

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

MEETING AGENDA

May 28, 2008

Fiddler's Creek Community Development District #1

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

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May 21, 2008

Boards of Supervisors
Fiddler's Creek Community Development District #1

Dear Board Members:

The Regular Meeting of the Board of Supervisors of Fiddler's Creek Community Development District #1 will be held on **Wednesday, May 28, 2008 at 10:30 a.m.**, at the **Fiddler's Creek Club and Spa, 3470 Club Center Drive, Naples, Florida 34114**. The following is the advance agenda for this meeting:

1. Call to Order/Roll Call
2. Engineer's Report
3. Consideration and Acceptance of the Audited Financial Report for the Fiscal Year Ended September 30, 2007, Prepared by Grau & Associates
4. Consideration of **Resolution 2008-3**, Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2007, Prepared by Grau & Associates
5. Consideration of **Resolution 2008-4**, Approving the District's Proposed Budget for Fiscal Year 2009 and Setting a Public Hearing Thereon Pursuant to Florida Law
6. Consideration of Resolution **2008-5**, Placing Special District Candidates on General Election Ballot
7. Discussion: Irrigation Supply System
8. Discussion: Access Testing Procedures (*documentation to be provided at the meeting*)
9. Approval of **April 23, 2008** Joint Board Meeting Minutes
10. Staff Reports
 - a) Attorney
 - b) Manager
 - i. Unaudited Financial Statements as of April 30, 2008
 - ii. Notice from Collier County Supervisor of Elections Showing that 818 Qualified Electors Reside in District as of April 15, 2008
 - c) Operations Manager

11. Audience Comments/Supervisors' Requests

12. Adjournment

The third and fourth orders of business deal with the Audited Financial Report for the Fiscal Year ended September 30, 2007, prepared by Grau & Associates, as well as the resolution (2008-3) accepting this report for the District's records. These items will be discussed at the meeting.

The fifth order of business is the consideration of Resolution 2008-4, approving the proposed budget for Fiscal Year 2009 and setting a public hearing date. A copy of the proposed budget is included for your information and review.

The sixth order of business is the consideration of Resolution 2008-5, placing District candidates on the general election ballot, where all qualified electors residing within the boundaries of the District will determine members of the Board of Supervisors. The general election will be held on November 4, 2008.

If you have any questions or comments, please do not hesitate to contact me at (239) 464-7114.

Sincerely,



Chesley E. Adams, Jr.
District Manager

CA:dg

For anyone unable to attend in person, a toll-free call-in number of **1-866-238-1579** has been established.

Please input the participant code of **820076**. You will be placed on hold until the host calls in and all parties are joined on the same line.

**FIDDLER'S CREEK
COMMUNITY DEVELOPMENT DISTRICT
COLLIER COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

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

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Fiddler's Creek Community Development District
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, Collier County, Florida (the "District") as of and for the fiscal year ended September 30, 2007, 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.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2007, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2008, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts and 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.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

April 15, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Fiddler's Creek Community Development District, Collier County, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2007. 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 assets of the District exceeded its liabilities at the close of the fiscal year ended September 30, 2007 resulting in a net asset balance of \$3,394,529. Of this amount, \$654,593 is unrestricted net assets which may be used to meet the District's ongoing obligations.
- The District's total net assets increased by \$116,337 in comparison with the prior year. The key components of the District's net assets and change in net assets are reflected in the table in the following section.
- At September 30, 2007, the District's governmental funds reported combined ending fund balances of \$17,172,343. Of the total fund balance, \$6,015,992 is reserved for debt service, \$10,501,758 is reserved for capital projects fund, \$5,125 is reserved for other purposes and \$649,468 is unreserved, undesignated fund balance which is available for spending at the District's discretion.

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 assessment 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 ten individual governmental funds. 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 1996, 1999, 2002, 2005 and 2006 funds and capital projects Series 1996, 2002, 2005 and 2006 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 by \$3,394,529 at the close of the fiscal year ended September 30, 2007.

A portion of the District's net assets reflects in 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.

An additional portion of the District's net assets represents resources that are subject to external restrictions on how they may be used. They are funds set aside for debt service under the Bond Indentures. The remaining net assets of \$654,593 may be used to meet the District's ongoing obligations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

NET ASSETS		
SEPTEMBER 30,		
	2007	2006
Assets, excluding capital assets	\$ 18,613,677	\$ 18,014,526
Capital assets, net of depreciation	37,527,629	36,790,544
Total assets	56,141,306	54,805,070
Liabilities, excluding long-term liabilities	1,463,250	3,029,641
Long-term liabilities	51,283,527	48,497,237
Total liabilities	52,746,777	51,526,878
Net Assets		
Invested in capital assets, net of related debt	(2,029,043)	7,832,881
Restricted for debt service	4,768,979	234,525
Unrestricted	654,593	(4,789,214)
Total net assets	\$ 3,394,529	\$ 3,278,192

The District's net assets increased by \$116,337 during the fiscal year ended September 30, 2007.

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

CHANGES IN NET ASSETS		
FOR THE FISCAL YEAR ENDING SEPTEMBER 30,		
	2007	2006
Revenues:		
Program revenues	\$ 7,129,419	\$ 7,796,629
General revenues	73,349	691,340
Total revenues	7,202,768	8,487,969
Expenses:		
General government	726,509	267,505
Maintenance and operations	3,309,537	5,126,600
Interest	3,050,385	3,199,447
Total expenses	7,086,431	8,593,552
Change in net assets	\$ 116,337	\$ (105,583)

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2007 was \$7,086,431.

Program revenues of the District are comprised primarily of assessments for the current fiscal year. Prior year program revenues consisted primarily of assessments and approximately \$1.6 million in prepaid assessments. As the District is completed and lots are sold to the homeowners, prepaid assessments and related debt paid from those assessments are expected to decrease over time. Therefore, based on the status of the lots within the District, it was expected that prepaid assessments would decrease for the fiscal year ended September 30, 2007.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (Continued)

The general fund is the operating fund of the District and includes all activities related to providing management and operating services.

In the table below we have presented the cost of the largest functions/programs as a percentage of total governmental funds.

	FOR THE FISCAL YEAR ENDING SEPTEMBER 30,			
	2007		2006	
General government	\$ 280,117	2%	\$ 274,705	2%
Maintenance and operations	2,086,596	17%	4,010,142	25%
Bond issuance costs	248,943	2%	368,714	2%
Interest and principal on long-term debt	6,315,202	51%	6,158,255	39%
Capital outlay	3,460,831	28%	5,032,042	32%
Total	<u>\$ 12,391,689</u>	<u>100%</u>	<u>\$ 15,843,858</u>	<u>100%</u>

As noted above, debt service payments and capital outlay comprise the majority of expenditures for total governmental activities for the fiscal years ending September 30, 2007 and 2006.

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. At September 30, 2007 actual expenditures exceeded appropriations in the general fund by \$189,396. The over expenditures were funded by available fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2007, the District had \$44,856,098 invested in land, land improvements, buildings and improvements, infrastructure and equipment. In the government-wide statements depreciation of \$7,328,469 has been taken, which resulted in a net book value of \$37,527,629. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2007, the District had \$51,406,221 in Bonds and loan outstanding for its governmental activities, an increase of approximately 3% from the prior year. In November 2006 the District issued \$6,570,000 of Special Assessment Revenue Refunding Bonds, Series 2006. At September 30, 2007, the District had \$44,045 capital leases outstanding for its governmental activities, a decrease of approximately 21% from the prior year. In October 2006 the District entered into a capital lease in the amount of \$21,813 for a new vehicle. More detailed information about the District's capital debt is presented in the notes of the financial statements.

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's Finance Department at 6131 Lyons Road, Suite 100, Coconut Creek, Florida, 33073.

**FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT
COLLIER COUNTY, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007**

	Governmental Activities
ASSETS	
Cash	\$ 404,818
Investments	333,642
Interest receivable	64,460
Accounts receivable	69,160
Due from Developer	75,032
Deposits	5,125
Restricted assets:	
Temporarily restricted	
Investments	16,436,343
Deferred charges	1,225,097
Capital assets:	
Nondepreciable	23,232,134
Depreciable, net	14,295,495
Total assets	56,141,306
LIABILITIES	
Accounts payable	216,237
Accrued interest payable	1,247,013
Contracts payable	-
Non-current liabilities:	
Due within one year	1,765,119
Due in more than one year	49,518,408
Total liabilities	52,746,777
NET ASSETS	
Invested in capital assets, net of related debt	(2,029,043)
Restricted for debt service	4,768,979
Unrestricted	654,593
Total net assets	\$ 3,394,529

See notes to the financial statements

**FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT
COLLIER COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>Functions/Programs</u>				
Primary government:				
Governmental activities:				
General government	\$ 726,509	\$ -	\$ -	\$ -
Maintenance and operations	3,309,537	1,854,538	828,116	(626,883)
Interest on long-term debt	3,050,385	3,451,280	-	669,871
Total governmental activities	7,086,431	6,032,327	828,116	42,988

General revenues:	
Unrestricted investment earnings	73,349
Total general revenues	73,349
Change in net assets	116,337
Net assets - beginning	3,278,192
Net assets - ending	\$ 3,394,529

See notes to the financial statements

**FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT
COLLIER COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007**

	Major Funds				
	General	Debt Service Series 1999	Debt Service Series 2002	Debt Service Series 2005	Debt Service Series 2006
ASSETS					
Cash	\$ 404,818	\$ -	\$ -	\$ -	\$ -
Investments	333,642	1,580,832	1,240,103	2,331,603	822,808
Interest receivable	1,289	5,834	4,792	9,010	2,774
Due from Developer	75,032	-	-	-	-
Accounts receivable	50,924	9,590	-	-	8,646
Deposits	5,125	-	-	-	-
Total assets	<u>\$ 870,830</u>	<u>\$ 1,596,256</u>	<u>\$ 1,244,895</u>	<u>\$ 2,340,613</u>	<u>\$ 834,228</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 216,237	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>216,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Reserved for:					
Debt service	-	1,596,256	1,244,895	2,340,613	834,228
Capital projects	-	-	-	-	-
Other	5,125	-	-	-	-
Unreserved:					
Undesignated	649,468	-	-	-	-
Total fund balances	<u>654,593</u>	<u>1,596,256</u>	<u>1,244,895</u>	<u>2,340,613</u>	<u>834,228</u>
Total liabilities and fund balances	<u>\$ 870,830</u>	<u>\$ 1,596,256</u>	<u>\$ 1,244,895</u>	<u>\$ 2,340,613</u>	<u>\$ 834,228</u>

(Continued)

See notes to the financial statements

**FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT
COLLIER COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007
(Continued)**

	Major Funds			Total Governmental Funds
	Capital Projects Series 2002	Capital Projects Series 2005	Capital Projects Series 2006	
ASSETS				
Cash	\$ -	\$ -	\$ -	\$ 404,818
Investments	263,958	10,191,209	5,830	16,769,985
Interest receivable	1,142	39,598	21	64,460
Due from Developer	-	-	-	75,032
Accounts receivable	-	-	-	69,160
Deposits	-	-	-	5,125
Total assets	<u>\$ 265,100</u>	<u>\$ 10,230,807</u>	<u>\$ 5,851</u>	<u>\$ 17,388,580</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 216,237
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,237</u>
Fund balances:				
Reserved for:				
Debt service	-	-	-	6,015,992
Capital projects	265,100	10,230,807	5,851	10,501,758
Other	-	-	-	5,125
Unreserved:				
Undesignated	-	-	-	649,468
Total fund balances	<u>265,100</u>	<u>10,230,807</u>	<u>5,851</u>	<u>17,172,343</u>
Total liabilities and fund balances	<u>\$ 265,100</u>	<u>\$ 10,230,807</u>	<u>\$ 5,851</u>	<u>\$ 17,388,580</u>

See notes to the financial statements

**FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT
COLLIER COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007**

Amounts reported for governmental activities in the statement of net assets are different because:

Fund balance - governmental funds		\$ 17,172,343
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, in the net assets of the government as a whole.		
Cost of capital assets	44,856,098	
Accumulated depreciation	<u>(7,328,469)</u>	37,527,629
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>(616,667)</u>	1,225,097
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 statements.		
Accrued interest payable	(1,247,013)	
Deferred amount on refunding	185,266	
Amortization of deferred amount on refunding	(18,527)	
Bonds payable	(51,406,221)	
Leases payable	<u>(44,045)</u>	(52,530,540)
Net assets of governmental activities		<u>\$ 3,394,529</u>

See notes to the financial statements

**FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT
COLLIER COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	Major Funds				
	General	Debt Service Series 1995	Debt Service Series 1999	Debt Service Series 2002	Debt Service Series 2005
REVENUES					
Assessments	\$ 2,551,075	\$ -	\$ 1,267,283	\$ 1,150,646	\$ -
Interest	73,349	8,405	73,320	59,773	101,600
Intergovernmental revenue	-	-	-	-	-
Miscellaneous income	29,972	-	-	-	-
Total revenues	<u>2,654,396</u>	<u>8,405</u>	<u>1,340,603</u>	<u>1,210,419</u>	<u>101,600</u>
EXPENDITURES					
Current:					
General government	254,191	-	13,634	-	-
Maintenance and operations	2,086,596	-	-	-	-
Debt Service:					
Principal	398,281	445,000	1,755,000	200,000	-
Interest	163,296	271,313	670,441	1,013,575	787,800
Bond issue costs	-	-	-	-	-
Capital outlay	21,812	-	-	-	-
Total expenditures	<u>2,924,176</u>	<u>716,313</u>	<u>2,439,075</u>	<u>1,213,575</u>	<u>787,800</u>
Excess (deficiency) of revenues over (under) expenditures	(269,780)	(707,908)	(1,098,472)	(3,156)	(686,200)
OTHER FINANCING SOURCES					
Transfers In	-	-	-	-	-
Transfers Out	-	(40,766)	-	-	-
Capital leases	21,812	-	-	-	-
Bond proceeds	-	6,020,979	-	-	570,323
Transfer to escrow agent	-	(6,970,781)	-	-	-
Total other financing sources	<u>21,812</u>	<u>(990,568)</u>	<u>-</u>	<u>-</u>	<u>570,323</u>
Net change in fund balances	(247,968)	(1,698,476)	(1,098,472)	(3,156)	(115,877)
Fund balances - beginning	902,561	1,698,476	2,694,728	1,248,051	2,456,490
Fund balances - ending	<u>\$ 654,593</u>	<u>\$ -</u>	<u>\$ 1,596,256</u>	<u>\$ 1,244,895</u>	<u>\$ 2,340,613</u>

(Continued)

See notes to the financial statements

**FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT
COLLIER COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007
(Continued)**

	Major Funds					Total Governmental Funds
	Debt Service Series 2006	Capital Projects Series 1996	Capital Projects Series 2002	Capital Projects Series 2005	Capital Projects Series 2006	
	REVENUES					
Assessments	\$ 1,033,351	\$ -	\$ -	\$ -	\$ -	\$ 6,002,355
Interest	25,878	802	14,512	376,168	617	734,424
Intergovernmental revenue	-	-	436,017	-	-	436,017
Miscellaneous income	-	-	-	-	-	29,972
Total revenues	<u>1,059,229</u>	<u>802</u>	<u>450,529</u>	<u>376,168</u>	<u>617</u>	<u>7,202,768</u>
EXPENDITURES						
Current:						
General government	12,292	-	-	-	-	280,117
Maintenance and operations	-	-	-	-	-	2,086,596
Debt Service:						
Principal	485,000	-	-	-	-	3,283,281
Interest	125,496	-	-	-	-	3,031,921
Bond issue costs	-	-	-	62,177	186,766	248,943
Capital outlay	-	95,542	351,306	2,992,171	-	3,460,831
Total expenditures	<u>622,788</u>	<u>95,542</u>	<u>351,306</u>	<u>3,054,348</u>	<u>186,766</u>	<u>12,391,689</u>
Excess (deficiency) of revenues over (under) expenditures	436,441	(94,740)	99,223	(2,678,180)	(186,149)	(5,188,921)
OTHER FINANCING SOURCES						
Transfers In	40,766	-	-	-	-	40,766
Transfers Out	-	-	-	-	-	(40,766)
Capital leases	-	-	-	-	-	21,812
Bond proceeds	357,021	-	-	4,394,677	192,000	11,535,000
Transfer to escrow agent	-	-	-	-	-	(6,970,781)
Total other financing sources	<u>397,787</u>	<u>-</u>	<u>-</u>	<u>4,394,677</u>	<u>192,000</u>	<u>4,586,031</u>
Net change in fund balances	834,228	(94,740)	99,223	1,716,497	5,851	(602,890)
Fund balances - beginning	-	94,740	165,877	8,514,310	-	17,775,233
Fund balances - ending	<u>\$ 834,228</u>	<u>\$ -</u>	<u>\$ 265,100</u>	<u>\$ 10,230,807</u>	<u>\$ 5,851</u>	<u>\$ 17,172,343</u>

See notes to the financial statements

**FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT
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, 2007**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (602,890)
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is eliminated and capitalized as capital assets.	3,460,831
Depreciation on capital assets is not recognized in the governmental fund statement but is reported as an expense in the statement of activities.	(1,222,941)
Governmental funds report bond and capital lease proceeds when debt is first issued, whereas these proceeds are eliminated in the statement of activities and recognized as long-term liabilities in the statement of net assets.	(11,556,812)
In connection with the issuance of refunding bonds certain amounts transferred to the escrow agent are reported as a financing use when debt is first issued, whereas these amounts are eliminated in the statement of activities and reduce long-term liabilities in the statement of net assets.	6,970,781
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.	3,283,281
Conveyance and/or disposal of capital assets do not require the use of current financial resources and are not reported as expenditures in the funds.	(446,392)
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.	
Bond issuance costs	248,943
Amortization of bond issuance costs	(73,773)
Amortization of deferred amount on refunding	(18,527)
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>73,836</u>
Change in net assets of governmental activities	<u>\$ 116,337</u>

See notes to the financial statements

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Fiddler's Creek Community Development District, ("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 planning community that is comprised of the District and Fiddler's Creek Community Development District 2. The District consists of approximately 1,389.77 acres within the Fiddler's Creek DRI. In 2003, the boundaries of the District were modified but the acreage, 1,389.77 acres, remained the same. The District is being developed by 951 Land Holdings, Ltd., a Florida Limited partnership previously known as 951 Land Holding Joint Venture ("Developer"), which is an indirect wholly owned subsidiary of Fiddler's Creek, LLC. The Developer owns a portion of the land, therefore, the District is economically dependent on the Developer.

The District is governed by the Board of Supervisors ("Board"), which is composed of five members. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes. At September 30, 2007 no Board members are affiliated with the Developer.

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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 platted lots within the District. Assessments are levied each November 1 on property as of the previous January 1 to pay for the operations and maintenance of the District. 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. 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 1996, 1999, 2002, 2005 and 2006. The Series 1996 fund was closed during the fiscal year ended September 30, 2007 as a result of the Series 2006 refunding.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Projects Fund

These funds account for the financial resources to be used for the acquisition or construction of major infrastructure within the District related to the 1996, 2002, 2005 and 2006 capital projects. The 1996 Capital Project fund was closed during the fiscal year ended September 30, 2007 as a result of the Series 2006 refunding.

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 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, any unspent Bond proceeds are required to be held in investments allowed in the Bond Indenture.

Investments are stated at fair value. The District records all interest revenue related to investment activities in the respective funds.

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 two years. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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.

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.

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

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 connection with the issuance of certain debt, the District incurred costs totaling \$1,841,764. In the government-wide statements that amount has been capitalized and amortized over the estimated life of the Bonds. At September 30, 2007, the District reported accumulated amortization of \$616,667.

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.

Deferred amounts on refunding are amortized over the shorter of the remaining life of the old debt or the life of the new debt using the effective interest method.

In the fund financial statements, governmental fund types recognize Bond 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.

Fund Equity/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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 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.

Excess of Expenditures Over Appropriations

The legal level of budgetary control (the level at which expenditures may not exceed appropriations) is in total. At September 30, 2007 actual expenditures exceeded appropriations in the general fund by \$189,396. The over expenditures were funded by available fund balance.

NOTE 3- CASH AND INVESTMENTS

Cash

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, 2007:

	Fair Value	Credit Risk	Maturities
First American Government Obligations Fund Class Y	\$ 15,701,714	S&P: AAAm Moody's: Aaa	Average Maturity: 23 days
First American Treasury Obligations Fund Class Y	1,068,271	S&P: AAAm Moody's: Aaa	Average Maturity: 8 days
Total Investments	<u>\$ 16,769,985</u>		

NOTE 3- CASH AND INVESTMENTS (Continued)

Investments (Continued)

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 in the debt service and capital projects funds.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2007 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land and improvements	\$ 20,813,030	\$ 2,419,104	\$ -	\$ 23,232,134
Total capital assets, not being depreciated	20,813,030	2,419,104	-	23,232,134
Capital assets, being depreciated				
Building and improvements	7,415,238	114,474		7,529,712
Infrastructure	13,557,071	905,441	(436,017)	14,026,495
Equipment	64,808	21,812	(18,863)	67,757
Total capital assets, being depreciated	21,037,117	1,041,727	(454,880)	21,623,964
Less accumulated depreciation for:				
Building and improvements	3,643,548	725,879		4,369,427
Infrastructure	2,449,315	489,343		2,938,658
Equipment	21,153	7,719	(8,488)	20,384
Total accumulated depreciation	6,114,016	1,222,941	(8,488)	7,328,469
Total capital assets, being depreciated, net	14,923,101	(181,214)	(446,392)	14,295,495
Governmental activities capital assets	\$ 35,736,131	\$ 2,237,890	\$ (446,392)	\$ 37,527,629

The District will be developed in phases in response to market demands. Four phases of major infrastructure construction are anticipated. Construction of Phases 1, 2, and 3 are substantially completed and phases of subsequent construction will continue through the year 2008 when the District is expected to be completed. The total projected cost of all improvements to the District is estimated at approximately \$55,000,000. Certain improvements are conveyed to other governments upon completion of the project.

NOTE 5 - LONG TERM LIABILITIES

Series 1996

In June 1996, the District issued \$20,210,000 of Capital Improvement Revenue Bonds, Series 1996 due on May 1, 2018 with fixed interest rate of 7.5%. 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 annually on May 1. The Series 1996 Bonds were refunded by the Series 2006 during the fiscal year ended September 30, 2007.

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, commencing November 1, 1999. 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 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. This occurred on the Series 1999A Bonds as the District prepaid \$10,000 and on the Series 1999B as the District collected assessments from the lot owners and prepaid \$1,230,000 during the fiscal year ended September 30, 2007. See Note 11 – Subsequent events for additional call amount subsequent to the fiscal year end.

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, 2007.

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.

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, 2007.

NOTE 5 - LONG TERM LIABILITIES (Continued)

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 initial draw of the Series 2005 Bonds was for \$13,130,000. During the fiscal year ending September 30, 2007 the District drew an additional \$4,965,000. 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. The District is in compliance with those requirements of the Bond Indenture at September 30, 2007.

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 on the Series 2006 Bonds as the District transferred funds from refunded Series 1996 Bonds accounts and prepaid \$35,000 during the fiscal year ended September 30, 2007. See Note 11 – Subsequent events for additional call amount subsequent to the fiscal year end.

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, 2007.

In connection with the issuance of the Series 2006 Bonds, certain funds were placed in an escrow account for the purpose of paying the debt service on the Capital Improvement Revenue Bonds, Series 1996. As a result, the refunded Bonds are considered defeased and the liability has been removed from the governmental activities column of the statement of net assets. The price of the new debt exceeded the net carrying amount of the old debt by \$185,266. This amount is being netted against the new debt and will be amortized over the life of the Bonds. There was no significant difference in the remaining life of the refunded Bonds and the new Bonds. The advance refunding was undertaken to reduce total debt service payments which resulted in a difference of cash flows between the old debt and new debt of \$1,343,017 and resulted in an economic gain of approximately \$921,318. At September 30, 2007 the balance owed on the defeased debt was approximately \$6,790,000.

NOTE 5 - LONG TERM LIABILITIES (Continued)

SunTrust Loan

On March 23, 2006 the District entered into an agreement with SunTrust Bank and obtained a Promissory Note on the principal amount not to exceed \$3,600,000 for the purpose of financing the repairs to District assets damaged by hurricanes. 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 matures on March 23, 2011.

The Note is subject to optional prepayment in whole or in part at any time in the manner determined by the Loan Agreement. This occurred during the fiscal year ended September 30, 2007 as the District collected assessments from the lot owners and prepaid \$65,284 of the Note.

The Loan Agreement establishes requirements for an Assessment Account maintained by the District in order to secure repayment of the Note. The District is in compliance with those requirements at September 30, 2007.

Long-term debt transactions

Changes in long-term liability activity for the fiscal year ended September 30, 2007 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable:					
Series 1996	\$ 7,235,000	\$ -	\$ (7,235,000)	\$ -	\$ -
Series 1999A	7,875,000		(345,000)	7,530,000	355,000
Series 1999B	4,195,000		(1,410,000)	2,785,000	135,000
Series 2002A	9,785,000		(130,000)	9,655,000	140,000
Series 2002B	5,145,000		(70,000)	5,075,000	75,000
Series 2005	13,130,000	4,965,000		18,095,000	-
Series 2006	-	6,570,000	(485,000)	6,085,000	455,000
SunTrust loan agreement	2,545,799		(364,578)	2,181,221	568,583
Capital leases	55,935	21,813	(33,703)	44,045	36,536
Less: deferred amount on refunding		(185,266)	18,527	(166,739)	
Total	\$ 49,966,734	\$ 11,371,547	\$ (10,054,754)	\$ 51,283,527	\$ 1,765,119

At September 30, 2007, the scheduled debt service requirements on the long - term debt, exclusive of capital leases, were as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2008	\$ 1,728,583	\$ 3,043,631	\$ 4,772,214
2009	2,004,986	2,956,134	4,961,120
2010	2,114,794	2,846,942	4,961,736
2011	2,077,858	2,731,735	4,809,593
2012	1,705,000	2,630,774	4,335,774
2013 - 2017	10,035,000	11,631,930	21,666,930
2018 - 2022	9,115,000	8,688,538	17,803,538
2023 - 2027	6,320,000	6,396,181	12,716,181
2028 - 2032	8,680,000	4,080,169	12,760,169
2033 - 2037	6,385,000	1,427,606	7,812,606
2038	1,240,000	74,400	1,314,400
Total	\$ 51,406,221	\$ 46,508,040	\$ 97,914,261

NOTE 6 – CAPITAL LEASES

The District has entered into two lease agreements related to certain infrastructure and purchase of a vehicle for the District. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at present value of its future minimum lease payments as of the inception date.

The assets acquired through capital lease are as follows:

Asset:	Governmental activities
Infrastructure	\$ 116,000
Equipment	21,812
Less: Accumulated depreciation	(25,200)
	<u>\$ 112,612</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2007, are as follows:

Year ending September 30:	Governmental Activities
2008	\$ 38,056
2009	<u>7,571</u>
	45,627
Less: Interest	(1,582)
	<u>\$ 44,045</u>

NOTE 7 – DEVELOPER TRANSACTIONS

For the fiscal year ended September 30, 2007, the Developer provided \$900,397, which is included under assessments, to finance the general fund operations which include a receivable of \$75,032 at September 30, 2007.

The Developer has also agreed to fund the debt service on the Bonds which is not paid through special or prepaid assessments. During the fiscal year ended September 30, 2007 the Developer contributed \$150,736 to 1999 debt service fund and \$1,150,646 to 2002 debt service fund, which are included under assessments. See Note 11 – Subsequent events for contributions received by the District subsequent to September 30, 2007.

NOTE 8 – RELATED ENTITY TRANSACTIONS

The District is related to Fiddler's Creek Community Development District II and shares the same Developer and common Board members. The District received \$436,017 as reimbursement for expenses paid on behalf of Fiddler's Creek Community Development District II which was reduced from capital outlay and also received \$88,737 as reimbursement for certain security expenses incurred by the general fund. The District has a receivable in the amount of \$34,850 from Fiddler's Creek Community Development District II for shared costs as of September 30, 2007.

NOTE 9 - MANAGEMENT COMPANY

The District has contracted with a management company 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 10 - 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. These risks are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

NOTE 11 - SUBSEQUENT EVENTS

Bond payments

Subsequent to September 30, 2007 the District prepaid \$320,000 of the Series 1999A Bonds, \$35,000 of the Series 1999B Bonds, and \$155,000 of the Series 2006 Bonds. The prepayments were considered extraordinary mandatory redemptions as outlined in the Bond Indentures.

Developer Transactions

In October 2007 the Developer contributed \$94,648 to 1999 debt service fund and \$499,639 to 2002 debt service fund. The contributions were used to pay interest on the Bonds due on November 1, 2007.

**FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT
COLLIER COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>Budgeted Amounts</u>		Variance with Final Budget - Positive (Negative)
	Original & Final	Actual Amounts	
REVENUES			
Assessments	\$ 2,625,166	\$ 2,551,075	\$ (74,091)
Interest	16,000	73,349	57,349
Miscellaneous income	88,737	29,972	(58,765)
Total revenues	<u>2,729,903</u>	<u>2,654,396</u>	<u>(75,507)</u>
EXPENDITURES			
Current:			
General government	247,252	254,191	(6,939)
Maintenance and operations	1,812,939	2,086,596	(273,657)
Debt Service:			
Principal and interest	674,589	561,577	113,012
Capital outlay	-	21,812	(21,812)
Total expenditures	<u>2,734,780</u>	<u>2,924,176</u>	<u>(189,396)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (4,877)</u>	(269,780)	<u>\$ (264,903)</u>
OTHER FINANCING SOURCES			
Capital leases		<u>21,812</u>	
Net change in fund balances		(247,968)	
Fund balance - beginning		<u>902,561</u>	
Fund balance - ending		<u>\$ 654,593</u>	

See notes to required supplementary information

**FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT
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. At September 30, 2007 actual expenditures exceeded appropriations in the general fund by \$189,396. The over expenditures were funded by available fund balance.

**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
Collier County, Florida

We have audited the financial statements of the governmental activities and each major fund of Fiddler's Creek Community Development District, Collier County, Florida ("District") as of and for the fiscal year ended September 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 15, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Fiddler's Creek Community Development District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Fiddler's Creek Community Development District's financial statements that is more than inconsequential will not be prevented or detected by Fiddler's Creek Community Development District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Fiddler's Creek Community Development District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

However, we noted another matter involving the internal control over financial reporting that we have reported to management of the District in a separate letter dated April 15, 2008.

Compliance and Other Matters

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

However, we noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated April 15, 2008.

This report is intended for the information of the management, Board of Supervisors of Fiddler's Creek Community Development District, 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.



April 15, 2008

**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
Collier County, Florida

We have audited the accompanying basic financial statements of Fiddler's Creek Community Development District ("District") as of and for the fiscal year ended September 30, 2007, and have issued our report thereon dated April 15, 2008.

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 April 15, 2008. 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.**

This report is intended for the information of the management, Board of Supervisors of Fiddler's Creek Community Development District, 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, 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.


April 15, 2008

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Budget

Observation: Actual expenditures exceeded appropriations in the general fund at September 30, 2007.

Recommendation: The District should amend the budget during the fiscal year to ensure that all expenditures are properly budgeted.

Management Response: Management will review current year spending to ensure that expenditures do not exceed appropriations.

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS None

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 significant 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, 2006.

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, accounting procedures, and internal controls.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, except as noted above.

4. Violations of provisions of contracts and grant agreements or abuse 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, except as noted above.

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

- a. Violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements.
- b. Improper expenditures or illegal acts that would have an immaterial effect on the financial statements.

REPORT TO MANAGEMENT (Continued)

- c. Control deficiencies that are not significant deficiencies, including, but not limited to:
1. Improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements).
 2. Failures to properly record financial transactions.
 3. Other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

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, 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 District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
8. 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, 2007 financial audit report.
9. 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.

RESOLUTION 2008-3

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
FIDDLER'S CREEK COMMUNITY DEVELOPMENT
DISTRICT #1 HEREBY ACCEPTING THE AUDITED
FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2007**

WHEREAS, the District's Auditor, Grau & Associates, has heretofore prepared and submitted to the Board, for accepting, the Districts' Audited Financial Statements for Fiscal Year 2007;

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT #1;

1. The Audited Financial Statements for Fiscal Year 2007 heretofore submitted to the Board are hereby accepted for Fiscal Year 2007, for the period ending September 30, 2007; and
2. A verified copy of said Audited Financial Report for Fiscal Year 2007 shall be attached hereto as an exhibit to this Resolution in the District's "Official Record of Proceedings".

PASSED AND ADOPTED this 28th day of May, 2008.

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

Secretary/Assistant Secretary

Chairman/Vice Chairman

RESOLUTION 2008-4

A RESOLUTION OF THE BOARD OF SUPERVISORS OF FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT #1 APPROVING A PROPOSED BUDGET FOR FISCAL YEAR 2009 AND SETTING A PUBLIC HEARING THEREON PURSUANT TO FLORIDA LAW AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the District Manager has heretofore prepared and submitted to the Board of Supervisors of Fiddler's Creek Community Development District #1 (the "Board") prior to June 15, 2008, a proposed operating budget for Fiscal Year 2009; and

WHEREAS, the Board has considered the proposed budget and desires to set the required public hearing thereon.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT #1:

1. The operating budget proposed by the District Manager for Fiscal Year 2009 attached hereto as **Exhibit A** is hereby approved as the basis for conducting a public hearing to adopt said budget.

2. A public hearing on said approved budget is hereby declared and set for the following date, hour and location:

DATE: August 27, 2008

HOUR: 10:30 a.m.

**LOCATION: Fiddler's Creek Club and Spa
3470 Club Center Drive
Naples, Florida 34114**

3. The District Manager is hereby directed to submit a copy of the proposed budget to Collier County at least 60 days prior to the hearing set above.

4. Notice of this public hearing on the budget shall be published in a newspaper of general circulation in the area of the district once a week for two (2) consecutive weeks, except that the first publication shall not be fewer than 15 days prior to the date of the hearing. The notice shall further contain a designation of the day, time, and place of the public hearing. At the time and place designated in the notice, the Board shall hear all objections to the budget as proposed and may make such changes as the board deems necessary.

5. This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED THIS 28th DAY OF MAY, 2008.

ATTEST:

**BOARD OF SUPERVISORS
OF THE FIDDLER'S CREEK
COMMUNITY DEVELOPMENT
DISTRICT #1**

Secretary

By: _____

Its: _____