

Palermo

Community Development District

*Meeting Agenda
January 15, 2026*

*JPWard and Associates, LLC
2301 N.E. 37th Street
Fort Lauderdale, Florida 33308
Phone: (954) 658-4900*

MEETING AGENDA

Board of Supervisors

Scott Edwards, Chairman
Dalton Drake, Vice-Chairman
Zane Zeidan, Assistant Secretary
Matthew Masters, Assistant Secretary
Diana Murray, Assistant Secretary

James P. Ward, District Manager
2301 N.E. 37th Street
Fort Lauderdale, Florida 33308
JimWard@JPWardAssociates.com
Phone: (954) 658-4900

The Public is provided with two opportunities to speak during the meeting. The first time is on each agenda item, and the second time is at the end of the agenda, on any other matter not on the agenda. These are limited to three (3) minutes unless further time is granted by the Presiding Officer. All remarks shall be addressed to the Board as a body and not to any member of the Board or staff. Please state your name and the name of the entity represented (if applicable) and the item on the agenda to be addressed.

Pursuant to Florida Statutes 286.0105, if a person decided to appeal any decision made by the body with respect to any matter considered at such meeting, he or she will need a record of the proceedings, and for such purpose, he or she may need to ensure that a verbatim record of the proceedings is made, which record includes testimony and evidence upon which the appeal is to be based.

Meeting Link: <https://districts.webex.com/districts/j.php?MTID=mbb262e18989aadd71bf7715f9ce2480e>
✓ Phone: (408) 418-9388 Code: 2339 353 4284 Event Password Jpward

JANUARY, 2026

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AGENDA

1. Call to Order & Roll Call
2. Public Comments for Non-Agenda items.
These are limited to three (3) minutes and individuals are permitted to speak on items included in the agenda.
3. Minutes:
 - I. October 16, 2025 - Regular Meeting.
Pages 5-7
4. Consideration and Acceptance of the Audited Financial Statements for the Fiscal Year 2025.
Pages 8-38
5. Consideration of **Resolution 2026-2**, a Resolution of the Board of Supervisors of the Palermo Community Development District Approving a Proposed Budget for Fiscal Year 2027 and Setting a Public Hearing for **Thursday, April 16, 2026**, at **8:30 A.M.** at the offices **Lennar Homes, 10461 Six Mile Cypress Highway, Fort Myers, Florida 33966.**
Pages 39-49
6. Consideration of an agreement between the Palermo Community Development District and the Crane Landing Homeowners Association for the operation, maintenance, and repair the public improvements owned by the District.
Pages 50-63
7. Staff Reports.
 - I. District Attorney
 - II. District Engineer
 - III. District Manager
 - a) **Important Meeting Dates for Fiscal Year 2026:**
 - Thursday, April 16, 2026- Public Hearing: Proposed Budget for FY 2027.
 - b) Financial Report for the period ending October 31, 2025 (unaudited).
 - c) Financial Report for the period ending November 30, 2025 (unaudited).
 - d) Financial Report for the period ending December 31, 2025 (unaudited).
8. Supervisors Requests.
9. Public Comments.
These are limited to three (3) minutes and individuals are permitted to speak on items included in the agenda.
10. Adjournment.

AGENDA

| Meeting Schedule-FY 2026 | Thursday, October 16, 2025 | Thursday, November 20, 2025 |
|--------------------------|-----------------------------|-----------------------------------|
| | Thursday, December 18, 2025 | <u>Thursday, January 15, 2026</u> |
| | Thursday, February 19, 2026 | Thursday, March 19, 2026 |
| | Thursday, April 16, 2026 | Thursday, May 21, 2026 |
| | Thursday, June 18, 2026 | Thursday, July 16, 2026 |
| | Thursday, August 20, 2026 | Thursday, September 17, 2026 |

This portion of the agenda is provided for a more comprehensive explanation of the items for consideration by the Board of Supervisors during the meeting.

Item 2: Public Comments for Non-Agenda items.

These are limited to three (3) minutes and individuals are permitted to speak on items not included in the agenda.

Item 3: Minutes - October 16, 2025 - Regular Meeting.

Item 4: Consideration and acceptance of the Audited Financial Statements for Fiscal Year 2025, covering the period October 1, 2024, through September 30, 2025. A representative of the Audit Firm Grau & Associates will join the meeting to fully review the audit with the Board.

Item 5: Consideration of **Resolution 2026-2**, a Resolution of the Board of Supervisors of the Palermo Community Development District Approving a Proposed Budget for Fiscal Year 2027 and Setting a Public Hearing for **Thursday, April 16, 2026**, at **8:30 A.M.** at the offices **Lennar Homes, 10461 Six Mile Cypress Highway, Fort Myers, Florida 33966**.

Item 6: Consideration of an agreement between the Palermo Community Development District and the Crane Landing Homeowners Association for the operation, maintenance, and repair the public improvements owned by the District.

Item 7: Staff Reports: - Staff Reports are an opportunity to communicate to the Board of Supervisors on matters that did not require Board action or that did not appear on the Agenda and the Professional Staff deemed this to be of a matter that was to be brought to the attention for action or informational purposes of the Board of Supervisors before the ensuing Board of Supervisors Meeting.

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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 Thursday, October 16, 2025 at the offices of Lennar Homes, LLC, 10461 Six Mile Cypress Parkway, Fort Myers, Florida 33966. It began at 10:00 a.m. and was presided over by Mr. Scott Edwards, Chairperson, and James P. Ward as Secretary.

Present:

| | |
|-----------------|---------------------|
| Scott Edwards | Chairperson |
| Dalton Drake | Vice Chairperson |
| Matthew Masters | Assistant Secretary |
| Diana Murray | Assistant Secretary |
| Zane Zeidan | Assistant Secretary |

Also present were:

| | |
|---------------|------------------|
| James P. Ward | District Manager |
|---------------|------------------|

Audience:

All residents' 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 these minutes may be transcribed in verbatim.

FIRST ORDER OF BUSINESS

Call to Order

Mr. James Ward called the meeting to order at approximately 10:00 a.m. He conducted roll call; all Members of the Board were present, constituting a quorum.

SECOND ORDER OF BUSINESS

Consideration of Minutes

June 19, 2025 - Regular Meeting Minutes

Mr. Ward asked if there were any additions, corrections, or deletions to the Minutes; hearing none, he called for a motion.

On MOTION made by Dalton Drake, seconded by Diana Murray, and with all in favor, the June 19, 2025 Regular Meeting Minutes were approved.

47 **THIRD ORDER OF BUSINESS**48 **Consideration of Resolution 2026-1**

49 **Consideration of Resolution 2026-1, a Resolution of the Board of Supervisors of the**
50 **Palermo Community Development District, adopting the Alternative Investment**
51 **Guidelines for Investing Public Funds in excess of amount needed to meet current**
52 **operating expenses, in accordance with Section 218.415(17), Florida Statutes;**
53 **providing for severability and invalid provisions; providing for conflict and providing**
54 **for an effective date**

55
56 Mr. Ward stated Resolution 2026-1 adopted the alternative investment guidelines pursuant to
57 Section 218.415(17) of Florida State Statutes. He explained statute required the District to
58 have alternative investment guidelines in place for operating funds. He noted the CDD did
59 not have much in the way of operating funds, so it did not do a lot of investment, but it was
60 important to have these guidelines in place in case it ever was able to invest. He noted these
61 guidelines did not affect the bond funds. He asked if there were any questions; hearing none,
62 he called for a motion.

63
64 **On MOTION made by Dalton Drake, seconded by Diana**
65 **Murray, and with all in favor, Resolution 2026-1 was**
66 **adopted, and the Chair was authorized to sign.**

67 **FOURTH ORDER OF BUSINESS**68 **Staff Reports**69 **I. District Attorney**

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71 No report.

72 **II. District Engineer**

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74 No report.

75 **III. District Manager**

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81 **a) Financial Statements for period ending July 31, 2025 (unaudited)**
82 **b) Financial Statements for period ending August 31, 2025 (unaudited)**
83 **c) Financial Statements for period ending September 30, 2025 (unaudited)**

84
85 Mr. Ward reminded the Board to complete the ethics training requirement before the
86 end of the calendar year.

87 **FIFTH ORDER OF BUSINESS**88 **Supervisor's Requests**

89
90 Mr. Ward asked if there were any Supervisor's requests; there were none.

95 **SIXTH ORDER OF BUSINESS** **Public Comments**

96
97 Mr. Ward noted there were no members of the public present.
98

99
100 **SEVENTH ORDER OF BUSINESS** **Adjournment**

101
102 Mr. Ward adjourned the meeting at approximately 10:02 a.m.
103

104 **On MOTION made by Dalton Drake, seconded by Scott**
105 **Edwards, and with all in favor, the Meeting was adjourned.**

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113 James P. Ward, Secretary

Palermo Community Development District

Scott Edwards, Chairperson

**PALERMO
COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2025**

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

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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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2025, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Other Information Included in the Financial Report

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2025, 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.

Grau & Associates

December 2, 2025

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, 2025. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The liabilities of the District exceeded its assets at the close of the most recent fiscal year resulting in a net position deficit balance of (\$6,770,123) since infrastructure was conveyed to other governmental entities for long term ownership, operations and maintenance in the current fiscal year. The deficit is strictly a result of the conveyance of infrastructure to County and is not indicative of any adverse financial standing. The nature of the deficit is common in governmental accounting and is not intended to be funded by any increase in assessments. Further, financial condition assessment procedures have been applied, and no deteriorating financial conditions were noted.
- The change in the District's total net position in comparison with the prior fiscal year was (\$5,792,215) a decrease. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2025, the District's governmental funds reported combined ending fund balances of \$8,984,308, an increase of \$256,240 in comparison with the prior fiscal year. A portion of the 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 special assessments. The District does not have any business-type activities. The governmental activities of the District include the general government (management) and maintenance functions.

Fund Financial Statements

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

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund 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, | |
|-------------------------------------|-------------------------------|---------------------|
| | 2025 | 2024 |
| Current and other assets | \$ 9,150,269 | \$ 8,894,675 |
| Capital assets, net of depreciation | 8,375,856 | 1,726,708 |
| Total assets | <u>17,526,125</u> | <u>10,621,383</u> |
| Current liabilities | 459,440 | 333,382 |
| Long-term liabilities | 23,836,808 | 11,265,909 |
| Total liabilities | <u>24,296,248</u> | <u>11,599,291</u> |
| Net Position | | |
| Net investment in capital assets | (7,950,466) | (1,857,382) |
| Restricted | 8,417,472 | 8,399,051 |
| Unrestricted | (7,237,129) | (7,519,577) |
| Total net position | <u>\$ (6,770,123)</u> | <u>\$ (977,908)</u> |

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 is attributed to the conveyance of completed infrastructure to another entity for maintenance and ownership responsibilities.

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

| CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30, | | | |
|--|-----------------------|---------------------|--|
| | 2025 | 2024 | |
| Revenues: | | | |
| Program revenues | | | |
| Charges for services | \$ 1,010,181 | \$ 1,480,726 | |
| Operating grants and contributions | 37,636 | 31,310 | |
| Capital grants and contributions | 369,835 | 393,520 | |
| Total revenues | <u>1,417,652</u> | <u>1,905,556</u> | |
| Expenses: | | | |
| General government | 118,196 | 109,930 | |
| Maintenance and operations* | 206,531 | 77,812 | |
| Conveyance of infrastructure | 5,663,696 | - | |
| Bond issuance cost | 400,200 | - | |
| Interest | 821,244 | 580,336 | |
| Total expenses | <u>7,209,867</u> | <u>768,078</u> | |
| Change in net position | <u>(5,792,215)</u> | <u>1,137,478</u> | |
| Net position - beginning | <u>(977,908)</u> | <u>(2,115,386)</u> | |
| Net position - ending | <u>\$ (6,770,123)</u> | <u>\$ (977,908)</u> | |

*Comprised of depreciation expense of \$206,531

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2025, was \$7,209,867. The costs of the District's activities were funded by program revenues. Program revenues are comprised primarily of assessments and investment earnings during the current and prior fiscal years. Expenses increased from the prior year due to the conveyance of infrastructure and bond issuance costs related to Series 2025 Bonds.

GENERAL BUDGETING HIGHLIGHTS

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2025, the District had \$8,665,344 invested in capital assets for its governmental activities. In the government-wide financial statements depreciation of \$289,488 has been taken, which resulted in a net book value of \$8,375,856. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2025, the District had \$19,350,000 in Bonds outstanding and \$4,619,037 in Developer advances 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, 2025

| | <u>Governmental Activities</u> |
|----------------------------------|------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 439,318 |
| Restricted assets: | |
| Investments | 8,710,951 |
| Capital assets: | |
| Depreciable, net | 8,375,856 |
| Total assets | <u>17,526,125</u> |
| LIABILITIES | |
| Accounts payable | 1,216 |
| Due to other governments | 164,745 |
| Accrued interest payable | 293,479 |
| Non-current liabilities: | |
| Due within one year | 315,000 |
| Due in more than one year | 23,521,808 |
| Total liabilities | <u>24,296,248</u> |
| NET POSITION | |
| Net investment in capital assets | (7,950,466) |
| Restricted for debt service | 906,986 |
| Restricted for capital projects | 7,510,486 |
| Unrestricted | (7,237,129) |
| Total net position | <u>\$ (6,770,123)</u> |

See notes to the financial statements

**PALERMO COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position |
|-------------------------------|------------------|--------------------------|--|--|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| | | | | | |
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 118,196 | \$ 118,196 | \$ - | \$ - | \$ - |
| Maintenance and operations* | 206,531 | 111,115 | - | 369,835 | 274,419 |
| Bond issuance costs | 400,200 | - | - | - | (400,200) |
| Conveyance of infrastructure | 5,663,696 | - | - | - | (5,663,696) |
| Interest on long-term debt | 821,244 | 780,870 | 37,636 | - | (2,738) |
| Total governmental activities | <u>7,209,867</u> | <u>1,010,181</u> | <u>37,636</u> | <u>369,835</u> | <u>(5,792,215)</u> |
| | | | | | |
| | | Change in net position | | | (5,792,215) |
| | | Net position - beginning | | | (977,908) |
| | | Net position - ending | | | <u>\$ (6,770,123)</u> |

*Comprised of depreciation expense of \$206,531

See notes to the financial statements

PALERMO COMMUNITY DEVELOPMENT DISTRICT
LEE COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

| | Major Funds | | | Total Governmental Funds |
|--------------------------------------|-------------------|---------------------|---------------------|--------------------------------|
| | General | Debt Service | Capital Projects | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 439,318 | \$ - | \$ - | \$ 439,318 |
| Investments | - | 1,200,465 | 7,510,486 | 8,710,951 |
| Total assets | \$ 439,318 | \$ 1,200,465 | \$ 7,510,486 | \$ 9,150,269 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 1,216 | \$ - | \$ - | \$ 1,216 |
| Due to other governments | 164,745 | - | - | 164,745 |
| Total liabilities | 165,961 | - | - | 165,961 |
| Fund balances: | | | | |
| Restricted for: | | | | |
| Debt service | - | 1,200,465 | - | 1,200,465 |
| Capital projects | - | - | 7,510,486 | 7,510,486 |
| Unassigned | 273,357 | - | - | 273,357 |
| Total fund balances | 273,357 | 1,200,465 | 7,510,486 | 8,984,308 |
| Total liabilities and fund balances | \$ 439,318 | \$ 1,200,465 | \$ 7,510,486 | \$ 9,150,269 |

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, 2025

Fund balance - governmental funds \$ 8,984,308

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 | 8,665,344 |
| Accumulated depreciation | <u>(289,488)</u> |
| | 8,375,856 |

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 | (293,479) |
| Original issue discount | 132,229 |
| Developer advances | (4,619,037) |
| Bonds payable | <u>(19,350,000)</u> |
| | (24,130,287) |
| Net position of governmental activities | <u><u>\$ (6,770,123)</u></u> |

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, 2025

| | Major Funds | | | Total Governmental Funds |
|--|-------------|--------------|---------------------|--------------------------------|
| | General | Debt Service | Capital Projects | |
| REVENUES | | | | |
| Special assessments | \$ 229,311 | \$ 780,870 | \$ - | \$ 1,010,181 |
| Interest earnings | - | 37,636 | 369,835 | 407,471 |
| Total revenues | 229,311 | 818,506 | 369,835 | 1,417,652 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 118,196 | - | - | 118,196 |
| Debt service: | | | | |
| Principal | - | 185,000 | - | 185,000 |
| Interest | - | 691,263 | - | 691,263 |
| Bond issuance costs | - | - | 400,200 | 400,200 |
| Capital outlay | - | - | 12,519,375 | 12,519,375 |
| Total expenditures | 118,196 | 876,263 | 12,919,575 | 13,914,034 |
| Excess (deficiency) of revenues over (under) expenditures | 111,115 | (57,757) | (12,549,740) | (12,496,382) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Interfund transfers in (out) | - | (22,161) | 22,161 | - |
| Bond proceeds | - | 396,376 | 7,778,624 | 8,175,000 |
| Original issue discount | - | - | (41,415) | (41,415) |
| Developer advance proceeds | - | - | 4,619,037 | 4,619,037 |
| Total other financing sources (uses) | - | 374,215 | 12,378,407 | 12,752,622 |
| Net change in fund balances | 111,115 | 316,458 | (171,333) | 256,240 |
| Fund balances - beginning | 162,242 | 884,007 | 7,681,819 | 8,728,068 |
| Fund balances - ending | \$ 273,357 | \$ 1,200,465 | \$ 7,510,486 | \$ 8,984,308 |

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, 2025**

| | |
|---|-----------------------|
| Net change in fund balances - total governmental funds | \$ 256,240 |
| 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. | 12,519,375 |
| Conveyances of infrastructure improvements to other governments of previously capitalized capital assets is recorded as an expense in the statement of activities. | (5,663,696) |
| Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities. | (206,531) |
| 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. | (8,175,000) |
| Repayment of long-term liabilities are reported as expenditures in the governmental fund financial statements, but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities. | 185,000 |
| 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. | 41,415 |
| Governmental funds report Developer advances as financial resources when cash is received, whereas these amounts are eliminated in the statement of activities and recognized as long-term liabilities in the statement of net position. | (4,619,037) |
| 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 | (3,277) |
| 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. | (126,704) |
| Change in net position of governmental activities | <u>\$ (5,792,215)</u> |

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, 2025, 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, 2025:

| | Amortized Cost | Credit Risk | Maturities |
|----------------------|---------------------|-------------|------------|
| US Bank Money Market | \$ 8,710,951 | N/A | N/A |
| | <u>\$ 8,710,951</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 – INTERFUND TRANSFERS

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

| Fund | Transfer in | Transfer out |
|------------------|-------------|--------------|
| Debt service | \$ - | \$ 22,161 |
| Capital projects | 22,161 | - |
| Total | \$ 22,161 | \$ 22,161 |

Transfers are used to move revenues from the fund where collection occurs to the fund where funds have been reallocated for use. In the case of the District, transfers from the debt service fund to the capital projects fund were made in accordance with the Bond Indentures.

NOTE 6 – CAPITAL ASSETS

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

| | Beginning Balance | Additions | Reductions | Ending Balance |
|--|-------------------|---------------|--------------|----------------|
| <u>Governmental activities</u> | | | | |
| Capital assets, not being depreciated | | | | |
| Infrastructure under construction | \$ - | \$ 5,663,696 | \$ 5,663,696 | \$ - |
| Total capital assets, not being depreciated | | 5,663,696 | 5,663,696 | - |
| Capital assets, being depreciated | | | | |
| Stormwater improvements | \$ 1,606,239 | \$ 5,635,030 | \$ - | \$ 7,241,269 |
| Water utilities | 203,426 | 1,220,649 | - | 1,424,075 |
| Total capital assets, being depreciated | 1,809,665 | 6,855,679 | - | 8,665,344 |
| Less accumulated depreciation for: | | | | |
| Stormwater improvements | 68,265 | 157,315 | - | 225,580 |
| Water utilities | 14,692 | 49,216 | - | 63,908 |
| Total accumulated depreciation | 82,957 | 206,531 | - | 289,488 |
| Total capital assets, being depreciated, net | 1,726,708 | 6,649,148 | - | 8,375,856 |
| Governmental activities capital assets, net | \$ 1,726,708 | \$ 12,312,844 | \$ 5,663,696 | \$ 8,375,856 |

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 proceeds of Bonds and the remainder would be funded by the Developer. In addition, upon completion, certain improvements are to be conveyed to other governments. All the current year infrastructure additions were acquired from the Developer. During the current fiscal year, the District conveyed fixed assets in the amount of \$5,663,696 related to portable water and sewers to Lee County. All of the current year capital asset additions were acquired from the Developer.

Depreciation expense was charged to the maintenance and operations function.

NOTE 7 – 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.

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. Upon satisfaction of certain conditions, a portion of the original reserve requirements will be released to the Developer for construction costs paid on behalf of the District; this did not occur during the current fiscal year. The District was in compliance with the requirements at September 30, 2025.

Series 2025

On March 6, 2025, the District issued \$8,175,000 of Special Assessment Bonds, Series 2025, consisting of multiple Term Bonds with due dates from June 15, 2032, to June 15, 2055, and fixed interest rates ranging from 4.375% to 5.5%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is to be paid semiannually on each June 15 and December 15. Principal on the Bonds is to be paid serially commencing June 15, 2026, through June 15, 2055.

The Series 2025 Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. Upon satisfaction of certain conditions, a portion of the original reserve requirements will be released to the Developer for construction costs paid on behalf of the District; this did not occur during the current fiscal year. The District was in compliance with the requirements at September 30, 2025.

Developer advances

The Developer has provided funding for the construction project in excess of amounts that have been paid from Bond proceeds. These advanced amounts may be repaid from future bond issuances. The amount outstanding to the Developer as of September 30, 2025 is \$4,619,037.

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Long-term Debt Activity

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

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--------------------------------|-------------------|---------------|------------|----------------|---------------------|
| <u>Governmental activities</u> | | | | | |
| Bonds payable: | | | | | |
| Series 2023 | \$ 11,360,000 | \$ - | \$ 185,000 | \$ 11,175,000 | \$ 195,000 |
| Less: original issue discount | (94,091) | - | (3,277) | (90,814) | - |
| Series 2025 | - | 8,175,000 | - | 8,175,000 | 120,000 |
| Less: original issue discount | - | (41,415) | - | (41,415) | - |
| Direct borrowings: | | | | | |
| Developer advances | - | 4,619,037 | - | 4,619,037 | - |
| Total | \$ 11,265,909 | \$ 12,752,622 | \$ 181,723 | \$ 23,836,808 | \$ 315,000 |

At September 30, 2025, the scheduled debt service requirements on the Bonds payable were as follows:

| Year ending September 30: | Governmental Activities | | |
|------------------------------|-------------------------|---------------|---------------|
| | Principal | Interest | Total |
| 2026 | \$ 315,000 | \$ 998,580 | \$ 1,313,580 |
| 2027 | 325,000 | 985,286 | 1,310,286 |
| 2028 | 340,000 | 971,568 | 1,311,568 |
| 2029 | 355,000 | 957,218 | 1,312,218 |
| 2030 | 370,000 | 942,237 | 1,312,237 |
| 2031-2035 | 2,140,000 | 4,434,025 | 6,574,025 |
| 2036-2040 | 2,760,000 | 3,830,085 | 6,590,085 |
| 2041-2045 | 3,585,000 | 3,039,325 | 6,624,325 |
| 2046-2050 | 4,660,000 | 1,985,825 | 6,645,825 |
| 2051-2055 | 4,500,000 | 635,613 | 5,135,613 |
| | \$ 19,350,000 | \$ 18,779,762 | \$ 38,129,762 |

NOTE 8 – DEVELOPER TRANSACTIONS

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

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 - 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 11 - 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, 2025

| | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------|-------------------|---|
| | Original & Final | Actual Amounts | |
| REVENUES | | | |
| Assessments | \$ 222,249 | \$ 229,311 | \$ 7,062 |
| Total revenues | <u>222,249</u> | <u>229,311</u> | <u>7,062</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 175,865 | 118,196 | 57,669 |
| Total expenditures | <u>175,865</u> | <u>118,196</u> | <u>57,669</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 46,384</u> | <u>111,115</u> | <u>\$ 64,731</u> |
| Fund balance - beginning | | <u>162,242</u> | |
| Fund balance - ending | | <u>\$ 273,357</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, 2025.

**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, 2025
UNAUDITED**

| Element | Comments |
|---|---|
| Number of District employees compensated in the last pay period of the District's fiscal year being reported. | 0 |
| Number of independent contractors compensated to whom nonemployee compensation was paid in the last month of the District's fiscal year being reported. | 18 |
| Employee compensation | \$0 |
| Independent contractor compensation | \$353,675 |
| Construction projects to begin on or after October 1; (\$65K) | \$0 |
| Budget variance report | See the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund |
| Non ad valorem special assessments: | Not applicable |
| Special assessment rate | Operations and maintenance - \$189.02 Debt service - \$538.66 - \$1,611.64 |
| Special assessments collected | \$1,010,181 |
| Outstanding Bonds: | |
| Series 2023, due June 15, 2053 | \$11,175,000 |
| Series 2025, due June 15, 2055 | \$8,175,000 |



**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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated December 2, 2025.

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.

Grau & Associates

December 2, 2025



**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, 2025. 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, 2025.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, and the Board of Supervisors of 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 2, 2025



**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, 2025, and have issued our report thereon dated December 2, 2025.

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 2, 2025, 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 2, 2025

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, 2024.

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

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2025.

3. Noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2025.

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

5. The District has not met 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, 2025. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

7. Management has provided the specific information required by Section 218.39(3)(c) in the Other Information section of the financial statements on page 24.

RESOLUTION 2026-2

A RESOLUTION OF THE BOARD OF SUPERVISORS OF PALERMO COMMUNITY DEVELOPMENT DISTRICT APPROVING A PROPOSED BUDGET FOR FISCAL YEAR 2027 AND SETTING A PUBLIC HEARING THEREON PURSUANT TO FLORIDA LAW; PROVIDING FOR SEVERABILITY; PROVIDING FOR CONFLICT AND PROVIDING FOR AN EFFECTIVE DATE.

RECITALS

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, 2026, a proposed Budget for Fiscal Year 2027; 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. INCORPORATION OF WHEREAS CLAUSES. The foregoing whereas clauses are true and correct and incorporated herein as if written into this Section.

SECTION 2. BUDGET. The proposed Budget submitted by the District Manager for Fiscal Year 2027 and attached hereto as **Exhibit A** is hereby approved as the basis for conducting a public hearing to adopt said budget.

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

DATE: **Thursday, April 16, 2026**
.HOUR: **8:30 AM**
LOCATION: **The Offices of Lennar Homes
10461 Six Mile Cypress Parkway
Fort Myers, Florida 33966**

SECTION 4. TRANSMITTAL OF BUDGET. 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. In accordance with [Section 189.016, Florida Statutes](#), the District's Secretary is directed to post the proposed budget on the District's website at least two days before the Public Hearing date.

SECTION 5. PUBLICATION. 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.

SECTION 6. SEVERABILITY AND INVALID PROVISIONS. 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. CONFLICT. 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. PROVIDING FOR AN EFFECTIVE DATE. This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED by the Board of Supervisors of the Palmero Community Development District, Lee County, Florida, this 15th day of January 2026.

ATTEST:

**PALERMO COMMUNITY DEVELOPMENT
DISTRICT**

James P. Ward, Secretary

Scott Edwards, Chairman

Exhibit A: Proposed Fiscal Year 2027 Budget

Palermo

Community Development District

Proposed Budget Fiscal Year 2027

Prepared By:

JPWard and Associates, LLC

2301 N.E. 37th Street

Fort Lauderdale, Florida 33308

Phone: (954) 658-4900

Email: JimWard@JPWardAssociates.com

Palermo Community Development District

General Fund - Budget

Fiscal Year 2027

| Description | Fiscal Year 2026 Budget | Actual at 12/21/2025 | Anticipated | | Fiscal Year 2027 Budget | Description |
|--|----------------------------|-------------------------|------------------------|----------------------------|----------------------------|--|
| | | | Year End 09/30/2026 | Fiscal Year 2027 Budget | | |
| Revenues and Other Sources | | | | | | |
| Carryforward | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Assessment Revenue | | | | | | |
| Assessments - On-Roll | \$ 220,370 | \$ 143,333 | \$ 220,370 | \$ 230,866 | | Assessments on Tax Bills |
| Assessments - Off-Roll | \$ - | \$ - | \$ - | \$ - | | Direct Billing to Developer Only |
| Total Revenue & Other Sources | \$ 220,370 | \$ 143,333 | \$ 220,370 | \$ 230,866 | | |
| Appropriations | | | | | | |
| Legislative | | | | | | |
| Board of Supervisor's Fees | \$ 1,600 | \$ 400 | \$ 2,800 | \$ 2,400 | | Statutory Required Fees |
| Executive | | | | | | |
| Professional - Management | \$ 45,000 | \$ 11,250 | \$ 45,000 | \$ 48,000 | | District Manager |
| Financial and Administrative | | | | | | |
| Audit Services | \$ 5,600 | \$ 7,100 | \$ 7,100 | \$ 7,200 | | Statutory required audit yearly |
| Accounting Services | \$ 27,900 | \$ 6,975 | \$ 27,900 | \$ 30,000 | | Accounting (all funds) |
| Assessment Roll Preparation | \$ 27,900 | \$ 6,975 | \$ 27,900 | \$ 30,000 | | Tax Rolls preparation, yearly work with Appraiser & Tax Collector |
| Arbitrage Rebate Fees | \$ 1,000 | \$ - | \$ 1,000 | \$ 1,000 | | IRS Required Calculation to insure interest on bond funds does not exceed interest paid on bonds |
| Other Contractual Services | | | | | | |
| Legal Advertising | \$ 1,500 | \$ - | \$ 4,000 | \$ 4,000 | | Statutory Required Legal Advertising |
| Trustee Services | \$ 8,493 | \$ - | \$ 8,493 | \$ 8,493 | | Trust Fees for Bonds |
| Dissemination Agent Services | \$ 10,000 | \$ 2,500 | \$ 6,000 | \$ 6,000 | | Required SEC Reporting Bonds |
| Property Appraiser Fees | \$ 750 | \$ 985 | \$ 1,000 | \$ 1,000 | | Fees to place assessment on tax bills |
| Bank Service Fees | \$ 250 | \$ - | \$ 250 | \$ 250 | | Bank Fees - Governmental Bank Account |
| Communications and Freight Services | | | | | | |
| Postage, Freight & Messenger | \$ 200 | \$ 107 | \$ 507 | \$ 500 | | Agenda Mailings and other misc mail |
| Computer Services (Web Site) | \$ 2,400 | \$ - | \$ 2,400 | \$ 2,400 | | Statutory Maintenance of District Web site |
| Insurance | | | | | | |
| \$ 6,514 | \$ 6,663 | \$ 6,663 | \$ 7,363 | | | 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 |
| Legal Services | | | | | | |
| General Counsel | \$ 7,500 | \$ 4,805 | \$ 10,000 | \$ 10,000 | | District Attorney |
| Other General Government Services | | | | | | |
| Engineering Services | \$ 5,000 | \$ - | \$ 5,000 | \$ 5,000 | | District Engineer |
| Contingencies | \$ - | \$ - | \$ - | \$ - | | - |
| Reserves and Contingencies | | | | | | |
| Reserve for Natural Disaster Cleanup & Restoration | \$ 50,000 | \$ 12,500 | \$ 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 | \$ 7,050 | \$ - | \$ - | \$ 5,000 | | |
| Other Fees and Charges | | | | | | |
| Discounts and Tax Collector Fee | \$ 11,488 | \$ - | \$ 11,488 | \$ 12,036 | | Discount permitted when paying taxes early and Tax Collector Fee |
| Total Appropriations | \$ 220,370 | \$ 60,435 | \$ 217,727 | \$ 230,866 | | |
| Fund Balances: | | | | | | |
| Change from Current Year Operations | \$ - | \$ 82,898 | \$ 2,643 | \$ - | | Cash Over (short) at Fiscal Year End |
| Fund Balance - Beginning | \$ 273,358 | | \$ 273,358 | \$ 326,001 | | |
| Current Year Reserve Allocation | \$ 50,000 | | \$ 50,000 | \$ 50,000 | | Budgeted Funds for Long Term Capital Planning |
| Total Fund Balance | \$ 323,358 | | \$ 326,001 | \$ 376,001 | | |

Palermo Community Development District

General Fund - Budget

Fiscal Year 2027

| Description | Fiscal Year 2026 Budget | Actual at 12/21/2025 | Anticipated | | Description |
|-------------|----------------------------|-------------------------|------------------------|----------------------------|-------------|
| | | | Year End 09/30/2026 | Fiscal Year 2027 Budget | |

Fund Balance - Allocations

| | | | | |
|--|-------------------|-------------------|-------------------|---|
| Extraordinary Capital/Operations Reserve | \$ 268,265 | \$ 271,570 | \$ 318,285 | Long Term Capital Planning - Balance of Funds |
| Operations Reserve | \$ 55,092 | \$ 54,432 | \$ 57,717 | Required to meet Cash Needs until Assessment Rec'd. |
| Total Fund Balance | \$ 323,358 | \$ 326,001 | \$ 376,001 | |

| | | | |
|------------------------------|------------------|------------------|--------------------------------|
| Assessment Rate | \$ 179.60 | \$ 188.15 | Year over Year Assessment Rate |
| Total Number of Units | 1227 | 1227 | Total Anticipated Units |
| Cap Rate | \$ 226.82 | \$ 226.82 | Adopted Cap Rate |

| Description | Number of Units | FY 2026 | | FY 2027 |
|-----------------------|--------------------|-----------|------|-----------|
| | | Rate | Rate | Rate |
| Townhouse 20-29' | 262 | \$ 179.60 | | \$ 188.15 |
| Single Family 40'-49' | 310 | \$ 179.60 | | \$ 188.15 |
| Single Family 50'-59' | 418 | \$ 179.60 | | \$ 188.15 |
| Single Family 60'-69' | 237 | \$ 179.60 | | \$ 188.15 |
| Total Units | 1227 | | | |

**Total Anticipated Number of Units -
Subject to Change as Development
Occurs**

Palermo Community Development District
Debt Service Fund - Series 2023 Bonds - Budget
Fiscal Year 2027

| Description | Fiscal Year 2026 Budget | Actual at 12/21/2025 | Anticipated Year End 09/30/2026 | Fiscal Year 2027 Budget |
|--|----------------------------|-------------------------|------------------------------------|----------------------------|
| Revenues and Other Sources | | | | |
| Carryforward | \$ - | \$ - | \$ - | \$ - |
| Interest Income | | | | |
| Reserve Account | \$ 16,554 | \$ 3,717 | \$ 14,866 | \$ 13,380 |
| Revenue Account | \$ 11,253 | \$ 2,155 | \$ 8,619 | \$ 7,757 |
| Special Assessment Revenue | - | | | - |
| Special Assessment - On-Roll | \$ 815,540 | \$ 520,888 | \$ 815,540 | \$ 812,496 |
| Total Revenue & Other Sources | \$ 843,347 | \$ 526,760 | \$ 839,025 | \$ 833,633 |
| Expenditures and Other Uses | | | | |
| Debt Service | | | | |
| Principal Debt Service - Mandatory | \$ 195,000 | \$ - | \$ 195,000 | \$ 200,000 |
| Principal Debt Service - Early Redemptions | | | | |
| Interest Expense | \$ 564,169 | \$ 282,084 | \$ 564,169 | \$ 556,125 |
| Other Fees and Charges | | | | |
| Discounts for Early Payment | \$ 56,371 | \$ - | \$ 56,371 | \$ 56,371 |
| Operating Transfers Out | \$ - | \$ 3,717 | \$ 3,717 | \$ - |
| Total Expenditures and Other Uses | \$ 815,540 | \$ 285,801 | \$ 819,257 | \$ 812,496 |
| Net Increase/(Decrease) in Fund Balance | \$ 27,807 | \$ 240,959 | \$ 19,769 | \$ 21,137 |
| Fund Balance - Beginning | \$ 921,932 | \$ 921,932 | \$ 921,932 | \$ 941,701 |
| Fund Balance - Ending | \$ 949,739 | \$ 1,162,891 | \$ 941,701 | \$ 962,837 |

Restricted Fund Balance:

| | |
|---|-------------------|
| Reserve Account Requirement | \$ 377,788 |
| Restricted for December 15, 2027 Principal & Interest Payment | \$ 488,063 |
| Total - Restricted Fund Balance: | \$ 865,850 |

| Description of Product | Number of Units | FY 2026 | | FY 2027 | |
|-----------------------------|-----------------|-------------|--|-------------|--|
| | | Rate | | 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 | \$ 768,300 | \$ 4,410,000 |
| 6/15/2046 | | | | \$ 129,150.00 | | |

Palermo Community Development District
Debt Service Fund - Series 2023

| Description | Principal Prepayments | Principal | Coupon Rate | Interest | Annual Debt Service | Par Outstanding |
|--|-----------------------|----------------------|-------------|-------------------------|---------------------|-----------------|
| 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 |
| 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 | | |
| Outstanding at September 30, 2027 \$ 10,780,000 | | | | | | |

Palermo Community Development District
Debt Service Fund - Series 2025 Bonds - Budget
Fiscal Year 2027

| Description | Fiscal Year 2026 Budget | Actual at 12/21/2025 | Anticipated Year End 09/30/2026 | Fiscal Year 2027 Budget |
|-----------------------------------|--|-------------------------|------------------------------------|----------------------------|
| Revenues and Other Sources | | | | |
| Carryforward | \$ - | \$ - | \$ - | \$ - |
| Interest Income | | | | |
| Reserve Account | \$ - | \$ 2,724 | \$ 10,897 | \$ 9,807 |
| Revenue Account | \$ - | \$ 9 | \$ 34 | \$ 31 |
| Interest Account | \$ - | \$ 16 | \$ 64 | \$ 57 |
| Special Assessment Revenue | | | | - |
| Special Assessment - On-Roll | \$ 595,826 | \$ 380,480 | \$ 595,826 | \$ 595,807 |
| Special Assessment - Off-Roll | | | | |
| Private Contributions | | | | |
| Lennar Homes | \$ - | \$ 215,576 | \$ 215,576 | \$ - |
| | Total Revenue & Other Sources | \$ 595,826 | \$ 598,805 | \$ 822,397 |
| | | | | \$ 605,702 |

Expenditures and Other Uses

| | | | | | | | |
|--|--|-------------------|-------------------|-------------------|-------------------|--|--|
| Debt Service | | | | | | | |
| Principal Debt Service - Mandatory | \$ 120,000 | \$ - | \$ 120,000 | \$ 125,000 | | | |
| Principal Debt Service - Early Redemptions | | | | | | | |
| Interest Expense | \$ 434,411 | \$ 217,206 | \$ 434,411 | \$ 429,161 | | | |
| Other Fees and Charges | | | | | | | |
| Discounts for Early Payment | \$ 41,415 | \$ - | \$ 41,415 | \$ 41,415 | | | |
| Operating Transfers Out | \$ - | \$ - | \$ - | \$ - | | | |
| | Total Expenditures and Other Uses | \$ 595,826 | \$ 217,206 | \$ 595,826 | \$ 595,576 | | |
| Net Increase/(Decrease) in Fund Balance | \$ - | \$ 381,599 | \$ 226,570 | \$ 10,125 | | | |
| Fund Balance - Beginning | \$ 278,531 | \$ 278,531 | \$ 278,531 | \$ 505,101 | | | |
| Fund Balance - Ending | \$ 278,531 | \$ 660,130 | \$ 505,101 | \$ 515,227 | | | |

Restricted Fund Balance:

| | |
|---|-------------------|
| Reserve Account Requirement | \$ 276,913 |
| Restricted for December 15, 2027 Interest Payment | \$ 217,206 |
| Total - Restricted Fund Balance: | \$ 494,118 |

| Description of Product | Number of Units | FY 2026 | | FY 2027 | |
|------------------------|-----------------|-------------|--|-------------|--|
| | | Rate | | Rate | |
| TWH (20' -29") | 106 | \$ 645.16 | | \$ 645.16 | |
| Single Family 40'-49' | 190 | \$ 1,075.27 | | \$ 1,075.27 | |
| Single Family 50'-59' | 106 | \$ 1,344.09 | | \$ 1,344.09 | |
| Single Family 60'-69' | 112 | \$ 1,612.90 | | \$ 1,612.90 | |
| Total: | 514 | | | | |

Palermo Community Development District
Debt Service Fund - Series 2025

| Description | Principal Prepayments | Principal | Coupon Rate | Interest | Annual Debt Service | Par Outstanding |
|---------------------------|-----------------------|---------------------|-------------|---------------|---------------------|-----------------|
| Par Amount Issued: | | \$ 8,175,000 | Varies | | | |
| 6/15/2025 | | | | \$ 119,463.09 | \$ 119,463 | |
| 12/15/2025 | \$ - | | | \$ 217,205.63 | | |
| 6/15/2026 | \$ 120,000 | 4.375% | | \$ 217,205.63 | \$ 554,411 | \$ 8,055,000 |
| 12/15/2026 | | | | \$ 214,580.63 | | |
| 6/15/2027 | \$ 125,000 | 4.375% | | \$ 214,580.63 | \$ 554,161 | \$ 7,930,000 |
| 12/15/2027 | | | | \$ 211,846.25 | | |
| 6/15/2028 | \$ 130,000 | 4.375% | | \$ 211,846.25 | \$ 553,693 | \$ 7,800,000 |
| 12/15/2028 | | | | \$ 209,002.50 | | |
| 6/15/2029 | \$ 135,000 | 4.375% | | \$ 209,002.50 | \$ 553,005 | \$ 7,665,000 |
| 12/15/2029 | | | | \$ 206,049.38 | | |
| 6/15/2030 | \$ 140,000 | 4.375% | | \$ 206,049.38 | \$ 552,099 | \$ 7,525,000 |
| 12/15/2030 | | | | \$ 202,986.88 | | |
| 6/15/2031 | \$ 150,000 | 4.375% | | \$ 202,986.88 | \$ 555,974 | \$ 7,375,000 |
| 12/15/2031 | | | | \$ 199,705.63 | | |
| 6/15/2032 | \$ 155,000 | 4.375% | | \$ 199,705.63 | \$ 554,411 | \$ 7,220,000 |
| 12/15/2032 | | | | \$ 196,315.00 | | |
| 6/15/2033 | \$ 165,000 | 5.350% | | \$ 196,315.00 | \$ 557,630 | \$ 7,055,000 |
| 12/15/2033 | | | | \$ 191,901.25 | | |
| 6/15/2034 | \$ 170,000 | 5.350% | | \$ 191,901.25 | \$ 553,803 | \$ 6,885,000 |
| 12/15/2034 | | | | \$ 187,353.75 | | |
| 6/15/2035 | \$ 180,000 | 5.350% | | \$ 187,353.75 | \$ 554,708 | \$ 6,705,000 |
| 12/15/2035 | | | | \$ 182,538.75 | | |
| 6/15/2036 | \$ 190,000 | 5.350% | | \$ 182,538.75 | \$ 555,078 | \$ 6,515,000 |
| 12/15/2036 | | | | \$ 177,456.25 | | |
| 6/15/2037 | \$ 200,000 | 5.350% | | \$ 177,456.25 | \$ 554,913 | \$ 6,315,000 |
| 12/15/2037 | | | | \$ 172,106.25 | | |
| 6/15/2038 | \$ 215,000 | 5.350% | | \$ 172,106.25 | \$ 559,213 | \$ 6,100,000 |
| 12/15/2038 | | | | \$ 166,355.00 | | |
| 6/15/2039 | \$ 225,000 | 5.350% | | \$ 166,355.00 | \$ 557,710 | \$ 5,875,000 |
| 12/15/2039 | | | | \$ 160,336.25 | | |
| 6/15/2040 | \$ 235,000 | 5.350% | | \$ 160,336.25 | \$ 555,673 | \$ 5,640,000 |
| 12/15/2040 | | | | \$ 154,050.00 | | |
| 6/15/2041 | \$ 250,000 | 5.350% | | \$ 154,050.00 | \$ 558,100 | \$ 5,390,000 |
| 12/15/2041 | | | | \$ 147,362.50 | | |
| 6/15/2042 | \$ 265,000 | 5.350% | | \$ 147,362.50 | \$ 559,725 | \$ 5,125,000 |
| 12/15/2042 | | | | \$ 140,273.75 | | |
| 6/15/2043 | \$ 280,000 | 5.350% | | \$ 140,273.75 | \$ 560,548 | \$ 4,845,000 |
| 12/15/2043 | | | | \$ 132,783.75 | | |
| 6/15/2044 | \$ 295,000 | 5.350% | | \$ 132,783.75 | \$ 560,568 | \$ 4,550,000 |
| 12/15/2044 | | | | \$ 124,892.50 | | |
| 6/15/2045 | \$ 310,000 | 5.350% | | \$ 124,892.50 | \$ 559,785 | \$ 4,240,000 |
| 12/15/2045 | | | | \$ 116,600.00 | | |
| 6/15/2046 | \$ 325,000 | 5.500% | | \$ 116,600.00 | \$ 558,200 | \$ 3,915,000 |
| 12/15/2046 | | | | \$ 107,662.50 | | |
| 6/15/2047 | \$ 345,000 | 5.500% | | \$ 107,662.50 | \$ 560,325 | \$ 3,570,000 |
| 12/15/2047 | | | | \$ 98,175.00 | | |
| 6/15/2048 | \$ 365,000 | 5.500% | | \$ 98,175.00 | \$ 561,350 | \$ 3,205,000 |

Prepared by:
JPWard Associates, LLC

Palermo Community Development District
Debt Service Fund - Series 2025

| Description | Principal Prepayments | Principal | Coupon Rate | Interest | Annual Debt Service | Par Outstanding |
|---|-----------------------|-----------|--------------|------------------------|----------------------|-----------------|
| 12/15/2048 | | | | \$ 88,137.50 | | |
| 6/15/2049 | \$ 385,000 | 5.500% | \$ 88,137.50 | \$ 561,275 | \$ 2,820,000 | |
| 12/15/2049 | | | | \$ 77,550.00 | | |
| 6/15/2050 | \$ 410,000 | 5.500% | \$ 77,550.00 | \$ 565,100 | \$ 2,410,000 | |
| 12/15/2050 | | | | \$ 66,275.00 | | |
| 6/15/2051 | \$ 430,000 | 5.500% | \$ 66,275.00 | \$ 562,550 | \$ 1,980,000 | |
| 12/15/2051 | | | | \$ 54,450.00 | | |
| 6/15/2052 | \$ 455,000 | 5.500% | \$ 54,450.00 | \$ 563,900 | \$ 1,525,000 | |
| 12/15/2052 | | | | \$ 41,937.50 | | |
| 6/15/2023 | \$ 480,000 | 5.500% | \$ 41,937.50 | \$ 563,875 | \$ 1,045,000 | |
| 12/15/2053 | | | | \$ 28,737.50 | | |
| 6/15/2024 | \$ 510,000 | 5.500% | \$ 28,737.50 | \$ 567,475 | \$ 535,000 | |
| 12/15/2054 | | | | \$ 14,712.50 | | |
| 6/15/2025 | \$ 535,000 | 5.500% | \$ 14,712.50 | \$ 564,425 | \$ - | |
| | \$ 8,175,000 | | | \$ 8,698,141.89 | \$ 16,873,142 | |
| Outstanding at September 30, 2027 \$ 7,930,000 | | | | | | |

COMMUNITY DEVELOPMENT DISTRICT
FACILITIES OPERATION AND MAINTENANCE AGREEMENT

THIS COMMUNITY DEVELOPMENT DISTRICT FACILITIES OPERATION AND MAINTENANCE AGREEMENT (this "Agreement") is entered into as of this 16 day of October, 2025, by and between **PALERMO COMMUNITY DEVELOPMENT DISTRICT**, an independent special district established pursuant to Chapter 190, Florida Statutes (the "District"), and **CRANE LANDING HOMEOWNERS ASSOCIATION, INC.**, a Florida not-for-profit corporation (the "Association").

R E C I T A L S:

A. The District is a local unit of special-purpose government established by ordinance adopted by the Board of County Commissions of Lee County, Florida, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), and is validly existing under the Constitution and laws of the State of Florida.

B. The Association is a private not-for-profit corporation formed pursuant to Chapters 617 and 720, Florida Statutes that owns and operates certain community infrastructure and amenity facilities located within the Crane Landing community that is within the boundaries of the District. The membership of the Association is comprised solely of property owners within the District and all of the Crane Landing property owners are members of the Association pursuant to the Master Declaration of Covenants, Conditions and Restrictions for Crane Landing originally recorded in Official Records Instrument Number 2021000027453 of the Public Records of Lee County, Florida, and as further amended and supplemented.

C. The District desires to contract with the Association to operate, maintain and repair the public improvements owned by the District set forth on **Exhibit "A"** located in those areas depicted on **Exhibit "B"** (collectively, the "**District Improvements**").

D. The Association is responsible for operating, maintaining and repairing certain common areas either contiguous or in close proximity to the areas where the District Improvements are or will be located and the members of the Association are the direct beneficiaries of the District Improvements. Further, the Association is uniquely positioned and qualified to operate, maintain and repair the District Improvements.

E. The Association agrees to undertake the responsibility for operating, maintaining and repairing the District Improvements all on the terms and conditions set forth herein.

F. The District and the Association agree that having the Association operate, maintain and repair the District Improvements is in the best interests of the District and the property owners benefitting from the District Improvements. Specifically, having the Association operate, maintain and repair the District Improvements will provide for easier administration, potential cost savings, and anticipated efficiencies in such activities.

NOW, THEREFORE, the District and the Association agree as follows:

1. **Recitals**. The above recitals are true and correct and incorporated herein by this reference.

2. **Operation, Maintenance and Repair**. Except as otherwise provided for herein, the Association agrees to be responsible during the term of this Agreement, at the Association's sole cost and expense, for operating, maintaining and repairing the District Improvements that may be now or in the future located on or within the Improvement Area. The District Improvements shall be kept by the Association in good, neat, attractive and proper condition and repair. All such action by the Association shall be performed in compliance with all applicable statutes, ordinances, administrative rules and regulations, permit conditions and the rules, policies, practices and procedures of the District. The Association understands and agrees that the Association shall be required to budget for, fund, and complete the maintenance and repair of the District Improvements and their component parts. The obligation for capital replacement of District Improvements shall remain with the District. During the Initial Term of this Agreement (and any Renewal Terms), the Association shall have a non-exclusive license to enter upon the property of the District to the extent reasonably necessary to carry out the Association's obligations under this Agreement. Notwithstanding the foregoing, if any property of the District is damaged a result of any activity of the Association pursuant to this Agreement, the Association shall be responsible, at the Association's sole cost and expense, to promptly repair any damaged property or landscaping to the extent necessary to restore the property to its condition prior to the damage.

3. **Access to the Community**. As part of the operation of the District Improvements pursuant to Section 3, the Association shall be responsible for operating the access points to the Crane Landing community (the "**Community**") and managing access to the Community. The Association acknowledges that the internal roadways within the Community are owned by the District and constitute public assets of the District under applicable law. The Association agrees that the operation of the access points and managing access to the Community shall be undertaken by the Association in a manner consistent with all applicable local, state and federal laws, statutes, regulations, ordinances, codes, rules and permits. In connection with the Association's operations under this Section, the Association shall develop and maintain post-orders detailing the Association's gate and guardhouse procedures relating to its operation of the access points and managing access to the Community ("**Post Orders**") for purposes including, without limitation, access by the public to the roadways as required by law, access by the public to meetings and hearings and of the District and access by the public to District Improvements to the extent necessary or required by law. The Post Orders shall be subject to the review and approval by the District.

4. **Tropical Storm, Hurricane or Other Casualty Damage**. The parties acknowledge that the Association is acting as a service provider to the District under this Agreement and this Agreement is a means to provide for the services set forth in Section 3 on a resource-efficient basis as described in the recitals. This Agreement transfers neither ownership nor ultimate legal responsibility for the District Improvements. Nor does this Agreement change the character of the District Improvements, which are public assets of the District. If mutually agreed by the District and the Association in writing, as part of the

operational function of the Association, the Association agrees to maintain in full force and effect during the Initial Term (and any Renewal Term, if applicable), an "all risk" property insurance policy in an amount equal to the full insurable replacement value of any and all structural improvements comprising the District Improvements. The District shall be named as a loss payee as its interests may appear. The policy of insurance required to be obtained by the Association shall be issued by an insurance company authorized to do business in Florida and reasonably satisfactory to the District. The Association shall from time to time, and upon the request of the District, provide the District with a certificate of insurance for such property insurance and renewal certificates upon renewal. Notwithstanding the same, the parties recognize that given the nature of certain District Improvements, including, but not limited to, roads, lakes, stormwater management facilities and landscaping, said certain District Improvements generally cannot be insured through the Association's usual insurance program, but are subject to being damaged or destroyed in a tropical storm, hurricane or other casualty event. In the event the District Improvements are damaged as a result of a tropical storm, hurricane or other casualty event, it shall be the District's obligation, at the District's cost and expense, for post-tropical storm, hurricane or other casualty event clean-up of the District Improvements and for the repair or replacement of the District Improvements in a manner, and to the extent, deemed appropriate by the District. The District may, in its discretion, engage the Association by separate written agreement as a vendor or service provider subsequent to any a tropical storm, hurricane or other casualty event for the clean-up of the District Improvements or the repair/replacement of District Improvements.

5. **Modifications to the District Improvements.** The Association shall have the right to modify or enhance the District Improvements consistent with the terms of this Agreement; provided, however, that the Association may not make any material modification to the District Improvements (including, without limitation, removal or replacement) without the prior written consent of the District. Further, any replacement of any portion of the District Improvements by the Association shall be conducted using, at a minimum, materials of the same type and quality (i.e. same type of tree or plant).

6. **Term.** The initial term of this Agreement will commence as of October 1, 2025 ("**Commencement Date**") and will run through September 30, 2026 ("**Initial Term**"), unless terminated prior to that time by either party pursuant to a provision of this Agreement. After the Initial Term, this Agreement will automatically renew for additional one (1) year periods (October 1st through September 30th of the next year) (each, a "**Renewal Term**") unless terminated by either party as provided for herein. The District may terminate this Agreement for any or no reason upon ninety (90) days' written notice to the Association. The Association may terminate this Agreement September 30th of a calendar year provided the Association provides the District written notice of termination no later than March 31st of that year. If written notice of termination is provided by the Association after March 31st, then the effective date of termination will be September 30th of the following calendar year.

7. **Independent Contractor.** In all matters relating to this Agreement, the Association shall be acting as an independent contractor. Neither the Association nor employees of the Association, if there are any, are employees of the District under the meaning or application of any Federal or State Unemployment or Insurance Laws or Old Age Laws or otherwise. The Association agrees to assume all liabilities or obligations imposed by any one or more of such laws with respect to employees of the Association, if there are any, in the

performance of this Agreement. The Association shall not have any authority to assume or create any obligation, express or implied, on behalf of the District and the Association shall have no authority to represent the District as an agent, employee, or in any other capacity.

8. **Liens and Claims.** The Association shall promptly and properly pay for all contractors retained, labor employed, materials purchased, and equipment hired by it to perform under this Agreement. The Association shall keep the District's property free from any construction, materialmen's or mechanic's liens and claims or notices in respect to such liens and claims or notices in respect to such liens and claims, which arise by reason of the Association's performance under this Agreement, and the Association shall immediately discharge any such claim or lien.

9. **Insurance.** In addition to the property insurance required in Section 4, the Association shall procure, at the Association's expense, and maintain at all times during the term of this Agreement, the following minimum levels of insurance:

a. Commercial general liability including contractual liability insurance coverage of \$1,000,000 combined single limit bodily injury and property damage per occurrence, and \$2,000,000 general aggregate.

b. Worker's compensation insurance coverage insurance shall be in full compliance with Florida statutory requirements.

c. Automobile Liability Insurance for bodily injuries in limits of not less than \$1,000,000 combined single limit bodily injury and for property damage, providing coverage for any accident arising out of or resulting from the operation, maintenance, or use by the Association of any owned, non-owned, or hired automobiles, trailers, or other equipment required to be licensed.

The District shall be named as an additional insured on all policies required (excluding worker's compensation). The general liability policy shall provide the District with thirty (30) days' prior written notice of non-renewal or ten (10) days prior written notice for nonpayment of premium. An acceptable certificate of insurance will be provided to the District annually evidencing compliance with the foregoing insurance requirements. Insurance coverage shall be from one or more reputable insurance carriers that are licensed to conduct business in the State of Florida, which carriers shall be reasonably acceptable to the District.

The Association further agrees to require by written contract any contractor or subcontractors hired or engaged by the Association to perform all or part of the Associations' services hereunder to procure and maintain, until the completion of the contractor's or subcontractor's work, insurance of the types and to the limits specified in this Section unless such insurance requirements for the contractor or subcontractor are expressly modified or waived in writing by the District.

10. **Indemnification.** Except to the extent of negligence or intentional misconduct of the District, the Association agrees to indemnify, defend and hold harmless the District and its Board members, officers, agents, staff and employees from any and all liability, claims, actions, suits or demands by any person, corporation or other entity for injuries, death, property

damage or harm of any nature, arising out of, or in connection with, the acts or omissions of the Association, or its officers, employees, representatives, contractors, or subcontractors relating to the obligations assumed by the Association hereunder. Obligations under this section shall include the payment of all settlements, judgments, damages, liquidated damages, penalties, forfeitures, back pay awards, court costs, arbitration and/or mediation costs, litigation expenses, fines, penalties, attorneys' fees, and paralegal fees (incurred in court, out of court, mediation, on appeal, or in bankruptcy proceedings) as ordered.

11. Payment/Funding and Tax Benefits. The District shall pay Association the sum of Ten Dollars (\$10.00) per year for the provision of operation, maintenance and repair services pursuant to the terms of this Agreement. The Association shall not be entitled, for any reason, to reimbursement or refund from the District of any funds expended in the performance of the Association's obligations and responsibilities under this Agreement. To the extent of the Association's funding obligations under this Agreement, the Association shall be responsible for staffing, budgeting, financing, billing and collection of fees, service charges, etc., necessary to perform the operation and maintenance responsibilities set forth in this Agreement. The Association shall assess and collect from the membership of the Association for the operation, maintenance and repair costs it is providing hereunder. The Association shall maintain any records for the District Improvements from its other Association records and have them available for inspection by the District upon request. The Association agrees that it is not entitled to and will not take any position inconsistent with being a service provider with respect to the District Improvements. The Association agrees not to take any depreciation or amortization, investment tax credit or deduction for any payment as rent with respect to the District Improvements.

12. Notices. Any notice, demand, consent, authorization, request, approval or other communication that any party is required, or may desire, to give to or make upon the other parties pursuant to this Agreement will be effective and valid only if in writing, signed by the party giving notice and either (i) delivered personally to the other parties; (ii) sent by commercial courier or delivery service; (iii) email, addressed to the other parties at the addresses set forth below (or to such other place as any party may by notice to the others specify). Notice will be considered given when received, except that if delivery is not accepted, notice will be considered given on the date of such non-acceptance. Notices delivered after 5:00 p.m. (at the place of delivery) or on a non-business day, will be considered received on the next business day. If any time for giving notice would otherwise expire on a non-business day, the notice period will be extended to the next succeeding business day. Saturdays, Sundays, and legal holidays recognized by the United States government will not be regarded as business days. Counsel may deliver notice on behalf of the party represented. Initial addresses for the Parties include:

If to District:

Palermo Community Development District
Attn: James P. Ward, District Manager
JP Ward & Associates, LLC
2301 Northeast 37th Street
Ft. Lauderdale, FL 33308
JimWard@JPWardAssociates.com

With a copy to:

Coleman, Yovanovich & Koester, P.A.
Attn: Gregory L. Urbancic, Esq.
4001 Tamiami Trail North, Suite 300
Naples, Florida 34103
gurbancic@cyklawfirm.com

If to Association: Crane Landing Homeowners Association, Inc.
Attn: _____
10481 Six Mile Cypress Parkway
Fort Myers, FL 33966
Email: _____

The addressees and addresses for the purpose of this Section may be changed by either party by giving written notice of such change to the other party in the manner provided herein. For the purpose of changing such addresses or addressees only, unless and until such written notice is received, the last addressee and respective address stated herein shall be deemed to continue in effect for all purposes.

13. Public Records Law. In connection with its services to the District, the Association agrees to fully comply with the provisions of Section 119.0701, Florida Statutes pertaining to Florida's Public Records Law. Said compliance will include the Association taking appropriate and necessary steps to comply with the provisions of Section 119.0701(2)(b), Florida Statutes including, without limitation, the following:

- a. The Association shall keep and maintain public records required by the District to perform the services hereunder.
- b. Upon a request for public records received by the District, the Association shall provide the District with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in Chapter 119, Florida Statutes or otherwise provided by law.
- c. The Association shall ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the Agreement term and following completion of this Agreement if the Association does not transfer the records to the District.
- d. Upon completion of this Agreement, the Association shall transfer, at no cost, to the District all public records in possession of the Association or keep and maintain public records required by the District to perform the service. If the Association transfers all public records to the District upon completion of this Agreement, the Association shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the Association keeps and maintains public records upon completion of this Agreement, the Association shall meet all applicable

requirements for retaining public records. All records stored electronically by the Association must be provided to the District, upon request from the District's custodian of public records, in a format that is compatible with the information technology systems of the District.

Failure of the Association to comply with Section 119.0701, Florida Statutes may subject the Association to penalties under Section 119.10, Florida Statutes. Further, in the event the Association fails to comply with this Section or Section 119.0701, Florida Statutes, the District shall be entitled to any and all remedies at law or in equity. The following statement is required to be included in this Agreement pursuant to Section 119.0701(2), Florida Statutes:

IF THE ASSOCIATION HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE ASSOCIATION'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS AGREEMENT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT JP WARD & ASSOCIATES, INC. C/O JAMES P. WARD: (954) 658-4900; EMAIL: JIMWARD@JPWARDASSOCIATES.COM AND MAILING ADDRESS: 2301 NORTHEAST 37TH STREET, FT. LAUDERDALE, FL 33308.

14. **E-Verify.** The Association shall comply with all applicable requirements of Section 448.095, Florida Statutes. Association shall register with and use the U.S. Department of Homeland Security's E-Verify system to verify the work authorization status of all newly hired employees. If the Association enters into a contract with a subcontractor relating to the services under this Agreement, the subcontractor must register with and use the E-Verify system and provide the Association with an affidavit stating the subcontractor does not employ, contract with, or subcontract with an unauthorized alien. The Association shall maintain a copy of said affidavit for the duration of the contract with the subcontractor and provide a copy to the District upon request. For purposes of this Section, the term "subcontractor" shall have such meaning as provided in Section 448.095(1)(j), Florida Statutes and the term "unauthorized alien" shall have such meaning as provided in Section 448.095(k), Florida Statutes.

If the Association has a good faith belief that a subcontractor with which it is contracting has knowingly violated Section 448.095, Florida Statutes, then the Association shall terminate the contract with such person or entity. Further, if the District has a good faith belief that a subcontractor of the Association knowingly violated Section 448.095, Florida Statutes, but the Association otherwise complied with its obligations hereunder, the District shall promptly notify the Association and upon said notification, the Association shall immediately terminate its contract with the subcontractor. Notwithstanding anything else in this Agreement to the contrary, the District may immediately terminate this Agreement for cause if there is a good faith belief that the Association knowingly violated the provisions of Section 448.095, Florida Statutes, and any termination thereunder shall in no event be considered a breach of contract by the District. By entering into this Agreement, the Association represents that no public employer has terminated a contract with the Association under Section 448.095(2)(c), Florida

Statutes, within the year immediately preceding the date of this Agreement. The District has materially relied on this representation in entering into this Agreement with the Association.

15. **Anti-Human Trafficking Affidavit.** In accordance with the requirements of Section 787.06(13), Florida Statutes, the affidavit attached hereto as **Exhibit "C"** shall be completed by the Association at the time of execution of this Agreement and any renewal hereof.

16. **Sovereign Immunity.** The Association agrees that nothing contained in this Agreement shall constitute or be construed as a waiver of the District's limitations on liability set forth in Section 768.28, Florida Statutes, and/or other applicable law, and nothing in this Agreement shall inure to the benefit of any third party for the purpose of allowing any claim which would otherwise be barred under the Doctrine of Sovereign Immunity or by operation of law.

17. **Miscellaneous.** This Agreement shall be binding upon and shall inure to the benefit of the respective heirs, successors, permitted assigns and legal representatives of the parties hereto. This Agreement may not be modified or amended in any respect other than by written instrument signed by both parties hereto. This Agreement may not be assigned by the Association or the District without the prior written specific consent of the other party, which consent may be withheld in that party's sole and absolute discretion; provided, however, that the Association may contract with third party contractors to perform the work under this Agreement without the consent of the District. In the event any provision of this Agreement is deemed to be unenforceable under applicable law, the remainder of this Agreement shall continue to be enforceable and said provision shall be automatically modified and/or limited so that it is enforceable. This Agreement may be executed simultaneously in two (2) or more counterparts, each of which shall be deemed to be original, but all of which together shall constitute one and the same instrument. An electronic signature will be considered an original signature on this Agreement and any related documents or subparts and will have the same force and effect as a written signature unless prohibited by Florida law. This Agreement shall be construed in accordance with, and governed by, the laws of the State of Florida. The venue for any litigation involving this Agreement shall lie in Lee County, Florida. In any action or proceeding arising between the parties relating to the terms of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees, expenses, and all court costs, including fees and costs incurred through any appeal, from the non-prevailing party.

{Remainder of page intentionally left blank. Signatures appear on next page.}

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth below.

DISTRICT:

**PALERMO COMMUNITY
DEVELOPMENT DISTRICT,**
a community development district

ATTEST:

James P. Ward, Secretary

By: _____
Scott Edwards, Chairman

Date: _____

ASSOCIATION:

**CRANE LANDING HOMEOWNERS
ASSOCIATION, INC.,**
a Florida not-for-profit corporation

By: _____
Print Name: _____
Title: _____

Date: _____

EXHIBIT "A"
District Improvements

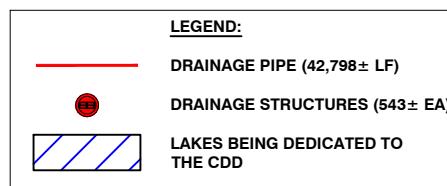
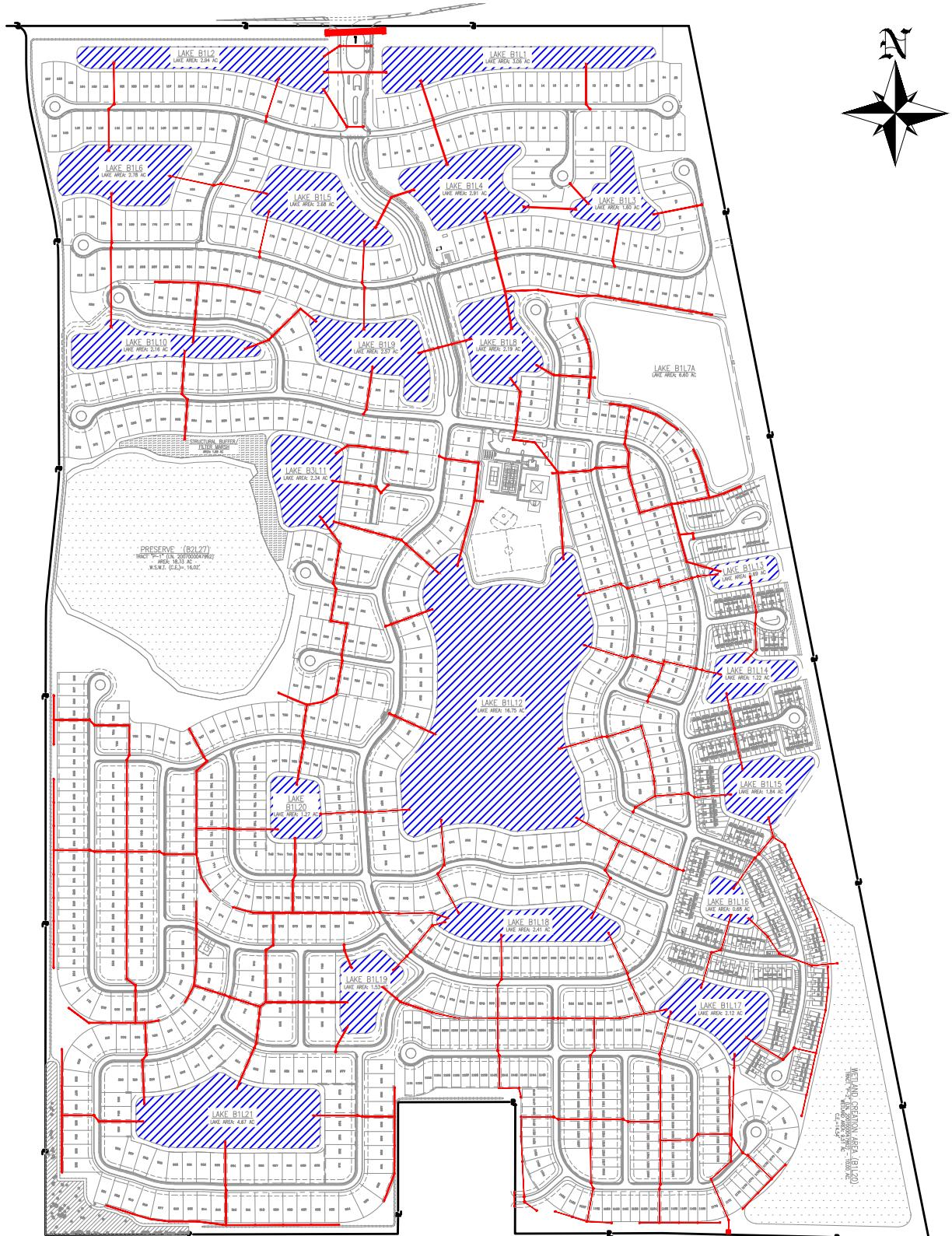


EXHIBIT A-1

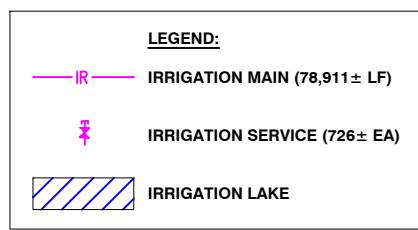
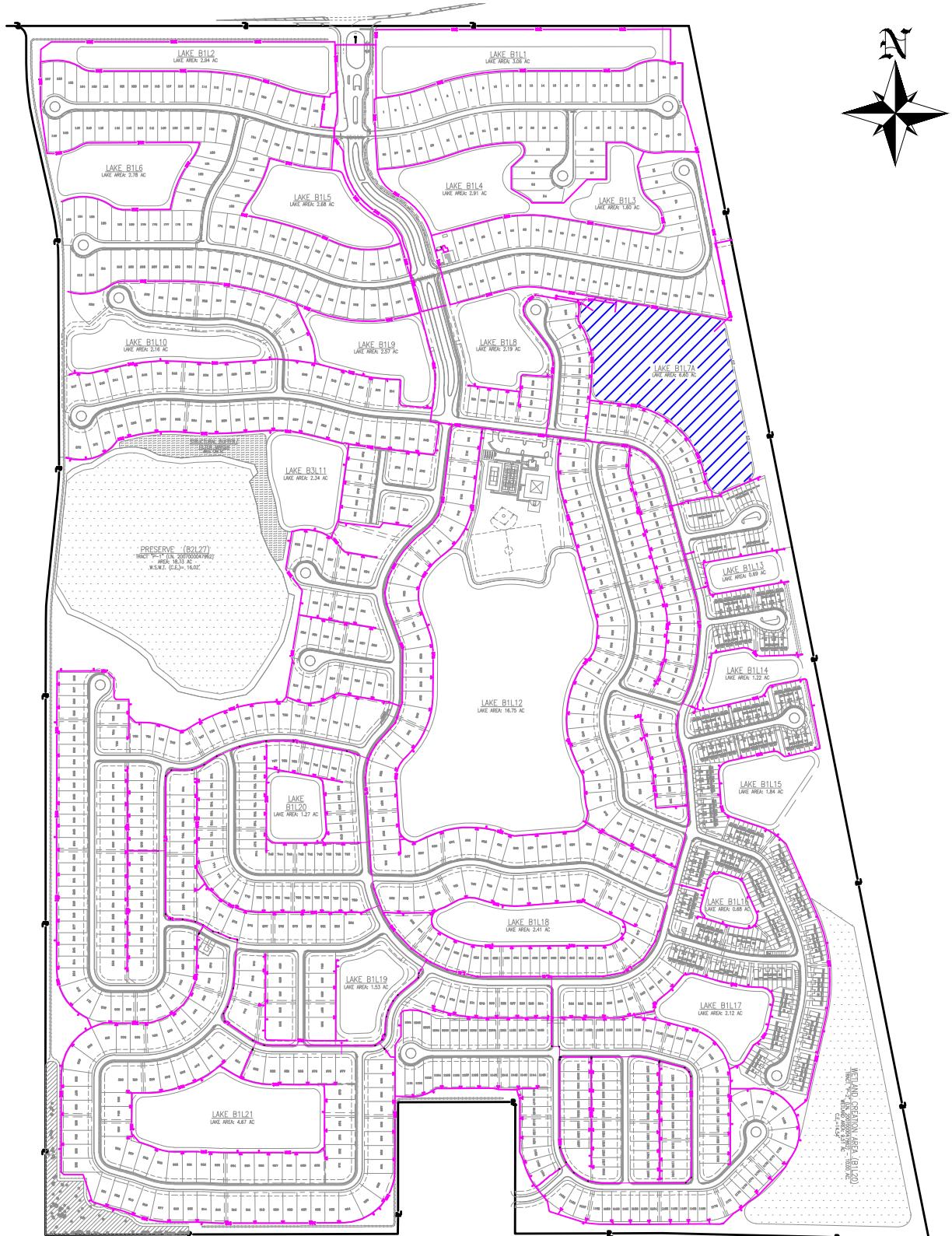


EXHIBIT A-2

BANKS ENGINEERING

Professional Engineers, Planners, & Land Surveyors
Serving The State Of Florida

10511 SIX MILE CYPRESS PKWY, STE. 101
FORT MYERS, FLORIDA 33966
PHONE: (239) 939-5490 FAX: (239) 939-2523

ENGINEERING LICENSE # EB 6469
SURVEY LICENSE # LB 6690

WWW.BANKSENG.COM

**IRRIGATION FACILITIES MAP
PALERMO CDD
LEE COUNTY, FLORIDA**

| | | | | | |
|------------------|----------|-------------|--------------|--------------|--------|
| COMPLETION DATE: | PROJECT: | DRAFTED BY: | DESIGNED BY: | REVIEWED BY: | SHEET: |
| 1-5-26 | 1960 | JLW | JLW | DRU | 01 |

EXHIBIT "B"
Map of District Improvements

EXHIBIT "C"

AFFIDAVIT OF COMPLIANCE WITH ANTI-HUMAN TRAFFICKING LAWS

State of _____

County of _____

In accordance with Section 787.06 (13), Florida Statutes, the undersigned, on behalf of **Crane Landing Homeowners Association, Inc.** (the "Association"), hereby attests under penalty of perjury that, the Association, to the best of my knowledge and reasonable belief, does not use coercion for labor or services as defined in Section 787.06, Florida Statutes, entitled "Human Trafficking."

The undersigned is authorized to execute this affidavit on behalf of the Association.

Signature

Printed Name: _____

Title: _____

Association: _____

Date: _____

SWORN TO AND SUBSCRIBED before me by means of [__] physical presence or [__] online notarization, this _____ day of _____, 2025, by _____, as _____ of Crane Landing Homeowners Association, Inc., a Florida not-for-profit corporation, who is [__] personally known to me or who produced [__] _____ as identification.

Notary Public

(Notary Seal)

Palermo

Community Development District

Financial Statements
October 31, 2025

JPWard and Associates, LLC
2301 N.E. 37th Street
Fort Lauderdale, Florida 33308
Phone: (954) 658-4900

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Palermo Community Development District
Balance Sheet
for the Period Ending October 31, 2025

| | Governmental Funds | | | | | | Account Groups | | Totals | | | |
|---|--------------------|-------------------|-------------------|----------------------|---------------------|------------------------|----------------------|----------------------|--------|------------|--|--|
| | Debt Service Funds | | | Capital Project Fund | | | | | | | | |
| | General Fund | Series 2023 | Series 2025 | Series 2023 | Series 2025 | General Long Term Debt | General Fixed Assets | | | | | |
| Assets | | | | | | | | | | | | |
| Cash and Investments | | | | | | | | | | | | |
| General Fund - Invested Cash | \$ 425,520 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 425,520 | | |
| Debt Service Fund | | | | | | | | | | | | |
| Interest Account | - | - | - | 1,624 | - | - | - | - | - | 1,624 | | |
| Reserve Account | - | 377,788 | - | 276,913 | - | - | - | - | - | 654,700 | | |
| Revenue Account | - | 544,919 | - | - | - | - | - | - | - | 544,919 | | |
| Construction Account | - | - | - | - | 15,091 | 7,522,969 | - | - | - | 7,538,061 | | |
| Due from Other Funds | | | | | | | | | | | | |
| General Fund | - | 1,006 | - | 735 | - | - | - | - | - | 1,741 | | |
| Debt Service Fund(s) | - | - | - | - | - | - | - | - | - | - | | |
| Accounts Receivable | - | - | - | - | - | - | - | - | - | - | | |
| Unamortized Prem/Discount on Bonds Payable | - | - | - | - | 98,324 | 41,415 | - | - | - | 139,739 | | |
| Amount Available in Debt Service Funds | - | - | - | - | - | - | 923,712 | - | - | 923,712 | | |
| Amount to be Provided by Debt Service Funds | - | - | - | - | - | - | 18,426,288 | - | - | 18,426,288 | | |
| Investment in General Fixed Assets (net of depreciation) | - | - | - | - | - | - | - | 1,726,708 | - | 1,726,708 | | |
| Total Assets | \$ 425,520 | \$ 923,712 | \$ 279,272 | \$ 113,415 | \$ 7,564,385 | \$ 19,350,000 | \$ 1,726,708 | \$ 30,383,012 | | | | |

Palermo Community Development District
Balance Sheet
for the Period Ending October 31, 2025

| | Governmental Funds | | | | | Account Groups | | Totals (Memorandum Only) | |
|---|--------------------|-------------------|----------------------|-----------------------|---------------------|---------------------------|-------------------------|--------------------------------|--|
| | Debt Service Funds | | Capital Project Fund | | | | | | |
| | General Fund | Series 2023 | Series 2025 | Series 2023 | Series 2025 | General Long Term Debt | General Fixed Assets | | |
| Liabilities | | | | | | | | | |
| Accounts Payable | | | | | | | | | |
| Due to Other Funds | | | | | | | | | |
| General Fund | | | | | | | | | |
| Debt Service Fund(s) | 1,741 | | | | | | | 1,741 | |
| Lee County | | 164,745 | | | | | | 164,745 | |
| Due to Developer | | | | | 4,619,037 | | | | |
| Bonds Payable | | | | | | | | | |
| Current Portion (Due within 12 months) | | | | | | | | | |
| Series 2023 | | | | | | | 195,000 | | |
| Series 2025 | | | | | | | 120,000 | | |
| Long Term | | | | | | | | | |
| Series 2023 | | | | | | | \$10,980,000 | | |
| Series 2025 | | | | | | | \$8,055,000 | | |
| Total Liabilities | \$ 166,486 | \$ - | \$ - | \$ 4,619,037 | \$ - | \$ 19,350,000 | \$ - | \$ 24,135,523 | |
| Fund Equity and Other Credits | | | | | | | | | |
| Investment in General Fixed Assets | | | | | | | | 1,726,708 | |
| Fund Balance | | | | | | | | 1,726,708 | |
| Restricted | | | | | | | | | |
| Beginning: October 1, 2025 (Unaudited) | | 921,932 | 278,531 | (4,506,945) | 7,538,132 | | | 4,231,651 | |
| Results from Current Operations | | 1,780 | 740 | 1,322 | 26,253 | | | 30,095 | |
| Unassigned | | | | | | | | | |
| Beginning: October 1, 2025 (Unaudited) | 176,974 | | | | | | | 176,974 | |
| Allocation of Fund Balance | | | | | | | | | |
| Reserve for First Three Months Operations | 46,384 | | | | | | | 46,384 | |
| Extraordinary Capital/Operations | 54,167 | | | | | | | 54,167 | |
| Results from Current Operations | (18,490) | | | | | | | (18,490) | |
| Total Fund Equity and Other Credits | \$ 259,035 | \$ 923,712 | \$ 279,272 | \$ (4,505,622) | \$ 7,564,385 | \$ - | \$ 1,726,708 | \$ 6,247,489 | |
| Total Liabilities, Fund Equity and Other Credits | \$ 425,520 | \$ 923,712 | \$ 279,272 | \$ 113,415 | \$ 7,564,385 | \$ 19,350,000 | \$ 1,726,708 | \$ 30,383,012 | |

**Palermo Community Development District
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Through October 31, 2025**

| Description | October | Year to Date | Total Annual Budget | % of Budget |
|--|-------------------|-------------------|---------------------|-------------|
| Revenue and Other Sources | | | | |
| Carryforward | \$ - | \$ - | \$ - | 0% |
| Special Assessment Revenue | | | | |
| Special Assessments - On-Roll | 277 | 277 | 220,370 | 0% |
| Special Assessments - Off-Roll | - | - | - | 0% |
| Other Fees and Charges | | | | |
| Discounts/Collection Fees | - | - | (11,488) | 0% |
| Total Revenue and Other Sources: | \$ 277 | \$ 277 | \$ 208,882 | 0% |
| Expenditures and Other Uses | | | | |
| Legislative | | | | |
| Board of Supervisor's Fees | 400 | 400 | 1,600 | 25% |
| Executive | | | | |
| Professional Management | 3,750 | 3,750 | 45,000 | 8% |
| Financial and Administrative | | | | |
| Audit Services | - | - | 5,600 | 0% |
| Accounting Services | 2,325 | 2,325 | 27,900 | 8% |
| Assessment Roll Preparation | 2,325 | 2,325 | 27,900 | 8% |
| Arbitrage Rebate Services | - | - | 1,000 | 0% |
| Other Contractual Services | | | | |
| Legal Advertising | - | - | 1,500 | 0% |
| Trustee Services | - | - | 8,493 | 0% |
| Dissemination Agent Services | - | - | 10,000 | 0% |
| Property Appraiser Fees | - | - | 750 | 0% |
| Bank Service Fees | - | - | 250 | 0% |
| Communications & Freight Services | | | | |
| Postage, Freight & Messenger | - | - | 200 | 0% |
| Website Services | - | - | 2,400 | 0% |
| Insurance | 5,800 | 5,800 | 6,514 | 89% |
| Printing & Binding | | | | |
| Subscription & Memberships | - | - | 175 | 0% |
| Legal Services | | | | |
| Legal - General Counsel | - | - | 7,500 | 0% |
| Other General Government Services | | | | |
| Engineering Services | - | - | 5,000 | 0% |
| Contingencies | - | - | 7,050 | 0% |
| Reserve Allocations | | | | |
| Extraordinary Capital/Operation | 4,167 | 4,167 | 50,000 | 0% |
| Sub-Total: | 18,767 | 18,767 | 208,882 | 9% |
| Total Expenditures and Other Uses: | \$ 18,767 | \$ 18,767 | \$ 208,882 | 9% |
| Net Increase/ (Decrease) in Fund Balance | (18,490) | (18,490) | - | |
| Total Fund Balance - Beginning | 273,358 | 273,358 | 273,358 | |
| Additions to Extraordinary Capital/Operation | 4,167 | 4,167 | 50,000 | |
| Total Fund Balance - Ending | \$ 259,035 | \$ 259,035 | \$ 323,358 | |

Prepared by:

JPWARD and Associates, LLC

Palermo Community Development District
Debt Service Fund - Series 2023
Statement of Revenues, Expenditures and Changes in Fund Balance
Through October 31, 2025

| Description | October | Year to Date | Total Annual Budget | % of Budget |
|---|-------------------|-------------------|---------------------|-------------|
| Revenue and Other Sources | | | | |
| Carryforward | \$ - | \$ - | - | 0% |
| Interest Income | | | | |
| Reserve Account | 1,276 | 1,276 | 16,554 | 8% |
| Revenue Account | 774 | 774 | 11,253 | 7% |
| Special Assessments - Prepayments | | | | |
| Special Assessments - On Roll | 1,006 | 1,006 | 815,540 | 0% |
| Special Assessments - Off Roll | - | - | - | 0% |
| Special Assessments - Prepayments | - | - | - | 0% |
| Other Fees and Charges | | | | |
| Discounts for Early Payment | - | - | (56,371) | 0% |
| Intragovernmental Transfer In | | | | |
| Total Revenue and Other Sources: | \$ 3,056 | \$ 3,056 | \$ 786,976 | 0% |
| Expenditures and Other Uses | | | | |
| Debt Service | | | | |
| Principal Debt Service - Mandatory | | | | |
| Series 2023 | - | - | 195,000 | 0% |
| Principal Debt Service - Early Redemptions | | | | |
| Series 2023 | - | - | - | 0% |
| Interest Expense | | | | |
| Series 2023 | - | - | 564,169 | 0% |
| Intragovernmental Transfer Out | | | | |
| Total Expenditures and Other Uses: | \$ 1,276 | \$ 1,276 | \$ 759,169 | 0% |
| Net Increase/ (Decrease) in Fund Balance | | | | |
| Fund Balance - Beginning | 1,780 | 1,780 | 27,807 | |
| Fund Balance - Ending | 921,932 | 921,932 | 921,932 | |
| Fund Balance - Ending | \$ 923,712 | \$ 923,712 | \$ 949,739 | |

Prepared by:

JPWARD and Associates, LLC

Palermo Community Development District
Debt Service Fund - Series 2025
Statement of Revenues, Expenditures and Changes in Fund Balance
Through October 31, 2025

| Description | October | Year to Date | Total Annual Budget | % of Budget |
|---|-------------------|-------------------|---------------------|-------------|
| Revenue and Other Sources | | | | |
| Carryforward | \$ - | \$ - | - | 0% |
| Interest Income | | | | |
| Interest Account | 5 | 5 | - | 0% |
| Reserve Account | 935 | 935 | - | 0% |
| Special Assessments - Prepayments | | | | |
| Special Assessments - On Roll | 735 | 735 | 595,826 | 0% |
| Special Assessments - Off Roll | - | - | - | 0% |
| Special Assessments - Prepayments | - | - | - | 0% |
| Other Fees and Charges | | | | |
| Discounts for Early Payment | - | - | (41,415) | 0% |
| Intragovernmental Transfer In | | | | |
| Total Revenue and Other Sources: | \$ 1,676 | \$ 1,676 | \$ 554,411 | 0% |
| Expenditures and Other Uses | | | | |
| Debt Service | | | | |
| Principal Debt Service - Mandatory | | | | |
| Series 2025 | - | - | 120,000 | 0% |
| Principal Debt Service - Early Redemptions | | | | |
| Series 2025 | - | - | - | 0% |
| Interest Expense | | | | |
| Series 2025 | - | - | 434,411 | 0% |
| Intragovernmental Transfer Out | | | | |
| | 935 | 935 | - | 0% |
| Total Expenditures and Other Uses: | \$ 935 | \$ 935 | \$ 554,411 | 0% |
| Net Increase/ (Decrease) in Fund Balance | | | | |
| Fund Balance - Beginning | 278,531 | 278,531 | 278,531 | |
| Fund Balance - Ending | \$ 279,272 | \$ 279,272 | \$ 278,531 | |

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 October 31, 2025

| Description | October | Year to Date | Total Annual Budget | % of Budget |
|---|-----------------------|-----------------------|---------------------|-------------|
| Revenue and Other Sources | | | | |
| Carryforward | \$ - | \$ - | \$ - | 0% |
| Interest Income | | | | |
| Construction Account | 46 | 46 | - | 0% |
| Intragovernmental Transfer In | 1,276 | 1,276 | - | 0% |
| Total Revenue and Other Sources: | \$ 1,322 | \$ 1,322 | \$ - | 0% |
| Expenditures and Other Uses | | | | |
| Conservation and Resource Management | | | | |
| Irrigation | - | - | - | 0% |
| Capital Outlay | | | | |
| Intragovernmental Transfer Out | - | - | - | 0% |
| Total Expenditures and Other Uses: | \$ - | \$ - | \$ - | 0% |
| Net Increase/ (Decrease) in Fund Balance | 1,322 | 1,322 | - | |
| Fund Balance - Beginning | (4,506,945) | (4,506,945) | - | |
| Fund Balance - Ending | \$ (4,505,622) | \$ (4,505,622) | \$ - | 0% |

Prepared by:

JPWARD and Associates, LLC

Palermo Community Development District
Capital Projects Fund - Series 2025
Statement of Revenues, Expenditures and Changes in Fund Balance
Through October 31, 2025

| Description | October | Year to Date | Total Annual Budget | % of Budget |
|---|---------------------|---------------------|---------------------|-------------|
| Revenue and Other Sources | | | | |
| Carryforward | \$ - | \$ - | \$ - | 0% |
| Interest Income | | | | |
| Construction Account | 25,317 | 25,317 | - | 0% |
| Cost of Issuance | - | - | - | 0% |
| Intragovernmental Transfer In | 935 | 935 | - | 0% |
| Total Revenue and Other Sources: | \$ 26,253 | \$ 26,253 | \$ - | 0% |
| Expenditures and Other Uses | | | | |
| Conservation and Resource Management | | | | |
| Irrigation | - | - | - | 0% |
| Capital Outlay | | | | |
| Intragovernmental Transfer Out | | | | |
| Total Expenditures and Other Uses: | \$ - | \$ - | \$ - | 0% |
| Net Increase/ (Decrease) in Fund Balance | 26,253 | 26,253 | - | |
| Fund Balance - Beginning | 7,538,132 | 7,538,132 | - | |
| Fund Balance - Ending | \$ 7,564,385 | \$ 7,564,385 | \$ - | |

Prepared by:

JPWARD and Associates, LLC

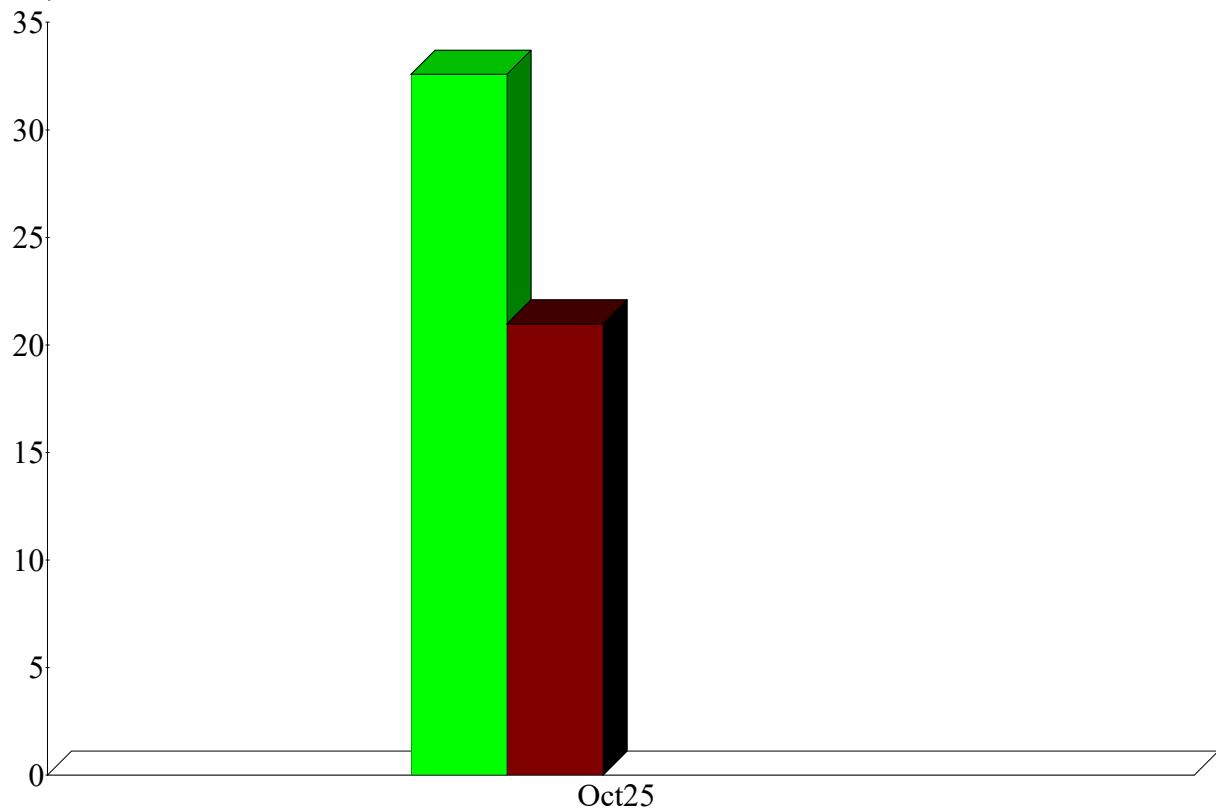
Palermo Community Development District

Income and Expense by Month

October 2025

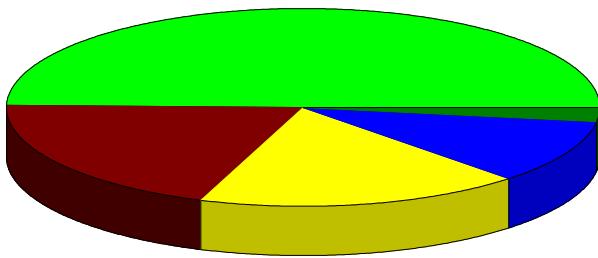
█ Income
█ Expense

\$ in 1,000's



Expense Summary October 2025

| | |
|--|--------------------|
| 5130000 · Financial and Administrative | 49.81% |
| 9099000 · Reserve Allocations | 19.86 |
| 5120000 · Executive | 17.88 |
| 5810000 · Interfund Transfer Out | 10.54 |
| 5110000 · Legislative | 1.91 |
| Total | \$20,978.26 |



By Account

Palermo

Community Development District

Financial Statements
November 30, 2025

JPWard and Associates, LLC
2301 N.E. 37th Street
Fort Lauderdale, Florida 33308
Phone: (954) 658-4900

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| Debt Service Fund | |
| Series 2023 | 4 |
| Series 2025 | 5 |
| Capital Project Fund | |
| Series 2023 | 6 |
| Series 2025 | 7 |
| Income & Expense Graph – All Funds | 8 |

Palermo Community Development District
Balance Sheet
for the Period Ending November 30, 2025

| | Governmental Funds | | | | | | Account Groups | | Totals | | | |
|---|--------------------|-------------------|-------------------|----------------------|---------------------|------------------------|----------------------|---------------------|----------------------|------------|--|--|
| | Debt Service Funds | | | Capital Project Fund | | | | | | | | |
| | General Fund | Series 2023 | Series 2025 | Series 2023 | Series 2025 | General Long Term Debt | General Fixed Assets | | | | | |
| Assets | | | | | | | | | | | | |
| Cash and Investments | | | | | | | | | | | | |
| General Fund - Invested Cash | \$ 415,153 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 415,153 | | |
| Debt Service Fund | | | | | | | | | | | | |
| Interest Account | - - - | - - - | 1,630 | - - - | - - - | - - - | - - - | - - - | - - - | 1,630 | | |
| Reserve Account | - - - | 377,788 | 276,913 | - - - | - - - | - - - | - - - | - - - | - - - | 654,700 | | |
| Revenue Account | - - - | 564,628 | 13,862 | - - - | - - - | - - - | - - - | - - - | - - - | 578,490 | | |
| Construction Account | - - - | - - - | - - - | - - - | 16,419 | 1,353,923 | - - - | - - - | - - - | 1,370,342 | | |
| Due from Other Funds | | | | | | | | | | | | |
| General Fund | - - - | - - - | - - - | - - - | - - - | - - - | - - - | - - - | - - - | - - - | | |
| Debt Service Fund(s) | - - - | - - - | - - - | - - - | - - - | - - - | - - - | - - - | - - - | - - - | | |
| Accounts Receivable | | | | | | | | | | | | |
| Unamortized Prem/Discount on Bonds Payable | - - - | - - - | - - - | 98,324 | 41,415 | - - - | - - - | - - - | - - - | 139,739 | | |
| Amount Available in Debt Service Funds | | | | | | | | | | | | |
| Amount to be Provided by Debt Service Funds | - - - | - - - | - - - | - - - | - - - | 942,415 | - - - | - - - | - - - | 942,415 | | |
| Investment in General Fixed Assets (net of depreciation) | | | | | | | | | | | | |
| Total Assets | <u>\$ 415,153</u> | <u>\$ 942,415</u> | <u>\$ 292,405</u> | <u>\$ 114,743</u> | <u>\$ 1,395,338</u> | <u>\$ 19,350,000</u> | <u>\$ 1,726,708</u> | <u>\$ 1,726,708</u> | <u>\$ 24,236,762</u> | | | |

Palermo Community Development District
Balance Sheet
for the Period Ending November 30, 2025

| | Governmental Funds | | | | | Account Groups | | Totals (Memorandum Only) | |
|---|--------------------|-------------------|----------------------|-----------------------|---------------------|---------------------------|-------------------------|--------------------------------|--|
| | Debt Service Funds | | Capital Project Fund | | | | | | |
| | General Fund | Series 2023 | Series 2025 | Series 2023 | Series 2025 | General Long Term Debt | General Fixed Assets | | |
| Liabilities | | | | | | | | | |
| Accounts Payable | | | | | | | | | |
| Due to Other Funds | | | | | | | | | |
| General Fund | - | - | - | - | - | - | - | - | |
| Debt Service Fund(s) | - | - | - | - | - | - | - | - | |
| Due to Lee County | 164,745 | - | - | - | - | - | - | 164,745 | |
| Due to Developer | - | - | - | 4,619,037 | - | - | - | 4,619,037 | |
| Bonds Payable | | | | | | | | | |
| Current Portion (Due within 12 months) | | | | | | | | | |
| Series 2023 | - | - | - | - | - | 195,000 | - | 195,000 | |
| Series 2025 | - | - | - | - | - | 120,000 | - | 120,000 | |
| Long Term | | | | | | | | | |
| Series 2023 | - | - | - | - | - | \$10,980,000 | - | 10,980,000 | |
| Series 2025 | - | - | - | - | - | \$8,055,000 | - | 8,055,000 | |
| Total Liabilities | \$ 164,745 | \$ - | \$ - | \$ 4,619,037 | \$ - | \$ 19,350,000 | \$ - | \$ 24,133,782 | |
| Fund Equity and Other Credits | | | | | | | | | |
| Investment in General Fixed Assets | | | | | | | | 1,726,708 | |
| Fund Balance | | | | | | | | 1,726,708 | |
| Restricted | | | | | | | | | |
| Beginning: October 1, 2025 (Unaudited) | - | 921,932 | 278,531 | (4,506,945) | 7,538,132 | - | - | 4,231,651 | |
| Results from Current Operations | - | 20,483 | 13,873 | 2,650 | (6,142,794) | - | - | (6,105,787) | |
| Unassigned | | | | | | | | | |
| Beginning: October 1, 2025 (Unaudited) | 176,974 | - | - | - | - | - | - | 176,974 | |
| Allocation of Fund Balance | | | | | | | | | |
| Reserve for First Three Months Operations | 46,384 | - | - | - | - | - | - | 46,384 | |
| Extraordinary Capital/Operations | 58,333 | - | - | - | - | - | - | 58,333 | |
| Results from Current Operations | (31,283) | - | - | - | - | - | - | (31,283) | |
| Total Fund Equity and Other Credits | \$ 250,408 | \$ 942,415 | \$ 292,405 | \$ (4,504,294) | \$ 1,395,338 | \$ - | \$ 1,726,708 | \$ 102,980 | |
| Total Liabilities, Fund Equity and Other Credits | \$ 415,153 | \$ 942,415 | \$ 292,405 | \$ 114,743 | \$ 1,395,338 | \$ 19,350,000 | \$ 1,726,708 | \$ 24,236,762 | |

Unaudited

Prepared by:
JPWARD and Associates, LLC

**Palermo Community Development District
General Fund**
Statement of Revenues, Expenditures and Changes in Fund Balance
Through November 30, 2025

| Description | November | Year to Date | Total Annual Budget | % of Budget |
|--|-------------------|-------------------|---------------------|-------------|
| Revenue and Other Sources | | | | |
| Carryforward | \$ - | \$ - | \$ - | 0% |
| Special Assessment Revenue | | | | |
| Special Assessments - On-Roll | 4,945 | 5,222 | 220,370 | 2% |
| Other Fees and Charges | | | | |
| Discounts/Collection Fees | - | - | (11,488) | 0% |
| Total Revenue and Other Sources: | \$ 4,945 | \$ 5,222 | \$ 208,882 | 3% |
| Expenditures and Other Uses | | | | |
| Legislative | | | | |
| Board of Supervisor's Fees | - | 400 | 1,600 | 25% |
| Executive | | | | |
| Professional Management | 3,750 | 7,500 | 45,000 | 17% |
| Financial and Administrative | | | | |
| Audit Services | - | - | 5,600 | 0% |
| Accounting Services | 2,325 | 4,650 | 27,900 | 17% |
| Assessment Roll Preparation | 2,325 | 4,650 | 27,900 | 17% |
| Arbitrage Rebate Services | - | - | 1,000 | 0% |
| Other Contractual Services | | | | |
| Legal Advertising | - | - | 1,500 | 0% |
| Trustee Services | - | - | 8,493 | 0% |
| Dissemination Agent Services | 2,500 | 2,500 | 10,000 | 25% |
| Property Appraiser Fees | 985 | 985 | 750 | 131% |
| Bank Service Fees | - | - | 250 | 0% |
| Communications & Freight Services | | | | |
| Postage, Freight & Messenger | 57 | 57 | 200 | 28% |
| Website Services | - | - | 2,400 | 0% |
| Insurance | | | | |
| | 863 | 6,663 | 6,514 | 102% |
| Printing & Binding | | | | |
| | - | - | 50 | 0% |
| Subscription & Memberships | | | | |
| | 175 | 175 | 175 | 100% |
| Legal Services | | | | |
| Legal - General Counsel | 592 | 592 | 7,500 | 8% |
| Other General Government Services | | | | |
| Engineering Services | - | - | 5,000 | 0% |
| Contingencies | | | | |
| | - | - | 7,050 | 0% |
| Reserve Allocations | | | | |
| Extraordinary Capital/Operation | 4,167 | 8,333 | 50,000 | 0% |
| Total Expenditures and Other Uses: | \$ 17,739 | \$ 36,505 | \$ 208,882 | 17% |
| Net Increase/ (Decrease) in Fund Balance | | | | |
| | (12,793) | (31,283) | - | |
| Total Fund Balance - Beginning | 259,035 | 273,358 | 273,358 | |
| Additions to Extraordinary Capital/Operation | 4,167 | 8,333 | 50,000 | |
| Total Fund Balance - Ending | \$ 250,408 | \$ 250,408 | \$ 323,358 | |

Prepared by:

JPWARD and Associates, LLC

Palermo Community Development District
Debt Service Fund - Series 2023
Statement of Revenues, Expenditures and Changes in Fund Balance
Through November 30, 2025

| Description | November | Year to Date | Total Annual Budget | % of Budget |
|---|-------------------|-------------------|---------------------|-------------|
| Revenue and Other Sources | | | | |
| Carryforward | \$ - | \$ - | - | 0% |
| Interest Income | | | | |
| Reserve Account | 1,277 | 2,553 | 16,554 | 15% |
| Revenue Account | 731 | 1,505 | 11,253 | 13% |
| Special Assessments - Prepayments | | | | |
| Special Assessments - On Roll | 17,972 | 18,978 | 815,540 | 2% |
| Special Assessments - Prepayments | - | - | - | 0% |
| Other Fees and Charges | | | | |
| Discounts for Early Payment | - | - | (56,371) | 0% |
| Intragovernmental Transfer In | | | | |
| Total Revenue and Other Sources: | \$ 19,980 | \$ 23,036 | \$ 786,976 | 3% |
| Expenditures and Other Uses | | | | |
| Debt Service | | | | |
| Principal Debt Service - Mandatory | | | | |
| Series 2023 | - | - | 195,000 | 0% |
| Principal Debt Service - Early Redemptions | | | | |
| Series 2023 | - | - | - | 0% |
| Interest Expense | | | | |
| Series 2023 | - | - | 564,169 | 0% |
| Intragovernmental Transfer Out | | | | |
| Total Expenditures and Other Uses: | \$ 1,277 | \$ 2,553 | \$ 759,169 | 0% |
| Net Increase/ (Decrease) in Fund Balance | | | | |
| Fund Balance - Beginning | 18,703 | 20,483 | 27,807 | |
| Fund Balance - Ending | 923,712 | 921,932 | 921,932 | |
| Total Expenditures and Other Uses: | \$ 942,415 | \$ 942,415 | \$ 949,739 | |

Prepared by:

JPWARD and Associates, LLC

Palermo Community Development District
Debt Service Fund - Series 2025
Statement of Revenues, Expenditures and Changes in Fund Balance
Through November 30, 2025

| Description | November | Year to Date | Total Annual Budget | % of Budget |
|---|-------------------|-------------------|---------------------|-------------|
| Revenue and Other Sources | | | | |
| Carryforward | \$ - | \$ - | - | 0% |
| Interest Income | | | | |
| Interest Account | 5 | 11 | - | 0% |
| Reserve Account | 936 | 1,872 | - | 0% |
| Special Assessments - Prepayments | | | | |
| Special Assessments - On Roll | 13,128 | 13,862 | 595,826 | 2% |
| Special Assessments - Prepayments | - | - | - | 0% |
| Other Fees and Charges | | | | |
| Discounts for Early Payment | - | - | (41,415) | 0% |
| Intrgovernmental Transfer In | | | | |
| Total Revenue and Other Sources: | \$ 14,069 | \$ 15,745 | \$ 554,411 | 0% |
| Expenditures and Other Uses | | | | |
| Debt Service | | | | |
| Principal Debt Service - Mandatory | | | | |
| Series 2025 | - | - | 120,000 | 0% |
| Principal Debt Service - Early Redemptions | | | | |
| Series 2025 | - | - | - | 0% |
| Interest Expense | | | | |
| Series 2025 | - | - | 434,411 | 0% |
| Intrgovernmental Transfer Out | | | | |
| | 936 | 1,872 | - | 0% |
| Total Expenditures and Other Uses: | \$ 936 | \$ 1,872 | \$ 554,411 | 0% |
| Net Increase/ (Decrease) in Fund Balance | 13,133 | 13,873 | - | |
| Fund Balance - Beginning | 279,272 | 278,531 | 278,531 | |
| Fund Balance - Ending | \$ 292,405 | \$ 292,405 | \$ 278,531 | |

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 November 30, 2025

| Description | November | Year to Date | Total Annual Budget | % of Budget |
|---|-----------------------|-----------------------|---------------------|-------------|
| Revenue and Other Sources | | | | |
| Carryforward | \$ - | \$ - | \$ - | 0% |
| Interest Income | | | | |
| Construction Account | 51 | 97 | - | 0% |
| Intragovernmental Transfer In | 1,277 | 2,553 | - | 0% |
| Total Revenue and Other Sources: | \$ 1,328 | \$ 2,650 | \$ - | 0% |
| Expenditures and Other Uses | | | | |
| Conservation and Resource Management | | | | |
| Irrigation | - | - | - | 0% |
| Capital Outlay | | | | |
| Intragovernmental Transfer Out | - | - | - | 0% |
| Total Expenditures and Other Uses: | \$ - | \$ - | \$ - | 0% |
| Net Increase/ (Decrease) in Fund Balance | 1,328 | 2,650 | - | |
| Fund Balance - Beginning | (4,505,622) | (4,506,945) | - | |
| Fund Balance - Ending | \$ (4,504,294) | \$ (4,504,294) | \$ - | |

Prepared by:

JPWARD and Associates, LLC

Palermo Community Development District
Capital Projects Fund - Series 2025
Statement of Revenues, Expenditures and Changes in Fund Balance
Through November 30, 2025

| Description | November | Year to Date | Total Annual Budget | % of Budget |
|--|---------------------|---------------------|---------------------|-------------|
| Revenue and Other Sources | | | | |
| Carryforward | \$ - | \$ - | \$ - | 0% |
| Interest Income | | | | |
| Construction Account | 25,429 | 50,746 | - | 0% |
| Cost of Issuance | - | - | - | 0% |
| Intragovernmental Transfer In | 936 | 1,872 | - | 0% |
| Total Revenue and Other Sources: | \$ 26,365 | \$ 52,617 | \$ - | 0% |
| Expenditures and Other Uses | | | | |
| Conservation and Resource Management | | | | |
| Irrigation | 228,785 | 228,785 | - | 0% |
| Capital Outlay | | | | |
| Water-Sewer Combination | 3,552,805 | 3,552,805 | - | 0% |
| Stormwater Management | 2,413,821 | 2,413,821 | - | 0% |
| Intragovernmental Transfer Out | - | - | - | 0% |
| Total Expenditures and Other Uses: | \$ 6,195,411 | \$ 6,195,411 | \$ - | 0% |
| Net Increase/ (Decrease) in Fund Balance | (6,169,046) | (6,142,794) | - | |
| Fund Balance - Beginning | 7,564,385 | 7,538,132 | - | |
| Fund Balance - Ending | \$ 1,395,338 | \$ 1,395,338 | \$ - | |

Prepared by:

JPWARD and Associates, LLC

Unaudited

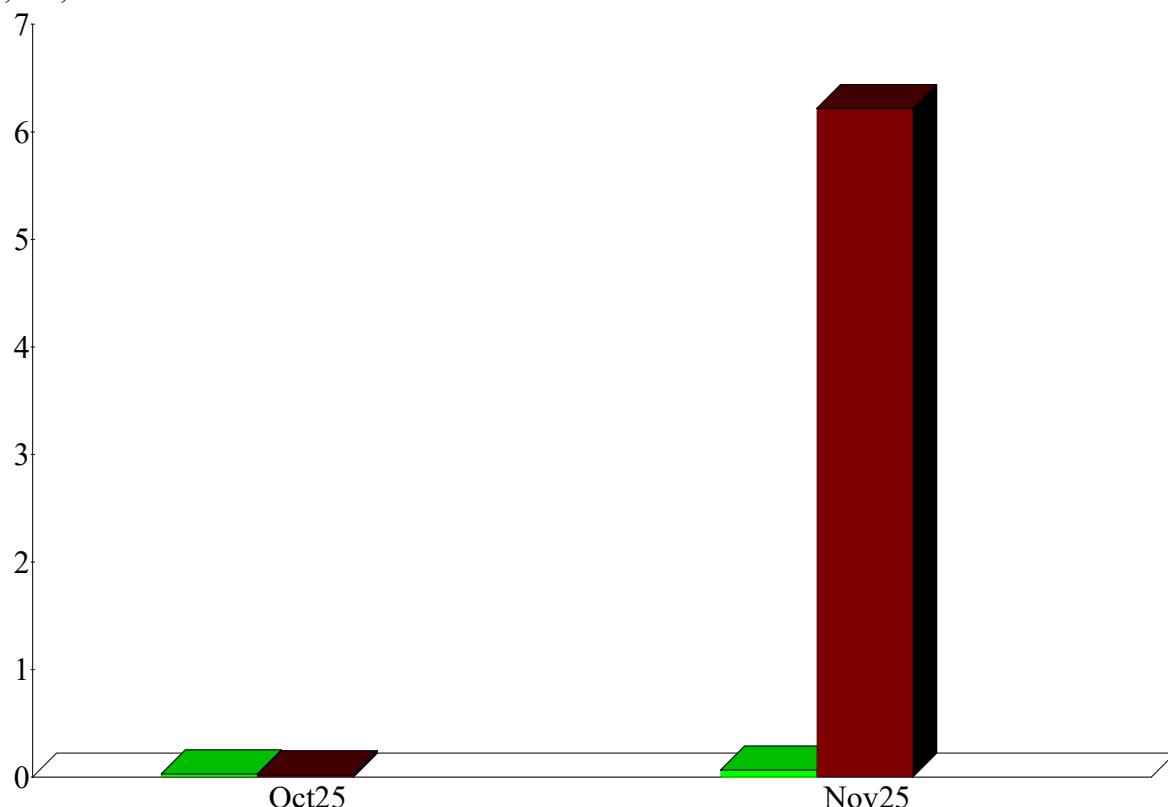
7

Palermo Community Development District

Income and Expense by Month
October through November 2025

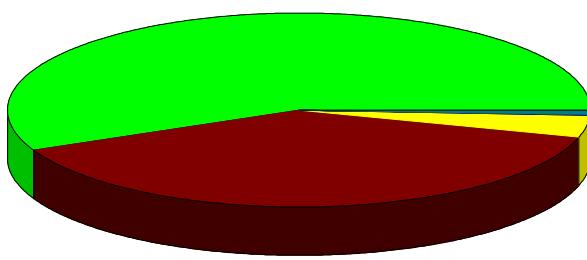
Income
Expense

\$ in 1,000,000's



Expense Summary
October through November 2025

| | |
|--|----------------|
| 5360000 · Water-Sewer Combination | 56.97% |
| 5380000 · Stormwater Mgmt-Construction | 38.71 |
| 5370000 · Conservation and Resource Mgmt | 3.67 |
| 5130000 · Financial and Administrative | 0.32 |
| 9099000 · Reserve Allocations | 0.13 |
| 5120000 · Executive | 0.12 |
| 5810000 · Interfund Transfer Out | 0.07 |
| 5140000 · Legal Services | 0.01 |
| 5110000 · Legislative | 0.01 |
| Total | \$6,236,341.14 |



By Account

Palermo

Community Development District

*Financial Statements
December 31, 2025*

*JPWard and Associates, LLC
2301 N.E. 37th Street
Fort Lauderdale, Florida 33308
Phone: (954) 658-4900*

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Palermo Community Development District

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Palermo Community Development District
Balance Sheet
for the Period Ending December 31, 2025

| | Governmental Funds | | | | | | | | | | General Long Term Debt | General Fixed Assets | Totals (Memorandum Only) | | | |
|---|--------------------|---------------------|-------------------|----------------------|---------------------|----------------------|---------------------|----------------------|------------|-----------|------------------------|----------------------|--------------------------|--|--|--|
| | Debt Service Funds | | | Capital Project Fund | | | | Account Groups | | | | | | | | |
| | General Fund | Series 2023 | Series 2025 | Series 2023 | Series 2025 | General | Long | Term | Debt | | | | | | | |
| Assets | | | | | | | | | | | | | | | | |
| Cash and Investments | | | | | | | | | | | | | | | | |
| General Fund | | | | | | | | | | | | | | | | |
| Truist Checking Account | \$ 198,655 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 198,655 | | | |
| FMIT - Investment Account | 400,000 | - | - | - | - | - | - | - | - | - | - | - | 400,000 | | | |
| Debt Service Fund | | | | | | | | | | | | | | | | |
| Reserve Account | - | 377,788 | 276,913 | - | - | - | - | - | - | - | - | - | 654,700 | | | |
| Revenue Account | - | 1,021,949 | 553,497 | - | - | - | - | - | - | - | - | - | 1,575,445 | | | |
| Construction Account | - | - | - | - | 17,633 | 1,374,199 | - | - | - | - | - | - | 1,391,832 | | | |
| Due from Other Funds | | | | | | | | | | | | | | | | |
| General Fund | - | - | - | - | - | - | - | - | - | - | - | - | - | | | |
| Debt Service Fund(s) | - | - | - | - | - | - | - | - | - | - | - | - | - | | | |
| Accounts Receivable | - | - | - | - | - | - | - | - | - | - | - | - | - | | | |
| Unamortized Prem/Discount on Bonds Payable | - | - | - | 98,324 | 41,415 | - | - | - | - | - | - | - | 139,739 | | | |
| Amount Available in Debt Service Funds | - | - | - | - | - | - | - | - | 1,399,736 | - | - | - | 1,399,736 | | | |
| Amount to be Provided by Debt Service Funds | - | - | - | - | - | - | - | - | 17,950,264 | - | - | - | 17,950,264 | | | |
| Investment in General Fixed Assets (net of depreciation) | - | - | - | - | - | - | - | - | - | 1,726,708 | - | - | 1,726,708 | | | |
| Total Assets | \$ 598,655 | \$ 1,399,736 | \$ 830,409 | \$ 115,956 | \$ 1,415,614 | \$ 19,350,000 | \$ 1,726,708 | \$ 25,437,079 | | | | | | | | |

Palermo Community Development District
Balance Sheet
for the Period Ending December 31, 2025

| | Governmental Funds | | | | | Account Groups | | Totals (Memorandum Only) | |
|---|--------------------|---------------------|----------------------|-----------------------|---------------------|---------------------------|-------------------------|--------------------------------|--|
| | Debt Service Funds | | Capital Project Fund | | | | | | |
| | General Fund | Series 2023 | Series 2025 | Series 2023 | Series 2025 | General Long Term Debt | General Fixed Assets | | |
| Liabilities | | | | | | | | | |
| Accounts Payable | - | - | - | - | - | - | - | - | |
| Due to Other Funds | | | | | | | | | |
| General Fund | - | - | - | - | - | - | - | - | |
| Debt Service Fund(s) | - | - | - | - | - | - | - | - | |
| Due to Lee County | 164,745 | - | - | - | - | - | - | 164,745 | |
| Due to Developer | - | - | - | 4,619,037 | - | - | - | 4,619,037 | |
| Bonds Payable | | | | | | | | | |
| Current Portion (Due within 12 months) | | | | | | | | | |
| Series 2023 | - | - | - | - | - | 195,000 | - | 195,000 | |
| Series 2025 | - | - | - | - | - | 120,000 | - | 120,000 | |
| Long Term | | | | | | | | | |
| Series 2023 | - | - | - | - | - | \$10,980,000 | - | 10,980,000 | |
| Series 2025 | - | - | - | - | - | \$8,055,000 | - | 8,055,000 | |
| Total Liabilities | \$ 164,745 | \$ - | \$ - | \$ 4,619,037 | \$ - | \$ 19,350,000 | \$ - | \$ 24,133,782 | |
| Fund Equity and Other Credits | | | | | | | | | |
| Investment in General Fixed Assets | - | - | - | - | - | - | 1,726,708 | 1,726,708 | |
| Fund Balance | | | | | | | | | |
| Restricted | | | | | | | | | |
| Beginning: October 1, 2025 (Unaudited) | - | 921,932 | 278,531 | (4,506,945) | 7,538,132 | - | - | 4,231,651 | |
| Results from Current Operations | - | 477,804 | 551,878 | 3,864 | (6,122,518) | - | - | (5,088,973) | |
| Unassigned | | | | | | | | | |
| Beginning: October 1, 2025 (Unaudited) | 273,358 | - | - | - | - | - | - | - | |
| Allocation of Fund Balance | | | | | | | | | |
| Reserve for First Three Months Operations | 46,384 | - | - | - | - | - | - | 46,384 | |
| Extraordinary Capital/Operations | 239,474 | - | - | - | - | - | - | 239,474 | |
| Results from Current Operations | 148,052 | - | - | - | - | - | - | 148,052 | |
| Total Fund Equity and Other Credits | \$ 433,910 | \$ 1,399,736 | \$ 830,409 | \$ (4,503,081) | \$ 1,415,614 | \$ - | \$ 1,726,708 | \$ 1,303,297 | |
| Total Liabilities, Fund Equity and Other Credits | \$ 598,655 | \$ 1,399,736 | \$ 830,409 | \$ 115,956 | \$ 1,415,614 | \$ 19,350,000 | \$ 1,726,708 | \$ 25,437,079 | |

Unaudited

Prepared by:
JPWARD and Associates, LLC

**Palermo Community Development District
General Fund**
Statement of Revenues, Expenditures and Changes in Fund Balance
Through December 31, 2025

| Description | December | Year to Date | Total Annual Budget | % of Budget |
|--|-------------------|-------------------|---------------------|-------------|
| Revenue and Other Sources | | | | |
| Carryforward | \$ - | \$ - | \$ - | 0% |
| Special Assessment Revenue | | | | |
| Special Assessments - On-Roll | 203,284 | 208,506 | 220,370 | 95% |
| Other Fees and Charges | | | | |
| Discounts/Collection Fees | - | - | (11,488) | 0% |
| Total Revenue and Other Sources: | \$ 203,284 | \$ 208,506 | \$ 208,882 | 100% |
| Expenditures and Other Uses | | | | |
| Legislative | | | | |
| Board of Supervisor's Fees | - | 400 | 1,600 | 25% |
| Executive | | | | |
| Professional Management | 3,750 | 11,250 | 45,000 | 25% |
| Financial and Administrative | | | | |
| Audit Services | 7,100 | 7,100 | 5,600 | 127% |
| Accounting Services | 2,325 | 6,975 | 27,900 | 25% |
| Assessment Roll Preparation | 2,325 | 6,975 | 27,900 | 25% |
| Arbitrage Rebate Services | - | - | 1,000 | 0% |
| Other Contractual Services | | | | |
| Legal Advertising | - | - | 1,500 | 0% |
| Trustee Services | - | - | 8,493 | 0% |
| Dissemination Agent Services | - | 2,500 | 10,000 | 25% |
| Property Appraiser Fees | - | 985 | 750 | 131% |
| Bank Service Fees | - | - | 250 | 0% |
| Communications & Freight Services | | | | |
| Postage, Freight & Messenger | 69 | 126 | 200 | 63% |
| Website Services | - | - | 2,400 | 0% |
| Insurance | | | | |
| - | - | 6,663 | 6,514 | 102% |
| Printing & Binding | | | | |
| - | - | - | 50 | 0% |
| Subscription & Memberships | | | | |
| - | - | 175 | 175 | 100% |
| Legal Services | | | | |
| Legal - General Counsel | 1,064 | 1,656 | 7,500 | 22% |
| Legal - Series 2023 Bonds | 3,149 | 3,149 | - | 0% |
| Other General Government Services | | | | |
| Engineering Services | - | - | 5,000 | 0% |
| Contingencies | | | | |
| Reserve Allocations | | | | |
| Extraordinary Capital/Operation | 4,167 | 12,500 | 50,000 | 25% |
| Total Expenditures and Other Uses: | \$ 23,948 | \$ 60,454 | \$ 208,882 | 29% |
| Net Increase/ (Decrease) in Fund Balance | | | | |
| Total Fund Balance - Beginning | 179,335 | 148,052 | - | |
| Additions to Extraordinary Capital/Operation | 250,408 | 273,358 | 273,358 | |
| Total Fund Balance - Ending | \$ 433,910 | \$ 433,910 | \$ 323,358 | |

Prepared by:

JPWARD and Associates, LLC

Palermo Community Development District
Debt Service Fund - Series 2023
Statement of Revenues, Expenditures and Changes in Fund Balance
Through December 31, 2025

| Description | December | Year to Date | Total Annual Budget | % of Budget |
|---|---------------------|---------------------|---------------------|-------------|
| Revenue and Other Sources | | | | |
| Carryforward | \$ - | \$ - | - | 0% |
| Interest Income | | | | |
| Reserve Account | 1,163 | 3,717 | 16,554 | 22% |
| Revenue Account | 650 | 2,155 | 11,253 | 19% |
| Special Assessments - Prepayments | | | | |
| Special Assessments - On Roll | 738,756 | 757,734 | 815,540 | 93% |
| Other Fees and Charges | | | | |
| Discounts for Early Payment | - | - | (56,371) | 0% |
| Intragovernmental Transfer In | | | | |
| Total Revenue and Other Sources: | \$ 740,569 | \$ 763,605 | \$ 786,976 | 97% |
| Expenditures and Other Uses | | | | |
| Debt Service | | | | |
| Principal Debt Service - Mandatory | | | | |
| Series 2023 | - | - | 195,000 | 0% |
| Principal Debt Service - Early Redemptions | | | | |
| Series 2023 | 282,084 | 282,084 | - | 0% |
| Interest Expense | | | | |
| Series 2023 | - | - | 564,169 | 0% |
| Intragovernmental Transfer Out | | | | |
| Total Expenditures and Other Uses: | \$ 283,248 | \$ 285,801 | \$ 759,169 | 38% |
| Net Increase/ (Decrease) in Fund Balance | | | | |
| Fund Balance - Beginning | 457,321 | 477,804 | 27,807 | |
| Fund Balance - Ending | 942,415 | 921,932 | 921,932 | |
| Fund Balance - Ending | \$ 1,399,736 | \$ 1,399,736 | \$ 949,739 | |

Prepared by:

JPWARD and Associates, LLC

Palermo Community Development District
Debt Service Fund - Series 2025
Statement of Revenues, Expenditures and Changes in Fund Balance
Through December 31, 2025

| Description | December | Year to Date | Total Annual Budget | % of Budget |
|---|-------------------|-------------------|---------------------|-------------|
| Revenue and Other Sources | | | | |
| Carryforward | \$ - | \$ - | - | 0% |
| Interest Income | | | | |
| Interest Account | 5 | 16 | - | 0% |
| Reserve Account | 853 | 2,724 | - | 0% |
| Revenue Account | 9 | 9 | - | 0% |
| Special Assessments - Prepayments | | | | |
| Special Assessments - On Roll | 539,621 | 553,483 | 595,826 | 93% |
| Other Fees and Charges | | | | |
| Discounts for Early Payment | - | - | (41,415) | 0% |
| Developer Contribution | 215,576 | 215,576 | 1 | 100% |
| Intragovernmental Transfer In | | | | |
| Total Revenue and Other Sources: | \$ 756,062 | \$ 771,807 | \$ 554,412 | 0% |
| Expenditures and Other Uses | | | | |
| Debt Service | | | | |
| Principal Debt Service - Mandatory | | | | |
| Series 2025 | - | - | 120,000 | 0% |
| Principal Debt Service - Early Redemptions | | | | |
| Series 2025 | 217,206 | 217,206 | - | 0% |
| Interest Expense | | | | |
| Series 2025 | - | - | 434,411 | 0% |
| Intragovernmental Transfer Out | 853 | 2,724 | - | 0% |
| Total Expenditures and Other Uses: | \$ 218,058 | \$ 219,930 | \$ 554,411 | 0% |
| Net Increase/ (Decrease) in Fund Balance | 538,004 | 551,878 | 1 | |
| Fund Balance - Beginning | 292,405 | 278,531 | 278,531 | |
| Fund Balance - Ending | \$ 830,409 | \$ 830,409 | \$ 278,532 | |

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, 2025

| Description | December | Year to Date | Total Annual Budget | % of Budget |
|---|-----------------------|-----------------------|---------------------|-------------|
| Revenue and Other Sources | | | | |
| Carryforward | \$ - | \$ - | \$ - | 0% |
| Interest Income | | | | |
| Construction Account | 50 | 147 | - | 0% |
| Intragovernmental Transfer In | 1,163 | 3,717 | - | 0% |
| Total Revenue and Other Sources: | \$ 1,213 | \$ 3,864 | \$ - | 0% |
| Expenditures and Other Uses | | | | |
| Conservation and Resource Management | | | | |
| Irrigation | - | - | - | 0% |
| Capital Outlay | | | | |
| Intragovernmental Transfer Out | - | - | - | 0% |
| Total Expenditures and Other Uses: | \$ - | \$ - | \$ - | 0% |
| Net Increase/ (Decrease) in Fund Balance | 1,213 | 3,864 | - | |
| Fund Balance - Beginning | (4,504,294) | (4,506,945) | - | |
| Fund Balance - Ending | \$ (4,503,081) | \$ (4,503,081) | \$ - | |

Prepared by:

JPWARD and Associates, LLC

Palermo Community Development District
Capital Projects Fund - Series 2025
Statement of Revenues, Expenditures and Changes in Fund Balance
Through December 31, 2025

| Description | December | Year to Date | Total Annual Budget | % of Budget |
|--|---------------------|---------------------|---------------------|-------------|
| Revenue and Other Sources | | | | |
| Carryforward | \$ - | \$ - | \$ - | 0% |
| Interest Income | | | | |
| Construction Account | 19,423 | 70,169 | - | 0% |
| Intragovernmental Transfer In | 853 | 2,724 | - | 0% |
| Total Revenue and Other Sources: | \$ 20,276 | \$ 72,893 | \$ - | 0% |
| Expenditures and Other Uses | | | | |
| Conservation and Resource Management | | | | |
| Irrigation | - | 228,785 | - | 0% |
| Capital Outlay | | | | |
| Water-Sewer Combination | - | 3,552,805 | - | 0% |
| Stormwater Management | - | 2,413,821 | - | 0% |
| Intragovernmental Transfer Out | - | - | - | 0% |
| Total Expenditures and Other Uses: | \$ - | \$ 6,195,411 | \$ - | 0% |
| Net Increase/ (Decrease) in Fund Balance | 20,276 | (6,122,518) | - | |
| Fund Balance - Beginning | 1,395,338 | 7,538,132 | - | |
| Fund Balance - Ending | \$ 1,415,614 | \$ 1,415,614 | \$ - | |

Prepared by:

JPWARD and Associates, LLC

Palermo Community Development District

Income and Expense by Month

December 2025

■ Income
■ Expense

\$ in 1,000's

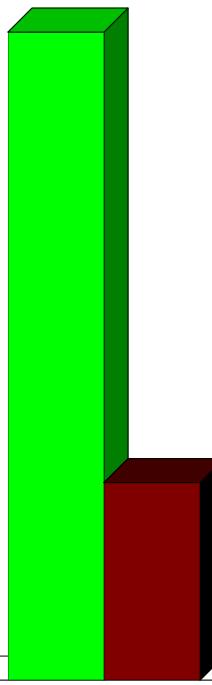
2,000

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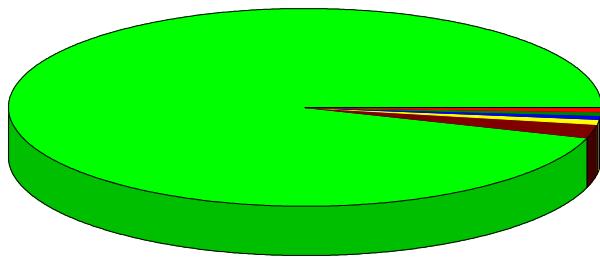
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Dec25

Expense Summary December 2025

| | |
|--|--------------|
| 5170000 · Debt Service | 95.06% |
| 5130000 · Financial and Administrative | 2.25 |
| 5140000 · Legal Services | 0.80 |
| 9099000 · Reserve Allocations | 0.79 |
| 5120000 · Executive | 0.71 |
| 5810000 · Interfund Transfer Out | 0.38 |
| Total | \$525,254.31 |



By Account