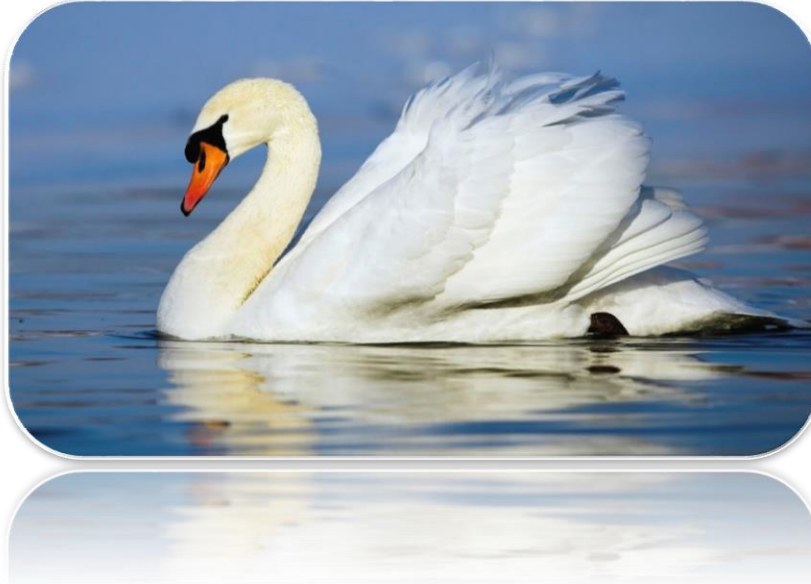


PALERMO COMMUNITY DEVELOPMENT DISTRICT



MEETING AGENDA

MARCH 21, 2024

PREPARED BY:

JPWARD & ASSOCIATES, LLC, 2301 NORTHEAST 37TH STREET, FORT LAUDERDALE, FL 33308

T: 954-658-4900 E: JimWard@JPWardAssociates.com

PALERMO COMMUNITY DEVELOPMENT DISTRICT

March 15, 2024

Board of Supervisors

Palermo Community Development District

Dear Board Members:

The Regular Meeting of the Board of Supervisors of the Palermo Community Development District will be held on **Thursday, March 21, 2024 at 9:00 A.M.** at the offices of **Lennar Homes, LLC, 10461 Six Mile Cypress Parkway, Fort Myers, Florida 33966.**

The following Webex link and telephone number are provided to join/watch the meeting:

<https://districts.webex.com/districts/j.php?MTID=mc04b96a53561aee6060b627dad2e8a6c>

Access Code: **2342 430 7297** Event password: **Jpward**

Phone: **408-418-9388** and enter the access code **2342 430 7297**, password **Jpward (579274)** to join the meeting.

Agenda

1. Call to Order & Roll Call.
2. Consideration of Minutes:
 - I. July 21, 2023 Public Hearing and Regular Meeting.
3. Consideration of the acceptance of the Audited Financial Statements for the Fiscal Year ended September 30, 2023.
4. Consideration of **Resolution 2024-1**, a Resolution of the Board of Supervisors of Palermo Community Development District approving a proposed Fiscal Year 2025 Budget and setting the Public Hearing to be held on **Thursday, June 20, 2024, at 9:00 A.M.** at the offices of **Lennar Homes LLC, 10461 Six Mile Cypress Parkway, Fort Myers, Florida 33966.**
5. Consideration of **Resolution 2024-2**, a Resolution of the Board of Supervisors Reaffirming, Restating and Re-Establishing the District's adoption of an Electronic Records Policy and a Policy on the use of Electronic Signatures; addressing severability, conflicts and an effective date.

6. Staff Reports.
 - I. District Attorney.
 - a) New performance reporting requirements for CDDs
 - II. District Engineer.
 - III. District Manager.
 - a) Florida Law changes to Form 1 Filings.
 - b) **Important Board Meeting Dates for Balance of Fiscal Year 2024.**
 1. June 20, 2024 - Public Hearings: Proposed Fiscal Year 2025 Budget.
 2. November 21, 2024 - Landowners Election (Seats 1, 2 & 5).
 - c) Financial Statement for period ending December 31, 2023 (unaudited).
 - d) Financial Statement for period ending January 31, 2024 (unaudited).
 - e) Financial Statement for period ending February 29, 2024 (unaudited).
7. Supervisor's Requests and Audience Comments.
8. Public Comments: - Public comment period is for items NOT listed on the Agenda, and comments are limited to three (3) minutes per person and assignment of speaking time is not permitted; however, the Presiding Officer may extend or reduce the time for the public comment period consistent with Section 286.0114, Florida Statutes.
9. Adjournment.

Staff Review

The first order of business is the call to order and roll call.

The second order of business is consideration of the Minutes from the Palermo Board of Supervisors Regular Meeting held on consideration of the minutes from the July 21, 2023 Public Hearing and Regular Meeting.

The third order of business is consideration and acceptance of the Audited Financial Statements for Fiscal Year 2023, covering the period October 1, 2022, through September 30, 2023. A representative of the Audit Firm Grau & Associates will join the meeting to fully review the audit with the Board.

The fourth order of business is the consideration of **Resolution 2024-1**, which approves a proposed Fiscal Year 2025 Budget and sets a Public Hearing date, time, and location.

The District's enabling legislation requires the District Manager to submit a Proposed Budget to the Board by June 15th of each year for your review and approval. The approval of the budget is only intended to permit the District to move through the process towards adopting the budget at a Public Hearing scheduled for the **Thursday, June 20, 2024 at 9:00 A.M. at the offices of Lennar Homes LLC, 10461 Six Mile Cypress Parkway, Fort Myers, Florida 33966.**

The approval of the Budget does not bind the Board to any of the costs contained in the budget, any of the programs contained in the Budget and most importantly it does not bind the Board to the Assessment Rates for the general fund contemplated as a result of the preparation of the Budget.

The fifth order of business is the consideration of **Resolution 2024-2**, a Resolution of the Board of Supervisors Reaffirming, Restating and Re-Establishing the District's adoption of an Electronic Records Policy and a Policy on the use of Electronic Signatures; addressing severability, conflicts and an effective date.

The District is required to adopt policies and procedures to ensure compliance with the Records Management laws for governmental agencies, including CDD's, and to designate a Records Management Liaison Officer (RMLO) that is responsible for the records management systems implemented by the District.

Florida's Records Management Program is a cooperative effort between the Division of Library and Information Services/Bureau of Archives and Records Management and State and Local Government Agencies throughout the State of Florida. The goal of Florida's Records Management Program is to provide professional assistance to State and Local Government Agencies in managing the records and information required to conduct the business of government. Our society generates and processes information on an unprecedented scale, intensified by rapidly advancing technology and complicated by quickly evolving principles of law governing the legality and admissibility of records created or maintained by this technology.

Local governmental agencies must adhere to mandatory standards. One such mandatory standard is Rule 1B-26.003, Florida Administrative Code, Electronic Recordkeeping. This Rule provides standards for the creation, utilization, maintenance, retention, preservation, storage, and disposition of electronic records.

According to the Florida Department of State/Division of Library and Information Services, there are no current notices for Rules Changes for Records Management. However, past notices posted have been:

June 28, 2023 - Records Retention Scheduling and Disposition, Rule 1B-24.003: Adopted Rule

April 6, 2023 - Records Retention Scheduling and Disposition, Rule 1B-24.003: Notice of Proposed Rule

December 27, 2022 - Records Retention Scheduling and Disposition: 1B-24.003: Notice of Development of Rulemaking

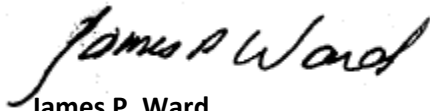
Additional records information, as well as the above references, can be found at the Florida Department of State/Division of Library and Information Services website using the following link: <https://dos.fl.gov/library-archives/records-management/general-records-schedules/>.

The sixth order of business are staff reports by the District Attorney, District Engineer, and the District Manager. The District Manager will report on the remainder of the Fiscal Year 2024 meeting schedule; and Financial Statements (unaudited) for the periods ending December 31, 2023, January 31, 2024 and February 29, 2024.

The remainder of the agenda is standard in nature, and in the meantime, if you have any questions and/or comments before the meeting, please do not hesitate to contact me directly by phoning (954) 658-4900.

Sincerely yours,

Palermo Community Development District



James P. Ward
District Manager

The Fiscal Year 2024 Meeting Schedule is as follows:

February 15, 2024	March 21, 2024
April 18, 2024	May 16, 2024
June 20, 2024	July 18, 2024
August 15, 2024	September 19, 2024

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**MINUTES OF MEETING
PALERMO
COMMUNITY DEVELOPMENT DISTRICT**

The Regular Meeting of the Board of Supervisors of the Palermo Community Development District was held on Friday, July 21, 2023, at 9:00 a.m., at the offices of Lennar Homes, LLC, 10481 Six Mile Cypress Parkway, Ft. Myers, Florida 33966.

Present:

Scott Edwards	Chairperson
Barry Ernst	Assistant Secretary
Zane Zeidan	Assistant Secretary
Ashley Kingston	Assistant Secretary

Absent:

Dalton Drake	Vice Chairperson
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Also present were:

James P. Ward	District Manager
Greg Urbancic	District Attorney
David Caplivski	Grau and Associates

Audience:

All resident's names were not included with the minutes. If a resident did not identify themselves or the audio file did not pick up the name, the name was not recorded in these minutes.

**PORTIONS OF THIS MEETING WERE TRANSCRIBED VERBATIM. ALL VERBATIM PORTIONS
WERE TRANSCRIBED IN *ITALICS*.**

FIRST ORDER OF BUSINESS

Call to Order

Mr. James Ward called the meeting to order at approximately 9:04 a.m. He conducted roll call; all Members of the Board were present, with the exception of Supervisor Drake, constituting a quorum.

SECOND ORDER OF BUSINESS

Notice of Advertisement

Notice of Advertisement of Public Hearing

THIRD ORDER OF BUSINESS

Consideration of Minutes

March 16, 2023 – Regular Meeting Minutes

Mr. Ward asked if there were any additions, deletions, or corrections for the Minutes; there were none.

On MOTION made by Scott Edwards, seconded by Barry Ernst, and with all in favor, the March 16, 2023, Regular Meeting Minutes were approved.

FOURTH ORDER OF BUSINESS

Public Hearing

FISCAL YEAR 2024 BUDGET

Mr. Ward explained the Public Hearing process noting there were two public hearings, the first related to the Budget itself.

a) FISCAL YEAR 2024 BUDGET

I. Public Comment and Testimony

Mr. Ward called for a motion to open the Public Hearing.

On MOTION made by Barry Ernst, seconded by Ashley Kingston, and with all in favor, the Public Hearing was opened.

Mr. Ward asked if there were any members of the audience present in person or via audio or video with questions regarding the fiscal year 2024 budget; there were none. He noted there were no members of the public present in person. He called for a motion.

On MOTION made by Barry Ernst, seconded by Scott Edwards, and with all in favor, the Public Hearing was closed.

II. Board Comment and Consideration

Mr. Ward asked if there were any questions or comments from the Board; there were none.

III. Consideration of Resolution 2023-8, a resolution of the Board of Supervisors adopting the Annual Appropriation and Budget for Fiscal Year 2024

Mr. Ward called for a motion to approve the budget beginning October 1, 2023 and ending on September 30, 2024.

On MOTION made Scott Edwards, seconded by Ashley Kingston, and with all in favor, Resolution 2023-8 was adopted, and the Chair was authorized to sign.

b) FISCAL YEAR 2024 IMPOSING SPECIAL ASSESSMENTS; ADOPTING AN ASSESSMENT ROLL AND APPROVING THE GENERAL FUND SPECIAL ASSESSMENT METHODOLOGY

Mr. Ward indicated this public hearing was related to the imposition of assessments, the adoption of an assessment roll and approval of the methodology.

93
94 **I. Public Comment and Testimony**
95

96 Mr. Ward called for a motion to open the Public Hearing.
97

98 **On MOTION made by Barry Ernst, seconded by Ashley Kingston, and**
99 **with all in favor, the Public Hearing was opened.**

100
101 Mr. Ward asked if there were any members of the audience present in person, or via audio or
102 video with questions or comments; there were none. He noted there were no members of the
103 public present in person. He called for a motion.
104

105 **On MOTION made by Barry Ernst, seconded by Ashley Kingston, and**
106 **with all in favor, the Public Hearing was closed.**

107
108 **II. Board Comment and Consideration**
109

110 Mr. Ward asked if there were any questions or comments from the Board; there were none.
111

112 **III. Consideration of Resolution 2023-9, a resolution of the Board of Supervisors imposing special**
113 **assessments, adopting an assessment roll, and approving the General Fund Special Assessment**
114 **Methodology**
115

116 Mr. Ward called for a motion.
117

118 **On MOTION made by Scott Edwards, seconded by Ashley Kingston,**
119 **and with all in favor, Resolution 2023-9 was adopted, and the Chair**
120 **was authorized to sign.**

121
122 **IV. Consideration of Resolution 2023-10, a Resolution of the Board of Supervisors establishing an**
123 **Operation and Maintenance Assessment Cap for notice purposes**
124

125 Mr. Ward explained Resolution 2023-10 set a cap rate of \$226.82 dollars. He explained if the
126 assessment rate went higher than the cap rate, mailed notice would be required to be sent to all
127 property owners within the District. He asked if there were any questions; hearing none, he called
128 for a motion.
129

130 **On MOTION made by Barry Ernst, seconded by Ashley Kingston, and**
131 **with all in favor, Resolution 2023-10 was adopted, and the Chair was**
132 **authorized to sign.**

133
134 **FIFTH ORDER OF BUSINESS**
135

Consideration of Audited Financial Statements

136 **Consideration of the acceptance of the Audited Financial Statements for the Fiscal Year ended**
137 **September 30, 2022**
138

Mr. Ward introduced David Caplivski with Grau and Associates.

Mr. David Caplivski with Grau and Associates thanked the Board, and the District's Management and Staff. He explained the Audit of Financial Statements was required by Florida Statutes and the Bond Agreements. He reported the opinion on the Financial Statements was a clean, or unmodified, opinion which was the best opinion a district could receive. He noted the Auditor was also required to report any internal control material weaknesses or deficiencies and none were noted. He stated lastly there was a letter the Florida Auditor General required which reflected a clean, unmodified opinion as well. He thanked the CDD for choosing Grau and Associates.

Mr. Ward asked if there were any questions; hearing none, he called for a motion.

On MOTION made by Zane Zeidan, seconded by Ashley Kingston, and with all in favor, the Audited Financial Statements for the Fiscal Year ended September 30, 2022 were accepted for purposes of inclusion in the record.

SIXTH ORDER OF BUSINESS

Consideration of Resolution 2023-11

Consideration of Resolution 2023-11, a Resolution of the Board of Supervisors designating dates, time, and location for regular meetings of the Board of Supervisors for Fiscal Year 2024

Mr. Ward indicated Resolution 2023-11 set the meeting dates for fiscal year 2024 on the third Thursday of each month at 9:00 a.m. at the offices of Lennar Homes, LLC, 10481 Six Mile Cypress Parkway, Ft. Myers, Florida 33966. He indicated the dates and times could be changed if necessary. He asked if there were any questions; hearing none, he called for a motion.

On MOTION made by Scott Edwards, seconded by Barry Ernst, and with all in favor, Resolution 2023-11 was adopted, and the Chair was authorized to sign.

SEVENTH ORDER OF BUSINESS

Consideration of Resolution 2023-12

Consideration of Resolution 2023-12, a Resolution of the Board of Supervisors establishing Policies and Procedures Relating to the Review of Requests for Fence Encroachments into Drainage Easements dedicated to the District; and Providing for Severability, Conflicts and an Effective Date

Mr. Ward indicated this Item would be pulled from the Agenda today and revisited in the future.

EIGHTH ORDER OF BUSINESS

Staff Reports

I. District Attorney

Mr. Urbancic: Starting next year, four hours of Ethics Training will be required annually. The certification will be a part of the Form 1. Form 1s in the future now will all be done electronically. The State said no more paper. Otherwise, I have nothing to report.

II. District Engineer

No report.

III. District Manager

- a) Number of Registered Voters within the District as of April 15, 2023
- b) Remaining Board Meeting Dates for Balance of Fiscal Year 2023: August 17, 2023, and September 21, 2023
- c) Financial Statement for period ending April 30, 2023 (unaudited)
- d) Financial Statement for period ending May 31, 2023 (unaudited)
- e) Financial Statement for period ending June 30, 2023 (unaudited)

Mr. Ward: The number of registered voters within the District as of April 15, 2023 was 156. That means when you hit two thresholds, one is six years from the date of establishment, and the second is 250 qualified electors, you will begin to transition two seats in an even number year to qualified electors. This is an older District. It was established in 2007, so once you hit the 250 threshold mark then you will start to transition this Board to a qualified elector board. In that first year there will be three seats up, two seats will be qualified electors and the third seat will be a landowner seat. Two years thereafter the next two seats will be qualified electors and two years after that will be the final qualified elector seat. It transitions basically over a six year period. There is no action required, it is just reported as a requirement. The next seats up for consideration are Zane's, Ashley's, and Barry's.

NINTH ORDER OF BUSINESS**Supervisor's Requests and Audience Comments**

Mr. Ward asked if there were any Supervisor's requests; there were none. He asked if there were any audience comments from audience members present in person, or via audio/video; there were none.

TENTH ORDER OF BUSINESS**Adjournment**

Mr. Ward adjourned the meeting at approximately 9:15 a.m.

On MOTION made by Scott Edwards, seconded by Barry Ernst, and with all in favor, the Meeting was adjourned.

Palermo Community Development District

James P. Ward, Secretary

Scott Edwards, Chairperson

**PALERMO
COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023**

**PALERMO COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA**

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Grau & Associates

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Palermo Community Development District
Lee 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 Palermo Community Development District, Lee County, Florida ("District") as of and for the fiscal year ended September 30, 2023, 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, 2023, 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 December 28, 2023, 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, 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.



December 28, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Palermo Community Development District, Lee County, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2023. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The liabilities of the District exceeded its assets at the close of the most recent fiscal year resulting in a net position deficit balance of (\$2,115,386).
- The change in the District's total net position in comparison with the prior fiscal year was (\$2,145,760), a decrease. The majority of the decrease is due to the conveyance of infrastructure improvements to other governmental entities along with bond issuance costs. 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, 2023, the District's governmental funds reported combined ending fund balances of \$7,691,667, an increase of \$7,661,293 in comparison with the prior fiscal year. The total fund balance is restricted for debt service and capital projects, and the remainder is unassigned fund balance which is available for spending at the District's discretion.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the introduction to the District's 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 and liabilities and deferred inflows 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 Developer contributions. The District does not have any business-type activities. The governmental activities of the District include the general government (management) 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.

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 balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and capital projects fund, all of which are considered major funds.

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

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, liabilities exceeded assets 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,			
	2023	2022	
Current and other assets	\$ 7,857,734	\$ 30,656	
Capital assets, net of depreciation	1,804,520	-	
Total assets	9,662,254	30,656	
Current liabilities	335,008	282	
Long-term liabilities	11,442,632	-	
Total liabilities	11,777,640	282	
Net Position			
Net investment in capital assets	(2,369,758)	-	
Restricted	7,479,179	-	
Unrestricted	(7,224,807)	30,374	
Total net position	\$ (2,115,386)	\$ 30,374	

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 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

The District's net position decreased during the most recent fiscal year. The majority of the decrease was due to the conveyance of infrastructure and bond issuance costs incurred during the current fiscal year.

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,			
	2023	2022	
Revenues:			
Program revenues			
Operating grants and contributions	\$ 126,290	\$ 95,900	
Capital grants and contributions	204,618	-	
Total revenues	330,908	95,900	
Expenses:			
General government	103,552	65,526	
Maintenance and operations*	5,145	-	
Conveyance of infrastructure	1,565,151	-	
Bond issuance cost	452,720	-	
Interest	350,100	-	
Total expenses	2,476,668	65,526	
Change in net position	(2,145,760)	30,374	
Net position - beginning	30,374	-	
Net position - ending	\$ (2,115,386)	\$ 30,374	

*Comprised of depreciation expense

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2023, was \$2,476,668. The costs of the District's activities were funded by program revenues. Program revenues, comprised primarily of Developer contributions and investment earnings, increased during the fiscal year primarily as a result of interest earned on Bond proceeds. Expenses increased from the prior year as a result of the conveyance of infrastructure and bond issuance costs which was related to Series 2023 Special Assessment Bonds issued in the current fiscal year.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2023.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2023, the District had \$1,809,665 invested in capital assets for its governmental activities. In the government-wide financial statements depreciation of \$5,145 has been taken, which resulted in a net book value of \$1,804,520. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2023, the District had \$11,540,000 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

It is anticipated that the general operations of the District will increase as the District is built out.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, landowners, 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 Palermo Community Development District at the office of the District Manager, James P. Ward at 2301 Northeast 37th Street, Fort Lauderdale, FL 33308, (954) 658-4900.

**PALERMO COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 209,614
Restricted assets:	
Investments	7,648,120
Capital assets:	
Depreciable, net	<u>1,804,520</u>
Total assets	<u>9,662,254</u>
 LIABILITIES	
Accounts payable	1,322
Due to other governments	164,745
Accrued interest payable	168,941
Non-current liabilities:	
Due within one year	180,000
Due in more than one year	<u>11,262,632</u>
Total liabilities	<u>11,777,640</u>
 NET POSITION	
Net investment in capital assets	(2,369,758)
Restricted for debt service	210,825
Restricted for capital projects	7,268,354
Unrestricted	<u>(7,224,807)</u>
Total net position	<u>\$ (2,115,386)</u>

See notes to the financial statements

**PALERMO COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Primary government:				Governmental Activities
Governmental activities:				
General government	\$ 103,552	\$ 116,725	\$ -	\$ 13,173
Maintenance and operations*	5,145	-	-	(5,145)
Bond issuance costs	452,720	-	-	(452,720)
Conveyance of infrastructure	1,565,151	-	-	(1,565,151)
Interest on long-term debt	350,100	9,565	204,618	(135,917)
Total governmental activities	<u>2,476,668</u>	<u>126,290</u>	<u>204,618</u>	<u>(2,145,760)</u>
	Change in net position			(2,145,760)
	Net position - beginning			30,374
	Net position - ending			<u>\$ (2,115,386)</u>

*Comprised of depreciation expense

See notes to the financial statements

**PALERMO COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	Major Funds			Total
	General	Debt Service	Capital Projects	Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 209,614	\$ -	\$ -	\$ 209,614
Investments	-	379,766	7,268,354	7,648,120
Total assets	<u>\$ 209,614</u>	<u>\$ 379,766</u>	<u>\$ 7,268,354</u>	<u>\$ 7,857,734</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,322	\$ -	\$ -	\$ 1,322
Due to other governments	164,745	-	-	164,745
Total liabilities	<u>166,067</u>	<u>-</u>	<u>-</u>	<u>166,067</u>
Fund balances:				
Restricted for:				
Debt service	-	379,766	-	379,766
Capital projects	-	-	7,268,354	7,268,354
Unassigned	43,547	-	-	43,547
Total fund balances	<u>43,547</u>	<u>379,766</u>	<u>7,268,354</u>	<u>7,691,667</u>
Total liabilities and fund balances	<u>\$ 209,614</u>	<u>\$ 379,766</u>	<u>\$ 7,268,354</u>	<u>\$ 7,857,734</u>

See notes to the financial statements

**PALERMO COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

Fund balance - governmental funds	\$ 7,691,667
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Amounts reported for governmental activities in the statement of net position are different because:

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

Cost of capital assets	1,809,665	
Accumulated depreciation	<u>(5,145)</u>	1,804,520

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	(168,941)	
Bonds payable	<u>(11,442,632)</u>	<u>(11,611,573)</u>

Net position of governmental activities	<u>\$ (2,115,386)</u>
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See notes to the financial statements

**PALERMO COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
REVENUES				
Developer contributions	\$ 116,725	\$ -	\$ -	\$ 116,725
Interest earnings	-	9,565	204,618	214,183
Total revenues	116,725	9,565	204,618	330,908
EXPENDITURES				
Current:				
General government	103,552	-	-	103,552
Debt service:				
Interest	-	180,203	-	180,203
Bond issuance costs	-	-	452,720	452,720
Capital outlay	-	-	3,374,816	3,374,816
Total expenditures	103,552	180,203	3,827,536	4,111,291
Excess (deficiency) of revenues over (under) expenditures	13,173	(170,638)	(3,622,918)	(3,780,383)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	(7,587)	7,587	-
Bond proceeds	-	557,991	10,982,009	11,540,000
Original issue discount	-	-	(98,324)	(98,324)
Total other financing sources (uses)	-	550,404	10,891,272	11,441,676
Net change in fund balances	13,173	379,766	7,268,354	7,661,293
Fund balances - beginning	30,374	-	-	30,374
Fund balances - ending	\$ 43,547	\$ 379,766	\$ 7,268,354	\$ 7,691,667

See notes to the financial statements

**PALERMO COMMUNITY DEVELOPMENT DISTRICT
LEE 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, 2023**

Net change in fund balances - total governmental funds	\$ 7,661,293
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; however, the cost of those assets is eliminated in the statement of activities and capitalized in the statement of net position.	3,374,816
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Conveyances of infrastructure improvements to other governments of previously capitalized capital assets is recorded as an expense in the statement of activities.	(1,565,151)
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Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.	(5,145)
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Governmental funds report the face amount of Bonds issued as financial resources when debt is first issued, whereas these amounts are eliminated in the statement of activities and recognized as long-term liabilities in the statement of net position.	(11,540,000)
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In connection with the issuance of the Bonds, the original issue discount/premium is reported as a financing use/source when debt is first issued, whereas this amount is eliminated in the statement of activities and reduces/increases long-term liabilities in the statement of net position.	98,324
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Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds. The details of the differences are as follows:

Amortization of original issue discount/premium	(956)
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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 governmental fund financial statements.	(168,941)
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Change in net position of governmental activities	<u>\$ (2,145,760)</u>
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See notes to the financial statements

**PALERMO COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - NATURE OF ORGANIZATION AND REPORTING ENTITY

Palermo Community Development District (the "District") was created on March 27, 2007 by Ordinance 2007-05 of Lee 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 qualified electors within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes. As of September 30, 2023, three of the Board members are affiliated with Lennar Homes LLC (the "Developer").

The Board has the responsibility for:

1. Allocating and levying assessments.
2. Approving budgets.
3. Approving the hiring and firing of key personnel.
4. 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 is considered to be financially accountable and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net 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 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assessments

The District's Assessments are included on the property tax bill that all landowner's receive. The Florida Statutes provide that special assessments may be collected by using the Uniform Method. Under the Uniform Method, the District's Assessments will be collected together with County and other taxes. These Assessments will appear on a single tax bill issued to each landowner subject to such. The statutes relating to enforcement of County taxes provide that County taxes become due and payable on November 1 of the year when assessed or soon thereafter as the certified tax roll is received by the Tax Collector and constitute a lien upon the land from January 1 of such year until paid or barred by operation of law. Such taxes (together with any assessments, being collected by the Uniform Method) are to be billed, and landowners in the District are required to pay all such taxes and assessments, without preference in payment of any particular increment of the tax bill, such as the increment owing for the District's Assessments. Upon any receipt of moneys by the Tax Collector from the Assessments, such moneys will be delivered to the District.

All city, county, school and special district ad valorem taxes, non-ad valorem special assessments and voter-approved ad valorem taxes levied to pay principal of and interest on bonds, including the District Assessments, that are collected by the Uniform Method are payable at one time. If a taxpayer does not make complete payment of the total amount, he or she cannot designate specific line items on his or her tax bill as deemed paid in full and such partial payment is not to be accepted and is to be returned to the taxpayer, provided, however that a taxpayer may contest a tax assessment pursuant to certain conditions in Florida Statutes and other applicable law.

Under the Uniform Method, if the Assessments are paid during November when due or at any time within thirty (30) days after the mailing of the original tax notice or during the following three months, the taxpayer is granted a variable discount equal to 4% in November and decreasing one percentage point per month to 1% in February. March payments are without discount. Pursuant to Section 197.222, Florida Statutes, taxpayers may elect to pay estimated taxes, which may include non-ad valorem special assessments such as the District's Assessments in quarterly installments with a variable discount equal to 6% on June 30 decreasing to 3% on December 31, with no discount on March 31. All unpaid taxes and assessments become delinquent on April 1 of the year following assessment, and the Tax Collector is required to collect taxes prior to April 1 and after that date to institute statutory procedures upon delinquency to collect assessed taxes. Delay in the mailing of tax notices to taxpayers may result in a delay throughout this process.

Certain taxpayers that are entitled to claim homestead tax exemption under Section 196.031(1), Florida Statutes may defer payment of a portion of the taxes and non-ad valorem assessments and interest accumulated on a tax certificate, which may include non-ad valorem special assessments. Deferred taxes and assessments bear interest at a variable rate not to exceed 7%. The amount that may be deferred varies based on whether the applicant is younger than age 65 or is 65 years old or older; provided that applicants with a household income for the previous calendar year of less than \$10,000 or applicants with less than the designated amount for the additional homestead exemption under Section 196.075, Florida Statutes that are 65 years old or older may defer taxes and assessments in their entirety.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Assessments (Continued)

Collection of Delinquent Assessments under the Uniform Method is, in essence, based upon the sale by the Tax Collector of "tax certificates" and remittance of the proceeds of such sale to the District for payment of the Assessments due.

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.

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 long-term debt.

Capital Projects Fund

This fund accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District.

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 Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Deposits and Investments (Continued)

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.

Inventories and Prepaid Items

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

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

Capital Assets

Capital assets which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 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.

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

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

<u>Assets</u>	<u>Years</u>
Stormwater improvements	25
Water utilities	15

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.

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 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

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.

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 District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) A public hearing is 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, and in certain instances the District Manager.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriations for annually budgeted funds lapse at the end of the year.

NOTE 4 – DEPOSITS AND INVESTMENTS

Deposits

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

Investments

The District's investments were held as follows at September 30, 2023:

	Amortized Cost	Credit Risk	Maturities
US Bank Gcts 0490	7,648,120	N/A	N/A
	<u>\$ 7,648,120</u>		

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.

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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. Accordingly, the District's investments have been reported at amortized cost above.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Infrastructure under construction	\$ -	\$ 3,374,816	\$ 3,374,816	\$ -
Total capital assets, not being depreciated	-	3,374,816	3,374,816	-
Capital assets, being depreciated				
Stormwater improvements	-	1,606,239	-	1,606,239
Water utilities	-	203,426	-	203,426
Total capital assets, being depreciated	-	203,426	-	1,809,665
Less accumulated depreciation for:				
Stormwater improvements	-	4,015	-	4,015
Water utilities	-	1,130	-	1,130
Total accumulated depreciation	-	5,145	-	5,145
Total capital assets, being depreciated, net	-	198,281	-	1,804,520
Governmental activities capital assets, net	\$ -	\$ 3,573,097	\$ 3,374,816	\$ 1,804,520

Total infrastructure improvements for the District were estimated to cost approximately \$19,922,665. A portion of the project was to be funded from the Series 2023 Special Assessment Bonds and the remainder would be funded by either the Developer or another bond issue. In addition, upon completion, certain improvements are to be conveyed to other governments. All the current year infrastructure additions were acquired from the Developer. A total of \$1,565,151 infrastructure improvements were conveyed to other governmental entities for ownership and maintenance responsibilities during the current fiscal year.

Depreciation expense was charged to the maintenance and operations function.

NOTE 6 – LONG-TERM LIABILITIES

Series 2023

On February 23, 2023, the District issued \$11,540,000 of Special Assessment Bonds, Series 2023, consisting of multiple Term Bonds with due dates from June 15, 2030 to June 15, 2053 and fixed interest rates ranging from 4.125% to 5.25%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is to be paid semiannually on each June 15 and December 15. Principal on the Bonds is to be paid serially commencing June 15, 2024 through June 15, 2053.

The Series 2023 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.

NOTE 6 – LONG-TERM LIABILITIES (Continued)

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District was in compliance with the requirements at September 30, 2023.

Long-term Debt Activity

Changes in long-term liability activity for the fiscal year ended September 30, 2023 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2023	\$ -	\$ 11,540,000	\$ -	\$ 11,540,000	\$ 180,000
Less: original issue discount	-	(98,324)	(956)	(97,368)	-
Total	-	\$ 11,441,676	\$ (956)	\$ 11,442,632	\$ 180,000

At September 30, 2023, the scheduled debt service requirements on the long-term debt were as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2024	\$ 180,000	\$ 579,225	\$ 759,225
2025	185,000	571,800	756,800
2026	195,000	564,169	759,169
2027	200,000	556,125	756,125
2028	210,000	547,875	757,875
2029-2033	1,205,000	2,594,800	3,799,800
2034-2038	1,530,000	2,269,500	3,799,500
2039-2043	1,975,000	1,844,500	3,819,500
2044-2048	2,550,000	1,284,413	3,834,413
2049-2053	3,310,000	539,700	3,849,700
	<u>\$ 11,540,000</u>	<u>\$ 11,352,107</u>	<u>\$ 22,892,107</u>

NOTE 7 - 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. There were no settled claims during the past three years.

NOTE 8 – DEVELOPER TRANSACTIONS

The Developer has agreed to fund the general operations of the District. In connection with that agreement, developer contributions to the general fund during the current fiscal year were \$116,725.

NOTE 9 – CONCENTRATION

The District's activity is dependent upon the continued involvement of the Developer, the loss of which could have a material adverse effect on the District's operations.

NOTE 10 - MANAGEMENT COMPANY

The District has contracted with a management company to perform management services, which include financial and accounting 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.

**PALERMO COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
	Original & Final	Actual Amounts	
REVENUES			
Developer contributions	\$ 116,725	\$ 116,725	\$ -
Total revenues	<u>116,725</u>	<u>116,725</u>	<u>-</u>
EXPENDITURES			
Current:			
General government	116,725	103,552	13,173
Total expenditures	<u>116,725</u>	<u>103,552</u>	<u>13,173</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	13,173	<u>\$ 13,173</u>
Fund balance - beginning		<u>30,374</u>	
Fund balance - ending		<u>\$ 43,547</u>	

See notes to required supplementary information

**PALERMO COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. 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, 2023.

**PALERMO COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
OTHER INFORMATION – DATA ELEMENTS
REQUIRED BY FL STATUTE 218.39(3)(C)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
UNAUDITED**

<u>Element</u>	<u>Comments</u>
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.	15
Employee compensation	\$0
Independent contractor compensation	\$103,552
Construction projects to begin on or after October 1; (\$65K)	
Example - Series 2023 project	Not applicable
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;	Not applicable
Outstanding Bonds:	see Note 6 for details



**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
Palermo Community Development District
Lee 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 the major fund of Palermo Community Development District, Lee County, Florida ("District") as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated December 28, 2023.

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*.

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.



December 28, 2023



Grau & Associates
CERTIFIED PUBLIC ACCOUNTANTS

951 Yamato Road • Suite 280
Boca Raton, Florida 33431
(561) 994-9299 • (800) 299-4728
Fax (561) 994-5823
www.graucpa.com

**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
Palermo Community Development District
Lee County, Florida

We have examined Palermo Community Development District, Lee 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 during the fiscal year ended September 30, 2023. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on 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, 2023.

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 Palermo Community Development District, Lee County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Associates

December 28, 2023



Grau & Associates

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

To the Board of Supervisors
Palermo Community Development District
Lee County, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Palermo Community Development District, Lee County, Florida ("District") as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated December 28, 2023.

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 December 28, 2023, 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 Palermo Community Development District, Lee County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Palermo Community Development District, Lee 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

December 28, 2023

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

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, 2022.

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, 2023.

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, 2023.

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 one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2023. 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 23.

RESOLUTION 2024-1

A RESOLUTION OF THE BOARD OF SUPERVISORS OF PALERMO COMMUNITY DEVELOPMENT DISTRICT APPROVING A PROPOSED BUDGET FOR FISCAL YEAR 2025 AND SETTING A PUBLIC HEARING THEREON PURSUANT TO FLORIDA LAW; PROVIDING FOR SEVERABILITY; PROVIDING FOR CONFLICT AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the District Manager has heretofore prepared and submitted to the Board of Supervisors of Palermo Community Development District (the "Board") prior to June 15, 2024, a proposed Budget for Fiscal Year 2025; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF PALERMO COMMUNITY DEVELOPMENT DISTRICT:

SECTION 1. That the foregoing whereas clauses are true and correct and incorporated herein as if written into this Section.

SECTION 2. The proposed Budget submitted by the District Manager for Fiscal Year 2025 and attached hereto as **Exhibit A** is hereby approved as the basis for conducting a public hearing to adopt said budget.

SECTION 3. A public hearing on said approved budget is hereby declared and set for the following date, hour, and location:

DATE:	Thursday, June 20, 2024
HOUR:	9:00 A.M.
LOCATION:	Lennar Homes 10461 Six Mile Cypress Parkway Fort Myers, Florida 33966

SECTION 4. The District Manager is hereby directed to submit a copy of the proposed budget to Lee County at least 60 days prior to the hearing set above.

SECTION 5. Notice of this public hearing on the budget shall be published in a newspaper of general circulation in the area of the district once a week for two (2) consecutive weeks, except that the first publication shall not be fewer than 15 days prior to the date of the hearing. The notice shall further contain a designation of the day, time, and place of the public hearing. At the time and place designated in the notice, the Board shall hear all objections to the budget as proposed and may make such changes as the board deems necessary.

RESOLUTION 2024-1

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF PALERMO
COMMUNITY DEVELOPMENT DISTRICT APPROVING A PROPOSED
BUDGET FOR FISCAL YEAR 2025 AND SETTING A PUBLIC HEARING
THEREON PURSUANT TO FLORIDA LAW; PROVIDING FOR SEVERABILITY;
PROVIDING FOR CONFLICT AND PROVIDING FOR AN EFFECTIVE DATE.**

SECTION 6. If any one of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contract to the policy of express law, but not expressly prohibited or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way effect the validity of the other provisions hereof.

SECTION 7. That all Sections or parts of Sections of any Resolutions, Agreements, or actions of the Board of Supervisors in conflict are hereby repealed to the extent of such conflict.

SECTION 8. This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED by the Board of Supervisors of the Palermo Community Development District, Lee County, Florida, this 21st day of March 2024.

ATTEST:

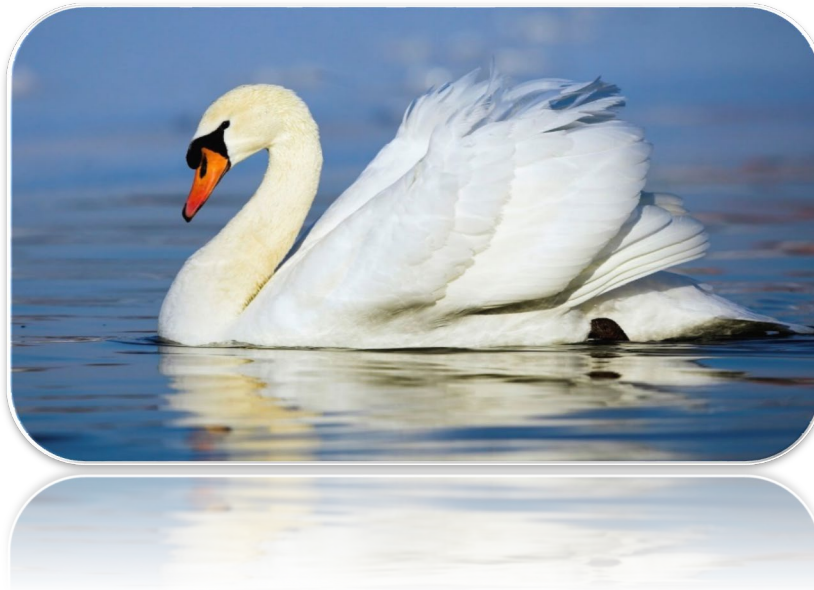
**PALERMO COMMUNITY DEVELOPMENT
DISTRICT**

James P. Ward, Secretary

Scott Edwards, Chairman

Exhibit A: Proposed FY'2025 Budget

PALERMO COMMUNITY DEVELOPMENT DISTRICT



PROPOSED BUDGET

FISCAL YEAR 2025

PREPARED BY:

JPWARD & ASSOCIATES, LLC. 2301 NORTHEAST 37 STREET, FORT LAUDERDALE, FL. 33308

T: 954-658-4900 E: JimWard@JPWardAssociates.com

Palermo Community Development District
General Fund - Budget
Fiscal Year 2025

Description	Fiscal Year 2024 Budget	Actual at 2/19/2024	Anticipated Year End 09/30/2024	Fiscal Year 2025 Budget	Description
Revenues and Other Sources					
Carryforward	\$ (46,385)	\$ -	\$ (46,385)	\$ (46,384)	Negative Nbr. adds Funds for 1st Three (3) Months Operations
Interest Income - General Account	\$ -	\$ -	\$ -	\$ -	
Assessment Revenue					
Assessments - On-Roll	\$ 231,923	\$ -	\$ 231,923	\$ 231,922	Assessments on Tax Bills
Assessments - Off-Roll	\$ -	\$ -	\$ -	\$ -	Direct Billing to Developer Only
Contributions - Private Sources					
Lennar Homes	\$ -	\$ -	\$ -		
Total Revenue & Other Sources	\$ 185,538	\$ -	\$ 185,538	\$ 185,538	
Appropriations					
Legislative					
Board of Supervisor's Fees	\$ -	\$ -	\$ -	\$ -	Statutory Required Fees (Waived by Board)
Board of Supervisor's - FICA	\$ -	\$ -	\$ -	\$ -	FICA (if applicable)
Executive					
Professional - Management	\$ 42,000	\$ 17,500	\$ 42,000	\$ 43,000	District Manager
Financial and Administrative					
Audit Services	\$ 5,300	\$ 5,400	\$ 5,400	\$ 5,500	Statutory required audit yearly
Accounting Services	\$ 17,000	\$ 7,083	\$ 17,000	\$ 18,000	Accounting (all funds)
Assessment Roll Preparation	\$ 17,000	\$ 7,083	\$ 17,000	\$ 18,000	Tax Rolls preparation, yearly work with Appraiser & Tax Collector
Arbitrage Rebate Fees	\$ 500	\$ -	\$ 500	\$ 500	IRS Required Calculation to insure interest on bond funds does not exceed interest paid on bonds
Other Contractual Services					
Recording and Transcription	\$ -	\$ -	\$ -	\$ -	Transcription of Board Meeting
Legal Advertising	\$ 1,750	\$ -	\$ 1,800	\$ 1,800	Statutory Required Legal Advertising
Trustee Services	\$ 4,300	\$ -	\$ 4,300	\$ 4,300	Trust Fees for Bonds
Dissemination Agent Services	\$ 5,000	\$ 2,083	\$ 5,000	\$ 5,000	Required SEC Reporting Bonds
Property Appraiser Fees	\$ 1,841	\$ 714	\$ 714	\$ 1,000	Fees to place assessment on tax bills
Bank Service Fees	\$ 300	\$ 72	\$ 250	\$ 300	Bank Fees - Governmental Bank Account
Travel and Per Diem	\$ -	\$ -	\$ -	\$ -	N/A

Palermo Community Development District
General Fund - Budget
Fiscal Year 2025

Description	Fiscal Year 2024 Budget	Actual at 2/19/2024	Anticipated Year End 09/30/2024	Fiscal Year 2025 Budget	Description
Communications and Freight Services					
Telephone	\$ -	\$ -	\$ -	\$ -	N/A
Postage, Freight & Messenger	\$ 50	\$ 13	\$ 50	\$ 200	Agenda Mailings and other misc mail
Rentals and Leases					
Miscellaneous Equipment	\$ -	\$ -	\$ -	\$ -	
Computer Services (Web Site)	\$ 1,500	\$ -	\$ 1,200	\$ 1,200	Statutory Maintenance of District Web site
Insurance	\$ 5,600	\$ 5,590	\$ 5,590	\$ 6,290	General Liability and D&O Liability Insurance
Subscriptions and Memberships	\$ 175	\$ 175	\$ 175	\$ 175	Department of Economic Opportunity Fee
Printing and Binding	\$ 50	\$ -	\$ 50	\$ 50	Agenda books and copies
Office Supplies	\$ -	\$ -	\$ -	\$ -	
Legal Services					
General Counsel	\$ 7,500	\$ 411	\$ 7,500	\$ 7,500	District Attorney
Boundary Amendment	\$ -	\$ -	\$ -	\$ -	
Other General Government Services					
Engineering Services	\$ 6,000	\$ -	\$ -	\$ 6,000	District Engineer
Contingencies	\$ -	\$ -	\$ -	\$ -	
Capital Outlay	\$ -	\$ -	\$ -	\$ -	
Reserves and Contingencies					
Reserve for Natural Disaster Cleanup & Restoration	\$ 50,000	\$ -	\$ -	\$ 50,000	Long Term Capital Planning Tool - create a stable/equitable funding plan to offset deterioration resulting in sufficient funds for major common area expenditures.
Contingencies	\$ 10,000	\$ -	\$ -	\$ 7,050	
Other Fees and Charges					
Discounts and Tax Collector Fee	\$ 9,673	\$ -	\$ 9,673	\$ 9,673	Discount permitted when paying taxes early and Tax Collector Fee
Total Appropriations	\$ 185,538	\$ 46,125	\$ 118,202	\$ 185,538	
Fund Balances:					
Change from Current Year Operations	\$ (0)	\$ (46,125)	\$ 67,336	\$ 46,384	Cash Over (short) at Fiscal Year End
Fund Balance - Beginning					
Extraordinary Capital/Operations	\$ -	\$ -	\$ -	\$ 110,883	Long Term Capital Planning - Balance of Funds

Palermo Community Development District
General Fund - Budget
Fiscal Year 2025

Description	Fiscal Year 2024 Budget	Actual at 2/19/2024	Anticipated Year End 09/30/2024	Fiscal Year 2025 Budget	Description
1st Three (3) Months of Operations	\$ -			\$ 46,384	Required to meet Cash Needs until Assessment Rec'd.
Total Fund Balance	<u>\$ 43,547</u>		<u>\$ 110,883</u>	<u>\$ 157,268</u>	
Assessment Rate	\$ 189.02			\$ 189.02	Year over Year Assessment Rate
Total Number of Units	1227			1227	Total Anticipated Units
Cap Rate	\$ 226.82			\$ 226.82	Adopted Cap Rate

Palermo Community Development District
Debt Service Fund - Series 2023 Bonds - Budget
Fiscal Year 2025

Description	Fiscal Year 2024 Budget	Actual at 2/19/2024	Anticipated Year End 09/30/2024	Fiscal Year 2025 Budget
Revenues and Other Sources				
Carryforward	\$ -	\$ -	\$ -	\$ -
Interest Income				
Reserve Account	\$ -	\$ 6,722	\$ 16,800	\$ 15,000
Revenue Account	\$ -	\$ 903	\$ 2,250	\$ 2,000
Interest Account	\$ -	\$ 31	\$ 75	\$ 65
Prepayment Account	\$ -	\$ -	\$ -	\$ -
Capitalized Interest Account	\$ -	\$ -	\$ -	\$ -
Special Assessment Revenue				
Special Assessment - On-Roll	\$ 815,596	\$ 353,237	\$ 815,596	\$ 813,171
Special Assessment - Off-Roll				
Principal Due - 12/15/2025	\$ 185,000	\$ 185,000	\$ 185,000	\$ -
Interest Due - 12/15/2025	\$ 285,900	\$ 285,900	\$ 285,900	\$ -
Special Assessment - Prepayment	\$ -	\$ -	\$ -	\$ -
Bond Proceeds				
Capitalized Interest Fund Deposit	\$ -	\$ -	\$ -	\$ -
Reserve Fund Deposit	\$ -	\$ -	\$ -	\$ -
Total Revenue & Other Sources	\$ 1,286,496	\$ 831,793	\$ 1,305,621	\$ 830,236
Expenditures and Other Uses				
Debt Service				
Principal Debt Service - Mandatory	\$ 180,000	\$ -	\$ 180,000	\$ 185,000
Principal Debt Service - Early Redemptions				
Interest Expense	\$ 579,225	\$ 289,613	\$ 579,225	\$ 571,800
Other Fees and Charges				
Discounts for Early Payment	\$ 56,371	\$ -	\$ 56,371	\$ 56,371
Operating Transfers Out	\$ -	\$ 6,722	\$ 6,722	\$ -
Total Expenditures and Other Uses	\$ 635,596	\$ 296,335	\$ 822,318	\$ 813,171
Net Increase/(Decrease) in Fund Balance	\$ -	\$ 535,458	\$ 483,303	\$ 17,065
Fund Balance - Beginning	\$ -		\$ 379,765	\$ 863,068
Fund Balance - Ending	\$ 379,765		\$ 863,068	\$ 880,133

Restricted Fund Balance:

Reserve Account Requirement	\$ 377,788
Restricted for December 15, 2025 Principal & Interest Payment	\$ 477,084
Total - Restricted Fund Balance:	\$ 854,872

Description of Product	Number of Units	FY 2024 Rate	FY 2025 Rate
Townhouse 20-29'	156	\$ 646.39	\$ 646.39
Single Family 40'-49'	120	\$ 1,074.44	\$ 1,074.44
Single Family 50'-59'	265	\$ 1,343.05	\$ 1,343.05
SF - 50' (LOTS 58/104 only)	47	\$ 538.66	\$ 538.66
Single Family 60'-69'	125	\$ 1,611.64	\$ 1,611.64
Total:	713		

**Palermo Community Development District
Debt Service Fund - Series 2023**

Description	Principal Prepayments	Principal	Coupon Rate	Interest	Annual Debt Service	Par Outstanding
Par Amount Issued:		\$ 11,540,000	Varies			
6/15/2023				\$ 180,203.33	\$ 180,203	
12/15/2023		\$ 180,000	4.125%	\$ 289,612.50		
6/15/2024				\$ 289,612.50	\$ 759,225	\$ 11,360,000
12/15/2024		\$ 185,000	4.125%	\$ 285,900.00		
6/15/2025				\$ 285,900.00	\$ 756,800	\$ 11,175,000
12/15/2025		\$ 195,000	4.125%	\$ 282,084.38		
6/15/2026				\$ 282,084.38	\$ 759,169	\$ 10,980,000
12/15/2026		\$ 200,000	4.125%	\$ 278,062.50		
6/15/2027				\$ 278,062.50	\$ 756,125	\$ 10,780,000
12/15/2027		\$ 210,000	4.125%	\$ 273,937.50		
6/15/2028				\$ 273,937.50	\$ 757,875	\$ 10,570,000
12/15/2028		\$ 220,000	4.125%	\$ 269,606.25		
6/15/2029				\$ 269,606.25	\$ 759,213	\$ 10,350,000
12/15/2029		\$ 230,000	4.125%	\$ 265,068.75		
6/15/2030				\$ 265,068.75	\$ 760,138	\$ 10,120,000
12/15/2030		\$ 240,000	4.125%	\$ 260,325.00		
6/15/2031				\$ 260,325.00	\$ 760,650	\$ 9,880,000
12/15/2031		\$ 250,000	5.000%	\$ 254,325.00		
6/15/2032				\$ 254,325.00	\$ 758,650	\$ 9,630,000
12/15/2032		\$ 265,000	5.000%	\$ 248,075.00		
6/15/2033				\$ 248,075.00	\$ 761,150	\$ 9,365,000
12/15/2033		\$ 275,000	5.000%	\$ 241,450.00		
6/15/2034				\$ 241,450.00	\$ 757,900	\$ 9,090,000
12/15/2034		\$ 290,000	5.000%	\$ 234,575.00		
6/15/2035				\$ 234,575.00	\$ 759,150	\$ 8,800,000
12/15/2035		\$ 305,000	5.000%	\$ 227,325.00		
6/15/2036				\$ 227,325.00	\$ 759,650	\$ 8,495,000
12/15/2036		\$ 320,000	5.000%	\$ 219,700.00		
6/15/2037				\$ 219,700.00	\$ 759,400	\$ 8,175,000
12/15/2037		\$ 340,000	5.000%	\$ 211,700.00		
6/15/2038				\$ 211,700.00	\$ 763,400	\$ 7,835,000
12/15/2038		\$ 355,000	5.000%	\$ 203,200.00		
6/15/2039				\$ 203,200.00	\$ 761,400	\$ 7,480,000
12/15/2039		\$ 375,000	5.000%	\$ 194,325.00		
6/15/2040				\$ 194,325.00	\$ 763,650	\$ 7,105,000
12/15/2040		\$ 395,000	5.000%	\$ 184,950.00		
6/15/2041				\$ 184,950.00	\$ 764,900	\$ 6,710,000
12/15/2041		\$ 415,000	5.000%	\$ 175,075.00		
6/15/2042				\$ 175,075.00	\$ 765,150	\$ 6,295,000
12/15/2042		\$ 435,000	5.000%	\$ 164,700.00		
6/15/2043				\$ 164,700.00	\$ 764,400	\$ 5,860,000
12/15/2043		\$ 460,000	5.000%	\$ 153,825.00		
6/15/2044				\$ 153,825.00	\$ 767,650	\$ 5,400,000
12/15/2044		\$ 480,000	5.250%	\$ 141,750.00		
6/15/2045				\$ 141,750.00	\$ 763,500	\$ 4,920,000
12/15/2045		\$ 510,000	5.250%	\$ 129,150.00		
6/15/2046				\$ 129,150.00	\$ 768,300	\$ 4,410,000
12/15/2046		\$ 535,000	5.250%	\$ 115,762.50		
6/15/2047				\$ 115,762.50	\$ 766,525	\$ 3,875,000
12/15/2047		\$ 565,000	5.250%	\$ 101,718.75		
6/15/2048				\$ 101,718.75	\$ 768,438	\$ 3,310,000
12/15/2048		\$ 595,000	5.250%	\$ 86,887.50		
6/15/2049				\$ 86,887.50	\$ 768,775	\$ 2,715,000
12/15/2049		\$ 625,000	5.250%	\$ 71,268.75		
6/15/2050				\$ 71,268.75	\$ 767,538	\$ 2,090,000

**Palermo Community Development District
Debt Service Fund - Series 2023**

Description	Principal Prepayments	Principal	Coupon Rate	Interest	Annual Debt Service	Par Outstanding
12/15/2050		\$ 660,000	5.250%	\$ 54,862.50		
6/15/2051				\$ 54,862.50	\$ 769,725	\$ 1,430,000
12/15/2051		\$ 695,000	5.250%	\$ 37,537.50		
6/15/2052				\$ 37,537.50	\$ 770,075	\$ 735,000
12/15/2052		\$ 735,000	5.250%	\$ 19,293.75		
6/15/2023				\$ 19,293.75	\$ 773,588	\$ -
		\$ 11,540,000		\$ 11,532,309.59		

RESOLUTION 2024-2

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE PALERMO COMMUNITY DEVELOPMENT DISTRICT REAFFIRMING, RESTATING AND RE-ESTABLISHING THE DISTRICT'S ADOPTION OF AN ELECTRONIC RECORDS POLICY AND A POLICY ON THE USE OF ELECTRONIC SIGNATURES; ADDRESSING SEVERABILITY, CONFLICTS AND AN EFFECTIVE DATE.

RECITALS

WHEREAS, the Palermo Community Development District ("**District**") is a local unit of special-purpose government created and existing pursuant to Chapter 190, Florida Statutes, being situated in Pasco County, Florida; and

WHEREAS, Chapter 190, Florida Statutes, authorizes the District to adopt rules to govern the administration of the District and to adopt resolutions as may be necessary for the conduct of district business; and

WHEREAS, on March 19, 2021, the District adopted Resolution 2021-5 adopting an Electronic Records Policy and a Policy on the use of Electronic Signatures; and

WHEREAS, the District has appointed the District Manager of the District as the District's records custodian; and

WHEREAS, the District Manager deems it necessary to reaffirm, restate and re-establish the District's use of an electronic records policy and the use of electronic signatures in connection with the conduct of the District's business.

WHEREAS, the District maintains an active and continuing program for the economical and efficient management of records and provides for the designation of a Records Management Liaison Officer ("**RMLO**") as required by Section 257.36(5)(a), Florida Statutes; and

WHEREAS, Rule 1B-26.003, Florida Administrative Code, allows the District's records custodian to designate an electronic copy of an original paper record as the record (master) copy and designate the original paper copy as a duplicate; and

WHEREAS, the District desires to authorize the District's records custodian to adopt an electronic records policy as described more fully in **Exhibit A** (the "**Electronic Records Policy**"), as such policy may be amended from time to time, for creating electronic copies of original paper records, designating such electronic copies as the record (master) copy, designating such original paper copies as duplicates and destroying, or otherwise disposing of, such originals in accordance with the applicable general schedule once such originals are obsolete, superseded or the administrative value is lost; and

WHEREAS, consistent with Rule 1B-26.003, Florida Administrative Code, the District has undertaken a cost-benefit analysis to determine that the adoption of the Electronic Records Policy would be cost-effective by, among other things, the need to store paper records; and

RESOLUTION 2024-2

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE PALERMO COMMUNITY DEVELOPMENT DISTRICT REAFFIRMING, RESTATING AND RE-ESTABLISHING THE DISTRICT'S ADOPTION OF AN ELECTRONIC RECORDS POLICY AND A POLICY ON THE USE OF ELECTRONIC SIGNATURES; ADDRESSING SEVERABILITY, CONFLICTS AND AN EFFECTIVE DATE.

WHEREAS, the District's Board of Supervisors ("**Board**") finds that it is in the best interests of the District, and most cost-effective, to adopt by resolution the Electronic Records Policy for immediate use and application; and

WHEREAS, in connection with the adoption of the Electronic Records Policy, the District finds that is important to simultaneously adopt a policy regarding the District's use of electronic signatures in connection with the conduct of the District's business.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE PALERMO COMMUNITY DEVELOPMENT DISTRICT:

SECTION 1. RECITALS. The foregoing recitals are true and correct and incorporated herein as findings of the District's Board of Supervisors.

SECTION 2. ADOPTION OF ELECTRONIC RECORDS POLICY. The District hereby authorizes the District's records custodian to implement the Electronic Records Policy substantially in the form of **Exhibit "A"** attached hereto and by reference incorporated herein.

SECTION 3. ADOPTION OF ELECTRONIC SIGNATURES POLICY. The District hereby authorizes the use of electronic signatures in connection with the conduct of the District's business and the execution of writings by the District consistent with, and to the extent permitted under, Chapter 668, Florida Statutes, as may be amended from time to time (the "**Electronic Signatures Act**"). All use of electronic signatures shall be in compliance with the Electronic Signatures Act. Pursuant to Section 668.004 of the Electronic Signatures Act, unless otherwise provided by law, an electronic signature may be used by the District to sign a writing and shall have the same force and effect as a written signature. The District Manager is authorized to implement control processes and procedures pursuant to the Electronic Signatures Act including, without limitation, Section 668.006, relating to the District's use of electronic signatures to ensure adequate integrity, security, and auditability.

SECTION 4. SEVERABILITY. If any provision of this resolution is held to be illegal or invalid, the other provisions shall remain in full force and effect.

SECTION 5. CONFLICTS. That all Sections or parts of Sections of any Resolutions, Agreements, or actions of the Board of Supervisors in conflict are hereby repealed to the extent of such conflict.

SECTION 6. EFFECTIVE DATE. This resolution shall become effective upon its passage and shall remain in effect unless rescinded or repealed.

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RESOLUTION 2024-2

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE PALERMO COMMUNITY DEVELOPMENT DISTRICT REAFFIRMING, RESTATING AND RE-ESTABLISHING THE DISTRICT'S ADOPTION OF AN ELECTRONIC RECORDS POLICY AND A POLICY ON THE USE OF ELECTRONIC SIGNATURES; ADDRESSING SEVERABILITY, CONFLICTS AND AN EFFECTIVE DATE.

PASSED AND ADOPTED by the Board of Supervisors of the Palermo Community Development District, Lee County, Florida, this 21st day of March 2024.

ATTEST:

**PALERMO COMMUNITY DEVELOPMENT
DISTRICT**

James P. Ward, Secretary

Scott Edwards, Chairman

Exhibit A: Electronic Records Policy

EXHIBIT A

ELECTRONIC RECORDS POLICY FOR THE PALERMO COMMUNITY DEVELOPMENT DISTRICT

1. PURPOSE OF ELECTRONIC RECORDS POLICY. The purpose of this Electronic Records Policy (“Policy”) is to create a more efficient and cost-effective means for retaining and managing District records by authorizing the District to designate electronic copies of original paper records as record, “master” copies, and to dispose of the duplicate original paper records.

2. DESIGNATION OF ELECTRONIC COPIES AS MASTER COPIES. It is the policy of the District to retain and manage records in accordance with, and pursuant to, Rule 1B-26.003, Florida Administrative Code, and, more specifically, to: (i) create electronic copies of original paper records, (ii) designate all such electronic copies as the record (master) copies; and (iii) destroy, or otherwise dispose of, such originals in accordance with the applicable general schedule once such originals are obsolete, superseded or the administrative value is lost. The District records custodian in his or her sole discretion may select which original paper records, if any, shall be subject to the implementation of this Policy.

All District Supervisors, officers, managers, staff, employees, and other personnel and contractors (where applicable) shall manage, protect, and maintain all records in accordance with the applicable retention schedule approved by the Division of Library and Information Services, the District’s applicable records retention rules and policies, Rule 1B-26.003, Florida Administrative Code, a copy of which is attached hereto, and this Policy.

3. DISTRICT DUTIES AND RESPONSIBILITIES. The District and the District’s record custodian shall develop and implement this Policy, all in compliance with Rule 1B-26.003(6), Florida Administrative Code, the terms of which are incorporated herein. Among other things, the District shall ensure that all records are included within records retention schedules, integrate the management of electronic records with other records and information resources management programs, incorporate electronic records management objectives, responsibilities, and authorities in pertinent District directives, establish procedures for addressing records management requirements, provide training as appropriate, etc.

4. PUBLIC RECORDS. The District shall ensure that the electronic recordkeeping systems meet all requirements for public access to records in accordance with Chapter 119, Florida Statutes. Toward that end, the District shall provide copies of electronic records to any person making a public records request, shall ensure that all District contracts do not impair the right of the public to access District records, shall maintain the confidentiality of records exempt from disclosure, and otherwise shall satisfy the requirements of Chapter 119, Florida Statutes, and Rule 1B-26.003(6)(g), Florida Administrative Code, the terms of which are incorporated herein.

5. DOCUMENTATION STANDARDS. The District shall develop and maintain adequate and up-to-date technical and descriptive documentation for each electronic recordkeeping system in compliance with Rule 1B-26.003(7), Florida Administrative Code, the terms of which are incorporated herein. Among other things, and without intending to limit the requirements of Rule 1B-26.003(7), Florida Administrative Code, the documentation shall include a narrative description of the system, the physical and technical characteristics of the system, and any other technical information needed to read or process the records.

6. CREATION AND USE OF ELECTRONIC RECORDS. The District shall comply with Rule 1B-26.003(8), Florida Administrative Code, the terms of which are incorporated herein, with respect to the creation and use of electronic records. Among other things, the District shall provide a method for authorized users to retrieve desired records, shall provide an appropriate level of security in order to maintain the integrity of the records, shall identify the open format or standard interchange format when necessary to permit the exchange of records on electronic media, and shall provide for the disposition of the records, including, when appropriate, transfer to the Florida State Archives. Before a record (master) copy is created on an electronic recordkeeping system, the record shall be uniquely identified to enable authorized personnel to retrieve, protect, and carry out the disposition of records in the system.

7. LEGAL AUTHENTICATION. Pursuant to Rule 1B-26.003(9), Florida Administrative Code, the terms of which are incorporated herein, the District shall implement the following procedures to enhance the legal admissibility of electronic records:

- a. Document that similar kinds of records generated and stored electronically are created by the same processes each time and have a standardized retrieval approach.
- b. Substantiate that security procedures prevent unauthorized addition, modification, or deletion of a record and ensure systems are protected against such problems as power interruptions.
- c. Identify the electronic media on which records are stored throughout their life cycle, the maximum time span that records remain on each storage media, and the official retention requirements as approved by the Division of Library and Information Services.

8. SELECTION OF ELECTRONIC RECORDS STORAGE MEDIA. The District shall select appropriate media and systems for the storage of electronic records throughout their life cycle pursuant to Rule 1B-26.003(10), Florida Administrative Code, the terms of which are incorporated herein. Among other things, such media and systems shall permit easy and accurate retrieval, shall retain the records in a usable format, and shall meet the standards, and be selected based on the factors, set forth in Rule 1B-26.003(10), Florida Administrative Code.

9. MAINTENANCE OF ELECTRONIC RECORDS. The District shall maintain electronic records in a manner consistent with the standards set forth in Rule 1B-26.003(11), Florida Administrative Code, the terms of which are incorporated herein.

10. RETENTION OF ELECTRONIC RECORDS. The District shall ensure that all electronic records are retained and accessible for as long as required by law and pursuant to Rule 1B-26.003(12), Florida Administrative Code, the terms of which are incorporated herein. Specifically, the District records custodian shall schedule the retention and disposition of all electronic documents, shall establish a process for recopying, reformatting and other necessary maintenance to ensure the retention and usability of electronic records throughout their authorized life cycle, and shall transfer a copy of the electronic records to the Florida State Archives at the time specified in the record retention schedule, if applicable.

11. DESTRUCTION OF ELECTRONIC RECORDS. The District shall destroy electronic records only in a manner consistent with the standards set forth in Rule 1B-26.003(13), Florida Administrative Code, the terms of which are incorporated herein. At a minimum, the District shall destroy electronic records in a manner such that any confidential or exempt information cannot practicably be read or

reconstructed, and shall ensure that recording media previously used for electronic records containing confidential or exempt information are not reused if the previously recorded information can be comprised in any way by reuse.

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Rule 1B-26.003, Florida Administrative Code

1B-26.003 Electronic Recordkeeping.

(1) These rules provide standards for record copies of public records which reside in electronic form. These requirements must be incorporated in the system design and implementation of new systems and enhancements to existing systems in which electronic records reside. Public records are those as defined by Section 119.011(12), F.S.

(2) These rules are applicable to all agencies as defined by Section 119.011(2), F.S., and establish minimum requirements for the creation, utilization, maintenance, retention, preservation, storage and disposition of electronic record copies, regardless of the media.

(3) Electronic recordkeeping systems and practices in use at the effective date of this rule that are not in compliance with the requirements of this rule may be used until the systems or practices are replaced or upgraded. New and upgraded electronic recordkeeping systems and practices created or implemented after the effective date of this rule shall comply with the requirements contained herein. If an agency cannot practicably achieve compliance with this section in relation to an upgraded system, the agency shall document the reason why it cannot do so.

(4) For the purpose of these rules:

(a) "Checksum" means a hashing algorithm or procedure for checking that electronic records have not been altered by transforming a string of characters into a usually shorter fixed-length "hash value" or key that represents the original string.

(b) "Database" means an organized collection of automated information.

(c) "Database management system" means a set of software programs that controls the organization, storage and retrieval of data (fields, records and files) in a database. It also controls the security and integrity of the database.

(d) "Digital signature" means a type of electronic signature (any letters, characters, or symbols executed with an intent to authenticate) that can be used to authenticate the identity of the sender of a message or the signer of a document and to ensure that the original content of the message or document that has been sent is unchanged. Digital signatures can be created through checksums.

(e) "Electronic record" means any information that is recorded in machine readable form.

(f) "Electronic recordkeeping system" means an automated information system for the organized collection, processing, transmission and dissemination of information in accordance with defined procedures.

(g) "Logical access controls" means those administrative controls and permissions allowing or limiting user access to a system's records and resources.

(h) "Metadata" means structured or semi-structured data about records that enables identification, access, use, understanding and preservation of those records over time.

(i) "System design" means the design of the nature and content of input, files, procedures and output, and their interrelationships.

(j) "Permanent or long-term records" means any public records as defined by Section 119.011(12), F.S., which have an established retention period of more than 10 years.

(k) "PPI" means pixels per inch and is the measurement of digital pixels on a screen or file.

(l) "Record copy" means public records specifically designated by the custodian as the official record.

(m) "Geographic information system" means a computer system for capturing, storing, checking, integrating, manipulating, analyzing and displaying data related to positions on the Earth's surface.

(n) "Open format" means a data format that is defined in complete detail, allows transformation of the data to other formats without loss of information, and is open and available to the public free of legal restrictions on use.

(o) "Unicode" means the universal character encoding standard maintained by the Unicode Consortium, providing the basis for processing, storage, and interchange of text data in any language in all modern software and information technology protocols.

(5) Agencies shall develop and maintain adequate and up-to-date technical and descriptive documentation for each electronic recordkeeping system to specify characteristics necessary for reading or processing the records. Documentation for electronic records systems shall be maintained in electronic or printed form as necessary to

ensure access to the records. The minimum documentation required is:

(a) A narrative description of the system, including all inputs and outputs of the system; the organization and contents of the files and records; policies on access and use; security controls; purpose and function of the system; update cycles or conditions and rules for adding information to the system, changing information in it, or deleting information; and the location and media in which electronic records are maintained and their retention requirements to ensure appropriate disposition of records in accordance with Chapter 1B-24, F.A.C.

(b) The physical and technical characteristics of the records, including:

1. A record layout or markup language that describes each file or field including its name, size, starting or relative position, and description of the form of the data (such as alphabetic, decimal or numeric), or

2. A data dictionary or the equivalent information associated with a database management system including a description of the relationship between data elements in databases;

(c) For information coming from geographic information systems, the physical and technical characteristics of the records must be described including a data dictionary, a quality and accuracy report and a description of the graphic data structure, such as recommended by the federal Spatial Data Transfer Standards; and,

(d) Any other technical information needed to read or process the records.

(6) Electronic recordkeeping systems that maintain record copies of public records on electronic media shall meet the following minimum requirements:

(a)1. Provide a method for all authorized users of the system to retrieve desired records;

2. Provide an appropriate level of security to ensure the integrity of the records in accordance with the requirements of Chapter 282, F.S. Security controls should include, at a minimum, physical and logical access controls, backup and recovery procedures, and training for custodians and users. Automated methods for integrity checking should be incorporated in all systems that generate and use official file copies of records. Checksums and digital signatures should be considered for all official file copies of electronic records. The use of automated integrity controls, such as checksums and digital signatures, can reduce the need for other security controls. Checksums used to protect the integrity of official file copies of records should meet the requirements of U.S. Federal Information Processing Standards Publication 180-4 (FIPS-PUB 180-4) (August 4, 2015) entitled "Secure Hash Standard (SHS)," <https://www.flrules.org/Gateway/reference.asp?No=Ref-13888> which is hereby incorporated by reference, and made a part of this rule. This publication is available from the National Institute of Standards and Technology, U.S. Department of Commerce, 100 Bureau Drive, Gaithersburg, MD 20899, and at the Internet Uniform Resource Locator: <https://csrc.nist.gov/publications/detail/fips/180-4/final>.

3. Identify the open format or standard interchange format when necessary to permit the exchange of records on electronic media between agency electronic recordkeeping systems using different software/operating systems and the conversion or migration of records on electronic media from one system to another.

4. Provide for the disposition of the records including, when appropriate, transfer to the Florida State Archives.

(b) Before a record copy is created on an electronic recordkeeping system, the record shall be uniquely identified to enable authorized personnel to retrieve, protect, and carry out the disposition of records in the system. Agencies shall ensure that records maintained in such systems can be correlated with any existing related records on paper, microfilm or other media.

(c) Systems or programs used to create, store or access record copies of electronic records must capture structural, descriptive, administrative and technical metadata standard to the system or program employed and must generate additional metadata whenever a record is moved within the system or migrated to another format or storage medium.

(7) Agencies shall implement the following procedures to enhance the legal admissibility of electronic records:

(a) Document that similar kinds of records generated and stored electronically are created by the same processes each time and have a standardized retrieval approach.

(b) Substantiate that security procedures prevent unauthorized addition, modification, or deletion of a record and ensure systems are protected against such problems as power interruptions.

(c) Identify the electronic media on which records are stored throughout their life cycle, the maximum time span that records remain on each storage media, and the official retention requirements as approved by the Division of

Library and Information Services.

(d) Professional engineer drawings and documents: Maintain in unaltered form a record copy of any and all documents signed, dated and sealed by a professional engineer prior to or upon submission to the agency. The record copy of signed, dated and sealed documents must be retained in unaltered form for the duration of the record's retention period. This provision does not prohibit agencies from scanning the unaltered document and maintaining the scanned copy as the record copy.

(e) State agencies shall, and other agencies are encouraged to, establish and maintain integrity controls for record copies of electronic records in accordance with the requirements of Chapter 282, F.S.

(8) For storing record copies of electronic public records throughout their life cycle, agencies shall select appropriate media and systems which meet the following requirements:

(a) Permit easy and accurate retrieval in a timely fashion;

(b) Retain the records in a usable format until their authorized disposition and, when appropriate, meet the requirements necessary for transfer to the Florida State Archives.

(c) Agencies shall not use the following for the storage of record copies of permanent or long-term records:

1. Flash memory media (such as thumb drives, SD cards, CF cards, micro-SD cards);
2. Audio cassette tape;
3. VHS video cassette tape;
4. Floppy disks.

(d) Permanent or long-term records may be stored using one or more of the following methods:

1. Hard drive, preferably high-reliability, solid-state drive (SSD); spinning hard disk drive (HDD) is also acceptable;
2. Optical disc, preferably write-once discs with an inert dye layer;
3. Polyester-based magnetic data tape;
4. Cloud storage, preferably high-reliability, web-based storage services.

(e) Standard. A scanning density with a minimum of 300 PPI is required for scanned images created by the agency from hard copy permanent or long-term records.

(f) Record copies of scanned images created by the agency from hard copy permanent or long-term records must be stored in accordance with a published International Organization for Standardization (ISO) open standard image format.

(g) The following factors are to be considered before selecting a storage media or converting from one media to another:

1. The authorized retention of the records as determined during the scheduling process;
2. The maintenance necessary to retain the records;
3. The cost of storing and retrieving the records;
4. The access time to retrieve stored records;
5. The portability of the medium (that is, selecting a medium that can be read by equipment offered by multiple manufacturers); and,
6. The ability to transfer the information from one medium to another, such as from optical disk to magnetic tape.

(9)(a) Agencies shall back up electronic records on a regular basis to safeguard against the loss of information due to equipment malfunctions, human error or other disaster. Additional backups are strongly recommended for permanent and long-term records. Backups created for disaster recovery purposes, and all preservation duplicates of permanent or long-term records, shall be maintained in an off-site storage facility, which may include cloud storage, geographically separated from the risks associated with the agency's location. The storage environment must be maintained at constant temperature (below 68 degrees Fahrenheit) and relative humidity (30 to 45 percent) levels. Storage and handling of permanent or long-term records on magnetic tape shall conform to the standards contained in Standard AES22-1997 (r2008) "AES recommended practice for audio preservation and restoration – Storage and handling – Storage of polyester-base magnetic tape" <https://www.flrules.org/Gateway/reference.asp?No=Ref-13889> (published 1997, reaffirmed 2003 and 2008, stabilized 2012) which is hereby incorporated by reference and made a part of this rule. This publication is available

from the Audio Engineering Society, Incorporated at the Internet Uniform Resource Locator: <https://www.aes.org/publications/standards/search.cfm?docID=25>. If an agency cannot practicably maintain backups and preservation duplicates as required in this section, the agency shall document the reasons why it cannot do so. Other electronic records media should be stored in a cool, dry, dark environment when possible (maximum temperature 73 degrees Fahrenheit, relative humidity 20-50 percent).

(b) Agencies shall annually read a statistical sample of all electronic media containing permanent or long-term records to identify any loss of information and to discover and correct the cause of data loss.

(c) Agencies shall conduct data integrity testing on all media containing permanent or long-term electronic records at least every 10 years and verify that the media are free of permanent errors. More frequent testing (e.g. at least every 5 years) is highly recommended. If a checksum was previously run on the digital media, testing can be conducted by running the same checksum.

(d) Agencies shall rewind tape reels immediately before use to restore proper tension, or at a minimum every three years. When tapes with extreme cases of degradation are discovered, they should be rewound to avoid more permanent damage and copied to new media as soon as possible. Tapes shall be played continuously from end to end to ensure even packing. Tapes shall be stored so that the tape is all on one reel or hub. The requirement for rewinding does not apply to tape cartridges.

(e) External labels (or the equivalent automated management system) for electronic recording media used to store permanent or long-term records shall provide unique identification for each storage media, including:

1. The name of the organizational unit responsible for the data;
2. System title, including the version number of the application;
3. Special security requirements or restrictions on access, if any; and,
4. Software in use at the time of creation.

(f) Standard. For all media used to store permanent or long-term electronic records, agencies shall maintain human readable information specifying recording methods, formats, languages, dependencies and schema sufficient to ensure continued access to, and intellectual control over, the records. Additionally, the following information shall be maintained for each media used to store permanent or long-term electronic records:

1. File title;
2. Dates of creation;
3. Dates of coverage; and,
4. Character code/software dependency.

(g) Electronic records storage media shall not be stored closer than 6 feet to sources of magnetic fields, including generators, elevators, transformers, loudspeakers, microphones, headphones, magnetic cabinet latches and magnetized tools.

(h) Electronic records on magnetic tape or disk shall not be stored in metal containers unless the metal is non-magnetic. Storage containers shall be resistant to impact, dust intrusion and moisture. Compact disks shall be stored in hard cases, and not in cardboard, paper or flimsy sleeves.

(i) Agencies shall ensure that record copies of electronic records are maintained by personnel properly trained in the use and handling of the records and associated equipment.

(j) Agencies shall establish and adopt procedures for external labeling of physical storage media and for descriptive file naming and/or labeling of electronic files and directories so that all authorized users can identify and retrieve the stored information.

(k) Agencies shall convert storage media to provide compatibility with the agency's current hardware and software to ensure that information is not lost due to changing technology or deterioration of storage media. Before conversion of information to different media, agencies must determine that authorized disposition of the electronic records can be implemented after conversion. Permanent or long-term electronic records shall be transferred to new media compliant with this rule as needed to prevent loss of information due to changing technology or deterioration of storage media.

(10) Each agency is responsible for ensuring the continued accessibility and readability of public records throughout the entire life cycle regardless of the format or media in which the records are maintained.

Agencies shall establish policies and procedures to ensure that electronic records and their documentation are retained and accessible as long as needed. These procedures shall include provisions for:

(a) Scheduling the retention and disposition of all electronic records, as well as related access documentation and indexes, in accordance with the provisions of Chapter 1B-24, F.A.C.

(b) Establishing procedures for regular recopying, reformatting and other necessary maintenance to ensure the retention and usability of the electronic records throughout their authorized life cycle.

(c) Transferring a copy of the electronic records and any related documentation and indexes to the Florida State Archives at the time specified in the records retention schedule, if applicable. Transfer may take place at an earlier date if convenient for both the agency and the Archives.

(11) Electronic records may be destroyed only in accordance with the provisions of Chapter 1B-24, F.A.C.

Rulemaking Authority 257.14, 257.36(1), 257.36(6) FS. Law Implemented 257.36(1)(a) FS. History—New 8-16-92, Amended 5-13-03, 5-21-08, 12-6-21.

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1
2 An act relating to special districts; repealing s.
3 163.3756, F.S., relating to inactive community
4 redevelopment agencies; amending s. 163.504, F.S.;
5 prohibiting the creation of new neighborhood
6 improvement districts after a date certain; repealing
7 s. 165.0615 F.S., relating to municipal conversion of
8 independent special districts upon elector-initiated
9 and approved referendum; creating s. 189.0312, F.S.;
10 providing term limits for members of governing bodies
11 of independent special districts elected by the
12 qualified electors of the district; providing an
13 exception; providing construction; creating s.
14 189.0313, F.S.; providing the method for changing
15 boundaries of an independent special district;
16 providing an exception; amending s. 189.062, F.S.;
17 providing additional criteria for declaring a special
18 district inactive; requiring certain special districts
19 to provide notice of a proposed declaration of
20 inactive status in the county or municipality under
21 certain circumstances; revising the time period for
22 filing an objection to a proposed declaration;
23 authorizing a specific objection; providing that a
24 district declared inactive may only expend funds as
25 necessary to service outstanding debt and to comply

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26 with existing bond covenants and contractual
27 obligations; creating s. 189.0694, F.S.; requiring
28 special districts to establish performance measures to
29 assess performance; requiring special districts to
30 publish an annual report concerning performance
31 measures; amending s. 189.0695, F.S.; requiring the
32 Office of Program Policy Analysis and Governmental
33 Accountability to conduct performance reviews;
34 repealing s. 190.047, F.S., relating to incorporation
35 or annexation of a district; amending s. 191.013,
36 F.S.; requiring independent special fire control
37 districts to annually report training and
38 certification information regarding volunteer
39 firefighters to the Division of State Fire Marshal;
40 amending s. 388.211, F.S.; providing the boundaries of
41 a mosquito control district may only be changed by
42 special act; amending s. 388.221, F.S.; reducing the
43 maximum millage rate for mosquito control districts;
44 providing an exception; amending s. 388.271, F.S.;
45 requiring, instead of authorizing, special districts
46 to file tentative work plans and work plan budgets at
47 specified intervals; requiring the Department of
48 Agriculture and Consumer Services to report to the
49 Department of Commerce if certain special districts
50 fail to submit specified information; providing an

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51 effective date.

52
53 Be It Enacted by the Legislature of the State of Florida:

54
55 Section 1. Section 163.3756, Florida Statutes, is
56 repealed.

57 Section 2. Section 163.504, Florida Statutes, is amended
58 to read:

59 163.504 Safe neighborhood improvement districts; formation
60 authorized by ordinance; jurisdictional boundaries; prohibition
61 on future creation.—

62 (1) The governing body of any municipality or county may
63 authorize the formation of safe neighborhood improvement
64 districts through the adoption of a planning ordinance which
65 specifies that such districts may be created by one or more of
66 the methods established in ss. 163.506, 163.508, 163.511, and
67 163.512. No district may overlap the jurisdictional boundaries
68 of a municipality and the unincorporated area of a county,
69 except by interlocal agreement.

70 (2) A safe neighborhood improvement district may not be
71 created on or after July 1, 2024. A safe neighborhood
72 improvement district in existence before July 1, 2024, may
73 continue to operate as provided in this part.

74 Section 3. Section 165.0615, Florida Statutes, is
75 repealed.

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76 Section 4. Section 189.0312, Florida Statutes, is created
77 to read:

78 189.0312 Independent special districts; term of office.—

79 (1) A member elected by the qualified electors of the
80 district to the governing body of an independent special
81 district may not serve for more than 12 consecutive years,
82 unless the district's charter provides for more restrictive
83 terms of office. Service of a term of office that commenced
84 before November 5, 2024, does not count toward the limitation
85 imposed by this subsection.

86 (2) This section does not apply to a community development
87 district established under chapter 190, or an independent
88 special district created pursuant to a special act that provides
89 that any amendment to chapter 190 to grant additional powers
90 constitutes a power of the district.

91 (3) This section does not require an independent special
92 district governed by an appointed governing body to convert to
93 an elected governing body.

94 Section 5. Section 189.0313, Florida Statutes, is created
95 to read:

96 189.0313 Independent special districts; boundaries;
97 exception.—Notwithstanding any special law or general law of
98 local application to the contrary, the boundaries of an
99 independent special district shall only be changed by general
100 law or special act. This section does not apply to a community

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development district established pursuant to chapter 190.

Section 6. Subsections (1) and (2) of section 189.062, Florida Statutes, are amended to read:

189.062 Special procedures for inactive districts.—

(1) The department shall declare inactive any special district in this state by documenting that:

(a) The special district meets one of the following criteria:

1. The registered agent of the district, the chair of the governing body of the district, or the governing body of the appropriate local general-purpose government notifies the department in writing that the district has taken no action for 2 or more years;

2. The registered agent of the district, the chair of the governing body of the district, or the governing body of the appropriate local general-purpose government notifies the department in writing that the district has not had a governing body or a sufficient number of governing body members to constitute a quorum for 2 or more years;

3. The registered agent of the district, the chair of the governing body of the district, or the governing body of the appropriate local general-purpose government fails to respond to an inquiry by the department within 21 days;

4. The department determines, pursuant to s. 189.067, that the district has failed to file any of the reports listed in s.

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126 189.066;

127 5. The district has not had a registered office and agent
128 on file with the department for 1 or more years; ~~or~~

129 6. The governing body of a special district provides
130 documentation to the department that it has unanimously adopted
131 a resolution declaring the special district inactive. The
132 special district is responsible for payment of any expenses
133 associated with its dissolution;~~;~~

134 7. The district is an independent special district or a
135 community redevelopment district created under part III of
136 chapter 163 that has reported no revenue, no expenditures, and
137 no debt under s. 189.016(9) or s. 218.32 for at least 5
138 consecutive fiscal years beginning no earlier than October 1,
139 2018. This subparagraph does not apply to a community
140 development district established under chapter 190 or to any
141 independent special district operating pursuant to a special act
142 that provides that any amendment to chapter 190 to grant
143 additional powers constitutes a power of that district; or

144 8. For a mosquito control district created pursuant to
145 chapter 388, the department has received notice from the
146 Department of Agriculture and Consumer Services that the
147 district has failed to file a tentative work plan and tentative
148 detailed work plan budget as required by s. 388.271.

149 (b) The department, special district, or local general-
150 purpose government has published a notice of proposed

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151 declaration of inactive status in a newspaper of general
152 circulation in the county or municipality in which the territory
153 of the special district is located and has sent a copy of such
154 notice by certified mail to the registered agent or chair of the
155 governing body, if any. If the special district is a dependent
156 special district with a governing body that is not identical to
157 the governing body of a single county or a single municipality,
158 a copy of such notice must also be sent by certified mail to the
159 governing body of the county or municipality on which the
160 district is dependent. Such notice must include the name of the
161 special district, the law under which it was organized and
162 operating, a general description of the territory included in
163 the special district, and a statement that any objections must
164 be filed pursuant to chapter 120 within 30 ~~21~~ days after the
165 publication date. The objections may include that the special
166 district has outstanding debt obligations that are not included
167 in reports required under s. 189.016(9) or s. 218.32.

168 (c) Thirty ~~Twenty-one~~ days have elapsed from the
169 publication date of the notice of proposed declaration of
170 inactive status and no administrative appeals were filed.

171 (2) If any special district is declared inactive pursuant
172 to this section, the district may only expend funds as necessary
173 to service outstanding debt and to comply with existing bond
174 covenants and other contractual obligations. The property or
175 assets of the special district are subject to legal process for

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176 payment of any debts of the district. After the payment of all
177 the debts of said inactive special district, the remainder of
178 its property or assets shall escheat to the county or
179 municipality wherein located. If, however, it shall be
180 necessary, in order to pay any such debt, to levy any tax or
181 taxes on the property in the territory or limits of the inactive
182 special district, the same may be assessed and levied by order
183 of the local general-purpose government wherein the same is
184 situated and shall be assessed by the county property appraiser
185 and collected by the county tax collector.

186 Section 7. Section 189.0694, Florida Statutes, is created
187 to read:

188 189.0694 Special districts; performance measures and
189 standards.-

190 (1) Beginning October 1, 2024, or by the end of the first
191 full fiscal year after its creation, whichever is later, each
192 special district must establish goals and objectives for each
193 program and activity undertaken by the district, as well as
194 performance measures and standards to determine if the
195 district's goals and objectives are being achieved.

196 (2) By December 1 of each year thereafter, each special
197 district must publish an annual report on the district's website
198 describing:

199 (a) The goals and objectives achieved by the district, as
200 well as the performance measures and standards used by the

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201 district to make this determination.

202 (b) Any goals or objectives the district failed to
203 achieve.

204 Section 8. Paragraph (c) is added to subsection (3) of
205 section 189.0695, Florida Statutes, to read:

206 189.0695 Independent special districts; performance
207 reviews.—

208 (3) The Office of Program Policy Analysis and Government
209 Accountability must conduct a performance review of all
210 independent special districts within the classifications
211 described in paragraphs (a), ~~and~~ (b), and (c) and may contract
212 as needed to complete the requirements of this subsection. The
213 Office of Program Policy Analysis and Government Accountability
214 shall submit the final report of the performance review to the
215 President of the Senate and the Speaker of the House of
216 Representatives as follows:

217 (c) For all safe neighborhood improvement districts as
218 defined in s. 163.503(1), no later than September 30, 2025.

219 Section 9. Section 190.047, Florida Statutes, is repealed.

220 Section 10. Subsection (3) is added to section 191.013,
221 Florida Statutes, to read:

222 191.013 Intergovernmental coordination.—

223 (3) By October 1 of each year, each independent special
224 fire control district shall report to the Division of State Fire
225 Marshal regarding whether each of the district's volunteer

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226 firefighters has completed the required trainings and received
227 the required certifications established by the division pursuant
228 to s. 633.408.

229 Section 11. Section 388.211, Florida Statutes, is amended
230 to read:

231 388.211 Change in district boundaries.—

232 ~~(1) The boundaries of each district may only be changed by~~
233 ~~a special act of the Legislature The board of commissioners of~~
234 ~~any district formed prior to July 1, 1980, may, for and on~~
235 ~~behalf of the district or the qualified electors within or~~
236 ~~without the district, request that the board of county~~
237 ~~commissioners in each county having land within the district~~
238 ~~approve a change in the boundaries of the district.~~

239 ~~(2) If the board of county commissioners approves such~~
240 ~~change, an amendment shall be made to the order creating the~~
241 ~~district to conform with the boundary change.~~

242 Section 12. Subsection (1) of section 388.221, Florida
243 Statutes, is amended to read:

244 388.221 Tax levy.—

245 (1) The board of commissioners of such district may levy
246 upon all of the real and personal taxable property in said
247 district a special tax not exceeding 1 mill ~~10 mills~~ on the
248 dollar during each year as maintenance tax to be used solely for
249 the purposes authorized and prescribed by this chapter. The
250 board of commissioners of a district may increase such special

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251 tax to no more than 2 mills on the dollar if the increase is
252 approved by a referendum of the qualified electors of the
253 district held at a general election. Said board shall by
254 resolution certify to the property appraiser of the county in
255 which the property is situate, timely for the preparation of the
256 tax roll, the tax rate to be applied in determining the amount
257 of the district's annual maintenance tax. Certified copies of
258 such resolution executed in the name of said board by its chair
259 and secretary and under its corporate seal shall be made and
260 delivered to the property appraiser and the board of county
261 commissioners of the county in which such district is located,
262 and to the Department of Revenue not later than September 30 of
263 such year. The property appraiser of said county shall assess
264 and the tax collector of said county shall collect the amount of
265 taxes so assessed and levied by said board of commissioners of
266 said district upon all of the taxable real and personal property
267 in said district at the rate of taxation adopted by said board
268 for said year and included in said resolution, and said levy
269 shall be included in the warrants of the property appraiser and
270 attached to the assessment roll of taxes for said county each
271 year. The tax collector shall collect such taxes so levied by
272 said board in the same manner as other taxes are collected and
273 shall pay the same within the time and in the manner prescribed
274 by law to the treasurer of said board. The Department of Revenue
275 shall assess and levy on all the railroad lines and railroad

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property and telegraph and telephone lines and telegraph and telephone property situated in said district in the amount of each such levy as in case of other state and county taxes and shall collect said taxes thereon in the same manner as it is required by law to assess and collect taxes for state and county purposes and remit the same to the treasurer of said board. All such taxes shall be held by said treasurer for the credit of said board and paid out by him or her as ordered by said board.

Section 13. Subsection (1) of section 388.271, Florida Statutes, is amended, and subsection (3) is added to that section, to read:

388.271 Prerequisites to participation.—

(1) When state funds are involved, it is the duty of the department to guide, review, approve, and coordinate the activities of all county governments and special districts receiving state funds in furtherance of the goal of integrated arthropod control. Each county ~~or district~~ eligible to participate ~~hereunder~~ may, and each district must, begin participation on October 1 of any year by filing with the department not later than July 15 a tentative work plan and tentative detailed work plan budget providing for the control of arthropods. Following approval of the plan and budget by the department, two copies of the county's or district's certified budget based on the approved work plan and detailed work plan budget shall be submitted to the department by September 30

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301 following. State funds, supplies, and services shall be made
302 available to such county or district by and through the
303 department immediately upon release of funds by the Executive
304 Office of the Governor.

305 (3) If a special district fails to submit a tentative work
306 plan and tentative detailed work plan budget as required by
307 subsection (1), the department shall send notice of such failure
308 to the Department of Commerce within 30 days.

309 Section 14. This act shall take effect July 1, 2024.

MEMO

To: Board of Supervisors

From: James P. Ward

Date: March 13, 2024

Re: Commission on Ethics newly established Electronic Financial Disclosure Management System (“EFDMS”) website registration, Financial Disclosure Forms, and Required Ethics Training

Beginning January 1, 2024, the Florida Commission on Ethics has enacted new procedures for electronic filing of Financial Disclosure forms for Public Officials, as a means of submitting Forms and updating your Filer contact information.

To access the newly established Electronic Financial Disclosure Management System (“EFDMS”), visit the login page (<https://disclosure.floridaethics.gov/Account/Login>) and watch the instructional video for directions on how to register/confirm registration.

If you have filed a Form 1 before, click “I am a Filer” and follow the prompts.

Instructions, FAQs, and tutorials are available from the dashboard within EFDMS. Additional assistance can be obtained Monday-Friday from 8:00 a.m. until 5:00 p.m. by contacting the Commission directly.

Financial disclosure forms are due on or before July 1, 2024 for the preceding calendar year. A grace period is in effect until September 1. If the disclosure is not filed or postmarked by September 1, an automatic fine of \$25 per day will begin to accrue and will continue to build until the disclosure is filed, or the fine reaches \$1,500.

If you have an annual filing requirement AND will be running for office as a qualified elector in November, then you will need to complete your disclosure in EFDMS and submit your filing electronically to the Commission, then print a verification/receipt for e-filing your form or print a copy of your disclosure to file with your Qualifying Officer packet.

It is imperative that each filer take the time to confirm their registration on the EFDMS site, in order to ensure that the Florida Commission on Ethics has updated and correct contact information. All communication about filing requirements and due dates for filers will be provided via email only. Filers MUST maintain a current email address in EFDMS. By law, failure to maintain a current email address will not qualify as an “unusual circumstance” during an appeal of an automatic fine for failure to timely file a Form.

If the annual form is not submitted via the electronic filing system created and maintained by the Florida Commission on Ethics by September 3, 2024, an automatic fine of \$25 for each day late will be imposed, up to a maximum penalty of \$1,500. Failure to file also can result in removal from public office [s. 112.3145, F.S.].

In addition, failure to make any required disclosure constitutes grounds for and may be punished by one or more of the following: disqualification from being on the ballot, impeachment, removal or suspension from office, or a civil penalty not exceeding \$10,000. [s. 112.317, F.S.].

Also beginning January 1, 2024, all elected local officers of independent special districts, including any person appointed to fill a vacancy on an elected special district board, whose service began on or before March 31st of the year for which you are filing, are now required to complete four (4) hours of Ethics Training each calendar year. The four (4) hours of Ethics Training shall be allocated amongst the following categories:

- two (2) hours of ethics law,
- one (1) hour of Sunshine Law; and
- one (1) hour of Public Records law.

Please note that the four (4) hours of the Ethics Training do not have to be completed all at once. Supervisors will report their 2024 training when they fill out their Form 1 (Statement of Financial Interests) for the 2025 year by checking a box confirming that they have completed the annual Ethics Training.

It is highly recommended that you keep a record of all ethics training used to satisfy the Ethics Training requirements. At present, there is no need to submit a certificate or letter of completion of the Ethics Training. However, the Florida Commission on Ethics (“COE”) advises that Supervisors maintain a record in the event they are asked to provide proof of completion of all Ethics Training.

Additionally, you may be solicited by a private organization (Florida Association of Special Districts) – to take their Ethics Training Course on their platform for which there is a fee. **You are NOT required to use their services nor pay the fees they charge.** There are several free online resources and links to resources that Supervisors might find helpful, including free training for the two (2) hour ethics portion and links to outside trainings which can be used to satisfy the other categories of the Ethics Training. **You may take training from any source you choose.**

State Ethics Laws for Constitutional Officers & Elected Municipal Officers (Video Tutorial):

<https://youtu.be/U8JktIMKzyl>

Office of the Attorney General offers training on Sunshine Law and Public Records Law (22-page presentation):

<https://www.myfloridalegal.com/sites/default/files/2023-05/opengovernmentoverview.pdf>

Office of the Attorney General 2-hour Audio Presentation regarding Public Meetings and Public Records Law:

<https://www.myfloridalegal.com/sites/default/files/Full%2520audio%25202018%5B2%5D.mp3>

As always, if you have any questions regarding this information, please feel free to contact me directly at 954-658-4900.

PALERMO COMMUNITY DEVELOPMENT DISTRICT



FINANCIAL STATEMENTS - DECEMBER 2023

FISCAL YEAR 2024

PREPARED BY:

JPWARD & ASSOCIATES, LLC, 2301 NORTHEAST 37TH STREET, FORT LAUDERDALE, FL 33308

T: 954-658-4900 E: JimWard@JPWardAssociates.com

Palermo Community Development District

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JPWard & Associates, LLC

2301 NORTHEAST 37 STREET
FORT LAUDERDALE,
FLORIDA 33308

Palermo Community Development District
Balance Sheet
for the Period Ending December 31, 2023

		Governmental Funds				Totals (Memorandum Only)				
		Debt Service Funds		Capital Project Fund						
		General Fund	Series 2023	Series 2023	Account Groups					
					General Long Term Debt	General Fixed Assets				
Assets										
Cash and Investments										
General Fund - Invested Cash	\$	319,072	\$	-	\$	-	\$	319,072		
Debt Service Fund										
Interest Account		-		9		-		\$	9	
Sinking Account		-		-		-		\$	-	
Reserve Account		-		377,788		-		\$	377,788	
Revenue Account		-		345,516		-		\$	345,516	
Capitalized Interest		-		-		-		\$	-	
Prepayment Account		-		-		-		\$	-	
Construction Account		-		-		7,370,522		\$	7,370,522	
Cost of Issuance Account		-		-		-		\$	-	
Due from Other Funds										
General Fund		-		69,890		-			69,890	
Debt Service Fund(s)		-		-		-			-	
Accounts Receivable		-		-		-			-	
Assessments Receivable		-		-		-			-	
Amount Available in Debt Service Funds		-		-		793,202			793,202	
Amount to be Provided by Debt Service Funds		-		-		10,566,595			10,566,595	
Total Assets	\$	319,072	\$	793,202	\$	7,370,522	\$	11,359,797	\$	19,842,592
Liabilities										
Accounts Payable & Payroll Liabilities	\$	164,745	\$	-	\$	-	\$	-	\$	164,745
Due to Fiscal Agent	\$	-	\$	-	\$	-	\$	-		
Due to Other Funds									-	
General Fund		-		-		-		-		-
Debt Service Fund(s)		69,890		-		-		-		69,890
Due to Developer	\$	-	\$	-	\$	-				-
Bonds Payable										
Current Portion		-		-		-		-		
Long Term		-		-		11,359,797		-		11,359,797
Unamortized Prem/Discount on Bds Pyb		-		(98,324)		-		-		(98,324)
Total Liabilities	\$	234,635	\$	(98,324)	\$	-	\$	11,359,797	\$	11,496,108
Fund Equity and Other Credits										
Investment in General Fixed Assets		-		-		-		-		-
Fund Balance										
Restricted										
Beginning: October 1, 2023 (Unaudited)		-		478,089		7,268,354		-		7,746,444
Results from Current Operations		-		413,436		102,167		-		515,604
Unassigned										
Beginning: October 1, 2023 (Unaudited)		43,547		-		-		-		43,547
Results from Current Operations		40,889		-		-		-		40,889
Total Fund Equity and Other Credits	\$	84,437	\$	891,526	\$	7,370,522	\$	-	\$	8,346,484
Total Liabilities, Fund Equity and Other Credits	\$	319,072	\$	793,202	\$	7,370,522	\$	11,359,797	\$	19,842,592

Palermo Community Development District
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Through December 31, 2023

Description	October	November	December	Year to Date	Total Annual Budget	% of Budget
Revenue and Other Sources						
Carryforward	\$ -	\$ -	\$ -	\$ -	\$ (46,385)	0%
Interest						
Interest - General Checking	-	-	-	-	-	N/A
Special Assessment Revenue						
Special Assessments - On-Roll	14	2,110	65,781	67,905	231,923	29%
Special Assessments - Off-Roll	-	-	-	-	-	N/A
Developer Contribution	-	-	-	-	-	N/A
Total Revenue and Other Sources:	\$ 14	\$ 2,110	\$ 65,781	\$ 67,905	\$ 185,538	N/A
Expenditures and Other Uses						
Legislative						
Board of Supervisor's Fees	-	-	-	-	-	N/A
Executive						
Professional Management	3,500	3,500	3,500	10,500	42,000	25%
Financial and Administrative						
Audit Services	-	-	-	-	5,300	0%
Accounting Services	1,417	1,417	1,417	4,250	17,000	25%
Assessment Roll Preparation	1,417	1,417	1,417	4,250	17,000	25%
Arbitrage Rebate Services	-	-	-	-	500	0%
Other Contractual Services						
Legal Advertising	-	-	-	-	1,750	0%
Trustee Services	-	-	-	-	4,300	0%
Dissemination Agent Services	417	417	417	1,250	5,000	25%
Property Appraiser Fees	-	714	-	714	1,841	39%
Bank Service Fees	20	52	-	72	300	24%
Travel and Per Diem	-	-	-	-	-	N/A
Communications & Freight Services						
Postage, Freight & Messenger	13	-	-	13	50	27%
Rentals and Leases						
Miscellaneous Equipment	-	-	-	-	-	N/A
Website Services	-	-	-	-	1,500	0%
Insurance	5,590	-	-	5,590	5,600	100%
Printing & Binding	-	-	-	-	50	0%
Subscription & Memberships	-	175	-	175	175	100%
Legal Services						
Legal - General Counsel	-	201	-	201	7,500	3%
Other General Government Services						
Engineering Services	-	-	-	-	6,000	0%

Prepared by:

Unaudited

JPWARD and Associates, LLC

Palermo Community Development District
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Through December 31, 2023

Description	October	November	December	Year to Date	Total Annual Budget	% of Budget
Contingencies	-	-	-	-	-	#DIV/0!
Capital Outlay	-	-	-	-	-	N/A
Reserves and Contingencies						
Reserve for Natural Disaster Cleanup	-			-	50,000	0%
Contingencies	-			-	10,000	0%
Other Fees and Charges	-	-	-	-	-	N/A
Discounts/Collection Fees	-	-	-	-	9,673	
Sub-Total:	12,374	7,891	6,750	27,015	185,539	N/A
Total Expenditures and Other Uses:	\$ 12,374	\$ 7,891	\$ 6,750	\$ 27,015	\$ 185,539	N/A
Net Increase/ (Decrease) in Fund Balance	(12,360)	(5,782)	59,031	40,889	46,384	
Fund Balance - Beginning	43,547	31,187	25,405	43,547	-	
Fund Balance - Ending	\$ 31,187	\$ 25,405	\$ 84,437	84,437	\$ 46,384	

Palermo Community Development District
Debt Service Fund - Series 2023
Statement of Revenues, Expenditures and Changes in Fund Balance
Through December 31, 2023

Description	October	November	December	Year to Date	Total Annual Budget	% of Budget
Revenue and Other Sources						
Carryforward	\$ -	\$ -	\$ -	-	-	N/A
Interest Income						
Interest Account	9	9	9	26	-	N/A
Sinking Fund Account	-	-	-	-	-	N/A
Reserve Account	1,661	1,717	1,649	5,027	-	N/A
Prepayment Account	-	-	-	-	-	N/A
Revenue Account	-	-	95	95	-	N/A
Capitalized Interest Account	-	-	-	-	-	N/A
Special Assessments - Prepayments						
Special Assessments - On Roll	47	7,209	224,772	232,028	815,596	28%
Special Assessments - Off Roll	-	470,900	-	470,900	285,900	N/A
Special Assessments - Prepayments	-	-	-	-	185,000	N/A
Debt Proceeds	-	-	-	-	-	N/A
Intragovernmental Transfer In	-	-	-	-	-	N/A
Total Revenue and Other Sources:	\$ 1,716	\$ 479,835	\$ 226,525	\$ 708,076	\$ 1,286,496	N/A
Expenditures and Other Uses						
Debt Service						
Principal Debt Service - Mandatory						
Series 2019	-	-	-	-	180,000	N/A
Principal Debt Service - Early Redemptions						
Series 2019	-	-	-	-	-	N/A
Interest Expense						
Series 2019	-	-	289,613	289,613	579,225	N/A
Underwriter's Discount	-	-	-	-	-	N/A
Operating Transfers Out (To Other Funds)	1,661	1,717	1,649	5,027	-	N/A
Total Expenditures and Other Uses:	1,661	1,717	291,262	294,640	\$ 759,225	N/A
Net Increase/ (Decrease) in Fund Balance	55	478,118	(64,737)	413,436	527,271	
Fund Balance - Beginning	478,089	478,145	956,263	478,089	-	
Fund Balance - Ending	\$ 478,145	\$ 956,263	\$ 891,526	891,526	\$ 527,271	

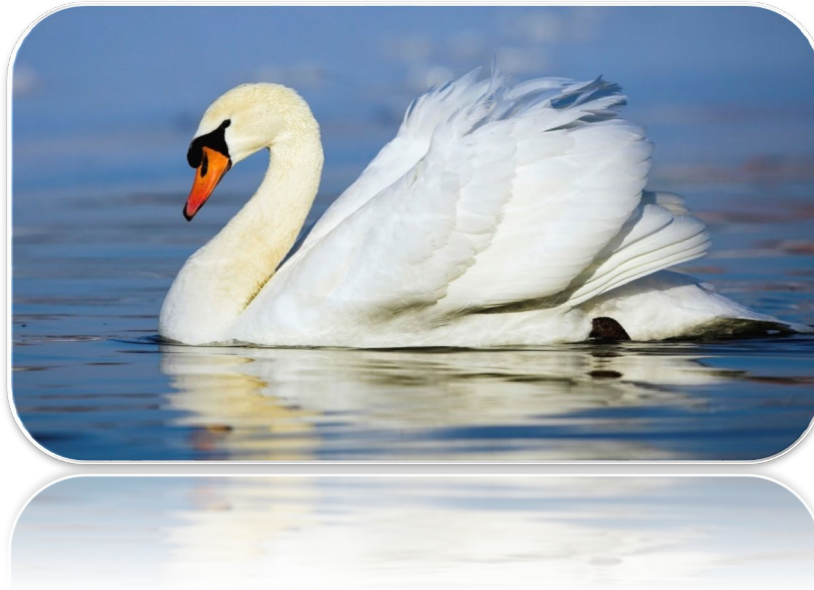
Prepared by:

JPWARD and Associates, LLC

Palermo Community Development District
Capital Projects Fund - Series 2023
Statement of Revenues, Expenditures and Changes in Fund Balance
Through December 31, 2023

Description	October	November	December	Year to Date	Total Annual Budget	% of Budget
Revenue and Other Sources						
Carryforward	-	-	-	-	\$ -	N/A
Interest Income						
Construction Account	31,941	33,174	32,026	97,140	\$ -	N/A
Cost of Issuance	-	-	-	-	\$ -	N/A
Debt Proceeds	-	-	-	-	\$ -	N/A
Developer Contributions	-	-	-	-	\$ -	N/A
Operating Transfers In (From Other Funds)	1,661	1,717	1,649	5,027	\$ -	N/A
Total Revenue and Other Sources:	\$ 33,602	\$ 34,890	\$ 33,675	\$ 102,167	\$ -	N/A
Expenditures and Other Uses						
Executive						
Professional Management	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Other Contractual Services						
Trustee Services	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Legal Services	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Printing & Binding	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Other General Government Services						
Engineering Services				\$ -		
Conservation and Resource Management						
Irrigation				\$ -		
Capital Outlay						
Electrical				\$ -		
Water-Sewer Combination	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Stormwater Management	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Landscaping	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Roadway Improvement	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Cost of Issuance						
Legal - Series 2019 Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Underwriter's Discount	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Operating Transfers Out (To Other Funds)	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Total Expenditures and Other Uses:	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Net Increase/ (Decrease) in Fund Balance	\$ 33,602	\$ 34,890	\$ 33,675	\$ 102,167	-	
Fund Balance - Beginning	\$ 7,268,354	\$ 7,301,956	\$ 7,336,847	\$ 7,268,354	\$ -	
Fund Balance - Ending	\$ 7,301,956	\$ 7,336,847	\$ 7,370,522	\$ 7,370,522	\$ -	

PALERMO COMMUNITY DEVELOPMENT DISTRICT



FINANCIAL STATEMENTS - JANUARY 2024

FISCAL YEAR 2024

PREPARED BY:

JPWARD & ASSOCIATES, LLC, 2301 NORTHEAST 37TH STREET, FORT LAUDERDALE, FL 33308

T: 954-658-4900 E: JimWard@JPWardAssociates.com

Palermo Community Development District

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JPWard & Associates, LLC

2301 NORTHEAST 37 STREET
FORT LAUDERDALE,
FLORIDA 33308

Palermo Community Development District
Balance Sheet
for the Period Ending January 31, 2024

			Governmental Funds				Totals (Memorandum Only)			
			Debt Service Funds	Capital Project Fund	Account Groups					
			General Fund	Series 2023	Series 2023	General Long Term Debt	General Fixed Assets			
Assets										
Cash and Investments										
General Fund - Invested Cash	\$	250,890	\$	-	\$	-	\$	-	\$	250,890
Debt Service Fund										
Interest Account		-		13		-		-	\$	13
Sinking Account		-		-		-		-	\$	-
Reserve Account		-		377,788		-		-	\$	377,788
Revenue Account		-		463,566		-		-	\$	463,566
Capitalized Interest		-		-		-		-	\$	-
Prepayment Account		-		-		-		-	\$	-
Construction Account		-		-		7,405,273		-	\$	7,405,273
Cost of Issuance Account		-		-		-		-	\$	-
Due from Other Funds										
General Fund		-		-		-		-		-
Debt Service Fund(s)		-		-		-		-		-
Accounts Receivable		-		-		-		-		-
Assessments Receivable		-		-		-		-		-
Unamortized Prem/Discount on Bonds Payable		-		-		98,324		-		98,324
Amount Available in Debt Service Funds		-		-		-		841,366		841,366
Amount to be Provided by Debt Service Funds		-		-		-		10,518,431		10,518,431
Total Assets	\$	250,890	\$	841,366	\$	7,503,596	\$	11,359,797	\$	19,955,649
Liabilities										
Accounts Payable & Payroll Liabilities	\$	164,745	\$	-	\$	-	\$	-	\$	164,745
Due to Fiscal Agent	\$	-	\$	-	\$	-	\$	-		
Due to Other Funds										-
General Fund		-		-		-		-		-
Debt Service Fund(s)		-		-		-		-		-
Due to Developer	\$	-	\$	-	\$	-				-
Bonds Payable										
Current Portion		-		-		-		-		-
Long Term		-		-		-		\$11,359,797		11,359,797
Unamortized Prem/Discount on Bds Pyb		-		-		-		-		-
Total Liabilities	\$	164,745	\$	-	\$	-	\$	11,359,797	\$	11,524,542
Fund Equity and Other Credits										
Investment in General Fixed Assets		-		-		-		-		-
Fund Balance										
Restricted										
Beginning: October 1, 2023 (Unaudited)		-		379,765		7,366,678		-		7,746,444
Results from Current Operations		-		461,601		136,918		-		598,519
Unassigned										
Beginning: October 1, 2023 (Unaudited)		43,547		-		-		-		43,547
Results from Current Operations		42,597		-		-		-		42,597
Total Fund Equity and Other Credits	\$	86,145	\$	841,366	\$	7,503,596	\$	-	\$	8,431,107
Total Liabilities, Fund Equity and Other Credits	\$	250,890	\$	841,366	\$	7,503,596	\$	11,359,797	\$	19,955,649

Palermo Community Development District
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Through January 31, 2024

Description	October	November	December	January	Year to Date	Total Annual Budget	% of Budget
Revenue and Other Sources							
Carryforward	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (46,385)	0%
Interest							
Interest - General Checking	-	-	-	-	-	-	N/A
Special Assessment Revenue							
Special Assessments - On-Roll	14	2,110	65,781	13,858	81,763	231,923	35%
Special Assessments - Off-Roll	-	-	-	-	-	-	N/A
Developer Contribution	-	-	-	-	-	-	N/A
Total Revenue and Other Sources:	\$ 14	\$ 2,110	\$ 65,781	\$ 13,858	\$ 81,763	\$ 185,538	N/A
Expenditures and Other Uses							
Legislative							
Board of Supervisor's Fees	-	-	-	-	-	-	N/A
Executive							
Professional Management	3,500	3,500	3,500	3,500	14,000	42,000	33%
Financial and Administrative							
Audit Services	-	-	-	5,400	5,400	5,300	102%
Accounting Services	1,417	1,417	1,417	1,417	5,667	17,000	33%
Assessment Roll Preparation	1,417	1,417	1,417	1,417	5,667	17,000	33%
Arbitrage Rebate Services	-	-	-	-	-	500	0%
Other Contractual Services							
Legal Advertising	-	-	-	-	-	1,750	0%
Trustee Services	-	-	-	-	-	4,300	0%
Dissemination Agent Services	417	417	417	417	1,667	5,000	33%
Property Appraiser Fees	-	714	-	-	714	1,841	39%
Bank Service Fees	20	52	-	-	72	300	24%
Travel and Per Diem	-	-	-	-	-	-	N/A
Communications & Freight Services							
Postage, Freight & Messenger	13	-	-	-	13	50	27%
Rentals and Leases							
Miscellaneous Equipment	-	-	-	-	-	-	N/A
Website Services	-	-	-	-	-	1,500	0%
Insurance	5,590	-	-	-	5,590	5,600	100%
Printing & Binding	-	-	-	-	-	50	0%
Subscription & Memberships	-	175	-	-	175	175	100%
Legal Services							
Legal - General Counsel	-	201	-	-	201	7,500	3%
Other General Government Services							
Engineering Services	-	-	-	-	-	6,000	0%
Contingencies	-	-	-	-	-	-	N/A

Prepared by:

Unaudited

JPWARD and Associates, LLC

Palermo Community Development District
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Through January 31, 2024

Description	October	November	December	January	Year to Date	Total Annual Budget	% of Budget
Capital Outlay	-	-	-	-	-	-	N/A
Reserves and Contingencies							
Reserve for Natural Disaster Cleanup	-				-	50,000	0%
Contingencies	-				-	10,000	0%
Other Fees and Charges	-	-	-	-	-	-	N/A
Discounts/Collection Fees	-	-	-	-	-	9,673	
Sub-Total:	12,374	7,891	6,750	12,150	39,165	185,539	N/A
Total Expenditures and Other Uses:	\$ 12,374	\$ 7,891	\$ 6,750	\$ 12,150	\$ 39,165	\$ 185,539	N/A
Net Increase/ (Decrease) in Fund Balance	(12,360)	(5,782)	59,031	1,708	42,597	46,384	
Fund Balance - Beginning	43,547	31,187	25,405	84,437	43,547	-	
Fund Balance - Ending	\$ 31,187	\$ 25,405	\$ 84,437	\$ 86,145	86,145	\$ 46,384	

Palermo Community Development District
Debt Service Fund - Series 2023
Statement of Revenues, Expenditures and Changes in Fund Balance
Through January 31, 2024

Description	October	November	December	January	Year to Date	Total Annual Budget	% of Budget
Revenue and Other Sources							
Carryforward	\$ -	\$ -	\$ -	\$ -	-	-	N/A
Interest Income							
Interest Account	9	9	9	\$ 4	31	-	N/A
Sinking Fund Account	-	-	-	-	-	-	N/A
Reserve Account	1,661	1,717	1,649	1,695	6,722	-	N/A
Prepayment Account	-	-	-	-	-	-	N/A
Revenue Account	-	-	95	\$ 808	903	-	N/A
Capitalized Interest Account	-	-	-	-	-	-	N/A
Special Assessments - Prepayments							
Special Assessments - On Roll	47	7,209	224,772	47,352	279,380	815,596	34%
Special Assessments - Off Roll	-	470,900	-	-	470,900	285,900	N/A
Special Assessments - Prepayments	-	-	-	-	-	185,000	N/A
Debt Proceeds	-	-	-	-	-	-	N/A
Intragovernmental Transfer In	-	-	-	-	-	-	N/A
Total Revenue and Other Sources:	\$ 1,716	\$ 479,835	\$ 226,525	\$ 49,859	\$ 757,936	\$ 1,286,496	59%
Expenditures and Other Uses							
Debt Service							
Principal Debt Service - Mandatory							
Series 2019	-	-	-	-	-	180,000	N/A
Principal Debt Service - Early Redemptions							
Series 2019	-	-	-	-	-	-	N/A
Interest Expense							
Series 2019	-	-	289,613	-	289,613	579,225	N/A
Underwriter's Discount	-	-	-	-	-	-	N/A
Operating Transfers Out (To Other Funds)	1,661	1,717	1,649	1,695	6,722	-	N/A
Other Fees and Charges							
Discounts for Early Payment	-	-	-	-	-	56,371	0%
Total Expenditures and Other Uses:	1,661	1,717	291,262	1,695	296,335	\$ 815,596	36%
Net Increase/ (Decrease) in Fund Balance	55	478,118	(64,737)	48,164	461,601	470,900	
Fund Balance - Beginning	379,765	379,821	857,939	793,202	379,765	-	
Fund Balance - Ending	\$ 379,821	\$ 857,939	\$ 793,202	\$ 841,366	841,366	\$ 470,900	

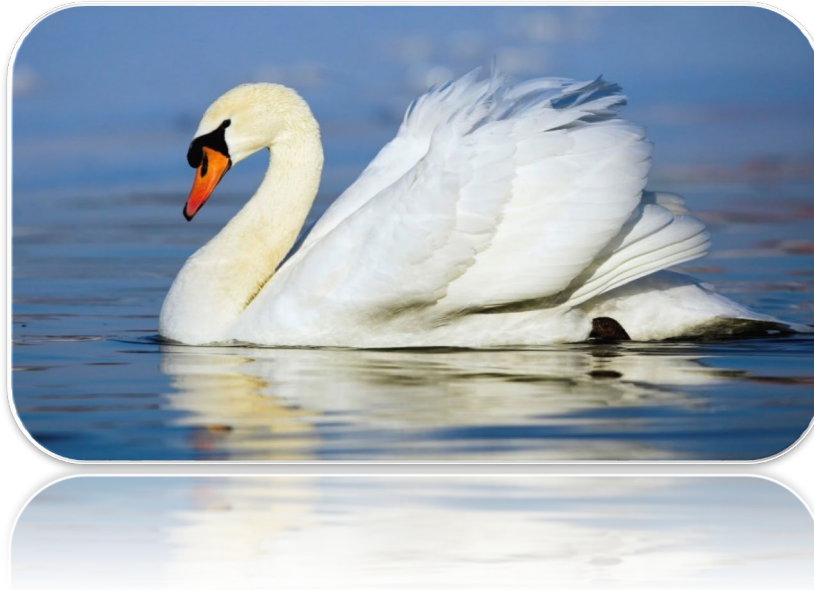
Palermo Community Development District
Capital Projects Fund - Series 2023
Statement of Revenues, Expenditures and Changes in Fund Balance
Through January 31, 2024

Description	October	November	December	January	Year to Date	Total Annual Budget	% of Budget
Revenue and Other Sources							
Carryforward	-	-	-	-	-	\$ -	N/A
Interest Income							
Construction Account	31,941	33,174	32,026	33,056	130,196	\$ -	N/A
Cost of Issuance	-	-	-	-	-	\$ -	N/A
Debt Proceeds	-	-	-	-	-	\$ -	N/A
Developer Contributions	-	-	-	-	-	\$ -	N/A
Operating Transfers In (From Other Funds)	1,661	1,717	1,649	1,695	6,722	\$ -	N/A
Total Revenue and Other Sources:	\$ 33,602	\$ 34,890	\$ 33,675	\$ 34,751	\$ 136,918	\$ -	N/A
Expenditures and Other Uses							
Executive							
Professional Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Other Contractual Services							
Trustee Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Legal Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Printing & Binding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Other General Government Services							
Engineering Services					\$ -		
Conservation and Resource Management							
Irrigation					\$ -		
Capital Outlay							
Electrical					\$ -		
Water-Sewer Combination	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Stormwater Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Landscaping	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Roadway Improvement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Cost of Issuance							
Legal - Series 2019 Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Underwriter's Discount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Operating Transfers Out (To Other Funds)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Total Expenditures and Other Uses:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
 Net Increase/ (Decrease) in Fund Balance	\$ 33,602	\$ 34,890	\$ 33,675	\$ 34,751	\$ 136,918	-	
Fund Balance - Beginning	\$ 7,366,678	\$ 7,400,280	\$ 7,435,171	\$ 7,468,846	\$ 7,366,678	-	
Fund Balance - Ending	\$ 7,400,280	\$ 7,435,171	\$ 7,468,846	\$ 7,503,596	\$ 7,503,596	\$ -	

Prepared by:

JPWARD and Associates, LLC

PALERMO COMMUNITY DEVELOPMENT DISTRICT



FINANCIAL STATEMENTS - FEBRUARY 2024

FISCAL YEAR 2024

PREPARED BY:

JPWARD & ASSOCIATES, LLC, 2301 NORTHEAST 37TH STREET, FORT LAUDERDALE, FL 33308

T: 954-658-4900 E: JimWard@JPWardAssociates.com

Palermo Community Development District

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<i>General Fund</i>	<i>2-3</i>
<i>Debt Service Fund</i> <i>Series 2023</i>	<i>4</i>
<i>Capital Project Fund</i> <i>Series 2023</i>	<i>5</i>

JPWard & Associates, LLC

2301 NORTHEAST 37 STREET
FORT LAUDERDALE,
FLORIDA 33308

Palermo Community Development District
Balance Sheet
for the Period Ending February 29, 2024

			Governmental Funds				Totals (Memorandum Only)			
			Debt Service Funds		Capital Project Fund	Account Groups				
			General Fund	Series 2023	Series 2023	General Long Term Debt	General Fixed Assets			
Assets										
Cash and Investments										
General Fund - Invested Cash	\$	265,440	\$	-	\$	-	\$	-	\$	265,440
Debt Service Fund										
Interest Account		-		13		-		-	\$	13
Sinking Account		-		-		-		-	\$	-
Reserve Account		-		377,788		-		-	\$	377,788
Revenue Account		-		538,301		-		-	\$	538,301
Capitalized Interest		-		-		-		-	\$	-
Prepayment Account		-		-		-		-	\$	-
Construction Account		-		-		7,439,872		-	\$	7,439,872
Cost of Issuance Account		-		-		-		-	\$	-
Due from Other Funds										
General Fund		-		-		-		-		-
Debt Service Fund(s)		-		-		-		-		-
Accounts Receivable		-		-		-		-		-
Assessments Receivable		-		-		-		-		-
Unamortized Prem/Discount on Bonds Payable		-		-		98,324		-		98,324
Amount Available in Debt Service Funds		-		-		-		916,102		916,102
Amount to be Provided by Debt Service Funds		-		-		-		10,443,695		10,443,695
Total Assets	\$	265,440	\$	916,102	\$	7,538,196	\$	11,359,797	\$	20,079,534
Liabilities										
Accounts Payable & Payroll Liabilities	\$	164,745	\$	-	\$	-	\$	-	\$	164,745
Due to Fiscal Agent	\$	-	\$	-	\$	-	\$	-		
Due to Other Funds										
General Fund		-		-		-		-		-
Debt Service Fund(s)		-		-		-		-		-
Due to Developer	\$	-	\$	-	\$	-				-
Bonds Payable										
Current Portion		-		-		-		-		-
Long Term		-		-		-		\$11,359,797		11,359,797
Unamortized Prem/Discount on Bds Pyb		-		-		-		-		-
Total Liabilities	\$	164,745	\$	-	\$	-	\$	11,359,797	\$	11,524,542
Fund Equity and Other Credits										
Investment in General Fixed Assets		-		-		-		-		-
Fund Balance										
Restricted										
Beginning: October 1, 2023 (Unaudited)		-		379,765		7,366,678		-		7,746,444
Results from Current Operations		-		536,336		171,517		-		707,853
Unassigned										
Beginning: October 1, 2023 (Unaudited)		43,547		-		-		-		43,547
Results from Current Operations		57,148		-		-		-		57,148
Total Fund Equity and Other Credits	\$	100,695	\$	916,102	\$	7,538,196	\$	-	\$	8,554,992
Total Liabilities, Fund Equity and Other Credits	\$	265,440	\$	916,102	\$	7,538,196	\$	11,359,797	\$	20,079,534

Palermo Community Development District
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Through February 29, 2024

Description	October	November	December	January	February	Year to Date	Total Annual Budget	% of Budget
Revenue and Other Sources								
Carryforward	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (46,385)	0%
Interest								
Interest - General Checking	-	-	-	-	-	-	-	N/A
Special Assessment Revenue								
Special Assessments - On-Roll	14	2,110	65,781	13,858	21,615	103,377	231,923	45%
Special Assessments - Off-Roll	-	-	-	-	-	-	-	N/A
Developer Contribution	-	-	-	-	-	-	-	N/A
Total Revenue and Other Sources:	\$ 14	\$ 2,110	\$ 65,781	\$ 13,858	\$ 21,615	\$ 103,377	\$ 185,538	N/A
Expenditures and Other Uses								
Legislative								
Board of Supervisor's Fees	-	-	-	-	-	-	-	N/A
Executive								
Professional Management	3,500	3,500	3,500	3,500	3,500	17,500	42,000	42%
Financial and Administrative								
Audit Services	-	-	-	5,400	-	5,400	5,300	102%
Accounting Services	1,417	1,417	1,417	1,417	1,417	7,083	17,000	42%
Assessment Roll Preparation	1,417	1,417	1,417	1,417	1,417	7,083	17,000	42%
Arbitrage Rebate Services	-	-	-	-	-	-	500	0%
Other Contractual Services								
Legal Advertising	-	-	-	-	-	-	1,750	0%
Trustee Services	-	-	-	-	-	-	4,300	0%
Dissemination Agent Services	417	417	417	417	417	2,083	5,000	42%
Property Appraiser Fees	-	714	-	-	-	714	1,841	39%
Bank Service Fees	20	52	-	-	104	176	300	59%
Travel and Per Diem	-	-	-	-	-	-	-	N/A
Communications & Freight Services								
Postage, Freight & Messenger	13	-	-	-	-	13	50	27%
Rentals and Leases								
Miscellaneous Equipment	-	-	-	-	-	-	-	N/A
Website Services	-	-	-	-	-	-	1,500	0%
Insurance	5,590	-	-	-	-	5,590	5,600	100%
Printing & Binding	-	-	-	-	-	-	50	0%
Subscription & Memberships	-	175	-	-	-	175	175	100%
Legal Services								
Legal - General Counsel	-	201	-	-	210	411	7,500	5%
Other General Government Services								
Engineering Services	-	-	-	-	-	-	6,000	0%
Contingencies	-	-	-	-	-	-	-	N/A
Capital Outlay	-	-	-	-	-	-	-	N/A
Reserves and Contingencies								
Reserve for Natural Disaster Cleanup	-	-	-	-	-	-	50,000	0%
Contingencies	-	-	-	-	-	-	10,000	0%
Other Fees and Charges	-	-	-	-	-	-	-	N/A

Prepared by:

Unaudited

JPWARD and Associates, LLC

**Palermo Community Development District
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Through February 29, 2024**

Description	October	November	December	January	February	Year to Date	Total Annual Budget	% of Budget
Discounts/Collection Fees	-	-	-	-	-	-	9,673	
Sub-Total:	12,374	7,891	6,750	12,150	7,064	46,229	185,539	N/A
Total Expenditures and Other Uses:	\$ 12,374	\$ 7,891	\$ 6,750	\$ 12,150	\$ 7,064	\$ 46,229	\$ 185,539	N/A
Net Increase/ (Decrease) in Fund Balance	(12,360)	(5,782)	59,031	1,708	14,551	57,148	46,384	
Fund Balance - Beginning	43,547	31,187	25,405	84,437	86,145	43,547	-	
Fund Balance - Ending	\$ 31,187	\$ 25,405	\$ 84,437	\$ 86,145	\$ 100,695	100,695	\$ 46,384	

Palermo Community Development District
Debt Service Fund - Series 2023
Statement of Revenues, Expenditures and Changes in Fund Balance
Through February 29, 2024

Description	October	November	December	January	February	Year to Date	Total Annual Budget	% of Budget
Revenue and Other Sources								
Carryforward	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	N/A
Interest Income								
Interest Account	9	9	9	4	0	31	-	N/A
Sinking Fund Account	-	-	-	-	-	-	-	N/A
Reserve Account	1,661	1,717	1,649	1,695	1,680	8,402	-	N/A
Prepayment Account	-	-	-	-	-	-	-	N/A
Revenue Account	-	-	95	808	878.39	1,781	-	N/A
Capitalized Interest Account	-	-	-	-	-	-	-	N/A
Special Assessments - Prepayments								
Special Assessments - On Roll	47	7,209	224,772	47,352	73,857	353,237	815,596	43%
Special Assessments - Off Roll	-	470,900	-	-	-	470,900	285,900	N/A
Special Assessments - Prepayments	-	-	-	-	-	-	185,000	N/A
Debt Proceeds	-	-	-	-	-	-	-	N/A
Intragovernmental Transfer In	-	-	-	-	-	-	-	N/A
Total Revenue and Other Sources:	\$ 1,716	\$ 479,835	\$ 226,525	\$ 49,859	\$ 76,415	\$ 834,351	\$ 1,286,496	65%
Expenditures and Other Uses								
Debt Service								
Principal Debt Service - Mandatory								
Series 2019	-	-	-	-	-	-	180,000	N/A
Principal Debt Service - Early Redemptions								
Series 2019	-	-	-	-	-	-	-	N/A
Interest Expense								
Series 2019	-	-	289,613	-	-	289,613	579,225	N/A
Underwriter's Discount	-	-	-	-	-	-	-	N/A
Operating Transfers Out (To Other Funds)	1,661	1,717	1,649	1,695	1,680	8,402	-	N/A
Other Fees and Charges								
Discounts for Early Payment	-	-	-	-	-	-	56,371	0%
Total Expenditures and Other Uses:	1,661	1,717	291,262	1,695	1,680	298,015	\$ 815,596	37%
Net Increase/ (Decrease) in Fund Balance	55	478,118	(64,737)	48,164	74,735	536,336	470,900	
Fund Balance - Beginning	379,765	379,821	857,939	793,202	841,366	379,765	-	
Fund Balance - Ending	\$ 379,821	\$ 857,939	\$ 793,202	\$ 841,366	\$ 916,102	916,102	\$ 470,900	

Palermo Community Development District
Capital Projects Fund - Series 2023
Statement of Revenues, Expenditures and Changes in Fund Balance
Through February 29, 2024

Description	October	November	December	January	February	Year to Date	Total Annual Budget	% of Budget
Revenue and Other Sources								
Carryforward	-	-	-	-	-	-	\$ -	N/A
Interest Income								
Construction Account	31,941	33,174	32,026	33,056	32,919	163,115	\$ -	N/A
Cost of Issuance	-	-	-	-	-	-	\$ -	N/A
Debt Proceeds	-	-	-	-	-	-	\$ -	N/A
Developer Contributions	-	-	-	-	-	-	\$ -	N/A
Operating Transfers In (From Other Funds)	1,661	1,717	1,649	1,695	1,680	8,402	\$ -	N/A
Total Revenue and Other Sources:	\$ 33,602	\$ 34,890	\$ 33,675	\$ 34,751	\$ 34,599	\$ 171,517	\$ -	N/A
Expenditures and Other Uses								
Executive								
Professional Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Other Contractual Services								
Trustee Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Legal Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Printing & Binding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Other General Government Services								
Engineering Services						\$ -		
Conservation and Resource Management								
Irrigation						\$ -		
Capital Outlay								
Electrical						\$ -		
Water-Sewer Combination	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Stormwater Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Landscaping	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Roadway Improvement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Cost of Issuance								
Legal - Series 2019 Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Underwriter's Discount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Operating Transfers Out (To Other Funds)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Total Expenditures and Other Uses:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Net Increase/ (Decrease) in Fund Balance	\$ 33,602	\$ 34,890	\$ 33,675	\$ 34,751	\$ 34,599	\$ 171,517	-	
Fund Balance - Beginning	\$ 7,366,678	\$ 7,400,280	\$ 7,435,171	\$ 7,468,846	\$ 7,503,596	\$ 7,366,678	\$ -	
Fund Balance - Ending	\$ 7,400,280	\$ 7,435,171	\$ 7,468,846	\$ 7,503,596	\$ 7,538,196	\$ 7,538,196	\$ -	