FIDDLER'S CREEK
COMMUNITY DEVELOPMENT DISTRICT #2
COLLIER COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2025

FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT #2
COLLIER COUNTY, FLORIDA

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Fiddler's Creek Community Development District #2, Collier County, Florida (the "District") as of and for the fiscal year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2025, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

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

Other Information Included in the Financial Report

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Grau & Associates

June 24, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Fiddler's Creek Community Development District #2, Collier County, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2025. 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 plus deferred inflows of resources at the close of the most recent fiscal year resulting in a net position balance of $7,325,396.

- The change in the District's total net position in comparison with the prior fiscal year was $1,358,026, an increase. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.

- At September 30, 2025, the District's governmental funds reported combined ending fund balances of $5,842,113, a decrease of ($609,004) in comparison with the prior fiscal year. A portion of the fund balance is restricted for debt service and capital projects, and the remaining fund balance is unassigned in the general fund 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 position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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. 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 eight 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, Series 2004 debt service fund, Series 2005 debt service fund, Series 2014 debt service fund, Series 2015 debt service fund, Series 2019 debt service fund, Series 2014 capital projects fund, and Series 2015 capital projects fund, all of which are considered major funds.

The District adopts an annual appropriations 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 position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets exceeded its liabilities plus deferred inflows of resources at the close of the most recent fiscal year.

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

NET POSITION
SEPTEMBER 30,

	2025	2024 (Restated)
Current and other assets	$ 6,814,185	$ 6,665,391
Capital assets, net of depreciation	36,541,557	36,720,292
Total assets	43,355,742	43,385,683
Current liabilities	1,782,396	1,070,680
Long-term liabilities	34,158,998	36,251,610
Total liabilities	35,941,394	37,322,290
Deferred inflows of resources	88,952	96,023
Net position		
Net investment in capital assets	2,692,806	1,254,409
Restricted	2,388,952	2,082,344
Unrestricted	2,243,638	2,630,617
Total net position	$ 7,325,396	$ 5,967,370

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The District's net position 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 property owners and 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 position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's other obligations.

The District reports current liabilities of $1,782,396 as of September 30, 2025, an increase of $711,716 from the ending balance as of September 30, 2024. The increase in current liabilities is primarily the result of an increase in $357,403 of unearned revenues recorded related to direct-billed assessments as well as an increase in the accounts payable balance of approximately $350,000 in comparison with the balance as of September 30, 2024.

The District's net position increased during the most recent fiscal year. The majority of the increase represents the extent to which ongoing program revenues exceeded the cost of operations and depreciation expense.

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

CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,

	2025	2024 (Restated)
Revenues:		
Program revenues		
Charges for services	$ 6,394,839	$ 8,707,608
Operating grants and contributions	141,703	194,547
Capital grants and contributions	12,758	16,172
General revenues		
Unrestricted investment earnings	91,939	73,384
Miscellaneous	62,178	10,000
Total revenues	6,703,417	9,001,711
Expenses:		
General government	344,111	451,087
Maintenance and operations	3,054,888	3,202,120
Interest	1,946,392	2,184,990
Total expenses	5,345,391	5,838,197
Change in net position	1,358,026	3,163,514
Net position - beginning	5,967,370	2,785,017
Restatement for capital outlay adjustment	-	18,839
Net position - beginning, as restated	-	2,803,856
Net position - ending	$ 7,325,396	$ 5,967,370

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2025, was $5,345,391. The costs of the District's activities were primarily funded by program revenues. As in the prior fiscal year, program revenues are comprised primarily of assessments. The District also earns interest income and miscellaneous revenues. Operating grants and contributions are comprised of investment earnings that are earned in the debt service funds whereas capital grants and contributions are comprised of investment earnings that are earned in the capital projects funds. Charges for services, which are comprised of assessments, decreased from the prior year by $2,312,769 primarily as the result of prepaid assessments that were received in the prior year and used to pay off the outstanding balance of $2,035,000 on the Series 2015B Bonds which occurred in the prior fiscal year. The District did not receive such prepaid assessment revenues during the current fiscal year. In total, expenses decreased from the prior fiscal year primarily as a result of a decrease in general government and interest expenses.

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. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2025.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2025, the District had $62,791,479 invested in capital assets for its governmental activities. In the government-wide financial statements depreciation of $26,249,922 has been taken, which resulted in a net book value of $36,541,557. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2025, the District had $33,700,000 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

The District does not anticipate any major projects or significant changes to its infrastructure maintenance program for the subsequent fiscal year. The District does anticipate a major irrigation project to begin during the fiscal year ended September 30, 2028.

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 #2's Finance Department at 2300 Glades Road, Suite 410W, Boca Raton, Florida, 33481.

FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT #2
COLLIER COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Governmental Activities
ASSETS	
Cash	$ 2,907,242
Due from other governments	1,691
Assessments receivable	416,705
Restricted assets:	
Investments	3,488,547
Capital assets:	
Nondepreciable	17,642,104
Depreciable, net	18,899,453
Total assets	43,355,742
LIABILITIES	
Accounts payable	540,728
Accrued interest	810,324
Unearned revenue	357,403
Due to other governments	73,941
Non-current liabilities:	
Due within one year	1,980,000
Due in more than one year	32,178,998
Total liabilities	35,941,394
DEFERRED INFLOWS OF RESOURCES	
Deferred gain on refunding	88,952
NET POSITION	
Net investment in capital assets	2,692,806
Restricted for debt service	2,388,952
Unrestricted	2,243,638
Total net position	$ 7,325,396

See notes to the financial statements

FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT #2
COLLIER COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
General government	$ 344,111	$ 344,111	$ -	$ -	$ -
Maintenance and operations	3,054,888	2,335,328	-	12,758	(706,802)
Interest on long-term debt	1,946,392	3,715,400	141,703	-	1,910,711
Total governmental activities	5,345,391	6,394,839	141,703	12,758	1,203,909
		General revenues:			
		Unrestricted investment earnings			91,939
		Miscellaneous			62,178
		Total general revenues			154,117
		Change in net position			1,358,026
		Net position - beginning, as restated			5,967,370
		Net position - ending			$ 7,325,396

See notes to the financial statements

FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT #2
COLLIER COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	Major Funds								
	General	Series 2004 Debt Service	Series 2005 Debt Service	Series 2014 Debt Service	Series 2015 Debt Service	Series 2019 Debt Service	Series 2014 Capital Projects	Series 2015 Capital Projects	Total Governmental Funds
ASSETS									
Cash	$ 2,907,242	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,907,242
Investments	-	219,976	319,082	1,041,371	606,040	991,831	2,856	307,391	3,488,547
Assessments receivable	29,592	374	1,975	368,047	3,285	13,432	-	-	416,705
Due from other funds	8,734	-	-	-	-	-	-	-	8,734
Due from other governments	1,691	-	-	-	-	-	-	-	1,691
Total assets	$ 2,947,259	$ 220,350	$ 321,057	$ 1,409,418	$ 609,325	$ 1,005,263	$ 2,856	$ 307,391	$ 6,822,919
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	$ 540,728	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 540,728
Unearned revenue	-	-	-	357,403	-	-	-	-	357,403
Due to other governments	73,941	-	-	-	-	-	-	-	73,941
Due to other funds	-	110	581	3,122	963	3,958	-	-	8,734
Total liabilities	614,669	110	581	360,525	963	3,958	-	-	980,806
Fund balances:									
Restricted for:									
Debt service	-	220,240	320,476	1,048,893	608,362	1,001,305	-	-	3,199,276
Capital projects	-	-	-	-	-	-	2,856	307,391	310,247
Unassigned	2,332,590	-	-	-	-	-	-	-	2,332,590
Total fund balances	2,332,590	220,240	320,476	1,048,893	608,362	1,001,305	2,856	307,391	5,842,113
Total liabilities and fund balances	$ 2,947,259	$ 220,350	$ 321,057	$ 1,409,418	$ 609,325	$ 1,005,263	$ 2,856	$ 307,391	$ 6,822,919

See notes to the financial statements

FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT #2
COLLIER COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Fund balance - governmental funds		$ 5,842,113
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of accumulated depreciation, in the assets of the government as a whole.		
Cost of capital assets	62,791,479	
Accumulated depreciation	(26,249,922)	36,541,557
The deferred gain on refunding of long-term debt is shown as deferred inflows of resources in the government-wide financial statements; this amount is not recorded in the governmental fund financial statements.		(88,952)
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	(810,324)	
Bonds payable	(34,158,998)	(34,969,322)
Net position of governmental activities		$ 7,325,396

See notes to the financial statements

FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT #2
COLLIER COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Major Funds								
	General	Series 2004 Debt Service	Series 2005 Debt Service	Series 2014 Debt Service	Series 2015 Debt Service	Series 2019 Debt Service	Series 2014 Capital Projects	Series 2015 Capital Projects	Total Governmental Funds
REVENUES									
Assessments	$ 2,679,439	$ 33,829	$ 178,808	$ 1,956,592	$ 297,477	$ 1,248,694	$ -	$ -	$ 6,394,839
Interest	91,939	9,288	12,769	47,773	26,038	45,835	362	12,396	246,400
Miscellaneous	61,281	-	-	897	-	-	-	-	62,178
Total revenues	2,832,659	43,117	191,577	2,005,262	323,515	1,294,529	362	12,396	6,703,417
EXPENDITURES									
Current:									
General government	311,331	412	2,179	11,737	3,622	14,830	-	-	344,111
Maintenance and operations	1,812,236	-	-	-	-	-	-	-	1,812,236
Debt service:									
Principal	-	5,000	75,000	1,050,000	155,000	755,000	-	-	2,040,000
Interest	-	13,838	92,100	1,284,338	191,975	469,906	-	-	2,052,157
Capital outlay	1,051,534	-	-	-	-	-	12,383	-	1,063,917
Total expenditures	3,175,101	19,250	169,279	2,346,075	350,597	1,239,736	12,383	-	7,312,421
Excess (deficiency) of revenues over (under) expenditures	(342,442)	23,867	22,298	(340,813)	(27,082)	54,793	(12,021)	12,396	(609,004)
OTHER FINANCING SOURCES (USES)									
Interfund transfers in (out)	44,415	-	-	-	(45,630)	-	-	1,215	-
Total other financing sources (uses)	44,415	-	-	-	(45,630)	-	-	1,215	-
Net change in fund balances	(298,027)	23,867	22,298	(340,813)	(72,712)	54,793	(12,021)	13,611	(609,004)
Fund balances - beginning	2,630,617	196,373	298,178	1,389,706	681,074	946,512	14,877	293,780	6,451,117
Fund balances - ending	$ 2,332,590	$ 220,240	$ 320,476	$ 1,048,893	$ 608,362	$ 1,001,305	$ 2,856	$ 307,391	$ 5,842,113

See notes to the financial statements

FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT #2
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, 2025

Net change in fund balances - total governmental funds	$	(609,004)
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 position.		1,063,917
Amortization of the deferred gain on refunding is not recognized in the governmental fund level statements, but is reported as a reduction of interest expense in the statement of activities.		7,071
Repayments of long-term liabilities are reported as expenditures in the governmental fund statement but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities.		2,040,000
Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.		(1,242,652)
Amortization of Bond discounts/premiums is not recognized in the governmental fund financial statements, but is reported as a reduction of interest expense in the statement of activities.		52,612
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.		46,082
Change in net position of governmental activities	$	1,358,026

See notes to the financial statements

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

Fiddler's Creek Community Development District #2 ("District") was created on November 25, 2002 by Ordinance 02-61 approved by the Board of County Commissioners of Collier County, Florida, pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. 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 governed by the Board of Supervisors ("Board"), which is composed of five members. The Supervisors are elected by the qualified electors residing within the District. The Board of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes, and optional powers approved by the Board of County Commissioners of Collier County.

The Board has the responsibility for:
1. Allocating 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") Statements. 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

<u>Government-Wide and Fund Financial Statements</u>
The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position 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*.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 90 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.

Special Assessments

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

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.

Series 2004 Debt Service Fund

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on the Series 2004 long-term debt.

Series 2005 Debt Service Fund

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on the Series 2005 long-term debt.

Series 2014 Debt Service Fund

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on the Series 2014 long-term debt.

Series 2015 Debt Service Fund

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on the Series 2015 long-term debt.

Series 2019 Debt Service Fund

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on the Series 2019 long-term debt.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Series 2014 Capital Projects Fund
This fund accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District for Series 2014 projects.

Series 2015 Capital Projects Fund
This fund accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District for Series 2015 projects.

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 for qualifying expenditures, then unrestricted resources as they are needed.

Assets, Liabilities and Net Position or Equity

Restricted Assets
These assets represent cash and investments set aside pursuant to Bond covenants or other contractual restrictions.

Deposits and Investments
The District's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

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 Inter-local 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, unspent Bond proceeds are required to be held in investments as specified in the Bond Indentures.

The District records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

Prepaid Items
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 acquisition value at the date of donation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (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.

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

Infrastructure	10-30 years
Buildings and improvements	7-30 years
Equipment	5-20 years

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.

Refundings of Debt
For current refundings and advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred inflow of resources and recognized ratably as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. In connection with the refunding, $7,071 was recognized as a reduction of interest expense in the current fiscal year.

Unearned Revenue
Governmental funds report unearned revenue 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 position. Bond premiums and discounts are deferred and amortized over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are reported as an expense in the year incurred.

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.

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Fund Equity/Net Position
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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Fund Equity/Net Position (Continued)
The District can establish limitations on the use of fund balance as follows:

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. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

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 position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

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 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 Board.
d) All budget changes must be approved by the 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

<u>Deposits</u>
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.

<u>Investments</u>
The District's investments were held as follows at September 30, 2025:

	Amortized cost	Credit Risk	Maturities
Federated Hermes Treasury Obligations Fund	$ 3,488,547	S&P AAAm	Weighted average of the fund portfolio: 47 days
	$ 3,488,547		

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.

Fair Value Measurement – When applicable, the District measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- Level 1: Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the District has the ability to access;
- Level 2: Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- Level 3: Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Money market investments that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost. For external investment pools that qualify to be measured at amortized cost, the pool's participants should also measure their investments in that external investment pool at amortized cost for financial reporting purposes. Accordingly, the District's investments have been reported at amortized cost above.

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers during the fiscal year ended September 30, 2025 were as follows:

Fund	Transfer in	Transfer out
General fund	$ 44,415	$ -
Series 2015 debt service fund	-	45,630
Series 2015 capital projects fund	1,215	-
Total	$ 45,630	$ 45,630

Transfers are used to move revenues from the fund where collection occurs to the fund where funds have been reallocated for use. In the case of the District, transfers from the Series 2015 Debt Service fund to the General fund and Series 2015 Capital Projects fund were made to transfer the remaining investments from the Series 2015B Debt Service fund, as the Series 2015B bonds were paid off in full during the prior year.

NOTE 6 – CAPITAL ASSETS

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

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	$ 16,226,776	$ -	$ -	$ 16,226,776
Infrastructure under construction	1,402,945	12,383	-	1,415,328
Total capital assets, not being depreciated	17,629,721	12,383	-	17,642,104
Capital assets, being depreciated				
Infrastructure	30,935,900	975,700	-	31,911,600
Buildings and improvements	12,760,697	75,834	-	12,836,531
Equipment	401,244	-	-	401,244
Total capital assets, being depreciated	44,097,841	1,051,534	-	45,149,375
Less accumulated depreciation for:				
Infrastructure	13,809,108	1,052,943	-	14,862,051
Buildings and improvements	11,018,558	166,868	-	11,185,426
Equipment	179,604	22,841	-	202,445
Total accumulated depreciation	25,007,270	1,242,652	-	26,249,922
Total capital assets, being depreciated, net	19,090,571	(191,118)	-	18,899,453
Governmental activities capital assets, net	$ 36,720,292	$ (178,735)	$ -	$ 36,541,557

Depreciation was charged to the maintenance and operations function/program.

NOTE 7 – LONG-TERM LIABILITIES

Series 2004

On November 4, 2004, the District issued $17,905,000 of Special Assessment Revenue Bonds, Series 2004, due on May 1, 2037 with a fixed interest rate of 6.75%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. On July 31, 2014, a portion of the outstanding Series 2004 Bonds were exchanged for the Series 2014-1 Bonds. After the consummation of the exchange, $3,510,000 of Series 2004 Bonds remained outstanding. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially each May 1 through May 1, 2037.

The Series 2004 Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected 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 was in compliance with the requirements at September 30, 2025.

Series 2005

On December 13, 2005, the District issued $38,850,000 of Special Assessment Revenue Bonds, Series 2005 due on May 1, 2038, with a fixed interest rate of 6%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. On July 31, 2014, a portion of the outstanding Series 2005 Bonds were exchanged for the Series 2014-2, 2014-3, and 2014-4 Bonds. After the consummation of the exchange, $2,685,000 of Series 2005 Bonds remained outstanding. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially each May 1 through May 1, 2038.

The Series 2005 Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture. This occurred during the current fiscal year as the District prepaid $5,000 of the Series 2005 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 was in compliance with the requirements at September 30, 2025.

Series 2014

On July 31, 2014, the District issued $9,560,000 of Special Assessment Revenue Bonds Series 2014-1 due on May 1, 2037 with a fixed interest rate of 6.75%. The Bonds were issued to exchange a portion of the Special Assessment Revenue Bonds, Series 2004. On June 15, 2018, the Series 2014-1 Bonds were exchanged into Series 2014-1A at $4,000,000 and Series 2014-1B at $3,815,000. There were no changes to the par amounts, boundaries, yield or maturity of the Series 2014-1 Bonds after the exchange into Series 2014-1A and 2014-1B. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially each May 1 through May 1, 2037.

On July 31, 2014, the District issued $16,165,000 of Special Assessment Revenue Bonds, Series 2014-2 due on May 1, 2038 with a fixed interest rate of 6%. The Bonds were issued to exchange a portion of the Special Assessment Revenue Bonds, Series 2005. On June 15, 2018, the Series 2014-2 Bonds were exchanged into Series 2014-2A at $8,635,000 and Series 2014-2B at $4,835,000. There were no changes to the par amounts, boundaries, yield or maturity of the Series 2014-2 Bonds after the exchange into Series 2014-2A and 2014-2B. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially each May 1 through May 1, 2038.

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Series 2014 (Continued)

On July 31, 2014, the District issued $16,170,000 of Special Assessment Revenue Bonds Series 2014-3 due on May 1, 2038 with a fixed interest rate of 6%. The Bonds were issued to exchange a portion of the Special Assessment Revenue Bonds, Series 2005. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially each May 1 through May 1, 2038.

The Series 2014 Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture. This occurred during the current fiscal year as the District prepaid $5,000, $25,000, $5,000, and $25,000 of the Series 2014-1B, Series 2014-2B, Series 2014-2A, and Series 2014-3 Bonds respectively.

The Bond Indentures 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 was in compliance with the requirements at September 30, 2025.

Series 2015

On November 23, 2015, the District issued $6,050,000 of Capital Improvement Bonds, Series 2015A-1, and $1,810,000 of Special Assessment Revenue Refunding Bonds, Series 2015A-2. The Bonds are comprised of Term Bonds with due dates from May 1, 2026 to May 1, 2045 and fixed interest rates ranging from 5% to 6%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District and to refund a portion of the District's outstanding Special Assessment Revenue Bonds, Series 2014-3. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially commencing May 1, 2016, through May 1, 2045.

The Series 2015A-1 and Series 2015A-2 Bonds are subject to redemption at the option of the District prior to their maturity on or after May 1, 2028. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture. This occurred during the current fiscal year as the District prepaid $50,000 of the Series 2015A-1 Bonds and $10,000 of the Series 2015A-2 Bonds.

The Bond Indentures 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 was in compliance with the requirements at September 30, 2025.

Series 2019

On October 30, 2019, the District issued $14,245,000 of Special Assessment Revenue Refunding Bonds, Series 2019 consisting of various Term Bonds with due dates from May 1, 2023 to May 1, 2035, and fixed interest rates ranging from 3.25% to 5%. The Bonds were issued to refund a portion of the District's outstanding Special Assessment Revenue Bonds, Series 2003A. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially commencing May 1, 2020, through May 1, 2035.

The Series 2019 Bonds are subject to redemption at the option of the District prior to their maturity at any time on or after May 1, 2029. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture. This occurred during the current fiscal year as the District prepaid $35,000 of the Series 2019 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 was in compliance with the requirements at September 30, 2025.

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Depository Funds

The Bond resolution establishes certain funds and determines the order in which revenues are to be deposited into these funds. A description of the significant funds, including their purposes, is as follows:

Reserve Funds

The Series 2004, Series 2005, Series 2014-1B Series 2014-2B, and Series 2014-3 have reserve requirements of $50,000, $50,000, $125,000, $125,000, and $100,000, respectively. The Series 2015A-1 and Series 2015A-2 have reserve requirements in amounts equal to 25 percent of the maximum annual debt service on the corresponding Bond. The Series 2019 Bonds has a reserve requirement of $150,000. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indentures for each respective Bond.

The following is a schedule of required reserve balances as of September 30, 2025:

	Reserve Balance	Reserve Requirement
Special Assessment Revenue Bonds, Series 2004	$ 50,668	$ 50,000
Special Assessment Revenue Bonds, Series 2005	$ 50,668	$ 50,000
Special Assessment Revenue Bonds, Series 2014-1B	$ 126,671	$ 125,000
Special Assessment Revenue Bonds, Series 2014-2B	$ 126,671	$ 125,000
Special Assessment Revenue Bonds, Series 2014-3	$ 101,337	$ 100,000
Capital Improvement Bonds, Series 2015A-1	$ 109,963	$ 54,763
Special Assessment Revenue Refunding Bonds, Series 2015A-2	$ 36,722	$ 18,375
Special Assessment Revenue Refunding Bonds, Series 2019	$ 152,005	$ 150,000

Long-term Debt Activity

Changes in long-term liability activity for the fiscal year ended September 30, 2025 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable:					
Series 2004	$ 205,000	$ -	$ 5,000	$ 200,000	$ 15,000
Series 2005	1,535,000	-	75,000	1,460,000	75,000
Series 2014-1A	2,380,000	-	120,000	2,260,000	125,000
Series 2014-1B	3,045,000	-	155,000	2,890,000	160,000
Series 2014-2A	5,005,000	-	240,000	4,765,000	250,000
Series 2014-2B	3,765,000	-	200,000	3,565,000	185,000
Series 2014-3	6,545,000	-	335,000	6,210,000	325,000
Series 2015A-1	2,585,000	-	115,000	2,470,000	65,000
Less: original issue discount	(85,170)	-	(4,162)	(81,008)	-
Series 2015A-2	675,000	-	40,000	635,000	35,000
Less: original issue discount	(18,170)	-	(1,350)	(16,820)	-
Series 2019	10,000,000	-	755,000	9,245,000	745,000
Plus: original issue premium	614,950	-	58,124	556,826	-
Total	$ 36,251,610	$ -	$ 2,092,612	$ 34,158,998	$ 1,980,000

At September 30, 2025, the scheduled debt service requirements on the long-term debt were as follows:

Year ending	Governmental Activities		
September 30:	Principal	Interest	Total
2026	$ 1,980,000	$ 1,944,788	$ 3,924,788
2027	2,100,000	1,837,775	3,937,775
2028	2,205,000	1,722,988	3,927,988
2029	2,345,000	1,602,313	3,947,313
2030	2,465,000	1,473,713	3,938,713
2031-2035	14,730,000	5,059,225	19,789,225
2036-2040	6,965,000	1,146,000	8,111,000
2041-2045	910,000	170,700	1,080,700
Total	$ 33,700,000	$ 14,957,502	$ 48,657,502

NOTE 8 – DEVELOPER TRANSACTIONS

Certain developers and other major landowners own a portion of the land within the District; therefore assessments levied in the general fund and debt service funds during the current fiscal year include those assessments levied on the land owned by the Developers and other major landowners.

The District has utilized Fiddler's Creek Foundation, Inc., an entity affiliated with the Developer, for certain maintenance and operation activities during the current fiscal year. The District has paid Fiddler's Creek Foundation, Inc. a total of $106,251 for such services for the fiscal year ended September 30, 2025.

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 (Board appointed non-voting positions) of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, 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. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations.

NOTE 11 – COST SHARING AGREEMENTS

On October 24, 2007, the District entered into an interlocal agreement with Fiddler's Creek Community Development District #1 ("Fiddler's Creek CDD #1") in order to more economically utilize certain property, improvements, facilities, personnel and equipment related to access control and irrigation water supply and distribution, in a manner advantageous to both Districts and to annually allocate the costs thereof on an equitable pro-rata basis under the supervision and coordination of the District Manager for each District.

On April 22, 2009, the agreement was amended to state that any proposed increase in the cost to provide services for which the Districts are sharing the costs shall require the prior approval of the Board of each District. In addition, each District shall be charged interest on any funds advanced, beginning thirty days after the date the funds are advanced ("Cost of Advanced Funds"), resulting from the other District's ("Advance Funding District") payment of costs, fees, expenses and charges in excess of the Advance Funding District's proportionate share otherwise required under the agreement. The parties agree that the Cost of Advanced Funds shall be equal to the interest that the Advanced Funds would otherwise have earned in the Advancing District's operating account. Such interest shall not exceed the then current prime rate.

On August 25, 2010, the agreement was amended to state that as both Districts benefit from the operation and maintenance of that portion of the overall water management system commonly referred to as the Belle Meade Preserve, each District agrees to pay for the unique costs associated with the maintenance of said Belle Meade Preserve, the allocation, on an equitable pro-rata basis, as calculated by the District Manager, of the maintenance cost necessary related to the maintenance of said Belle Meade Preserve, as outlined on the respective line items for same contained within the adopted budget of each District for each year.

On December 17, 2014, the agreement was amended to state that each individual District is solely responsible for the capital costs, operating costs and maintenance costs associated with its respective irrigation water distribution lines that are located within and owned by each respective District.

On August 28, 2013, the District entered into a separate interlocal agreement with Fiddler's Creek CDD #1 for cost sharing related to certain traffic signal improvements. The agreement requires the District and Fiddler's Creek CDD #1 to each pay one-half of the design, permitting, installation, and construction costs of the traffic signal at Collier Boulevard (S.R. 951) and Fiddler's Creek Parkway and, if approved, the traffic signal at U.S. 41 (S.R. 90) and Sandpiper Drive. The agreement provides that the district administering the applicable project will invoice the other district for its one-half share after completion, with payment due within 45 days of receipt.

NOTE 11 – COST SHARING AGREEMENTS (Continued)

A second amendment to the agreement, entered into in 2025, further provides that certain fair-share contributions required from third-party owners or developers by Collier County zoning actions for the U.S. 41 traffic signal and related U.S. 41 and Greenway Road intersection improvements are to be allocated equally between the District and Fiddler's Creek CDD #1, either as credits against amounts otherwise due or as reimbursements after district payments have been made. Except as specifically amended, the agreement remains in effect. During the current fiscal year, the District incurred $975,700 in expenditures related to traffic signal improvements.

The District has recorded a payable of $73,941 due to Fiddler's Creek CDD #1 and a receivable of $1,691 due from Fiddler's Creek CDD #1 as of September 30, 2025. The payable of $73,941 due to Fiddler's Creek CDD #1 is made up of routine cost sharing expenses which include $59,359 of utilities expenses and $14,582 of lake and wetland maintenance expenses.

NOTE 12 – LITIGATION AND CLAIMS

Litigation with Fiddler's Creek CDD #1

Fiddler's Creek Community Development District #2 (within Note 12 referred to as "District #2") was involved in litigation as plaintiff with Fiddler's Creek CDD #1 related to an interlocal agreement for the cost sharing of the design, permitting, installation and construction of a traffic signal located at the intersection of Sandpiper Drive and U.S. 41. The dispute concerned whether certain funds received by District #2 from a third party could be used to reduce Fiddler's Creek CDD #1's obligation to reimburse District #2 for one-half of the traffic signal costs.

On September 30, 2024, the Circuit Court of the Twentieth Judicial Circuit in and for Collier County, Florida entered a Summary Final Judgment in favor of District #2 and against Fiddler's Creek CDD #1. The Court determined that Fiddler's Creek CDD #1 remains obligated under the interlocal agreement to pay one-half of the cost of the design, permitting, installation and construction of the traffic signal, without the benefit of any share in, or setoff from, the third-party contribution. Accordingly, District #2 prevailed in the case.

Under the interlocal agreement, District #2 was responsible for the costs of the traffic signal project, and Fiddler's Creek CDD #1 was responsible for reimbursing District #2 for one-half of certain project costs. The dispute related to whether a contribution from Halvorsen, a third party, received by District #2 in the amount of $200,000 should reduce Fiddler's Creek CDD #1's reimbursement obligation.

As a result of the court order, Fiddler's Creek CDD #1 is not entitled to reduce its reimbursement obligation by any portion of the $200,000 contribution from Halvorsen. District #2 has effectively reduced its expenses related to the traffic signal project by the $200,000 contribution from Halvorsen. Total legal expenses incurred related to this matter were $65,249 in the aggregate during the fiscal years ended September 30, 2023 through September 30, 2025.

Other

In addition, District #2 was notified of injuries asserted resulting from the condition of certain District #2 sidewalks. As no claims have yet been filed the amount of exposure is not possible to ascertain. It is expected that the District's insurance provider would cover any potential claims.

NOTE 13 – PRIOR PERIOD ADJUSTMENT

During the current fiscal year, the District recorded a prior period adjustment in order to correct errors on the capital assets schedule.

	Government Wide
Net position - beginning, as previously stated	$ 2,785,017
Prior period adjustment	18,839
Net position - beginning, as restated	2,803,856

NOTE 14 – SUBSEQUENT EVENTS

Bond Payments

Subsequent to fiscal year end, the District prepaid a total of $5,000, $5,000 and $35,000 of the Series 2014-1B, Series 2014-3 and Series 2019 Bonds, respectively. The prepayments were considered extraordinary mandatory redemptions as outlined in the Bond Indentures.

FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT #2
COLLIER COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts Original & Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Assessments	$ 2,663,018	$ 2,679,439	$ 16,421
Interest Income	35,000	91,939	56,939
Miscellaneous revenue	-	61,281	61,281
Total revenues	2,698,018	2,832,659	134,641
EXPENDITURES			
Current:			
General government	409,200	311,331	97,869
Maintenance and operations	2,901,188	1,812,236	1,088,952
Capital outlay	760,000	1,051,534	(291,534)
Total expenditures	4,070,388	3,175,101	895,287
Excess (deficiency) of revenues over (under) expenditures	(1,372,370)	(342,442)	1,029,928
OTHER FINANCING SOURCES (USES)			
Use of fund balance	1,372,370	-	(1,372,370)
Interfund transfers in	-	44,415	44,415
Total other financing sources (uses)	1,372,370	44,415	(1,327,955)
Net change in fund balance	$ -	(298,027)	$ (298,027)
Fund balance - beginning		2,630,617	
Fund balance - ending		$ 2,332,590	

See notes to required supplementary information

FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT #2
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. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2025.

FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT #2
COLLIER COUNTY, FLORIDA
OTHER INFORMATION – DATA ELEMENTS
REQUIRED BY FL STATUTE 218.39(3)(C)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025
UNAUDITED

Element	Comments
Number of District employees compensated in the last pay period of the District's fiscal year being reported.	0
Number of independent contractors compensated to whom nonemployee compensation was paid in the last month of the District's fiscal year being reported.	3
Employee compensation	$0
Independent contractor compensation	$246,622
Construction projects to begin on or after October 1; (>$65K)	None
Budget variance report	See the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
Ad Valorem taxes;	Not applicable
Non ad valorem special assessments;	
Special assessment rate*	Operations and maintenance - $1,660.27 - $1,797.78 Debt service - $1,293.03 - $5,032.98
Special assessments collected	$6,394,839
Outstanding Bonds:	see Note 7 for details

*Special assessment rates presented above are shown as a range of rates assessed per lot

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Fiddler's Creek Community Development District #2, Collier County, Florida (the "District") as of and for the fiscal year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated June 24, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 involving the internal control over financial reporting that we have reported to management of the District in a separate letter dated June 24, 2026.

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Management Letter. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Grau & Associates

June 24, 2026

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

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

We have examined Fiddler's Creek Community Development District #2, Collier County, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida for the fiscal year ended September 30, 2025. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2025.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, and the Board of Supervisors of Fiddler's Creek Community Development District #2, Collier County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Associates

June 24, 2026

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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 #2
Collier County, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Fiddler's Creek Community Development District #2, Collier County, Florida ("District") as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated June 24, 2026.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards;* and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 24, 2026, should be considered in conjunction with this management letter.

Purpose of this 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.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, as applicable, management, and the Board of Supervisors of Fiddler's Creek Community Development District #2, Collier County, 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 #2, 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.

Grau & Associates

June 24, 2026

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2025-01 Internal Controls over Monthly Account Reconciliations:

Observation: During the course of the audit, we noted that the Series 2014-2B prepayment trust account was overstated by $19,825 as of September 30, 2025. This amount was recorded as interest income in error, resulting in an overstatement of investments and interest income by the same amount. The error was identified and subsequently adjusted in the financial statements for the fiscal year ended September 30, 2025. Based on our review, we do not believe this matter is systemic in nature; rather, it appears that established controls were in place but were not followed in this instance by certain employees.

Recommendation: We recommend that the District reinforce adherence to existing reconciliation and review controls and remind responsible personnel of the importance of consistently following established procedures to help ensure misstatements in investment account balances are identified on a timely basis.

Reference Number for Prior Year Finding: Not Applicable

Management Response: We agree with the Auditor. The Series 2014-2B prepayment trust account balance and interest income has been corrected in the fiscal year 2025 financial statements. We have already discussed the importance of adhering to established reconciliation and review controls for investment accounts with the responsible personnel and will rotate reconciliation responsibilities going forward.

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 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, 2024.

2. 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, 2025, except as noted above.

3. Noncompliance with 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 which warrants the attention of those charged with governance.

   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, 2025.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.

5. The District has not met any of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

REPORT TO MANAGEMENT (Continued)

6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2025. 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.

7. Management has provided the specific information required by Section 218.39(3)(c) in the Other Information section of the financial statements on page 28.