wilma. The interest rate of 5.22% was fixed at the day following the day the last advance was made. The interest and principal are payable in quarterly installments on each April 30, July 30, October 30, and January 30. Interest payments commenced January 30, 2007 and principal payments commenced April 30, 2007. The Note matured in March 2011 and was paid in full.

### Long-term debt transactions

Changes in long-term liability activity for the fiscal year ended September 30, 2011 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 1999A	\$ 6,260,000	\$ -	\$ (490,000)	\$ 5,770,000	\$ 435,000
Series 1999B	1,905,000	-	(250,000)	1,655,000	125,000
Series 2002A	8,855,000	-	-	8,855,000	-
Series 2002A de-accelerated	510,000	2,575,376	-	3,085,376	-
Series 2002B	4,645,000	-	-	4,645,000	-
Series 2002B de-accelerated	275,000	1,303,800	-	1,578,800	-
Series 2005	11,595,000	-	-	11,595,000	-
Series 2005 de-accelerated	770,000	3,641,400	-	4,411,400	-
Series 2006	4,495,000	-	(530,000)	3,965,000	500,000
SunTrust loan agreement	447,285	-	(447,285)	-	-
Capital leases	11,426	-	(7,964)	3,462	3,462
Less: deferred amount on refunding	(111,158)	-	18,527	(92,631)	-
Total	<u>\$ 39,657,553</u>	<u>\$ 7,520,576</u>	<u>\$ (1,706,722)</u>	<u>\$ 45,471,407</u>	<u>\$ 1,063,462</u>

## NOTE 7 – LONG TERM LIABILITIES (Continued)

At September 30, 2011, the scheduled debt service requirements on the long - term debt were as follows:

Year ending September 30:	Governmental Activities				Total
	Principal	Interest	De-accelerated Principal	De-accelerated Interest	
2012	\$ 1,063,462	\$ 601,865	\$ -	\$ -	\$ 1,665,327
2013	1,610,000	1,353,541	176,171	184,640	2,963,541
2014	1,700,000	2,071,163	187,940	570,012	3,771,163
2015	1,795,000	1,977,309	200,499	557,861	3,772,309
2016	1,905,000	1,878,151	213,901	544,894	3,783,151
2017-2021	9,130,000	7,771,339	1,304,211	2,497,387	16,901,339
2022-2026	5,030,000	5,565,356	1,803,244	2,014,574	10,595,356
2027-2031	6,960,000	3,694,781	2,494,209	1,346,098	10,654,781
2032-2036	5,635,000	1,363,225	2,063,749	510,179	6,998,225
2037-2038	1,660,000	150,900	631,652	57,417	1,810,900
Total	\$ 36,488,462	\$ 26,427,630	\$ 9,075,576	\$ 8,283,062	\$ 62,916,092

## NOTE 8 – EVENT OF DEFAULT

On May 28, 2010, the Trustee noticed the occurrence of events of default in accordance with the Series 2002 and Series 2005 Bond Indentures due to the District's failure to make certain debt service payments. The occurrence of an event of default creates certain remedial rights and remedies in favor of the Bondholders. Pursuant to the Indenture, the owners of a majority in aggregate principal amount of the Bonds then outstanding may direct the Trustee with regard to such rights and remedies following an event of default and upon provision of indemnity satisfactory to the Trustee and in accordance with provisions of the Indenture.

In accordance with the Developer Plans of Reorganization filed on March 8, 2011 and the Confirmation Order entered on August 29, 2011, the Series 2002 and 2005 delinquent debt service payments were de-accelerated with debt service payments being made semi-annually commencing on May 1, 2013.

During the current fiscal year, approximately \$1.2 million of expenditures were disbursed by the Trustee from the Series 2002 debt service fund, Series 2005 debt service fund and Series 2005 capital project fund for services asserted by the Trustee to have been performed related to the events of default, legal services, and related matters. Invoices were not provided by the Trustee for approximately \$416,000 of these expenditures incurred in the debt service Series 2002 and capital projects funds.

## NOTE 9 – DEVELOPER BANKRUPTCY

On February 23, 2010, the Developer and certain related entities filed for Chapter 11 bankruptcy protection. During the current fiscal year, the Bankruptcy Court approved the Developer's plans of reorganization. As a result, the Series 2002AB Bond claims with respect to off roll property owned by the Developer shall have a new par amount equal to the outstanding amounts plus unpaid and accrued interest thereon for 2009, 2010 and for the period from March 1, 2011, through November 1, 2012 with the same pre-petition coupon rate commencing on May 1, 2013 as the first payment date with the maturity date on May 1, 2033. Regarding the Series 2005 Bond claims with respect to off roll property owned by the Developer, it shall have a new par amount equal to the outstanding amounts plus unpaid and accrued interest thereon for 2009, 2010 and for the period from March 1, 2011 through November 1, 2012 with a coupon rate of 6%, commencing on April 15, 2013 as the first payment date with the maturity date on May 1, 2038.

Subsequent to fiscal year end, the Developer, another delinquent land owner and the District entered into an escrow agreement, approved by the Bankruptcy Court, in which the Developer and another delinquent land owner agreed to pay assessments due to the District in the amount of approximately \$786,000 and will deposit it into an escrow account. On February 14, 2012, the said monies were released from escrow and remitted to the District.

**REISSUED DRAFT REPORT**

#### **NOTE 10 – DEVELOPER TRANSACTIONS**

The Developer owns significant portions of land within the District; therefore, assessment revenues in the general and debt service funds include the assessments levied on those lots owned by the Developer.

For the fiscal year ended September 30, 2011, the Developer paid \$673,936 assessment revenue recorded in the general fund.

As of September 30, 2011, the Developer had approximately \$670,000 delinquent assessments which should be settled in the escrow agreement (see Note 9 for details). With respect to off roll property that the Developer owned, the delinquent off roll assessments due from the Developer were approximately \$3.2 million for the Series 2002 Bonds and \$3.1 million for the Series 2005 Bonds. Those delinquent assessments have not been recognized as revenue in the governmental-wide financial statements but will be collected through part of the Bonds claims (see Note 9 for details).

#### **NOTE 11 – DEFICIT FUND EQUITY**

The District has a government-wide net assets (deficit) of (\$4,967,835) as of September 30, 2011. The District also has deficit fund balances of (\$240,978) in the Series 2005 debt service fund and (\$33,274) in the capital project fund.

#### **NOTE 12 – RELATED ENTITY TRANSACTIONS**

The District shares the same Developer as Fiddler's Creek Community Development District 2. The District has a receivable in the amount of \$15,547 from Fiddler's Creek Community Development District 2 for shared costs as of September 30, 2011.

In association with approximately \$1.2 million of expenditures disbursed by the Trustee from the Series 2002 debt service fund, Series 2005 debt service fund and Series 2005 capital project fund for services asserted by the Trustee to have been performed related to the events of default, legal services, and related matters as discussed in Note 8 above, approximately \$13,000 was transferred out of the District's Series 2002 debt service fund to Fiddler's Creek Community Development District 2, and approximately \$149,000 transferred into the District's Series 2005 capital project fund from Fiddler's Creek Community Development District 2 by the Trustee. The District was unable to obtain documentation substantiating these transfers made by the Trustee for the asserted remedial expenditures between the two Districts.

#### **NOTE 13 – MANAGEMENT COMPANY**

The District has contracted with Wrathell, Hunt and Associates to perform management advisory services, which include financial and accounting advisory services. Certain employees of the management company also serve as officers of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

#### **NOTE 14 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

## NOTE 15 – LITIGATION AND CLAIMS

In the prior year, the District considered foreclosure litigation against the Developer and another land owner who have not paid assessments on property owned within the District. However, due to the fact that the Developer and another land owner filed for Chapter 11 reorganization, the anticipated foreclosure filings were automatically stayed pursuant to 11 USC § 362. On August 29, 2011, the bankruptcy court confirmed plans of reorganization. As such, no further litigation may take place with respect to collection of amounts owed by the Developer as of the February 23, 2010 bankruptcy filing date. The District filed timely and subsequently amended proofs of claim in the Fiddler's Bankruptcy Case. However, U.S Bank ("Trustee") appealed the confirmation order and another order addressing district issues. Said appeals have now been dismissed voluntarily as to some Bond Series by court determination as to others. Further appeals are now time barred. The bankruptcy court's confirmation order stands.

On April 14, 2011, the Trustee filed suit against the District. The complaint sought a declaratory judgment that the District had improperly attempted to amend the assessment mechanisms and improperly intended to make non-specific business decisions relating to Series 1999, Series 2002, Series 2005 and Series 2006 Bonds. On November 1, 2011, the Trustee filed a Notice of Voluntary Dismissal and the case has been dismissed.

On May 9, 2011, the Trustee filed suit against the District to seek a preliminary and permanent injunction as to the District's voting rights in the Fiddler's Bankruptcy Case. The District filed a motion to consolidate the cases. On July 12, 2011, the Trustee filed a Notice of Voluntary Dismissal and the case has been dismissed.

Currently, the District remains in payment default under operative documents. The Trustee has reminded the District of this situation through ancillary correspondence although no complaint has been filed regarding the defaults. However, since the District is in default, the District is bound by the orders of the bankruptcy proceedings and would rely on same as a defense.

In addition, subsequent to the fiscal year, the District has notified the Trustee under the District's 2005 Series Bonds that it seeks recourse as to replenishing the Series 2005 Bonds construction account and protection from overdraft charges. As of the report date, the outcome cannot be determined and, therefore, no amounts related to this matter have been reflected in the financial statements.

## NOTE 16 – REISSUANCE OF FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The fund level financial statements have been reissued with the following changes:

\$6,305,220 of Developer assessments and deferred revenue has been eliminated as the Developer Bankruptcy Case de-accelerated these assessments.

In accordance with the Developer Plans of Reorganization filed on March 8, 2011 and the Confirmation Order entered on August 29, 2011, the Series 2002 and 2005 delinquent debt service payments were de-accelerated with debt service payments being made semi-annually commencing on May 1, 2013 and April 15, 2013, respectively. Consequently, the Series 2002AB and Series 2005 Bonds have been adjusted for prior year and current year current debt service principal and interest as follows:

	Principal	Interest	Total
<b>Prior Year:</b>			
Series 2002AB	\$ 245,000	\$ 969,794	\$ 1,214,794
<b>Current Year:</b>			
Series 2002AB	260,000	953,163	1,213,163
Series 2005	175,000	741,900	916,900
	<u>\$ 680,000</u>	<u>\$ 2,664,857</u>	<u>\$ 3,344,857</u>

**NOTE 16 – REISSUANCE OF FINANCIAL STATEMENTS AND AUDITOR’S REPORT (CONTINUED)**

The entity wide financial statements have been re-issued with the following changes:

\$6,305,220 of Developer assessments and deferred revenue has been eliminated as the Developer Bankruptcy Case de-accelerated these assessments.

Accrued interest has been decreased by \$694,547 as a result of the Developer Bankruptcy Case that is not due in November 2011 as it relates to the Series 2002 and Series 2005 Bonds.

Due to Bondholders in the amount of \$680,000 for principal and \$2,664,857 for interest has been eliminated as the bonds were de-accelerated and are not due until starting in 2013.

Non-current liabilities have been increased to reflect the \$680,000 principal outstanding on the Series 2002 and 2005 Bonds and \$7,520,576 accrued interest through 2012 on the de-accelerated portion of the debt service payments.

All related note disclosures have been updated accordingly.

**FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT 1  
COLLIER COUNTY, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Assessments	\$ 2,259,927	\$ 2,259,927	\$ 2,184,413	\$ (75,514)
Interest	3,000	1,439	1,510	71
Miscellaneous income	5,000	10,309	10,309	-
Total revenues	<u>2,267,927</u>	<u>2,271,675</u>	<u>2,196,232</u>	<u>(75,443)</u>
<b>EXPENDITURES</b>				
Current:				
General government	306,976	1,607,411	1,553,885	53,526
Maintenance and operations	1,821,577	1,500,676	1,492,242	8,434
Debt service:				
Principal and interest	457,899	457,899	466,440	(8,541)
Total expenditures	<u>2,586,452</u>	<u>3,565,986</u>	<u>3,512,567</u>	<u>53,419</u>
Excess (deficiency) of revenues over (under) expenditures	(318,525)	(1,294,311)	(1,316,335)	(22,024)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,193,911	1,193,910	(1)
	<u>-</u>	<u>1,193,911</u>	<u>1,193,910</u>	<u>(1)</u>
Net change in fund balance	<u>\$ (318,525)</u>	<u>\$ (100,400)</u>	(122,425)	<u>\$ (22,025)</u>
Fund balance - beginning			<u>660,826</u>	
Fund balance - ending			<u>\$ 538,401</u>	

See notes to required supplementary information

**REISSUED DRAFT REPORT**

**FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT 1  
COLLIER COUNTY, FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. The general fund budget for the fiscal year ended September 30, 2011 was amended to increase revenues by \$3,748 and increase appropriations by \$979,534. The increase in appropriations is primarily due to unanticipated legal costs. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2011.

Actual general fund expenditures for the fiscal year ended September 30, 2011 were less than appropriations due primarily to anticipated costs which were not incurred in the current fiscal year. Accordingly, assessments collected were less than budgeted amounts.

**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 1  
Collier County, Florida

We have audited the financial statements of the governmental activities and each major fund of Fiddler's Creek Community Development District 1, Collier County, Florida ("District") as of and for the fiscal year ended September 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated **October XX**, 2012, which includes an explanatory paragraph as to the qualified opinion for lack of sufficient competent evidential matter for certain expenditures paid and related party transactions and an emphasis of matter paragraph. Except as discussed in the explanatory paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, as discussed in the accompanying report to management dated **October XX**, 2012, we consider deficiency 2011-01 to be a significant deficiency in internal control over financial reporting as it relates to transactions completed by the Trustee.

Compliance and Other Matters

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, contracts, and 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*.

We noted certain matters that we reported to management of the District in a separate letter dated **October XX**, 2012.

**REISSUED DRAFT REPORT**

The District's responses to the findings identified in our audit are described in the accompanying Management Letter. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report is intended for the information and use of the management, Board of Supervisors of Fiddler's Creek Community Development District 1, Collier County, Florida 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.

October XX, 2012

**MANAGEMENT LETTER PURSUANT TO THE RULES OF  
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Board of Supervisors  
Fiddler's Creek Community Development District 1  
Collier County, Florida

We have audited the accompanying basic financial statements of Fiddler's Creek Community Development District 1 ("District") as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated **October XX**, 2012, which includes an explanatory paragraph as to the qualified opinion for lack of sufficient competent evidential matter for certain expenditures paid and related party transactions and an emphasis of matter paragraph.

Except as discussed in the explanatory paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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.

In addition, we have issued our Report on Internal Control over Financial Reporting and Compliance and Other Matters dated **October XX**, 2012. Disclosures in that report should be considered in conjunction with this management letter.

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. This letter is intended for the information and use of the management, Board of Supervisors of Fiddler's Creek Community Development District 1, Collier County, Florida 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.

We wish to thank Fiddler's Creek Community Development District 1, Collier County, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

**October XX**, 2012

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

#### Significant Deficiency:

##### **2011-01 No Supporting Documentation Provided for Certain Expenditures and Transfers**

Observation: Invoices could not be provided for certain expenditures and related interfund activity paid for out of the Trust Accounts. In addition, no documentation could be provided to support transfers between the District and Fiddler's Creek Community Development District 2. Accordingly, auditor was unable to determine whether these expenditures and transfers had been recorded correctly. Upon inquiry of management, numerous attempts have and continue to be made by District Management to obtain the necessary documentation for these transactions.

Recommendation: We recommend that the District continue its efforts to obtain the supporting documentation for these transactions that have been recorded in the general ledger.

Management Response: As noted above by the Auditor, District Management has made numerous attempts to obtain support from the Trustee for transactions for certain amounts that were expended by the Trustee from the District's trust accounts as well as support for other amounts that were transferred to and from Fiddler's Creek Community Development District 2 by the Trustee. Unfortunately, many of the related invoices and the support for the transfers has been withheld by the Trustee to date; however, District Management will continue to request these items.

#### Compliance Findings:

##### **2011-02 Reserve Requirement**

Observation: The Series 2002A and B and the Series 2005 debt service reserve requirements were not met as of September 30, 2011.

Recommendation: We recommend that the District should continue its efforts to make the necessary arrangements to ensure funds are available to make debt service payments.

Management Response: In regards to the debt service reserve requirements, the District has and continues to pursue all appropriate remedies as required by the related trust indentures. Unfortunately, the Trustee (US Bank) has exacerbated this problem by removing an amount in excess of \$377,000 from the Series 2002A and B reserve accounts to fund certain lawsuits against the District, two of which were ultimately voluntarily dismissed by the same Trustee as explained by the Auditor in Note 15 of the audit.

## REPORT TO MANAGEMENT (Continued)

### **2011-03 Bondholder Consent**

Observation: The District entered into a First Amendment to the Master Trust Indenture and Fourth and Fifth Supplemental Indentures with the Trustee with the consent and/or approval of the majority owners of the Series 2002 and 2005 Bonds. The amendment and the supplemental indentures provided for the transfer of certain amounts from the Series 2002 and 2005 Bond trust accounts to set up remedial accounts for the payment of remedial expenditures related to the foreclosure against the primary landowner. The amendment provided to the District was not signed by the respective Bondholders. In addition, there were reimbursements made from the remedial accounts for remedial expenditures incurred by the District as provided for in the Fourth and Fifth Supplemental Indentures that require Bondholder consent. Per inquiry, District management has requested the Bondholders consent from the Trustee but has not been provided this information through the report date.

Recommendation: The Trustee should ensure written consent is received from the Bondholders for all transfer of funds related to the trust accounts and expenditures paid for by the trust accounts that are not outlined in the Bond Indenture and for agreements that require Bondholder approval or consent.

Management Response: As noted above by the Auditor, the District has requested Bondholder consent from the Trustee. Unfortunately, the Trustee has not provided this information to the District to date.

## **II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

2010-01 Financial Condition Assessment – matter has not been repeated.

2009-01 Debt Service Reserve – matter continued in 2010 and is repeated in the current year as finding 2011-02.

## **III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2010, except as noted above.

2. A statement as to whether or not the local governmental entity complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

The District complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

3. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2011, except as noted above.

## REPORT TO MANAGEMENT (Continued)

4. Violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2011, except as noted above.

5. For matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors, the following may be reported based on professional judgment:

- a. Violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse.
- b. Deficiencies in internal control that are not significant deficiencies.

There were no such matters discovered by, or that came to the attention of, the auditor, that, in our judgment, are required to be reported, for the fiscal year ended September 30, 2011, except as noted above.

6. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.
7. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2011 financial audit report.
8. In connection with our audit, we determined that the District has met one or more of the financial conditions described in Section 218.503 (1), Florida Statutes. The District failed to make debt service payments when due as a result of lack of funds due to a significant portion of the assessments for the current fiscal year being delinquent. However, in accordance with the Developer Plans of Reorganization filed on March 8, 2011 and the Confirmation Order entered on August 29, 2011, the Series 2002 and 2005 delinquent debt service payments were de-accelerated with debt service payments being made semi-annually commencing on May 1, 2013 and April 15, 2013, respectively.

Although the District met a condition described in Section 218.503 (1), Florida Statutes, we applied financial condition assessment procedures pursuant to Rule 10.556(7) and no deteriorating financial conditions were noted. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Management does not consider the District to be in a state of financial emergency as of the report date.

# MEMORANDUM

Date: 10/16/12

To: BOARD OF SUPERVISORS- FIDDLERS CREEK CDD #1

From: Chuck Adams- District Manager

Anthony Pires- District Counsel

Terry Cole- District Engineer

Re: Appropriateness of CDD/District paying for Lake Bank Erosion repairs

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At the Meeting of September 26, 2012, the Board had dialogue and posed the question that in light of the fact that the storm water permit (which includes the lakes) has not been transferred to the CDD and is still held by the developer, is it appropriate for the CDD to be expending funds to make lake bank erosion repairs? Over the past several years, there have been various discussions with the Board relating to SWMS (lake) maintenance issues where the Board has been advised that until such time as the SFWMD permit is transferred to the District, the permittee i.e. the primary Developer, is responsible for compliance with all of the permit requirements. The follow up was requested by the Board in order to address/discuss the issue discussed in Section III of the September 24, 2012 Memorandum:

Until transfer of the SFWMD permit(s) to the FCCDD is/are approved by the SFWMD, the developer as permittee is liable for compliance with the SFWMD permit(s):

40E-1.6107(A) and (4), Transfer of Environmental Resource, Surface Water Management, or Water Use Permit

*(4) Until transfer is approved by the District, the permittee shall be liable for compliance with the permit. The permittee transferring the permit shall remain liable for any corrective actions that are required as a result of any violations of the permit which occurred prior to the transfer of the permit.*

## **Background**

When the District was created it was anticipated as a part of the petition process that the CDD would own and operate the master storm water management system. Prior to the issuance of the CDD Bonds, a Master Engineer's report was prepared that further detailed the plans for the CDD to acquire the storm water system through the various phases of construction that would be covered by several series of bonds. Prior to the storm water system being constructed it must be permitted through the South Florida Water Management District (SFWMD) and Collier County. The initial permit(s) were issued to the Developer for the construction of the facilities. Once the facilities are constructed they are reviewed and certified as complete (in compliance with design and permitting) for the purposes of putting them into operation and allowing construction of the properties that are to be served by that segment of the storm water system. The CDD acquired the improvements through the Bond draw process, receiving a requisition detailing the expenses of construction (for reimbursement to the developer), engineering certification, a bill of sale, an easement in favor of the CDD overlying the facilities (or verification that one already exist), warranty, release of lien(s) etc. etc. It is usually at this point, when an application to convert the permit from construction (the developer) to operation (the CDD) is submitted to the SFWMD.

The District Engineer has previously certified that the SWMS facilities, constructed by the primary Developer and acquired by the District, have been constructed in compliance with the SFWMD permits and Collier County permits/development orders. In the best case scenario, the transfer of the operating permit to the District should occur soon after construction completion is certified to SFWMD, in order to draw a bright line as to responsibility and avoid any uncertainty as to responsibilities. However, for a variety of reasons, that has not yet occurred.

Nonetheless, from the inception of the establishment of the District, one of the primary purposes and functions of the District was to acquire or construct the surface water management system (SWMS) necessary to support development within Fiddler's Creek. Once the District constructs or acquires facilities or improvements, including those that comprise the SWMS, the District as the owner of the assets has the independent obligation, as a good steward of its assets, and in order to maintain compliance with bond covenants, to maintain its facilities, performing routine maintenance and repair. This obligation is independent of and separate from any permit conditions or obligations and is complementary to the conditions of the SFWMD permits. The costs of these operation and maintenance activities are borne by all benefitted lands within the District by payment of special assessments.

### **Currently**

In preparation for converting the permit(s) from construction to operational, it was recognized that some of the lake banks, since the time that the SWMS were certified as complete, have eroded over the years to a point that exceeds the acceptable erosion standards of SFWMD. In most if not all cases, it was determined that the erosion was the result of natural causes such as wind and wave action over a number of years. As noted above, the CDD, as the owner of the storm water facilities, has the responsibility to properly operate and maintain the storm water facilities that it has acquired or to enter into an agreement with another entity to satisfactorily take on those responsibilities. (ie. with the Master Association) Not only are the property owners who utilize the system and who pay their debt service assessments to the CDD (which go to offset the annual repayment obligation of the initial capital expense of the storm water facilities) expecting these responsibilities to be carried out, but so are the bond holders who have provided the original construction/acquisition funding. In the case of the bond holders, the obligation to satisfactorily operate and maintain any facilities constructed/acquired utilizing bond funds, is provided for in section 7.15 of the Master Trust Indenture.

### **Conclusion**

It is staff's opinion that the erosion that has been observed is a naturally occurring event that transpired over a number of years and therefore is an operational or deferred operational activity. Additionally, it is our opinion that it is not only appropriate for the CDD to make the lake bank erosion repairs but that the CDD has the obligation to make the lake bank erosion repairs pursuant to section 7.15 of the Master Trust Indenture.

1 **MINUTES OF MEETING**  
2 **FIDDLER’S CREEK COMMUNITY DEVELOPMENT DISTRICT #1**

3  
4 A Regular Meeting of the Board of Supervisors of the Fiddler’s Creek Community  
5 Development District #1 was held on **Wednesday, September 26, 2012, at 8:00 a.m.**, at the  
6 **Fiddler’s Creek Club and Spa, 3470 Club Center Boulevard, Naples, Florida 34114.**  
7

8 **Present at the meeting were:**

9  
10 Phil Brougham Chair  
11 James Curland Vice Chair  
12 Gerald Bergmoser Assistant Secretary  
13 Jim Schutt Assistant Secretary  
14 Robert Slater Assistant Secretary  
15

16 **Also present were:**

17  
18 Chuck Adams District Manager  
19 Cleo Crismond Assistant Regional Manager  
20 Tony Pires District Counsel  
21 Terry Cole District Engineer  
22 Ron Albeit The Foundation  
23 Aleida Martinez Molina (via telephone) Weiss Serota, Special Counsel  
24 John Hutton (via telephone) Trustee Counsel  
25 Bob O’Connell Resident  
26 Jim Dunleavy Resident  
27 Bill Kluge Resident  
28 John Portnoff Resident  
29 Dorothy Hirsch Resident  
30 Jesse Fritz Resident  
31  
32

33 **FIRST ORDER OF BUSINESS**

**Call to Order/Roll Call**

34  
35 Mr. Adams called the meeting to order at 8:02 a.m., and noted, for the record, that all  
36 Supervisors were present, in person.

37 **▪ Lake Conveyance Progress Update**

38 ***\*\*\*This item was an addition to the agenda.\*\*\****

39 Mr. Pires presented a memorandum on the lake conveyance matter. He indicated that the  
40 District has various lakes comprised of surface water management systems, which were  
41 constructed by the developer but paid for with bond proceeds. The District received these lakes

42 by way of easements, grants of easements, assignments or dedications. The District has been in  
43 discussions with the developer regarding fee-simple title of all lakes, for several years.  
44 Discussions were halted during the bankruptcy but have restarted. Mr. Pires recalled the Board's  
45 request for the memorandum of the pros and cons to ownership of the lakes. He advised that, in  
46 his experience, fee-simple ownership of the lakes is in the District's best interests, as it has  
47 liability because it owns and operates a surface water management system; ownership would  
48 give the District greater control over the lakes.

49 Mr. Brougham summarized that, by accepting fee-simple ownership of the lakes, the  
50 District does not increase its liability; however, it gains greater control over the lakes. Mr.  
51 Brougham indicated that a few of the lakes carry an assessment higher than the standard \$100;  
52 some are in the thousands. He noted that there were questions regarding whether the taxes were  
53 paid on a few of the lakes; therefore, Mr. Brougham suggested that the District not accept  
54 ownership of any lakes that are encumbered by a tax lien or unpaid taxes.

55 Mr. Pires explained the process and requirements if there are tax liens or unpaid taxes.

56 Mr. Curland asked if there is any downside to assuming ownership of the lakes. Mr.  
57 Pires replied no. Mr. Bergmoser asked who owns the actual creek, Fiddler's Creek, running  
58 through the District and whether the District would ever take ownership of it. Mr. Pires  
59 indicated that a portion of Fiddler's Creek is part of one (1) of the lakes to be conveyed. Mr.  
60 Cole confirmed that Fiddler's Creek is included in the lake conveyance. Mr. Cole presented a  
61 map of the lakes to be conveyed and the areas involved; the developer is still working in a few  
62 areas and will wait to convey those areas.

63 Mr. Schutt referred to Page 3, of Mr. Pires' memorandum, stating "until transfer of the  
64 South Florida Water Management District (SFWMD) permit to the CDD is approved by the  
65 SFWMD, the developer, as permittee, is liable for compliance with the permits". Mr. Schutt  
66 pointed out that the District just spent \$1 million to become compliant and asked if, based on the  
67 statement, those costs should have been incurred by the developer. Mr. Brougham clarified that  
68 the District spent \$200,000, not \$1 million. Mr. Pires acknowledged Mr. Schutt's question. Mr.  
69 Schutt reiterated his question and asked if the developer should have paid for the repairs and  
70 whether the District should be reimbursed for the money it spent. Mr. Pires indicated that the  
71 Board must decide how to approach that matter, when the operating permits are transferred. Mr.  
72 Brougham recalled that the Board determined that erosion control measures were a benefit to the

73 community. Mr. Brougham asked that Mr. Schutt's question be responded to factually,  
74 regarding who has legal responsibility to fund erosion control, prior to the District spending  
75 more money.

76 Mr. Pires indicated that part of the discussion involved the fact that the District is not the  
77 permit holder. He noted other situations where SFWMD stated that an entity must not only  
78 ensure that the lakes are in compliance but the entity must also obtain the operating permit;  
79 failure to have the permit will subject the entity to \$10,000 per day enforcement penalties.

80 Mr. Cole recalled that the Board's decision to move forward on lake bank erosion  
81 control, as it is a maintenance item.

82 Mr. Brougham directed Mr. Adams, Mr. Cole and Mr. Pires to provide a full briefing on  
83 Mr. Schutt's question.

84

85 **SECOND ORDER OF BUSINESS**

**Special Counsel Update: Bankruptcy  
Proceedings**

86

87

88 Ms. Martinez Molina reported that, since the last meeting, there have been no  
89 developments directly effecting CDD #1. She noted that she was consulted regarding the  
90 debtor's plans of reorganization, as they were amended and modified, relative to Management's  
91 preparation of bond amortization schedules. Ms. Martinez Molina advised that the only ongoing  
92 development is the golf course litigants' sanctions issue, which she finds serious and somewhat  
93 unprecedented.

94 Mr. Brougham recalled that, as part of the bankruptcy, principal and interest payments on  
95 some bond series were on hold and asked if that stay will expire and payments will resume in  
96 November or May. Mr. Adams confirmed that payments will resume in May. Ms. Martinez  
97 Molina stated that there was some question on this, as an earlier plan listed a certain date, which  
98 was later modified.

99 **\*\*\*Ms. Martinez Molina left the meeting.\*\*\***

100 **▪ Lake Conveyance Progress Update**

101 **\*\*\*Discussion on this item resumed.\*\*\***

102 Mr. Schutt recalled that Mr. Pires found no downside with the District moving forward  
103 with this; however, he feels that the downside is that the permit holder is responsible for  
104 compliance. Mr. Schutt stated that the District is facing expenditures of \$1 million, over the next

105 few years, to address erosion control. He questioned why the District would accept  
106 responsibility and take the permit if the developer could pay for it. Mr. Pires explained the  
107 SFWMD’s terms and noted that conveyance or fee-simple ownership does not automatically  
108 make the District the permit holder.

109

**On MOTION by Mr. Brougham and seconded by Mr. Slater, with all in favor, directing Staff to proceed with completion of the fee-simple lake conveyance ownership activities and bring to the Board for final approval, was approved.**

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**THIRD ORDER OF BUSINESS**

**Consideration of Security RFP Results and Contract Award or Renewal**

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Mr. Brougham recalled extensive discussion regarding the security contract. He explained that The Foundation has provided security services for both CDDs for more than ten (10) years. The CDDs have an interlocal agreement to share the costs, on a prorated basis, determined by the number of units. Mr. Brougham stated that several years ago the District amended its Rules of Procedure to specify that the District must bid the security contract; however, two (2) years ago the rules were modified such that, since security is not a maintenance item, bidding would not required, which is allowable under statute. He advised that both Districts retain the ability to renew the contract, request informal quotes from various vendors or complete the sealed bid process. Two (2) months ago, the Board voted not to renew the security contract. At the last meeting, the Board directed Staff to solicit informal bids for security services for CDD #1, only, as CDD #2 voted to renew its contract with The Foundation.

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Mr. Adams indicated that he contacted four (4) vendors and provided the RFP documents; three (3) firms attended the pre-proposal meeting and two (2) submitted proposals. Mr. Brougham advised that the current contract with The Foundations is for actual labor and benefit costs, on a monthly basis. G4S submitted the low bid of \$292,537.80 and Allegiance was \$307,780. The District’s budget is \$303,185. Mr. Brougham stated that the Board will decide whether to renew the current contract or award the contract to another bidder.

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138

Mr. Brougham acknowledged the residents in attendance and the desire of some to speak. In order to gauge opinion, Mr. Brougham asked those in the audience who support renewal of the District’s current contract, to raise their hands. He asked those who support awarding the

139 contract to another vendor to raise their hands. Mr. Curland asked if the Board should comment,  
140 prior to public comments. Mr. Brougham advised that he prefers to hold public comment first,  
141 followed by motions, with comments by the Board prior to voting.

142 Mr. Bob O'Connell, a resident, mentioned incidents during the past year where security  
143 notified him that his garage door was open. Another time security discovered and advised  
144 residents of a water main break. He feels that renewal of the security agreement with The  
145 Foundation is a wise expenditure.

146 Mr. Jim Dunleavy, a resident, asked the cost for the current security provider. Mr.  
147 Brougham advised that CDD's portion of the contract is a little more than \$303,000.

148 Mr. Bill Kluge, a resident, questioned if the District's portion of the contract includes Mr.  
149 Mike Charbonneau's salary. Mr. Brougham indicated that Mr. Charbonneau is paid through The  
150 Foundation. A Board Member pointed out that the money comes from the same set of pockets.

151 Mr. John Portnoff, a resident, noted that the community has many renters and the sales  
152 office is reducing personnel. He felt that the current provider is familiar with the community.  
153 He feels that it is the wrong time and it would be foolish to hire a new company that does not  
154 know the community and its residents. Mr. Portnoff discussed the difference in costs between  
155 the current contractor and the low bidder.

156 Mr. Curland thanked the residents for attending and voicing their opinions. He noted that  
157 he was one (1) of the Supervisors who supported the informal RFP process, to determine the  
158 available options. He noted that proposals were received from two (2) high quality, stable  
159 companies. Mr. Curland pointed out that the cost provided by Mr. Brougham was not a true  
160 cost; The Foundation's total contract for both CDDs, for next year is \$457,176. He noted  
161 numerous items, in excess of the \$303,185 budgeted for security services, which must also be  
162 factored in to the cost to have The Foundation provide the District's security services. Mr.  
163 Curland summarized that the cost would be approximately \$76 per door front, per year, with an  
164 outside vendor; they are currently paying \$154.77 for The Foundation's security services.

165 Mr. Bergmoser voiced his opinion that Mr. Charbonneau and his staff do an incredible  
166 job for the District. He noted that he also supported the informal RFP process, as a way to  
167 understand other processes or technologies that might be available. Feeling that the cost savings  
168 are minimal, Mr. Bergmoser supported renewal of the contract with The Foundation.

169 Mr. Slater noted that he supported the RFP process. He discussed the service provided  
170 by The Foundation and, based on the limited difference in price, voiced his support of renewing  
171 the District's contract with The Foundation.

172 Mr. Schutt pointed out that the Board has only heard from 3% of the residents on this  
173 issue. He questioned why the District awards any contracts to The Foundation, especially a  
174 pseudo-law enforcement contract, when they take advantage of the residents, on a regular basis.  
175 Mr. Brougham cautioned Mr. Schutt to temper his words against The Foundation and advised  
176 him not to say anything if he cannot use appropriate words.

177

**On MOTION by Mr. Slater and seconded by Mr. Bergmoser,  
with Mr. Brougham, Mr. Bergmoser, Mr. Curland and Mr.  
Slater in favor and Mr. Schutt dissenting, authorizing  
notification of renewal of the Security Services Personnel  
Agreement with The Foundation, was approved. (Motion  
passed 4-1)**

184

185

186 Mr. Brougham indicated that the security services contract is an annual contract  
187 renewable every December. The contract is in conjunction with CDD #2. In order to avoid  
188 yearly discussion and consideration of the security contract, Mr. Brougham voiced his desire to  
189 amend the current contract making it a continuing services contract with 90-day termination by  
190 either party and with an appropriate annual escalator for labor and benefits, approved annually,  
191 by the Board. He feels that this type of contract would still allow the Board to seek outside  
192 quotes to gauge the market or hold a sealed bid.

193 Mr. Brougham stated that his rationale for making this change is to avoid putting the  
194 Board and community through anguish and angst, on a yearly basis. In response to a question,  
195 Mr. Brougham indicated that he was considering an annual escalator of 2% to 3%.

196 Mr. Curland questioned if the motion is to change the procedure or if the final document  
197 will be presented for the Board's approval. Mr. Brougham stated that the motion is to direct  
198 Staff to work with CDD #2 and the current vendor on an amendment to the contract, subject to  
199 approval by both Boards, at a future meeting.

200 Regarding joint approval of a contract, Mr. Curland pointed out that the District currently  
201 pays two-thirds of the contract costs; however, it only has half the vote. He noted that, once  
202 CDD #2 votes on something, CDD #1 is basically obligated to go along with it. Mr. Curland

203 voiced his feeling that CDD #1 should have a say relative to the population that they represent  
 204 and the proportion that this District is funding; currently CDD #1 does not.

205

206 **On MOTION by Mr. Brougham and seconded by Mr. Slater,**  
 207 **with Mr. Brougham, Mr. Slater and Mr. Curland in favor and**  
 208 **Mr. Schutt and Mr. Bergmoser dissenting, directing Staff,**  
 209 **working in conjunction with CDD #2, to modify the current**  
 210 **security services agreement, making it a continuing services**  
 211 **agreement, with a 90-day termination provision and an**  
 212 **appropriate annual escalator, was approved. (Motion passed**  
 213 **3-2)**

214

215

216 Mr. Brougham asked that this be included as a discussion item for both Boards, next  
 217 month. Mr. Adams indicated that he would like this completed at the next meeting. Mr. Slater  
 218 questioned why Mr. Adams is in a rush. Mr. Adams stated that he wants it to be part of the  
 219 renewal contract that must be submitted at least 30 days prior to expiration of the current  
 220 contract.

221 Mr. Brougham reiterated that the goal is to retain controls, confirm the budget each year  
 222 based upon an escalation clause and retain flexibility to do what is appropriate with respect to  
 223 cancellation.

224

225 **FOURTH ORDER OF BUSINESS**

**Developer's Report/Update**

226

227 There being no developer's report or update, the next item followed.

228

229 **FIFTH ORDER OF BUSINESS**

**Engineer's Report**

230

231 **▪ Mahogany Bend Lift Station – Double Gate and Landscaping**

232 ***\*\*\*This item was an addition to the agenda.\*\*\****

233 Regarding the Mahogany Bend lift station, Mr. Brougham recalled that the District  
 234 intended to install double gates and landscaping; however, the county now requires a full fence  
 235 enclosure and is unwilling to grandfather the lift station in. Mr. Brougham questioned if this can  
 236 be negotiated. Mr. Cole stated that he spoke to the person who reviews deviation requests. Mr.  
 237 Brougham asked if he should contact Mr. Nick \_\_\_\_\_. Mr. Cole felt that it might help. Mr.  
 238 Cole confirmed that he did not receive a written refusal.

239 Mr. Cole presented Draw #71 for the 2005 Series bonds, in the amount of \$1,665. The  
240 work was primarily related to the annual D&D monitoring report renewal required by Collier  
241 County, as well as work related to the water management district permit transfer efforts with the  
242 developer and his attorney.

243 In response to Mr. Brougham’s question, Mr. Cole confirmed that he notified the lake  
244 bank contractor regarding the geotube issues of floating UV strips. Mr. Cole described the  
245 problem as sporadic, rather than widespread.

246 Ms. Dorothy Hirsch, a resident, asked if the erosion project includes the issues in her  
247 area, which is Mulberry. Mr. Cole explained that the areas were prioritized and the highest  
248 priority areas were completed first; other areas will follow. Mr. Brougham directed Mr. Cole to  
249 investigate Ms. Hirsch’s bank.

250

251 **SIXTH ORDER OF BUSINESS**

**Approval of August 22, 2012 Public  
Hearing and Regular Meeting Minutes**

252

253

254 Mr. Brougham presented the August 22, 2012 Public Hearing and Regular Meeting  
255 Minutes and asked for any additions, deletions or corrections.

256 The following changes were made:

257 Line 29: Change “Jack \_\_\_\_\_” to “Jack Perrin”

258 Line 31: Delete “Jerry \_\_\_\_\_” and add “Joe Badessa”

259 Line 116: Change “A Board Member” to “Mr. Pires”

260 Line 233: Change “Mr. \_\_\_\_\_” to “Mr. Badessa”

261 Line 238: Insert “one of” after “owns”

262 Line 241: Change “Jack \_\_\_\_\_” to “Jack Perrin”

263 Line 253: Change “Joe \_\_\_\_\_” to “Joe Badessa”

264 Lines 307 and 308: Delete entire sentence

265 Line 413: Delete “Mr. Jerry \_\_\_\_\_,” and change “a” to “A”

266

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**On MOTION by Mr. Curland and seconded by Mr. Brougham, with all in favor, the August 22, 2012 Public Hearing and Regular Meeting Minutes, as amended, were approved.**

271

272

273 SEVENTH ORDER OF BUSINESS Other Business

274  
275 There being no other business, the next item followed.

276  
277 EIGHTH ORDER OF BUSINESS Staff Reports

278  
279 a. Attorney

280 There being nothing additional to report, the next item followed.

281 b. Manager

282 Mr. Brougham asked if a response from the bond trustee was received regarding the  
283 District's request for reimbursement of funds and, if denied, why and the outcome of the vote.  
284 Mr. Adams stated that nothing was received; the last response was that trustee's counsel  
285 submitted multiple requests and is still following up, on behalf of the trustee. Mr. Brougham  
286 questioned the District's recourse, under the terms of the trust indenture. Mr. Adams will review  
287 the indenture for language regarding a requirement to respond. Mr. Brougham clarified that he is  
288 not suggesting litigation but he wants to know if the District is entitled to a response.

289 i. Unaudited Financial Statements as of August 31, 2012

290 Mr. Brougham presented the Unaudited Financial Statements as of August 31, 2012. He  
291 questioned why the developer's assessments are in arrears two (2) months. Mr. Adams indicated  
292 that, as of August 31, 2012, he was in arrears; however, as of September 11, 2012, both  
293 payments were received. Mr. Adams advised that, currently, the only outstanding payment is for  
294 September. In response to Mr. Brougham's question, Mr. Adams indicated that invoicing is on  
295 the first of the month. Mr. Brougham asked if a late fee can be imposed. Mr. Pires was not  
296 aware of a statutory ability to impose a late fee; however, the District could charge interest. Mr.  
297 Brougham asked Mr. Albeit for his cooperation in paying the bill on time.

298 A question was raised regarding why general fund 002 is not at zero. Mr. Adams  
299 indicated that it is a matter of timing; checks were sent in early September and these financials  
300 are for August.

301 ii. Fiscal Year 2013 Proposed Meeting Schedule

302 Mr. Brougham presented the proposed meeting schedule for Fiscal Year 2013.

303  
304

305 **On MOTION by Mr. Brougham and seconded by Mr.**  
306 **Bergmoser, with all in favor, the Fiscal Year 2013 Proposed**  
307 **Meeting Schedule, as presented, and directing Staff to**  
308 **advertise, accordingly, was approved.**

309

310

311 **c. Operations Manager**

312 Ms. Crismond presented the Monthly Field Operations Status Report. She reported that  
313 Management completed the lake tour on September 7, 2012 with LakeMasters and Ms. DiNardo,  
314 a CDD #2 Supervisor. She advised that LakeMasters is replanting Lake #35 and #65B, as the  
315 previous plants were not successful.

316 Regarding the fountains, Ms. Crismond indicated that Management is trying to locate a  
317 new contractor for ongoing fountain maintenance but will continue using the current contractor,  
318 until a new one is found. The fountains are scheduled to be cleaned this week. Mr. Brougham  
319 asked that the bubblers be checked.

320 Ms. Crismond stated that tree trimming is underway; Davey's Tree Service is performing  
321 the work for a cost of \$86,028, a savings of \$7,500 over the previous contractor. Trimming  
322 commenced in mid-September and should conclude on Saturday.

323 The landscape renovation project should be ready for presentation at the next meeting. In  
324 response to Mr. Brougham's question, Ms. Crismond confirmed that the landscape architect is  
325 actively working on the landscape evaluation and design and has consulted with Mr. Cole. Mr.  
326 Brougham stressed that he does not want the landscape architect to expend a lot of time on the  
327 project without involving Mr. Jim Vajen.

328 Ms. Crismond reported that sidewalk and gutter cleaning is scheduled to commence on  
329 October 15 and should be completed in three (3) weeks. It was noted that the sidewalk on  
330 Mulberry lane is being cleaned this week, as Ms. Hirsch fell last week. Mr. Pires recalled  
331 previous discussion about liability for these types of incidents and noted that it appears the  
332 person could sue or seek recovery from the District and the individual homeowner or HOA. Mr.  
333 Brougham asked Mr. Albeit to notify the CDD immediately of any dangerous sidewalk  
334 conditions.

335 The question regarding the District's liability, with regard to the lakes, and whether the  
336 District is covered by insurance was raised. Mr. Pires indicated that, typically, in a drowning

337 incident, a representative of the estate will file a claim against everyone. The CDD has liability;  
338 however, there are statutory caps for governmental bodies.

339 Mr. Jesse Fritz, a resident, reported a potential safety issue on Championship, where  
340 shrubs make it difficult to see around the curve. Mr. Brougham asked Ms. Crismond to  
341 investigate.

342

343	<b>NINTH ORDER OF BUSINESS</b>	<b>Audience</b>	<b>Comments/Supervisors'</b>
344		<b>Requests</b>	

345  
346 Mr. Curland showed a visitor's pass and noted that the new passes include an  
347 advertisement for the developer. He asked if this is appropriate. Mr. Pires advised that it is not  
348 necessarily inappropriate; the Board can decide whether to allow it.

349

350	<b>TENTH ORDER OF BUSINESS</b>	<b>Adjournment</b>
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351

352 There being nothing additional to discuss, the meeting adjourned.

353

<p>354 <b>On MOTION by Mr. Brougham and seconded by Mr.</b> 355 <b>Bergmoser, with all in favor, the meeting adjourned at</b> 356 <b>approximately 9:25 a.m.</b></p>
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Secretary/Assistant Secretary

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Chair/Vice Chair

**FIDDLER'S CREEK  
COMMUNITY DEVELOPMENT DISTRICT #1  
FINANCIAL STATEMENTS  
UNAUDITED  
SEPTEMBER 30, 2012**

**FIDDLER'S CREEK  
COMMUNITY DEVELOPMENT DISTRICT #1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2012**

	General 001	General 002	Debt Service Series 1999	Debt Service Series 2002	Debt Service Series 2005	Debt Service Series 2006	Capital Projects Series 2005	Total Governmental Funds
<b>ASSETS</b>								
Operating account								
SunTrust	\$ 191,574	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 191,574
Federated	249,538	-	-	-	-	-	-	249,538
Broward Bank of Commerce - MMA	249,044	-	-	-	-	-	-	249,044
Finemark - MMA	249,214	-	-	-	-	-	-	249,214
Community Bank of Broward	39	-	-	-	-	-	-	39
BB& T - Savings	672	-	-	-	-	-	-	672
Investments								
Revenue	-	-	571,062	-	-	413,603	-	984,665
Reserve - series A	-	-	513,417	1,885	71	352,536	-	867,909
Reserve - series B	-	-	160,530	9,406	-	-	-	169,936
Prepayment - series A	-	-	10,686	-	-	5,067	-	15,753
Prepayment - series B	-	-	284	39	-	-	-	323
Rebate	-	-	-	-	-	782	-	782
Debt service	-	-	-	13	-	-	-	13
Remedial expenditure	-	-	-	18,624	5,192	-	-	23,816
Optional redemption	-	-	2,582	-	-	1,492	-	4,074
Construction	-	-	-	-	-	-	12,195	12,195
Due from other funds	377,031	-	32,726	-	-	21,961	-	431,718
Due from Developer	-	-	-	1,958,676	2,066,816	-	-	4,025,492
Due from Fiddler's # 2	5,546	-	-	-	-	-	-	5,546
Unsold certificates receivable	6,899	-	4,019	-	-	2,697	-	13,615
Deposits	5,125	-	-	-	-	-	-	5,125
Total Assets	<u>\$ 1,334,682</u>	<u>\$ -</u>	<u>\$ 1,295,306</u>	<u>\$ 1,988,643</u>	<u>\$ 2,072,079</u>	<u>\$ 798,138</u>	<u>\$ 12,195</u>	<u>\$ 7,501,043</u>
<b>LIABILITIES &amp; FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 131,855	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,918	\$ 143,773
Debt service payable	-	-	-	1,214,794	-	-	-	1,214,794
Due to other funds								
General fund 001	-	-	-	7,500	298,337	-	71,194	377,031
Debt service fund series 1999	32,726	-	-	-	-	-	-	32,726
Debt service fund series 2006	21,961	-	-	-	-	-	-	21,961
Due to Fiddler's # 2	308	-	-	-	-	-	-	308
Deferred Revenue	6,899	-	4,019	1,958,676	2,066,816	2,697	-	4,039,107
Total liabilities	<u>193,749</u>	<u>-</u>	<u>4,019</u>	<u>3,180,970</u>	<u>2,365,153</u>	<u>2,697</u>	<u>83,112</u>	<u>5,829,700</u>
<b>Fund balances:</b>								
Reserved for:								
Debt service	-	-	1,291,287	(1,192,327)	(293,074)	795,441	-	601,327
Capital projects	-	-	-	-	-	-	(70,917)	(70,917)
Unreserved, undesignated	1,140,933	-	-	-	-	-	-	1,140,933
Total fund balances	<u>1,140,933</u>	<u>-</u>	<u>1,291,287</u>	<u>(1,192,327)</u>	<u>(293,074)</u>	<u>795,441</u>	<u>(70,917)</u>	<u>1,671,343</u>
Total liabilities and fund balance	<u>\$ 1,334,682</u>	<u>\$ -</u>	<u>\$ 1,295,306</u>	<u>\$ 1,988,643</u>	<u>\$ 2,072,079</u>	<u>\$ 798,138</u>	<u>\$ 12,195</u>	<u>\$ 7,501,043</u>

**FIDDLER'S CREEK  
COMMUNITY DEVELOPMENT DISTRICT #1  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GENERAL FUND 001  
FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

	Current Month	Year To Date	Budget	% of Budget
<b>REVENUES</b>				
Assessment levy	\$ 3	\$ 1,806,649	\$ 1,770,262	102%
Developer assessment	159,799	639,397	639,197	100%
Prior year assessments	-	260,485	-	N/A
Interest	200	1,187	2,000	59%
Miscellaneous	-	15,822	7,000	226%
Total revenues	<u>160,002</u>	<u>2,723,540</u>	<u>2,418,459</u>	113%
<b>EXPENDITURES</b>				
<b>Administrative</b>				
Supervisors	1,077	15,286	12,918	118%
Management	4,847	58,175	58,175	100%
Assessment roll preparation	-	24,500	25,000	98%
Accounting services	1,583	18,997	18,997	100%
Audit	-	17,600	15,100	117%
Legal	4,945	52,052	110,000	47%
Legal - bankruptcy	3,317	31,647	-	N/A
Engineering	1,884	42,975	15,000	287%
Telephone	48	574	574	100%
Postage	173	1,539	3,000	51%
Insurance	-	28,106	16,193	174%
Printing and binding	48	574	574	100%
Legal advertising	-	3,513	2,000	176%
Office supplies and expenses	75	940	750	125%
Annual district filing fee	-	175	175	100%
Trustee	-	13,524	15,500	87%
Arbitrage rebate calculation	-	2,400	4,000	60%
Contingencies	128	2,116	1,500	141%
Dissemination agent	911	10,928	10,928	100%
Total administrative	<u>19,036</u>	<u>325,621</u>	<u>310,384</u>	105%
<b>Field management</b>				
Field management services	2,102	25,218	25,218	100%
Total field management	<u>2,102</u>	<u>25,218</u>	<u>25,218</u>	100%
<b>Water management maintenance</b>				
Other contractual	26,747	336,744	401,789	84%
Fountains	15,846	50,835	47,500	107%
Total water management maintenance	<u>42,593</u>	<u>387,579</u>	<u>449,289</u>	86%
<b>Street lighting</b>				
Contractual services	4,644	9,573	18,000	53%
Electricity	5,755	36,533	34,000	107%
Holiday lighting program	-	11,000	12,000	92%
Miscellaneous	-	-	1,500	0%
Total street lighting	<u>10,399</u>	<u>57,106</u>	<u>65,500</u>	87%

**FIDDLER'S CREEK  
COMMUNITY DEVELOPMENT DISTRICT #1  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GENERAL FUND 001  
FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

	Current Month	Year To Date	Budget	% of Budget
<b>Landscaping</b>				
Other contractual - landscape maintenance	231,114	771,767	880,000	88%
Improvements and renovations	13,443	32,503	75,000	43%
Contingencies	225	225	25,000	1%
Total landscaping	<u>244,782</u>	<u>804,495</u>	<u>980,000</u>	82%
<b>Access control</b>				
Contractual services	29,488	312,678	291,850	107%
Rentals and leases	107	14,536	17,090	85%
Fuel	1,171	12,679	10,358	122%
Repairs and maintenance - parts	453	7,425	5,179	143%
Repairs and maintenance - gatehouse	1,324	13,710	17,263	79%
Insurance	-	847	4,696	18%
Operating supplies	4,643	39,400	27,621	143%
Total access control	<u>37,186</u>	<u>401,275</u>	<u>374,057</u>	107%
<b>Roadway</b>				
Contractual services	399	4,389	6,500	68%
Roadway maintenance	2,935	34,995	40,000	87%
Total roadway	<u>3,334</u>	<u>39,384</u>	<u>46,500</u>	85%
<b>Irrigation supply</b>				
Electricity	44	264	750	35%
Repairs and maintenance	106	1,269	1,500	85%
Supply system	10,716	123,158	93,221	132%
Total irrigation supply	<u>10,866</u>	<u>124,691</u>	<u>95,471</u>	131%
<b>Parks &amp; recreation</b>				
Repairs and maintenance	-	-	7,500	0%
Total parks & recreation	<u>-</u>	<u>-</u>	<u>7,500</u>	0%
<b>Other fees &amp; charges</b>				
Property appraiser	-	26,987	27,660	98%
Tax collector	-	35,663	36,880	97%
Total other fees & charges	<u>-</u>	<u>62,650</u>	<u>64,540</u>	97%
Total expenditures	<u>370,298</u>	<u>2,228,019</u>	<u>2,418,459</u>	92%
Excess/(deficiency) of revenues over/(under) expenditures	(210,296)	495,521	-	
<b>OTHER FINANCING SOURCES/(USES)</b>				
Transfers in	1,734	65,012	-	N/A
Total other financing sources/(uses)	<u>1,734</u>	<u>65,012</u>	<u>-</u>	N/A
Net change in fund balances	(208,562)	560,533	-	
Fund balances - beginning	1,349,495	580,400	547,492	
Fund balances - ending	<u>\$ 1,140,933</u>	<u>\$ 1,140,933</u>	<u>\$ 547,492</u>	

**FIDDLER'S CREEK  
COMMUNITY DEVELOPMENT DISTRICT #1  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GENERAL FUND 002  
FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

	Current Month	Year To Date	Budget	% of Budget
<b>REVENUES</b>				
Developer assessment	\$ -	\$ 9,080	\$ -	N/A
Prior year assessments	-	46,319	-	N/A
Interest & miscellaneous	15	21	-	N/A
Total revenues	<u>15</u>	<u>55,420</u>	<u>-</u>	N/A
<b>EXPENDITURES</b>				
Postage	542	542		N/A
Contingencies	1,808	2,492		N/A
Refund of Wilma assessment	-	35,027	-	N/A
Total debt service	<u>2,350</u>	<u>38,061</u>	<u>-</u>	N/A
Excess/(deficiency) of revenues over/(under) expenditures	(2,335)	17,359	-	
<b>OTHER FINANCING SOURCES/(USES)</b>				
Transfers Out	(33)	(33)	-	N/A
Total other financing sources/(uses)	<u>(33)</u>	<u>(33)</u>	<u>-</u>	N/A
Net change in fund balances	(2,368)	17,326	-	
Fund balances - beginning	2,368	(17,326)		
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

**FIDDLER'S CREEK  
COMMUNITY DEVELOPMENT DISTRICT #1  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
DEBT SERVICE FUND SERIES 1999  
FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

	Current Month	Year To Date	Budget	% of Budget
<b>REVENUES</b>				
Assessment levy	\$ 2	\$ 1,075,814	\$ 1,032,626	104%
Prior year assessments	-	320,393	-	N/A
Interest income	17	113	-	N/A
Total revenues	<u>19</u>	<u>1,396,320</u>	<u>1,032,626</u>	135%
<b>EXPENDITURES</b>				
<b>Debt service</b>				
Principal A	-	435,000	435,000	100%
Principal B	-	125,000	125,000	100%
Interest A	-	338,988	338,988	100%
Interest B	-	95,990	95,990	100%
Total debt service	<u>-</u>	<u>994,978</u>	<u>994,978</u>	100%
<b>Other fees &amp; charges</b>				
Property appraiser	15	15,758	16,135	98%
Tax collector	-	20,777	21,513	97%
Total other fees & charges	<u>15</u>	<u>36,535</u>	<u>37,648</u>	97%
Total expenditures	<u>15</u>	<u>1,031,513</u>	<u>1,032,626</u>	100%
Excess/(deficiency) of revenues over/(under) expenditures	4	364,807	-	
Fund balances - beginning	<u>1,291,283</u>	<u>926,480</u>	<u>986,828</u>	
Fund balances - ending	<u>\$ 1,291,287</u>	<u>\$ 1,291,287</u>	<u>\$ 986,828</u>	

**FIDDLER'S CREEK  
COMMUNITY DEVELOPMENT DISTRICT #1  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
DEBT SERVICE FUND SERIES 2002  
FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

	Current Month	Year To Date	Budget	% of Budget
<b>REVENUES</b>				
Developer assessment	\$ -	\$ -	\$ 1,215,512	0%
Interest	-	7	-	N/A
Total revenues	<u>-</u>	<u>7</u>	<u>1,215,512</u>	0%
<b>EXPENDITURES</b>				
<b>Debt service</b>				
Principal A	-	-	180,000	0%
Principal B	-	-	100,000	0%
Interest A	-	-	621,156	0%
Interest B	-	-	314,356	0%
Total debt service	<u>-</u>	<u>-</u>	<u>1,215,512</u>	0%
Excess/(deficiency) of revenues over/(under) expenditures	-	7	-	
<b>OTHER FINANCING SOURCES/(USES)</b>				
Transfer out	-	(9,880)	-	N/A
Total other financing sources/(uses)	<u>-</u>	<u>(9,880)</u>	<u>-</u>	N/A
Net change in fund balances	-	(9,873)	-	
Fund balances - beginning	(1,192,327)	(1,182,454)	274,067	
Fund balances - ending	<u>\$ (1,192,327)</u>	<u>\$ (1,192,327)</u>	<u>\$ 274,067</u>	

**FIDDLER'S CREEK  
COMMUNITY DEVELOPMENT DISTRICT #1  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
DEBT SERVICE FUND SERIES 2005  
FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

	Current Month	Year To Date	Budget	% of Budget
<b>REVENUES</b>				
Special assessment: off-roll	\$ -	\$ -	\$ 911,600	0%
Interest	-	2	-	N/A
Total revenues	<u>-</u>	<u>2</u>	<u>911,600</u>	0%
<b>EXPENDITURES</b>				
<b>Debt service</b>				
Principal	-	-	185,000	0%
Interest	-	-	726,600	0%
Total debt service	<u>-</u>	<u>-</u>	<u>911,600</u>	0%
Total expenditures	<u>-</u>	<u>-</u>	<u>911,600</u>	0%
Excess/(deficiency) of revenues over/(under) expenditures	-	2	-	
<b>OTHER FINANCING SOURCES/(USES)</b>				
Transfer out	<u>(1,700)</u>	<u>(52,097)</u>	<u>-</u>	N/A
Total other financing sources/(uses)	<u>(1,700)</u>	<u>(52,097)</u>	<u>-</u>	N/A
Net change in fund balances	<u>(1,700)</u>	<u>(52,095)</u>	<u>-</u>	
Fund balances - beginning	<u>(291,373)</u>	<u>(240,978)</u>	<u>(16,099)</u>	
Fund balances - ending	<u>\$ (293,074)</u>	<u>\$ (293,074)</u>	<u>\$ (16,099)</u>	

**FIDDLER'S CREEK  
COMMUNITY DEVELOPMENT DISTRICT #1  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
DEBT SERVICE FUND SERIES 2006  
FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

	Current Month	Year To Date	Budget	% of Budget
<b>REVENUES</b>				
Assessment levy	\$ 1	\$ 712,458	\$ 692,067	103%
Prior year assessments	-	150,386	-	N/A
Assessment prepayments	-	5,977	-	N/A
Interest income	9	72	-	N/A
Total revenues	<u>10</u>	<u>868,893</u>	<u>692,067</u>	126%
<b>EXPENDITURES</b>				
<b>Debt service</b>				
Principal	-	500,000	500,000	100%
Interest	-	166,986	166,835	100%
Principal prepayment	-	5,000	-	N/A
Total debt service	<u>-</u>	<u>671,986</u>	<u>666,835</u>	101%
<b>Other fees &amp; charges</b>				
Property appraiser	-	10,551	10,814	98%
Tax collector	-	13,941	14,418	97%
Total other fees & charges	<u>-</u>	<u>24,492</u>	<u>25,232</u>	97%
Total expenditures	<u>-</u>	<u>696,478</u>	<u>692,067</u>	101%
Excess/(deficiency) of revenues over/(under) expenditures	10	172,415	-	
Fund balances - beginning	795,431	623,026	668,289	
Fund balances - ending	<u>\$ 795,441</u>	<u>\$ 795,441</u>	<u>\$ 668,289</u>	

**FIDDLER'S CREEK  
COMMUNITY DEVELOPMENT DISTRICT #1  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
CAPITAL PROJECTS FUND SERIES 2005  
FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

	Current Month	Year To Date
<b>REVENUES</b>		
Interest	\$ -	\$ 4
Total revenues	-	4
<b>EXPENDITURES</b>		
Capital outlay	9,193	34,645
Total expenditures	9,193	34,645
Excess/(deficiency) of revenues over/(under) expenditures	(9,193)	(34,641)
<b>OTHER FINANCING SOURCES/(USES)</b>		
Transfers out	-	(3,002)
Total other financing sources/(uses)	-	(3,002)
Net change in fund balances	(9,193)	(37,643)
Fund balances - beginning	(61,724)	(33,274)
Fund balances - ending	\$ (70,917)	\$ (70,917)

**Fiddler's Creek**

Community Development District #1

Series 1999 A

\$9,305,000

**Amortization Schedule**

<b>Date</b>	<b>Principal</b>	<b>Rate</b>	<b>Interest</b>	<b>Total P+I</b>
11/01/2011	\$ -	-	\$ 169,493.75	\$ 169,493.75
05/01/2012	435,000.00	5.875%	169,493.75	604,493.75
11/01/2012	-	-	156,715.63	156,715.63
05/01/2013	465,000.00	5.875%	156,715.63	621,715.63
11/01/2013	-	-	143,056.25	143,056.25
05/01/2014	490,000.00	5.875%	143,056.25	633,056.25
11/01/2014	-	-	128,662.50	128,662.50
05/01/2015	520,000.00	5.875%	128,662.50	648,662.50
11/01/2015	-	-	113,387.50	113,387.50
05/01/2016	555,000.00	5.875%	113,387.50	668,387.50
11/01/2016	-	-	97,084.38	97,084.38
05/01/2017	585,000.00	5.875%	97,084.38	682,084.38
11/01/2017	-	-	79,900.00	79,900.00
05/01/2018	620,000.00	5.875%	79,900.00	699,900.00
11/01/2018	-	-	61,687.50	61,687.50
05/01/2019	660,000.00	5.875%	61,687.50	721,687.50
11/01/2019	-	-	42,300.00	42,300.00
05/01/2020	700,000.00	5.875%	42,300.00	742,300.00
11/01/2020	-	-	21,737.50	21,737.50
05/01/2021	740,000.00	5.875%	21,737.50	761,737.50
<b>Total</b>	<b>\$ 5,770,000.00</b>	<b>-</b>	<b>\$ 2,028,050.02</b>	<b>\$ 7,798,050.02</b>

**Fiddler's Creek**

Community Development District #1

Series 1999 B

\$7,940,000

**Amortization Schedule**

<b>Date</b>	<b>Principal</b>	<b>Rate</b>	<b>Interest</b>	<b>Total P+I</b>
11/01/2011	\$ -	-	\$ 47,995.00	\$ 47,995.00
05/01/2012	125,000.00	5.800%	47,995.00	172,995.00
11/01/2012	-	-	44,370.00	44,370.00
05/01/2013	135,000.00	5.800%	44,370.00	179,370.00
11/01/2013	-	-	40,455.00	40,455.00
05/01/2014	140,000.00	5.800%	40,455.00	180,455.00
11/01/2014	-	-	36,395.00	36,395.00
05/01/2015	150,000.00	5.800%	36,395.00	186,395.00
11/01/2015	-	-	32,045.00	32,045.00
05/01/2016	160,000.00	5.800%	32,045.00	192,045.00
11/01/2016	-	-	27,405.00	27,405.00
05/01/2017	165,000.00	5.800%	27,405.00	192,405.00
11/01/2017	-	-	22,620.00	22,620.00
05/01/2018	180,000.00	5.800%	22,620.00	202,620.00
11/01/2018	-	-	17,400.00	17,400.00
05/01/2019	190,000.00	5.800%	17,400.00	207,400.00
11/01/2019	-	-	11,890.00	11,890.00
05/01/2020	200,000.00	5.800%	11,890.00	211,890.00
11/01/2020	-	-	6,090.00	6,090.00
05/01/2021	210,000.00	5.800%	6,090.00	216,090.00
<b>Total</b>	<b>\$ 1,655,000.00</b>	<b>-</b>	<b>\$ 573,330.00</b>	<b>\$ 2,228,330.00</b>

**Fiddler's Creek**

Community Development District #1

Series 2002 A

\$10,120,000

**Amortization Schedule**

<b>Date</b>	<b>Principal</b>	<b>Rate</b>	<b>Interest</b>	<b>Total P+I</b>
05/01/2010	\$ 160,000.00	6.875%	\$ 321,921.88	\$ 481,921.88
11/01/2010	-	-	316,421.88	316,421.88
05/01/2011	170,000.00	6.875%	316,421.88	486,421.88
11/01/2011	-	-	310,578.13	310,578.13
05/01/2012	180,000.00	6.875%	310,578.13	490,578.13
11/01/2012	-	-	304,390.63	304,390.63
05/01/2013	195,000.00	6.875%	304,390.63	499,390.63
11/01/2013	-	-	297,687.50	297,687.50
05/01/2014	210,000.00	6.875%	297,687.50	507,687.50
11/01/2014	-	-	290,468.75	290,468.75
05/01/2015	225,000.00	6.875%	290,468.75	515,468.75
11/01/2015	-	-	282,734.38	282,734.38
05/01/2016	240,000.00	6.875%	282,734.38	522,734.38
11/01/2016	-	-	274,484.38	274,484.38
05/01/2017	255,000.00	6.875%	274,484.38	529,484.38
11/01/2017	-	-	265,718.75	265,718.75
05/01/2018	275,000.00	6.875%	265,718.75	540,718.75
11/01/2018	-	-	256,265.63	256,265.63
05/01/2019	295,000.00	6.875%	256,265.63	551,265.63
11/01/2019	-	-	246,125.00	246,125.00
05/01/2020	315,000.00	6.875%	246,125.00	561,125.00
11/01/2020	-	-	235,296.88	235,296.88
05/01/2021	340,000.00	6.875%	235,296.88	575,296.88
11/01/2021	-	-	223,609.38	223,609.38
05/01/2022	360,000.00	6.875%	223,609.38	583,609.38
11/01/2022	-	-	211,234.38	211,234.38
05/01/2023	385,000.00	6.875%	211,234.38	596,234.38
11/01/2023	-	-	198,000.00	198,000.00
05/01/2024	415,000.00	6.875%	198,000.00	613,000.00
11/01/2024	-	-	183,734.38	183,734.38
05/01/2025	445,000.00	6.875%	183,734.38	628,734.38
11/01/2025	-	-	168,437.50	168,437.50
05/01/2026	475,000.00	6.875%	168,437.50	643,437.50
11/01/2026	-	-	152,109.38	152,109.38
05/01/2027	510,000.00	6.875%	152,109.38	662,109.38
11/01/2027	-	-	134,578.13	134,578.13
05/01/2028	545,000.00	6.875%	134,578.13	679,578.13
11/01/2028	-	-	115,843.75	115,843.75
05/01/2029	585,000.00	6.875%	115,843.75	700,843.75

**Fiddler's Creek**

Community Development District #1

Series 2002 A

\$10,120,000

**Amortization Schedule**

<b>Date</b>	<b>Principal</b>	<b>Rate</b>	<b>Interest</b>	<b>Total P+I</b>
11/01/2029	-	-	95,734.38	95,734.38
05/01/2030	625,000.00	6.875%	95,734.38	720,734.38
11/01/2030	-	-	74,250.00	74,250.00
05/01/2031	670,000.00	6.875%	74,250.00	744,250.00
11/01/2031	-	-	51,218.75	51,218.75
05/01/2032	720,000.00	6.875%	51,218.75	771,218.75
11/01/2032	-	-	26,468.75	26,468.75
05/01/2033	770,000.00	6.875%	26,468.75	796,468.75
<b>Total</b>	<b>\$ 9,365,000.00</b>	<b>-</b>	<b>\$ 9,752,703.26</b>	<b>\$ 19,117,703.26</b>

**Fiddler's Creek**

Community Development District #1

Series 2002 B

\$5,330,000

**Amortization Schedule**

<b>Date</b>	<b>Principal</b>	<b>Rate</b>	<b>Interest</b>	<b>Total P+I</b>
05/01/2010	\$ 85,000.00	6.625%	\$ 162,975.00	\$ 247,975.00
11/01/2010	-	-	160,159.38	160,159.38
05/01/2011	90,000.00	6.625%	160,159.38	250,159.38
11/01/2011	-	-	157,178.13	157,178.13
05/01/2012	100,000.00	6.625%	157,178.13	257,178.13
11/01/2012	-	-	153,865.63	153,865.63
05/01/2013	105,000.00	6.625%	153,865.63	258,865.63
11/01/2013	-	-	150,387.50	150,387.50
05/01/2014	115,000.00	6.625%	150,387.50	265,387.50
11/01/2014	-	-	146,578.13	146,578.13
05/01/2015	120,000.00	6.625%	146,578.13	266,578.13
11/01/2015	-	-	142,603.13	142,603.13
05/01/2016	130,000.00	6.625%	142,603.13	272,603.13
11/01/2016	-	-	138,296.88	138,296.88
05/01/2017	135,000.00	6.625%	138,296.88	273,296.88
11/01/2017	-	-	133,825.00	133,825.00
05/01/2018	145,000.00	6.625%	133,825.00	278,825.00
11/01/2018	-	-	129,021.88	129,021.88
05/01/2019	155,000.00	6.625%	129,021.88	284,021.88
11/01/2019	-	-	123,887.50	123,887.50
05/01/2020	170,000.00	6.625%	123,887.50	293,887.50
11/01/2020	-	-	118,256.25	118,256.25
05/01/2021	180,000.00	6.625%	118,256.25	298,256.25
11/01/2021	-	-	112,293.75	112,293.75
05/01/2022	190,000.00	6.625%	112,293.75	302,293.75
11/01/2022	-	-	106,000.00	106,000.00
05/01/2023	205,000.00	6.625%	106,000.00	311,000.00
11/01/2023	-	-	99,209.38	99,209.38
05/01/2024	220,000.00	6.625%	99,209.38	319,209.38
11/01/2024	-	-	91,921.88	91,921.88
05/01/2025	235,000.00	6.625%	91,921.88	326,921.88
11/01/2025	-	-	84,137.50	84,137.50
05/01/2026	250,000.00	6.625%	84,137.50	334,137.50
11/01/2026	-	-	75,856.25	75,856.25
05/01/2027	265,000.00	6.625%	75,856.25	340,856.25
11/01/2027	-	-	67,078.13	67,078.13
05/01/2028	285,000.00	6.625%	67,078.13	352,078.13
11/01/2028	-	-	57,637.50	57,637.50
05/01/2029	305,000.00	6.625%	57,637.50	362,637.50

**Fiddler's Creek**

Community Development District #1

Series 2002 B

\$5,330,000

**Amortization Schedule**

<b>Date</b>	<b>Principal</b>	<b>Rate</b>	<b>Interest</b>	<b>Total P+I</b>
11/01/2029	-	-	47,534.38	47,534.38
05/01/2030	325,000.00	6.625%	47,534.38	372,534.38
11/01/2030	-	-	36,768.75	36,768.75
05/01/2031	345,000.00	6.625%	36,768.75	381,768.75
11/01/2031	-	-	25,340.63	25,340.63
05/01/2032	370,000.00	6.625%	25,340.63	395,340.63
11/01/2032	-	-	13,084.38	13,084.38
05/01/2033	395,000.00	6.625%	13,084.38	408,084.38
<b>Total</b>	<b>\$ 4,920,000.00</b>	<b>-</b>	<b>\$ 4,904,818.88</b>	<b>\$ 9,824,818.88</b>

**Fiddler's Creek**

Community Development District #1

Series 2005

\$18,095,000

**Amortization Schedule**

<b>Date</b>	<b>Principal</b>	<b>Rate</b>	<b>Interest</b>	<b>Total P+I</b>
05/01/2011	\$ 255,000.00	6.000%	\$ 370,950.00	\$ 625,950.00
11/01/2011	-	-	363,300.00	363,300.00
05/01/2012	185,000.00	6.000%	363,300.00	548,300.00
11/01/2012	-	-	357,750.00	357,750.00
05/01/2013	195,000.00	6.000%	357,750.00	552,750.00
11/01/2013	-	-	351,900.00	351,900.00
05/01/2014	210,000.00	6.000%	351,900.00	561,900.00
11/01/2014	-	-	345,600.00	345,600.00
05/01/2015	220,000.00	6.000%	345,600.00	565,600.00
11/01/2015	-	-	339,000.00	339,000.00
05/01/2016	235,000.00	6.000%	339,000.00	574,000.00
11/01/2016	-	-	331,950.00	331,950.00
05/01/2017	250,000.00	6.000%	331,950.00	581,950.00
11/01/2017	-	-	324,450.00	324,450.00
05/01/2018	265,000.00	6.000%	324,450.00	589,450.00
11/01/2018	-	-	316,500.00	316,500.00
05/01/2019	280,000.00	6.000%	316,500.00	596,500.00
11/01/2019	-	-	308,100.00	308,100.00
05/01/2020	300,000.00	6.000%	308,100.00	608,100.00
11/01/2020	-	-	299,100.00	299,100.00
05/01/2021	315,000.00	6.000%	299,100.00	614,100.00
11/01/2021	-	-	289,650.00	289,650.00
05/01/2022	335,000.00	6.000%	289,650.00	624,650.00
11/01/2022	-	-	279,600.00	279,600.00
05/01/2023	355,000.00	6.000%	279,600.00	634,600.00
11/01/2023	-	-	268,950.00	268,950.00
05/01/2024	380,000.00	6.000%	268,950.00	648,950.00
11/01/2024	-	-	257,550.00	257,550.00
05/01/2025	405,000.00	6.000%	257,550.00	662,550.00
11/01/2025	-	-	245,400.00	245,400.00
05/01/2026	430,000.00	6.000%	245,400.00	675,400.00
11/01/2026	-	-	232,500.00	232,500.00
05/01/2027	455,000.00	6.000%	232,500.00	687,500.00
11/01/2027	-	-	218,850.00	218,850.00
05/01/2028	480,000.00	6.000%	218,850.00	698,850.00
11/01/2028	-	-	204,450.00	204,450.00
05/01/2029	510,000.00	6.000%	204,450.00	714,450.00

**Fiddler's Creek**

Community Development District #1

Series 2005

\$18,095,000

**Amortization Schedule**

<b>Date</b>	<b>Principal</b>	<b>Rate</b>	<b>Interest</b>	<b>Total P+I</b>
11/01/2029	-	-	189,150.00	189,150.00
05/01/2030	545,000.00	6.000%	189,150.00	734,150.00
11/01/2030	-	-	172,800.00	172,800.00
05/01/2031	580,000.00	6.000%	172,800.00	752,800.00
11/01/2031	-	-	155,400.00	155,400.00
05/01/2032	615,000.00	6.000%	155,400.00	770,400.00
11/01/2032	-	-	136,950.00	136,950.00
05/01/2033	650,000.00	6.000%	136,950.00	786,950.00
11/01/2033	-	-	117,450.00	117,450.00
05/01/2034	690,000.00	6.000%	117,450.00	807,450.00
11/01/2034	-	-	96,750.00	96,750.00
05/01/2035	735,000.00	6.000%	96,750.00	831,750.00
11/01/2035	-	-	74,700.00	74,700.00
05/01/2036	780,000.00	6.000%	74,700.00	854,700.00
11/01/2036	-	-	51,300.00	51,300.00
05/01/2037	830,000.00	6.000%	51,300.00	881,300.00
11/01/2037	-	-	26,400.00	26,400.00
05/01/2038	880,000.00	6.000%	26,400.00	906,400.00
<b>Total</b>	<b>\$ 12,365,000.00</b>	<b>-</b>	<b>\$ 13,081,950.00</b>	<b>\$ 25,446,950.00</b>

**Fiddler's Creek**

Community Development District #1

Series 2006

\$6,570,000

**Amortization Schedule**

<b>Date</b>	<b>Principal</b>	<b>Rate</b>	<b>Interest</b>	<b>Total P+I</b>
11/01/2011	\$ -	-	\$ 83,949.37	\$ 83,949.37
05/01/2012	500,000.00	4.200%	82,886.04	582,886.04
11/01/2012	-	-	73,162.62	73,162.62
05/01/2013	520,000.00	4.200%	72,100.48	592,100.48
11/01/2013	-	-	62,353.32	62,353.32
05/01/2014	545,000.00	4.200%	61,336.68	606,336.68
11/01/2014	-	-	50,814.25	50,814.25
05/01/2015	565,000.00	4.200%	49,985.75	614,985.75
11/01/2015	-	-	38,851.73	38,851.73
05/01/2016	590,000.00	4.200%	38,359.62	628,359.62
11/01/2016	-	-	26,287.87	26,287.87
05/01/2017	615,000.00	4.200%	25,906.23	640,906.23
11/01/2017	-	-	13,338.74	13,338.74
05/01/2018	630,000.00	4.200%	13,121.26	643,121.26
<b>Total</b>	<b>\$ 3,965,000.00</b>	<b>-</b>	<b>\$ 692,453.96</b>	<b>\$ 4,657,453.96</b>