

**SOUTHERN GROVE COMMUNITY DEVELOPMENT DISTRICT 5**  
**FINANCIAL STATEMENTS**  
**September 30, 2024**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Southern Grove Community Development District 5  
Port St. Lucie, Florida

**Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Southern Grove Community Development District 5, ("District") as of and for the year ended September 30, 2024, 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, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated June 23, 2025, on our consideration of the Southern Grove Community Development District 5's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

### **Report on Other Legal and Regulatory Requirements**

We have also issued our report dated June 23, 2025 on our consideration of the District's compliance with requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation Standards established by the American Institute of Certified Public Accountants.

*DiBartolomeo, McBee, Hartley & Barnes*

DiBartolomeo, McBee, Hartley & Barnes, P.A.

Fort Pierce, Florida

June 23, 2025

## SOUTHERN GROVE COMMUNITY DEVELOPMENT DISTRICT 5 MANAGEMENT’S DISCUSSION AND ANALYSIS

The Southern Grove Community Development District 5 (the “District”) discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District’s financial activity and financial statements, (c) identify changes in the District’s financial position, (d) identify any material deviations from the District’s budget, and (e) identify individual fund issues or concerns.

Since the Management’s Discussion and Analysis (MD&A) is designed to focus on the current year’s activities, resulting changes and currently known facts, please read it in conjunction with the Auditor’s Report (beginning on page 1) and the District’s financial statements (beginning on page 7).

### **FINANCIAL HIGHLIGHTS**

- Net position increased \$1,568,356.
- Total costs of all programs were \$2,513,304 in 2024 compared to \$2,726,715 in 2023.
- At September 30, 2024, the District’s governmental funds reported combined ending fund balance of \$9,800,441. Fund balance is restricted for primarily debt service and capital projects.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities (pages 7 & 8) provide information about the activities of the District as a whole and present a longer-term view of the District’s finances. Fund Financial Statements begin on page 9. For governmental activities, these Statements tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the District’s operations in more detail by providing information about the District’s most significant funds.

### **REPORTING THE DISTRICT AS A WHOLE**

Our analysis of the District as a whole begins on page 7. One of the most important questions asked about the District’s finances is, “Is the District as a whole better off or worse off as a result of the year’s activities?” The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These Statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used in most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two Statements report the District’s net position and changes in them. You can think of the District’s net position – the difference between assets and liabilities – as one way to measure the District’s financial health, or financial position. Over time, increases or decreases in the District’s net position, is one indicator of whether its financial health is improving or deteriorating.

Southern Grove Community Development District 5  
Statement of Net Position

	2024	2023
Current Assets	\$ 9,800,441	\$ 11,619,983
Capital Assets	40,364,557	29,486,963
Total Assets	<u>50,164,998</u>	<u>41,106,946</u>
Current Liabilities	1,849,331	1,474,345
Long-term Liabilities	40,491,051	33,376,341
Total Liabilities	<u>42,340,382</u>	<u>34,850,686</u>
Net assets		
Net Investment in Capital Assets	3,030,210	(4,724,378)
Restricted for Debt Service	2,266,751	2,344,576
Restricted for Capital Projects	733,923	6,918,482
Unrestricted	<u>1,793,732</u>	<u>1,717,580</u>
Total Net Assets	<u><u>\$ 7,824,616</u></u>	<u><u>\$ 6,256,260</u></u>

Governmental Activities

In the Statement of Net Position and the Statement of Activities, the District has one activity. The changes in net position of governmental activities were \$1,568,356.

Southern Grove Community Development District 5  
Changes in Net Position

	2024	2023
Program Revenues		
Operating Contributions	\$ 3,534,050	\$ 3,709,379
General Revenues		
Investment Earnings	525,855	471,039
Total Revenues	<u>4,081,660</u>	<u>4,180,418</u>
Expenses		
General Government	421,994	831,532
Interest on Long-term Debt	1,717,935	1,429,568
Bond Costs	373,375	465,615
Total Expenses	<u>2,513,304</u>	<u>2,726,715</u>
Change in Net Assets	1,568,356	1,453,703
Net assets - Beginning of Year	<u>6,256,260</u>	<u>4,802,557</u>
Net assets - End of Year	<u><u>\$ 7,824,616</u></u>	<u><u>\$ 6,256,260</u></u>

## **FUND FINANCIAL STATEMENTS**

Governmental funds – all of the District’s services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District’s general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs.

### **Governmental Type Funds**

As of year-end, the governmental funds (as presented on page 11) reported a combined fund balance of \$9,800,441 which represented a decrease of \$1,819,542 from prior year.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At September 30, 2024, the District had \$41,569,472 invested in land and improvements, construction in progress, infrastructure, and improvement other than buildings for its governmental activities. In the government-wide financials, depreciation of \$1,204,915 has been taken, which resulted in a net book value of \$29,486,963. More detailed information about the District’s capital assets is presented in the notes to the financial statements.

### **Debt**

At September 30, 2024, the District had \$41,511,051 in bonds outstanding for its governmental activities. More detailed information about the District’s capital debt is presented in the notes to the financial statements.

## **ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND OTHER INFORMATION**

For the fiscal year 2025, the District anticipates that the cost of general operations will remain fairly constant. In connection with the District's future infrastructure maintenance and replacement plan, the District Board has included in the budget, an estimate of those anticipated future costs and has assigned a portion of current available resources for that purpose.

## **CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and members with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have questions about this report or need additional information, contact the District Finance Department at 2501A Burns Road, Palm Beach Gardens, Florida 33410.

**SOUTHERN GROVE COMMUNITY DEVELOPMENT DISTRICT 5****STATEMENT OF NET POSITION**

September 30, 2024

	<u>GOVERNMENTAL ACTIVITIES</u>
<b><u>ASSETS</u></b>	
Cash	\$ 3,621
Due from Other Governments	1,784,831
Deposits	4,256
Restricted:	
Investments	8,007,733
Capital Assets:	
Depreciable	2,168,819
Non-depreciable	38,195,738
	<hr/>
TOTAL ASSETS	\$ 50,164,998
	<hr/>
<b><u>LIABILITIES AND NET POSITION</u></b>	
<b>LIABILITIES</b>	
Accrued Interest Payable	\$ 829,331
Bonds Payable, due in within one year	1,020,000
Bonds Payable, due in more than one year	40,491,051
	<hr/>
TOTAL LIABILITIES	42,340,382
	<hr/>
<b>NET POSITION</b>	
Net Investment in Capital Assets	3,030,210
Restricted for Debt Service	2,266,751
Restricted for Capital Projects	733,923
Unrestricted	1,793,732
	<hr/>
TOTAL NET POSITION	\$ 7,824,616
	<hr/>

The accompanying notes are an integral part of this financial statement



# SOUTHERN GROVE COMMUNITY DEVELOPMENT DISTRICT 5

## STATEMENT OF ACTIVITIES

Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenues and Changes in Net Position
		Operating Contributions	Governmental Activities
Governmental Activities			
General Government	\$ 421,994	\$ 3,534,050	\$ 3,112,056
Interest on Long-Term Debt	1,717,935	-	(1,717,935)
Bond Costs	373,375	-	(373,375)
Total Governmental Activities	<u>\$ 2,513,304</u>	<u>\$ 3,534,050</u>	<u>1,020,746</u>
General Revenues:			
Investment Earnings			525,855
Other Income			21,755
Total General Revenues			<u>547,610</u>
Change in Net Position			1,568,356
Net Position - October 1, 2023			<u>6,256,260</u>
Net Position - September 30, 2024			<u>\$ 7,824,616</u>

The accompanying notes are an integral part of this financial statement

**SOUTHERN GROVE COMMUNITY DEVELOPMENT DISTRICT 5****BALANCE SHEET – GOVERNMENTAL FUNDS**

September 30, 2024

	GENERAL FUND	CAPITAL PROJECTS	TOTAL GOVERNMENTAL ACTIVITIES
<b><u>ASSETS</u></b>			
Cash	\$ 3,621	\$ -	\$ 3,621
Due from Other Governments	1,782,302	2,529	1,784,831
Due from Other Funds	3,553	-	3,553
Deposits	4,256	-	4,256
Restricted:			
Investments	-	8,007,733	8,007,733
TOTAL ASSETS	<u>\$ 1,793,732</u>	<u>\$ 8,010,262</u>	<u>\$ 9,803,994</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>			
<b>LIABILITIES</b>			
Due to Other Funds	\$ -	\$ 3,553	\$ 3,553
TOTAL LIABILITIES	<u>-</u>	<u>3,553</u>	<u>3,553</u>
<b>FUND BALANCE</b>			
Restricted			
Debt Service	-	4,267,343	4,267,343
Capital Projects	-	3,739,366	3,739,366
Unassigned	1,793,732	-	1,793,732
TOTAL FUND BALANCE	<u>1,793,732</u>	<u>8,006,709</u>	<u>9,800,441</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,793,732</u>	<u>\$ 8,010,262</u>	<u>\$ 9,803,994</u>

The accompanying notes are an integral part of this financial statement

**SOUTHERN GROVE COMMUNITY DEVELOPMENT DISTRICT 5**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
Year Ended September 30, 2024

Total Governmental Fund Balances in the Balance Sheet	\$ 9,800,441
Amount reported for governmental activities in the Statement of Net Position are different because:	
Capital asset used in governmental activities are not financial resources and therefore are not reported in the governmental funds:	
Governmental capital assets	41,569,472
Less accumulated depreciation	(1,204,915)
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued interest payable	(829,331)
Original issue premium	(246,203)
Original issue discount	70,152
Governmental bonds payable	(41,335,000)
Net Position of Governmental Activities	<u><u>\$ 7,824,616</u></u>

The accompanying notes are an integral part of this financial statement

**SOUTHERN GROVE COMMUNITY DEVELOPMENT DISTRICT 5****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN****FUND BALANCE – GOVERNMENTAL FUNDS****Year Ended September 30, 2024**

	<b>GENERAL FUND</b>	<b>CAPITAL PROJECTS</b>	<b>TOTAL GOVERNMENTAL ACTIVITIES</b>
<b>REVENUE</b>			
Stormwater Fees	\$ 172,247	\$ -	\$ 172,247
On-Roll Assessments	145,103	2,807,616	2,952,719
Off-Roll Assessments	-	409,084	409,084
Other Income	21,755	-	21,755
Interest Income	33,341	492,514	525,855
<b>TOTAL REVENUE</b>	<b>372,446</b>	<b>3,709,214</b>	<b>4,081,660</b>
<b>EXPENDITURES</b>			
General Government	296,294	-	296,294
Capital Outlay	-	11,003,294	11,003,294
Debt Service:			
Principal	-	1,130,000	1,130,000
Interest	-	1,533,239	1,533,239
Cost of issuance	-	373,375	373,375
<b>TOTAL EXPENDITURES</b>	<b>296,294</b>	<b>14,039,908</b>	<b>14,336,202</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>76,152</b>	<b>(10,330,694)</b>	<b>(10,254,542)</b>
<b>OTHER FINANCING SOURCES/(USES)</b>			
Bond Proceeds	-	8,435,000	8,435,000
<b>TOTAL OTHER FINANCING SOURCES/(USES)</b>	<b>-</b>	<b>8,435,000</b>	<b>8,435,000</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES/(USES)</b>	<b>76,152</b>	<b>(1,895,694)</b>	<b>(1,819,542)</b>
<b>FUND BALANCE</b>			
Beginning of Year	1,717,580	9,902,403	11,619,983
End of Year	\$ 1,793,732	\$ 8,006,709	\$ 9,800,441

The accompanying notes are an integral part of this financial statement

**SOUTHERN GROVE COMMUNITY DEVELOPMENT DISTRICT 5**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**Year Ended September 30, 2024**

Net Change in Fund Balances - Total Governmental Funds	\$ (1,819,542)
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Amount reported for governmental activities in the Statement of Activities  
are different because:

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.	(8,435,000)
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	1,130,000
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Governmental funds report capital outlays as expenditures.  
However, in the Statement of Activities, the cost of those assets are depreciated over their estimated useful lives:

Capital outlay	11,003,294
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Certain items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported expenditures in the governmental funds:

Current year provision for depreciation	(125,700)
Change in accrued interest payable	(189,986)
Provision for amortization of bond premium	7,316
Provision for amortization of bond discount	(2,026)

Change in Net Position of Governmental Activities	\$ 1,568,356
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The accompanying notes are an integral part of this financial statement

# **SOUTHERN GROVE COMMUNITY DEVELOPMENT DISTRICT 5**

## **NOTES TO FINANCIAL STATEMENTS**

September 30, 2024

### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Southern Grove Community Development District 5 (the “District”) conform to generally accepted accounting principles as applicable to governments. The District was formerly known as Westchester Community Development District 5 and lawfully changed its name to Southern Grove Community Development District 5A effective August 14, 2006. Effective during fiscal year 2009, Southern Grove Community Development District 5A formerly merged with Southern Grove Community Development District 5. The following is a summary of the more significant policies:

#### Reporting Entity

The District is an independent unit of special-purpose local government of the State of Florida created by law and established in accordance with the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended by ordinance of St. Lucie County, Florida, effective on March 11, 2003 (date of inception) as amended. The Act provides for a five member Board of Supervisors to serve as the governing body of the District. The District has no component units. Its purpose is to manage and finance basic community development systems, facilities and services, including capital infrastructure.

#### Basis of Presentation

Government-wide Financial Statements - Government-wide financial statements, including the statement of net assets and statement of activities, present information about the District as a whole. These statements include the nonfiduciary financial activity of the primary government and its component units.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

The effects of interfund activity have been eliminated from the government-wide financial statements.

# **SOUTHERN GROVE COMMUNITY DEVELOPMENT DISTRICT 5**

## **NOTES TO FINANCIAL STATEMENTS**

September 30, 2024

### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### Major Governmental Fund Types

General Fund - The general fund is the general operating fund of the District. All general tax revenue and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The general operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the general fund.

Capital Projects Fund - Capital projects funds are established to provide common infrastructure to support the master planned community.

#### Assessments

Assessments are non-ad valorem assessments on benefited lands within the District. Assessments are levied to pay for the operations and maintenance of the District. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. The District's annual assessments for operations are billed and collected by the County Tax Collector. The amounts remitted to the District are net of applicable discounts or fees and include interest on monies held from the day of collection to the day of distribution.

#### Equity Classifications

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. Under GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances are required to be reported according to the following classifications:

Non-Spendable Fund Balance – Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

Restricted Fund Balance – Amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

# **SOUTHERN GROVE COMMUNITY DEVELOPMENT DISTRICT 5**

## **NOTES TO FINANCIAL STATEMENTS**

September 30, 2024

### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### Equity Classifications (continued)

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.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

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.

#### Cash and Cash Equivalents

Florida Statutes require state and local governmental units to deposit monies with a financial institution classified as a “Qualified Public Depository,” which is a state insurance pool for banks and other financial institutions. The pool requires each bank to render as collateral a percentage of all state and local monies on deposit. Upon default of a particular financial institution within the pool, the pooled collateral is used to reinstate the state and local government deposits. This pool is additional insurance above the federal depository insurance. The District has cash deposits only with qualifying institutions as of September 30, 2024.

#### 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:



# **SOUTHERN GROVE COMMUNITY DEVELOPMENT DISTRICT 5**

## **NOTES TO FINANCIAL STATEMENTS**

September 30, 2024

### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### Deposits and Investments (continued)

- 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.

The District records all interest revenue related to investment activities in the respective funds and reports investments at fair value.

Money Market, with varying interest rates  
no set maturity

\$ 8,007,733  
\$ 8,007,733

#### Credit Risk:

Florida Statutes require the money market mutual funds held by the District to have the highest credit quality rating from a nationally recognized rating agency. The District holdings are exempt from this requirement at September 30, 2024.

#### Interest Rate Risk:

Florida Statutes state that the investment portfolio be structured in such manner as to provide sufficient liquidity to pay obligations as they come due. All holdings are currently liquid.

#### Concentration of Credit Risk:

GASB 40 requires disclosure when investments are more than 5% in any one issuer. All investments held by the District are exempt from this requirement.

#### Custodial Credit Risk:

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2024, the District is exempt from this requirement.

# **SOUTHERN GROVE COMMUNITY DEVELOPMENT DISTRICT 5**

## **NOTES TO FINANCIAL STATEMENTS**

September 30, 2024

### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### Deposits and Investments (continued)

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

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

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

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

#### Capital Assets

Capital assets, which include land and land improvements, buildings and improvements, infrastructure, machinery and equipment, are reported in the governmental activities column.

The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. The valuation basis for all assets is historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Buildings and improvements	7-39 years
Infrastructure	20-40 years
Machinery and equipment	5-10 years

# **SOUTHERN GROVE COMMUNITY DEVELOPMENT DISTRICT 5**

## **NOTES TO FINANCIAL STATEMENTS**

September 30, 2024

### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

#### Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are 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 uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### Deferred Outflows/Inflows of Resources

The statement of net position reports, as applicable, a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. For example, the District would record deferred outflows of resources related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

The statement of net position reports, as applicable, a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For example, when an asset is recorded in the governmental fund financial statements, but the revenue is not available, the District reports a deferred inflow of resources until such times as the revenue becomes available.

#### 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

# **SOUTHERN GROVE COMMUNITY DEVELOPMENT DISTRICT 5**

## **NOTES TO FINANCIAL STATEMENTS**

September 30, 2024

### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### Management Company

The District has contracted with a management company to perform management advisory services, which include financial and accounting advisory services. Certain employees of the management company also serve as officers (Board appointed non-voting positions) of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, and other administrative costs.

### **NOTE B - BUDGETARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end.

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

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

# SOUTHERN GROVE COMMUNITY DEVELOPMENT DISTRICT 5

## NOTES TO FINANCIAL STATEMENTS

September 30, 2024

### NOTE C – PROPERTY AND EQUIPMENT

A summary of changes in general fixed assets follows:

	September 30, 2023	Increases	Decreases	September 30, 2024
<b>Governmental activities:</b>				
Capital Assets, not being Depreciated:				
Land and Improvements	\$ 332,500	\$ -	\$ -	\$ 332,500
Construction in Progress	26,859,944	11,003,294	-	37,863,238
Total Capital Assets, not being Depreciated	27,192,444	11,003,294	-	38,195,738
Capital assets, being depreciated:				
Infrastructure	1,163,696	-	-	1,163,696
Improvements other than Buildings	2,210,038	-	-	2,210,038
Total Capital Assets, being Depreciated	3,373,734	-	-	3,373,734
Less Accumulated Depreciation for:				
Infrastructure	291,078	33,759	-	324,837
Improvements other than Buildings	788,137	91,941	-	880,078
Total Accumulated Depreciation	1,079,215	125,700	-	1,204,915
Total Capital Assets, being Depreciated - Net	2,294,519	(125,700)	-	2,168,819
Governmental Activities Capital Assets - Net	\$ 29,486,963	\$ 10,877,594	\$ -	\$ 40,364,557

Depreciation expense recorded in governmental activities was \$125,700 in 2024.

### NOTE D – GENERAL LONG-TERM DEBT

**\$7,035,000 Special Assessment Bonds, Series 2019 (Community Infrastructure)** – On November 15, 2019, the District issued \$7,035,000 Special Assessment Bonds, Series 2019 (Community Infrastructure). The Bonds were issued to refund the Bond Anticipation Note, Series 2014 (Community and District Infrastructure) for the costs of construction projects. The Bonds are payable in annual principal installments through May 2043. The bonds bear interest ranging from 2.875% to 4.0% payable semi-annually on the first day of each May and November. Principal is due serially each May, commencing May 2020.

## SOUTHERN GROVE COMMUNITY DEVELOPMENT DISTRICT 5

### NOTES TO FINANCIAL STATEMENTS

September 30, 2024

#### NOTE D – GENERAL LONG-TERM DEBT (CONTINUED)

**\$6,535,000 Special Assessment Bonds, Series 2020 (Community Infrastructure)** – On June 17, 2020, the District issued \$6,535,000 Special Assessment Bonds, Series 2020 (Community Infrastructure). The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the property within the District. The Bonds are payable in annual principal installments through May 2046. The bonds bear interest ranging from 3.375% to 4.5% payable semi-annually on the first day of each May and November. Principal is due serially each May, commencing May 2021. In 2024, the District made prepayments of \$15,000.

**\$15,730,000 Special Assessment Bonds, Series 2021 (Community Infrastructure)** – On June 23, 2021, the District issued \$15,730,000 Special Assessment Bonds, Series 2021 (Community Infrastructure). The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the property within the District. The Bonds are payable in annual principal installments through May 2048. The bonds bear interest ranging from 2.40% to 3.32% payable semi-annually on the first day of each May and November. Principal is due serially each May, commencing May 2023. In 2024, the District made prepayments of \$280,000.

**\$8,760,000 Special Assessment Bonds, Series 2022-1 (Community Infrastructure) and \$2,935,000 Special Assessment Bonds, Series 2022-2 (Community Infrastructure) (Federally Taxable)** – On December 9, 2022, the District issued \$8,760,000 Special Assessment Bonds, Series 2022-1 (Community Infrastructure) and \$2,935,000 Special Assessment Bonds, Series 2022-2 (Community Infrastructure) (Federally Taxable). The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the property within the District. The Bonds are payable in annual principal installments through May 2049. The bonds bear interest ranging from 5.80% to 7.0% payable semi-annually on the first day of each May and November. Principal is due serially each May, commencing May 2024.

**\$8,345,000 Special Assessment Bonds, Series 2024 (Community Infrastructure)** – On April 17, 2024, the District issued \$8,345,000 Special Assessment Bonds, Series 2024 (Community Infrastructure). The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the property within the District. The Bonds are payable in annual principal installments through May 2050. The bonds bear interest ranging from 2.40% to 3.32% payable semi-annually on the first day of each May and November. Principal is due serially each May, commencing May 2025.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The requirements have been met for the fiscal year ended September 30, 2024.

# SOUTHERN GROVE COMMUNITY DEVELOPMENT DISTRICT 5

## NOTES TO FINANCIAL STATEMENTS

September 30, 2024

### NOTE D – GENERAL LONG-TERM DEBT (CONTINUED)

The following is a summary of transactions of bonds payable for the year ended September 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Special Assessment Bonds, Series 2019 (Community Infrastructure)	\$ 6,140,000	\$ -	\$ 215,000	\$ 5,925,000	\$ 225,000
Special Assessment Bonds, Series 2020 (Community Infrastructure)	4,845,000	-	150,000	4,695,000	135,000
Special Assessment Bonds, Series 2021 (Community Infrastructure)	11,350,000	-	590,000	10,760,000	310,000
Special Assessment Bonds, Series 2022 (Community Infrastructure)	11,695,000	-	175,000	11,520,000	190,000
Special Assessment Bonds, Series 2024 (Community Infrastructure)	-	8,435,000	-	8,435,000	160,000
	34,030,000	8,435,000	1,130,000	41,335,000	1,020,000
Unamortized bond premium	253,519	-	7,316	246,203	-
Unamortized bond discount	(72,178)	-	(2,026)	(70,152)	-
	<u>\$ 34,211,341</u>	<u>\$ 8,435,000</u>	<u>\$ 1,135,290</u>	<u>\$ 41,511,051</u>	<u>\$ 1,020,000</u>

The debt service requirement for the bonds payable is as follows:

September 30,	Principal	Interest	Total
2025	\$ 1,020,000	\$ 1,975,179	\$ 2,995,179
2026	1,070,000	1,919,847	2,989,847
2027	1,100,000	1,877,303	2,977,303
2028	1,155,000	1,831,899	2,986,899
2029	1,195,000	1,784,160	2,979,160
2030 - 2034	6,855,000	8,096,647	14,951,647
2035 - 2039	8,620,000	6,388,517	15,008,517
2040 - 2044	10,445,000	4,232,727	14,677,727
2045 - 2049	9,280,000	1,723,615	11,003,615
2050	595,000	42,907	637,907
	<u>\$ 41,335,000</u>	<u>\$ 29,872,801</u>	<u>\$ 71,207,801</u>

# **SOUTHERN GROVE COMMUNITY DEVELOPMENT DISTRICT 5**

## **NOTES TO FINANCIAL STATEMENTS**

**September 30, 2024**

### **NOTE E - 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; natural disasters; and environmental remediation. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

The Districts are bound by an Inter-Local agreement where revenues are received and paid out of Southern Grove Community Development District (SG 1), and revenues and expenses are allocated out of SG 1 to the other Districts, SG 1 is the Administration District of the inter-local agreement. A reduction of available surplus would have substantial effect on the District's assessments.

### **NOTE F – DEPENDENCY ON SUPPORT**

The District receives the majority of its funding from local tax revenue. A reduction in the level of advances would have a substantial effect on the District's projects and activities.



**SOUTHERN GROVE COMMUNITY DEVELOPMENT DISTRICT 5**  
**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL –**  
**GENERAL FUND**  
**Year Ended September 30, 2024**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUE</b>				
Stormwater Fees	\$ 144,068	\$ 172,247	\$ 172,247	\$ -
On-Roll Assessments	174,739	158,148	145,103	(13,045)
Other Income	-	43,379	21,755	(21,624)
Interest Income	-	-	33,341	33,341
<b>TOTAL REVENUE</b>	<u>318,807</u>	<u>373,774</u>	<u>372,446</u>	<u>(1,328)</u>
<b>EXPENDITURES</b>				
General Government				
Administrative	64,690	54,903	71,992	(17,089)
Maintenance	254,117	255,456	224,302	31,154
<b>TOTAL EXPENDITURES</b>	<u>318,807</u>	<u>310,359</u>	<u>296,294</u>	<u>14,065</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	63,415	76,152	12,737
Surplus/(Deficit) (Notes to RSI)	<u>-</u>	<u>(63,415)</u>	<u>-</u>	<u>63,415</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,152</u>	<u>\$ 76,152</u>

**SOUTHERN GROVE COMMUNITY DEVELOPMENT DISTRICT 5**  
**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).

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, 2024.

The variance between budgeted and actual general fund revenues is not considered significant. The actual general fund expenditures for the current fiscal year were lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.

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*

Board of Directors  
Southern Grove Community Development District 5  
Port St. Lucie, Florida

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Southern Grove Community Development District 5, as of September 30, 2024 and for the year ended, which collectively comprise the Southern Grove Community Development District 5's basic financial statements and have issued our report thereon dated June 23, 2025.

### **Report Internal Control Over Financial Reporting**

In planning and performing our audit, 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 over financial reporting.

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 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 may exist that have not been identified.

## **Report on Compliance and Other Matters**

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

## **Purpose of this Report**

This report is intended 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.

*DiBartolomeo, McBee, Hartley & Barnes*

DiBartolomeo, McBee, Hartley & Barnes, P.A.  
Fort Pierce, Florida  
June 23, 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

Board of Directors  
Southern Grove Community Development District 5  
Port St. Lucie, Florida

We have examined Southern Grove Community Development District 5, Port St. Lucie, 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, 2024. 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, 2024.

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 Southern Grove Community Development District 5, Port St. Lucie, Florida and is not intended to be and should not be used by anyone other than these specified parties.

*DiBartolomeo, McBee, Hartley & Barnes*

DiBartolomeo, McBee Hartley & Barnes, P.A.  
Fort Pierce, Florida  
June 23, 2025

Management Letter

Board of Directors  
Southern Grove Community Development District 5  
Port St. Lucie, Florida

**Report on the Financial Statements**

We have audited the financial statements of the Southern Grove Community Development District 5 ("District") as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated June 23, 2025.

**Auditors' 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 Auditor General.

**Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Independent Accountants' 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 report, which are dated June 23, 2025, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information required is disclosed in the notes to the financial statements.

## **Financial Condition and Management**

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

## **Property Assessed Clean Energy (PACE) Programs**

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the District did not authorize a PACE program pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the District's geographical boundaries during the fiscal year under audit.

## **Specific Information**

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Southern Grove Community Development District 5 reported:

- a. The total number of district employees compensated in the last pay period of the District's fiscal year as N/A.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as N/A.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as N/A.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as N/A.
- e. The District does not have any construction projects with a total cost of at least \$65,000 that are scheduled to begin on or after October 1 of the fiscal year being reported.
- f. The District amended its final adopted budget under Section 189.016(6), Florida Statutes, as included on page 24.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the Southern Grove Community Development District 5 reported:

- a. The rate or rates of non-ad valorem special assessments imposed by the District range from \$118 to \$872 per residential unit.
- b. The total amount of special assessments collected by or on behalf of the District as \$3,361,803.
- c. The total amount of outstanding bonds issued by the District as \$41,335,000.

### **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

### **Purpose of this Letter**

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

*DiBartolomeo, McBee, Hartley & Barnes*

DiBartolomeo, McBee, Hartley & Barnes, P.A.  
Fort Pierce, Florida  
June 23, 2025