

TWO RIDGES COMMUNITY DEVELOPMENT DISTRICT

FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

TWO RIDGES COMMUNITY DEVELOPMENT DISTRICT
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INDEPENDENT AUDITOR'S REPORT

The Board of Supervisors
Two Ridges Community Development District:

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Two Ridges Community Development District (the "District") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's 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 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 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

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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

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 financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2026 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting.

Richie Tandoc, P.A.

Miami, Florida
April 20, 2026

This section of Two Ridges Community Development District (the "District") financial statements presents management's analysis of the financial performance for the fiscal year ended September 30, 2025. This discussion addresses whether or not the District as a whole is better off or worse off as a result of this year's activities.

Overview

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.

Further, 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.

Financial Highlights

The District was established on January 28, 2025, and as a result, the balances as of and for the period ended September 30, 2025 are for less than an twelve month period.

Due to the accrual of debt service, the liabilities of the District exceeded its assets at the close of its most recent fiscal year by \$333,335. Of this amount, \$9,380,900 was restricted for capital projects, \$563,750 was restricted for debt service, resulting in \$(10,277,985) (unrestricted deficit) available to meet the District's obligations.

At the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$9,958,528. This increase was a result of the issuance of bonds during the 2025.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. In addition, the District reports, as required supplementary information, a budget to actual comparison and notes to the required supplementary information.

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 of the District's assets and liabilities, with the difference between the two 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 District'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 the 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 Developer revenues. The District does not have any business-type activities. The governmental activities of the District include the general government (management) maintenance function.

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.

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 expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government'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 government'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 Agency maintains three individual governmental funds during fiscal year 2025. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each governmental fund.

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.

Financial Analysis

Government-wide Analysis

Our analysis of the financial statements of the District begins below. The Statement of Net Position and the Statement of Activities report information about the District's activities that will help answer questions about the position of the District. A summary of net position and changes in net position are shown below.

Summary of Net Position

| | | FY 2025 |
|---------------------------------|----|--------------|
| Cash | \$ | 25,369 |
| Restricted investments | | 9,944,650 |
| Total assets | | 9,970,019 |
| Accounts payable | | 11,491 |
| Non-current liabilities | | 10,291,863 |
| Total liabilities | | 10,303,354 |
| Net position: | | |
| Restricted for capital projects | | 9,380,900 |
| Restricted for debt service | | 563,750 |
| Unrestricted (deficit) | | (10,277,985) |
| Total net position | \$ | (333,335) |

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 (deficit) may be used to meet the District's other obligations.

The District's ending net position is a deficit for the fiscal year ended September 30, 2025. The deficit was mainly the result of the bond issue costs from the issuance of bonds during the fiscal year.

Summary of Changes in Net Position

| | FYE 2025 |
|------------------------------------|--------------|
| Revenues: | |
| General revenues: | |
| Unrestricted investment income | \$ 5 |
| Program revenues: | |
| Operating grants and contributions | 72,792 |
| Capital grants and contributions | 67,256 |
| Total revenues | 140,053 |
| Expenses: | |
| General government | 54,877 |
| Bond issue costs | 418,511 |
| Total expenses | 473,388 |
| Change in net position | (333,335) |
| Net position, beginning of year | - |
| Net position, end of year | \$ (333,335) |

Governmental Activities

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2025 was \$473,388. The costs of the District's activities were paid by program revenues and general revenues. Program revenues were comprised primarily of Developer contributions and investment income earned in the capital projects and debt service funds.

Budgetary Highlights

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. The fiscal year 2025 general fund budget was amended to decrease revenues by \$14,875 and decrease appropriations by \$21,780. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2025.

Long-term Debt

At September 30, 2025, the District had \$10,291,863 in Bonds outstanding. More detailed information about the District's 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, taxpayers, 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 Two Ridges Community Development District's management services at Special District Services, Inc., 2501A Burns Road, Palm Beach Gardens, Florida 33410.

TWO RIDGES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

| | <u>Governmental Activities</u> |
|---------------------------------|------------------------------------|
| ASSETS | |
| Cash | \$ 25,369 |
| Restricted assets: | |
| Investments | <u>9,944,650</u> |
| Total assets | <u>9,970,019</u> |
| LIABILITIES | |
| Accounts payable | 11,491 |
| Noncurrent liabilities: | |
| Due within one year: | |
| Bonds payable | 145,000 |
| Due in more than one year: | |
| Bonds payable | <u>10,146,863</u> |
| Total liabilities | <u>10,303,354</u> |
| NET POSITION | |
| Restricted for capital projects | 9,380,900 |
| Restricted for debt service | 563,750 |
| Unrestricted (deficit) | <u>(10,277,985)</u> |
| Total net position | <u>\$ (333,335)</u> |

The accompanying notes are an integral part of the basic financial statements.

TWO RIDGES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2025

| Functions/Programs | Expenses | Program Revenues | | Net Revenue (Expense) and Changes in Net Position |
|----------------------------------|-------------------|--|--|--|
| | | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental Activities: | | | | |
| General government | \$ 54,877 | \$ 68,750 | \$ - | \$ 13,873 |
| Maintenance and operations | - | - | 67,256 | 67,256 |
| Interest on long-term debt | - | 4,042 | - | 4,042 |
| Bond issue costs | 418,511 | - | - | (418,511) |
| Total governmental activities | <u>\$ 473,388</u> | <u>\$ 72,792</u> | <u>\$ 67,256</u> | <u>(333,340)</u> |
| General revenues: | | | | |
| Unrestricted investment income | | | | <u>5</u> |
| Total general revenues | | | | <u>5</u> |
| Change in net position | | | | (333,335) |
| Net position - beginning of year | | | | <u>-</u> |
| Net position - end of year | | | | <u>\$ (333,335)</u> |

The accompanying notes are an integral part of the basic financial statements.

TWO RIDGES COMMUNITY DEVELOPMENT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

| | Major funds | | | Total governmental funds |
|-------------------------------------|------------------|---------------------|-------------------|--------------------------|
| | General fund | Capital projects | Debt service | |
| ASSETS | | | | |
| Cash | \$ 25,369 | \$ - | \$ - | \$ 25,369 |
| Restricted assets: | | | | |
| Investments | <u>-</u> | <u>9,380,900</u> | <u>563,750</u> | <u>9,944,650</u> |
| Total assets | <u>\$ 25,369</u> | <u>\$ 9,380,900</u> | <u>\$ 563,750</u> | <u>\$ 9,970,019</u> |
| LIABILITIES | | | | |
| Accounts payable | <u>\$ 11,491</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 11,491</u> |
| FUND BALANCES | | | | |
| Restricted for: | | | | |
| Capital projects | - | 9,380,900 | - | 9,380,900 |
| Debt service | - | - | 563,750 | 563,750 |
| Unassigned | <u>13,878</u> | <u>-</u> | <u>-</u> | <u>13,878</u> |
| Total fund balances | <u>13,878</u> | <u>9,380,900</u> | <u>563,750</u> | <u>9,958,528</u> |
| Total liabilities and fund balances | <u>\$ 25,369</u> | <u>\$ 9,380,900</u> | <u>\$ 563,750</u> | <u>\$ 9,970,019</u> |

The accompanying notes are an integral part of the basic financial statements.

TWO RIDGES COMMUNITY DEVELOPMENT DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
YEAR ENDED SEPTEMBER 30, 2025

| | |
|--|---------------------|
| Total fund balance - governmental funds | \$ 9,958,528 |
| Amounts reported for governmental activities in the statement of net position consist of: | |
| Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund financial statements. All liabilities, both current and long-term, are reported in the government-wide financial statements. | |
| Bonds payable | <u>(10,291,863)</u> |
| Net position of governmental activities | <u>\$ (333,335)</u> |

The accompanying notes are an integral part of the basic financial statements.

TWO RIDGES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2025

| | Major funds | | | Total governmental funds |
|---|------------------|---------------------|-------------------|--------------------------|
| | General fund | Capital projects | Debt service | |
| REVENUES | | | | |
| Developer contributions | \$ 68,750 | \$ - | \$ - | \$ 68,750 |
| Investment income | 5 | 67,256 | 4,042 | 71,303 |
| Total revenues | <u>68,755</u> | <u>67,256</u> | <u>4,042</u> | <u>140,053</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 54,877 | - | - | 54,877 |
| Debt service: | | | | |
| Bond issue costs | - | 418,511 | - | 418,511 |
| Total expenditures | <u>54,877</u> | <u>418,511</u> | <u>-</u> | <u>473,388</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>13,878</u> | <u>(351,255)</u> | <u>4,042</u> | <u>(333,335)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bond proceeds | - | 9,740,292 | 559,708 | 10,300,000 |
| Bond premium (discount) | - | (8,137) | - | (8,137) |
| Total other financing sources (uses) | <u>-</u> | <u>9,732,155</u> | <u>559,708</u> | <u>10,291,863</u> |
| Net change in fund balances | 13,878 | 9,380,900 | 563,750 | 9,958,528 |
| Fund balances - beginning of year | - | - | - | - |
| Fund balances - end of year | <u>\$ 13,878</u> | <u>\$ 9,380,900</u> | <u>\$ 563,750</u> | <u>\$ 9,958,528</u> |

The accompanying notes are an integral part of the basic financial statements.

TWO RIDGES COMMUNITY DEVELOPMENT DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
 STATEMENT OF ACTIVITIES
 YEAR ENDED SEPTEMBER 30, 2025

| | | |
|---|--------------|---------------------|
| Net change in fund balances - total governmental funds | | \$ 9,958,528 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| <p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amount are deferred and amortized on the statement of activities.</p> | | |
| Bonds issued | (10,300,000) | |
| Bond discount | <u>8,137</u> | <u>(10,291,863)</u> |
| Change in net position of governmental activities | | <u>\$ (333,335)</u> |

The accompanying notes are an integral part of the basic financial statements.

1. Summary of Significant Accounting Policies

This summary of Two Ridges Community Development District (the "District") significant accounting policies is presented to assist the reader in interpreting the financial statements. The policies are considered essential and should be read in conjunction with the financial statements.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America applicable to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

A. Reporting Entity

The District was created on January 28, 2025, and is governed by the Board of Supervisors ("Board"), which is composed of five members. The Board exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes. 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. Amongst other things, The District has the power to manage basic services for community development, the 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 Board has the final 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; and 6) financing improvements.

For financial reporting purposes, the District is an independent agency and is not a component unit of any government agency.

B. 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 the nonfiduciary activities of the District. 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 are 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*.

C. 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 resource measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont.)

For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

Assessments

Assessments are non-ad valorem assessments on certain land and all platted lots within the District. Assessments are levied each November 1 on property of record as of the previous January. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. For debt service assessments, amounts collected as advance payments are used to prepay a portion of the Bonds outstanding. 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* – 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;
- *Capital Projects Fund* – is used to account for the financial resources to be used for the acquisition or construction of major infrastructure within the District; and
- *Debt Service Fund* – is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

D. Restricted Assets

Restricted assets represent investments set aside pursuant to Bond covenants or other contractual restrictions.

E. Deposits and Investments

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: 1) the Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act; 2) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; 3) interest bearing time deposits or savings accounts in qualified public depositories; and 4) direct obligations of the U.S. Treasury. Securities listed in 3) and 4) above shall be invested to provide sufficient liquidity to pay obligations as they come due.

Investments are reported at fair value on a recurring basis, as defined by GASB Statement No. 72, *Fair Value Measurement and Application*, which establishes a fair value hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 are significant unobservable inputs.

1. Summary of Significant Accounting Policies (Continued)

E. Deposits and Investments (Continued)

Investment income consists of interest earned on the District's investments. The District records all interest income related to investment activities in the respective funds.

F. 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 ratably over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when 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.

G. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position will, from time to time, report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and, as such, will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and, as such, will not be recognized as an inflow of resources (revenue) until that time.

H. Fund Balance / Net Position

Fund Balance

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent, as follows:

- Non spendable fund balance - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted fund balance - amounts that are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- Committed fund balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.
- Assigned fund balance - amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned fund balance - amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purpose within the general fund.

When both restricted and unrestricted amounts are available for use, it is the District's practice to use restricted resources first. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance.

1. Summary of Significant Accounting Policies (continued)

H. Fund Balance / Net Position (continued)

Net Position

The government-wide financial statements utilize a net position presentation. Net position can be categorized as net investment in capital assets, restricted, or unrestricted. The first category represents capital assets, less accumulated depreciation and net of any outstanding debt associated with the acquisition of capital assets. Restricted net position represents amounts that are restricted by requirement of the District’s bond covenants or other contractual restrictions. Unrestricted net position represents the net position of the District which are not restricted for any project or purpose.

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management’s knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

2. Deposits and Investments

Deposits

The carrying amount of the District’s deposits at September 30, 2025 totals \$25,369. All deposits are fully insured by Federal Depository Insurance and are held in qualified public depositories pursuant to State of Florida Statutes Chapter 280, Florida Security for Public Deposits Act (the Act). Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository’s collateral pledging level. The pledging level is dependent upon the depository’s financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

Investments

Fair value of investments measured on a recurring basis at September 30, 2025, are as follows:

| | |
|--------------------|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) |
| | _____ |
| Money market funds | \$ 9,944,650 |
| | _____ |

Credit risk – is 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. At September 30, 2025, the District’s investments consist of money market funds, which does not have an available credit rating.

Concentration of credit risk – is the risk of loss attributed to the magnitude of an entity’s investment in a single issuer. The District places no limit on the amount invested in any one issuer.

2. Deposits and Investments (Continued)

Interest rate risk – is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The District does not have provisions that limit investment maturity as a means of managing exposure to fair value losses arising from increasing interest rates. However, the bond indentures limit the type of investments held using unspent proceeds.

Information about the sensitivity of the fair value of the District's investments and market interest rate fluctuations, as of September 30, 2025, is as follows:

| | |
|--------------------|--|
| | Weighted Avg. Investment Maturities (in years) |
| Money market funds | Less than 1 yr. |

3. Long-Term Obligations

On July 1, 2025, the District issued \$10,300,000 of Special Assessment Bonds, due May 1, 2055 with interest rates of ranging from 4.27% to 6.00%. The Bonds were issued to provide funds to pay a portion of the costs of the planning, financing, acquisition, construction, equipping and installation of the District's Capital Improvement Plan. Interest is paid semiannually on each May 1 and November 1, commencing on November 1, 2025. Principal is paid serially commencing on May 1, 2026 through May 1, 2055.

The changes in the long-term obligations for the year ended September 30, 2025 are summarized as follows:

| | Balance 9/30/2024 | Additions | Deletions | Balance 9/30/2025 | Amount due within one year (a) |
|-------------------------------|----------------------|---------------|-----------|----------------------|--------------------------------------|
| Series 2025 Bonds | \$ - | \$ 10,300,000 | \$ - | \$ 10,300,000 | \$ 145,000 |
| Less: original issue discount | - | (8,137) | - | (8,137) | - |
| Total long-term obligations | \$ - | \$ 10,291,863 | \$ - | \$ 10,291,863 | \$ 145,000 |

The annual requirements to amortize the bonds payable outstanding as of September 30, 2025, are as follows:

| Fiscal Year(s) | Principal | Interest | Total |
|----------------|----------------------|----------------------|----------------------|
| 2026 | \$ 145,000 | \$ 487,083 | \$ 632,083 |
| 2027 | 150,000 | 578,338 | 728,338 |
| 2028 | 160,000 | 571,962 | 731,962 |
| 2029 | 165,000 | 565,163 | 730,163 |
| 2030 | 175,000 | 558,150 | 733,150 |
| 2031-2035 | 1,000,000 | 2,662,362 | 3,662,362 |
| 2036-2040 | 1,300,000 | 2,372,688 | 3,672,688 |
| 2041-2045 | 1,735,000 | 1,951,787 | 3,686,787 |
| 2046-2050 | 2,330,000 | 1,378,800 | 3,708,800 |
| 2051-2055 | 3,140,000 | 587,700 | 3,727,700 |
| | <u>\$ 10,300,000</u> | <u>\$ 11,714,033</u> | <u>\$ 22,014,033</u> |

4. Long-Term Obligations (Continued)

Redemption Provisions

The Bonds are subject to redemption at the option of the District prior to their maturity as outlined in the Bond Indenture. The Bonds are also subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occur as outlined in the Bond Indenture.

Indenture Requirements

The Bond Indenture requires that the District maintain adequate funds in the reserve accounts to meet the debt service reserve requirements as defined in the Bond Indenture. In addition, the Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District is in compliance with the reserve requirements outlined in the Bond Indenture at September 30, 2025.

5. Fund Balances

At September 30, 2025, the District reported the following governmental fund balances:

- Restricted fund balance – these amounts are restricted to specific purposes stipulated by the bond indentures.
- Unassigned fund balance – these amounts have not been assigned to other funds and have not been restricted, committed, or assigned to specific purpose within the general fund.

Below is a table of fund balance categories and classifications, by fund, at September 30, 2025:

| | <u>General Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> |
|------------------|---------------------|----------------------------------|------------------------------|
| Restricted for: | | | |
| Capital projects | \$ - | \$ 9,380,900 | \$ - |
| Debt service | - | - | 563,750 |
| Unassigned | <u>13,878</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 13,878</u> | <u>\$ 9,380,900</u> | <u>\$ 563,750</u> |

6. Developer Contributions

The Developer owns a portion of land within the District; therefore, assessment revenues in the general fund will include the assessments levied on those lots owned by the Developer. The Developer also provided \$68,750 as Developer contributions for the general fund during the current fiscal year.

7. 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.

8. Risk Management

The District is exposed to various risks of losses related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for the risks of loss to which it is exposed. Policy limits and deductibles are reviewed by management and established at amounts to provide reasonable protection from significant financial loss. There were no losses or claims incurred during the current fiscal year, and there were no settlements that exceeded insurance coverage during the past three fiscal years.

9. New Pronouncements Issued

The following pronouncements were recently issued, but were not yet effective for the District's fiscal year ended September 30, 2025. Management will evaluate the effect that the following pronouncements will have on its financial statements:

- GASB Statement No. 103, *Financial Reporting Model Improvements*
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*

10. Subsequent events

The District evaluated subsequent events through April 20, 2026, the date the financial statements were available to be issued, and does not believe that there are any such events or transactions that require disclosure.

TWO RIDGES COMMUNITY DEVELOPMENT DISTRICT
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 (REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED)
 YEAR ENDED SEPTEMBER 30, 2025

| | Budgeted amounts | | Actual | Variance with final budget - positive (negative) |
|--|------------------|-----------------|------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Developer contributions | \$ 83,625 | \$ 68,750 | \$ 68,750 | \$ - |
| Investment income | - | - | 5 | 5 |
| Total revenues | <u>83,625</u> | <u>68,750</u> | <u>68,755</u> | <u>5</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 81,625 | 61,845 | 54,877 | 6,968 |
| Maintenance and operations | <u>2,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>83,625</u> | <u>61,845</u> | <u>54,877</u> | <u>6,968</u> |
| Excess of revenues over expenditures / net change in fund balance | <u>\$ -</u> | <u>\$ 6,905</u> | 13,878 | <u>\$ (6,963)</u> |
| Fund balances - beginning of year | | | - | |
| Fund balances - end of year | | | <u>\$ 13,878</u> | |

The note to the required supplementary information is an integral part of this schedule.

1. Budgetary Information

The District is required to establish a budgetary system and an approved annual budget for the General Fund. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund.

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

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

The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. 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.



Richie Tandoc, P.A.

Certified Public Accountant & Consultant
13453 SW 105th Ave, Miami, Florida 33176 / T. (305) 720-2502

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*

The Board of Supervisors
Two Ridges Community Development District:

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 the major fund of Two Ridges Community Development District (the "District") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated April 20, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 and 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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Richie Tandoc, P.A.

Miami, Florida
April 20, 2026



Richie Tandoc, P.A.

Certified Public Accountant & Consultant
13453 SW 105th Ave, Miami, Florida 33176 / T. (305) 720-2502

MANAGEMENT LETTER IN ACCORDANCE WITH THE
RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

The Board of Supervisors
Two Ridges Community Development District:

Report on the Financial Statements

We have audited the financial statements of Two Ridges Community Development District (the "District") as of and for the fiscal year ended September 30, 2025, and have issued our report dated April 20, 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 Report Requirements

We have issued our Independent Auditor's Reports 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*. Disclosures in that report, which is dated April 20, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such findings identified.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Such disclosures are made in note 1 to the District's financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we report the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b(1). and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures as of September 30, 2025. See current year finding below. It is management's responsibility to monitor the District's 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.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Specific Information

As required by Section 218.39(3)(a), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the District reported:

- a. There were no employees compensated in the last pay period of the District’s fiscal year.
- b. There was 1 independent contractor to whom nonemployee compensation was paid in the last month of the District’s fiscal year.
- c. There was no compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency, for the fiscal year.
- d. Total compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency for the fiscal year totaled \$11,975.
- e. There were no construction projects with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1 of the fiscal year being reported.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes, is reported on page 19 of the financial statements.

As required by Section 218.32(1)(e)5, Florida Statutes, and Section 10.554(1)(i)9, Rules of the Auditor General, the WWID reported:

- a. There were no non-ad valorem special assessments imposed by the District for the fiscal year.
- b. There were no special assessments collected by or on behalf of the District for the fiscal year.
- c. The District’s outstanding bonds at fiscal year-end are as follows:

| Description | Balance at 9/30/2025 |
|-------------------------------|----------------------|
| Series 2025, due May 1, 20255 | \$ 10,300,000 |

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Florida Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, and the Board of Supervisors and management of the District, and is not intended to be and should not be used by anyone other than these specified parties.

Richie Tandoc, P.A.

Miami, Florida
April 20, 2026



Richie Tandoc, P.A.

Certified Public Accountant & Consultant
13453 SW 105th Ave, Miami, Florida 33176 / T. (305) 720-2502

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES

The Board of Supervisors
Two Ridges Community Development District:

We have examined Two Ridges Community Development District (the "District") compliance with the specified requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies* (specified requirements) during the period October 1, 2025 to September 30, 2025. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with specified requirements 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 above. 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 the specified requirements.

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

In our opinion, the District complied, in all material respects, with the specified requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies* during the period October 1, 2025 to 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 the District, and is not intended to be and should not be used by anyone other than these specified parties.

Richie Tandoc, P.A.

Miami, Florida
April 20, 2026