



Rizzetta & Company

# **Sterling Hill Community Development District**

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**Board of Supervisors'  
2nd Audit Committee &  
Regular Meeting  
April 15, 2021**

**District Office:  
5844 Old Pasco Road, Suite 100  
Pasco, Florida 33544  
813.933.5571**

[www.sterlinghillcdd.org](http://www.sterlinghillcdd.org)

# **STERLING HILL COMMUNITY DEVELOPMENT DISTRICT**

Sterling Hill North Clubhouse, 4411 Sterling Hill Blvd., Spring Hill, FL 34609

<b>Board of Supervisors</b>	Christina Miller Sandra Manuele Michael Dimos Rich Massa Nancy Feliu	Chairman Vice Chairman Assistant Secretary Assistant Secretary Assistant Secretary
<b>District Manager</b>	Aimee Brandon	Rizzetta & Company, Inc.
<b>District Counsel</b>	Vivek Babbar	Straley Robin & Vericker
<b>District Engineer</b>	Stephen Brletic	JMT Engineering

**All cellular phones must be placed on mute while in the meeting room.**

The Audience Comment portion of the agenda is where individuals may make comments on matters that concern the District. Individuals are limited to a total of three (3) minutes to make comments during this time.

Pursuant to provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this meeting/hearing/workshop is asked to advise the District Office at least forty-eight (48) hours before the meeting/hearing/workshop by contacting the District Manager at (813) 933-5571. If you are hearing or speech impaired, please contact the Florida Relay Service by dialing 7-1-1, or 1-800-955-8771 (TTY) 1-800-955-8770 (Voice), who can aid you in contacting the District Office.

A person who decides to appeal any decision made at the meeting/hearing/workshop with respect to any matter considered at the meeting/hearing/workshop is advised that person will need a record of the proceedings and that accordingly, the person may need to ensure that a verbatim record of the proceedings is made including the testimony and evidence upon which the appeal is to be based.

April 7, 2021

**Board of Supervisors  
Sterling Hill Community  
Development District**

**AGENDA**

Dear Board Members:

The 2<sup>nd</sup> audit committee meeting and the regular meeting of the Board of Supervisors of the Sterling Hill Community Development District will be held on **Thursday, April 15, 2021 at 9:00 a.m.** at the Sterling Hill North Clubhouse, located at 4411 Sterling Hill Boulevard, Spring Hill, FL 34609. The following is the agenda for this meeting:

**AUDIT COMMITTEE MEETING**

- 1. CALL TO ORDER/ROLL CALL**
- 2. PLEDGE OF ALLEGIANCE**
- 3. BUSINESS ADMINISTRATION**
  - A. Ranking of Proposals Received for Audit Services
    1. Grau & Associates.....Tab 1
    2. McDermitt – Davis.....Tab 2
    3. Berger, Tooms, Elam, Gaines & Frank.....Tab 3
- 4. ADJOURNMENT**

**BOARD OF SUPERVISORS MEETING**

- 1. CALL TO ORDER/ROLL CALL**
- 2. AUDIENCE COMMENTS**
- 3. BUSINESS ITEMS**
  - A. Consideration of Audit Committee’s Recommendation For Audit Services and Award of Contract
  - B. Consideration of the FY 19-20 Audit.....Tab 4
  - C. Public Hearing on Boat/RV Storage Rentals and Fees
    1. Consideration of Resolution 2021-02, Boat/RV Storage Rental and Fees.....Tab 5
    2. Consideration of Boar-RV Rental Space Agreement.....Tab 6
    3. Consideration of Quit Claim Deed from CDD to the County to correct scrivener’s for future extension of Sterling Hill Blvd in front of Barrington.....Tab 7
  - D. Consideration of Series 2003A and Series 2003B Engagement Letter.....Tab 8
  - E. Consideration of Sod Proposals.....Tab 9
  - F. Consideration of Pond Repair Proposal.....Tab 10
  - G. Discussion of Renting out the Clubhouse
  - H. Discussion of Barrington Landscaping

- 4. STAFF REPORTS**
  - A. District Counsel
  - B. District Engineer
    - 1. Update on Barrington/Phase 4 Erosion Developer Repairs
  - C. Field Operations Manager
    - 1. Review of Field Inspection Report for March 2021.....Tab 11
  - D. Amenity Management
    - 1. Review of Monthly Report.....Tab 12
  - E. District Manager
    - 1. Review of Monthly Financial Statements
- 5. BUSINESS ADMINISTRATION**
  - A. Consideration of Minutes of the Board of Supervisors Regular Meeting held on February 18, 2021.....Tab 13
  - B. Consideration of Minutes of the Board of Supervisors' 1<sup>st</sup> Audit Committee Meeting held on March 25, 2021.....Tab 14
  - C. Consideration of Minutes of the Board of Supervisors' Meeting held on March 25, 2021.....Tab 15
  - D. Consideration of Operation and Maintenance Expenditures for February and March 2021.....Tab 16
- 6. SUPERVISOR REQUESTS**
- 7. ADJOURNMENT**

I look forward to seeing you at the meeting. In the meantime, if you have any questions, please do not hesitate to call us at (813) 933-5571.

Sincerely,  
*Aimee Brandon*  
 Aimee Brandon  
 District Manager

# Tab 1



**Grau & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

# Proposal to Provide Financial Auditing Services:

**STERLING HILL**  
COMMUNITY DEVELOPMENT DISTRICT

Proposal Due: April 05, 2021  
12:00PM

**Submitted to:**

Sterling Hill  
Community Development District  
c/o Aimee Brandon, District Manager  
5844 Old Pasco Road, Suite 100  
Wesley Chapel, FL 33544

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**Submitted by:**

Antonio J. Grau, Partner  
Grau & Associates  
951 Yamato Road, Suite 280  
Boca Raton, Florida 33431

**Tel** (561) 994-9299  
(800) 229-4728

**Fax** (561) 994-5823

[tgrau@graucpa.com](mailto:tgrau@graucpa.com)

[www.graucpa.com](http://www.graucpa.com)



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# Grau & Associates

CERTIFIED PUBLIC ACCOUNTANTS

April 05, 2021

Sterling Hill Community Development District  
c/o Aimee Brandon, District Manager  
5844 Old Pasco Road, Suite 100  
Wesley Chapel, FL 33544

Re: Request for Proposal for Professional Auditing Services for the fiscal year ended September 30, 2021 with an option for four (4) additional annual renewals.

Grau & Associates (Grau) welcomes the opportunity to respond to the Sterling Hill Community Development District's (the "District") Request for Proposal (RFP), and we look forward to working with you on your audit. We are an energetic and robust team of knowledgeable professionals and are a recognized leader of providing services to Community Development Districts. As one of Florida's few firms to primarily focus on government, we are especially equipped to provide you an effective and efficient audit.

Special district audits are at the core of our practice: **we have a total of 360 clients, 329 or 91% of which are special districts.** We know the specifics of the professional services and work products needed to meet your RFP requirements like no other firm. With this level of experience, we are able to increase efficiency, to provide immediate and continued savings, and to minimize disturbances to client operations.

## Why Grau & Associates:

### Knowledgeable Audit Team

Grau is proud that the personnel we assign to your audit are some of the most seasoned auditors in the field. Our staff performs governmental engagements year round. When not working on your audit, your team is refining their audit approach for next year's audit. Our engagement partners have decades of experience and take a hands-on approach to our assignments, which all ensures a smoother process for you.

### Servicing your Individual Needs

Our clients enjoy personalized service designed to satisfy their unique needs and requirements. Throughout the process of our audit, you will find that we welcome working with you to resolve any issues as swiftly and easily as possible. In addition, due to Grau's very low turnover rate for our industry, you also won't have to worry about retraining your auditors from year to year.

### Developing Relationships

We strive to foster mutually beneficial relationships with our clients. We stay in touch year round, updating, collaborating and assisting you in implementing new legislation, rules and standards that affect your organization. We are also available as a sounding board and assist with technical questions.

### Maintaining an Impeccable Reputation

We have never been involved in any litigation, proceeding or received any disciplinary action. Additionally, we have never been charged with, or convicted of, a public entity crime of any sort. We are financially stable and have never been involved in any bankruptcy proceedings.

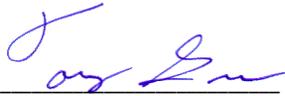
### Complying With Standards

Our audit will follow the Auditing Standards of the AICPA, Generally Accepted Government Auditing Standards, issued by the Comptroller General of the United States, and the Rules of the Auditor General of the State of Florida, and any other applicable federal, state and local regulations. We will deliver our reports in accordance with your requirements.

This proposal is a firm and irrevocable offer for 90 days. We certify this proposal is made without previous understanding, agreement or connection either with any previous firms or corporations offering a proposal for the same items. We also certify our proposal is in all respects fair, without outside control, collusion, fraud, or otherwise illegal action, and was prepared in good faith. Only the person(s), company or parties interested in the project as principals are named in the proposal. Grau has no existing or potential conflicts, and anticipates no conflicts during the engagement. Our Federal I.D. number is 20-2067322.

We would be happy to answer any questions or to provide any additional information. We are genuinely excited about the prospect of serving you and establishing a long-term relationship. Please do not hesitate to call or email either of our Partners, Antonio J. Grau, CPA ([tgrau@graucpa.com](mailto:tgrau@graucpa.com)) or Racquel McIntosh, CPA ([rmcintosh@graucpa.com](mailto:rmcintosh@graucpa.com)) at 561.994.9299. We thank you for considering our firm's qualifications and experience.

Very truly yours,  
Grau & Associates



Antonio J. Grau

# Firm Qualifications



**Grau & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

# Grau's Focus and Experience

## Our Team



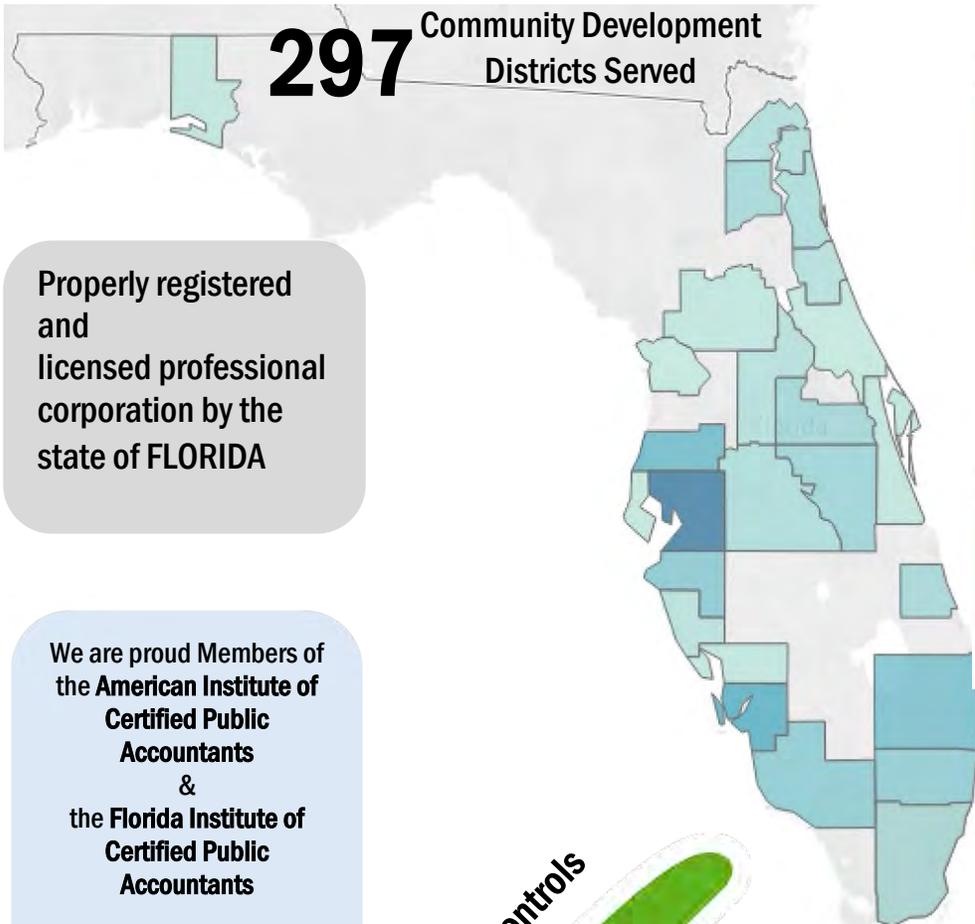
**3** Partners  
**10** Professional Staff  
**2** Administrative Professionals



# 2005

Year founded

## Services Provided



Properly registered and licensed professional corporation by the state of FLORIDA

We are proud Members of the **American Institute of Certified Public Accountants** & the **Florida Institute of Certified Public Accountants**



- ⇒ External quality review program: consistently receives a pass
- ⇒ Internal: ongoing monitoring to maintain quality



AICPA | FICPA | GFOA | FASD | FGFOA

See next page for report and certificate



**FICPA Peer Review Program**  
Administered in Florida  
by The Florida Institute of CPAs



Peer Review  
Program

**AICPA Peer Review Program**  
Administered in Florida  
by the Florida Institute of CPAs

February 20, 2020

Antonio Grau  
Grau & Associates  
951 Yamato Rd Ste 280  
Boca Raton, FL 33431-1809

Dear Antonio Grau:

It is my pleasure to notify you that on February 20, 2020, the Florida Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is December 31, 2022. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,  
*FICPA Peer Review Committee*

Peer Review Team  
FICPA Peer Review Committee  
paul@ficpa.org  
800-342-3197 ext. 251

Florida Institute of CPAs

cc: Daniel Hevia, Racquel McIntosh

Firm Number: 900004390114

Review Number: 571202

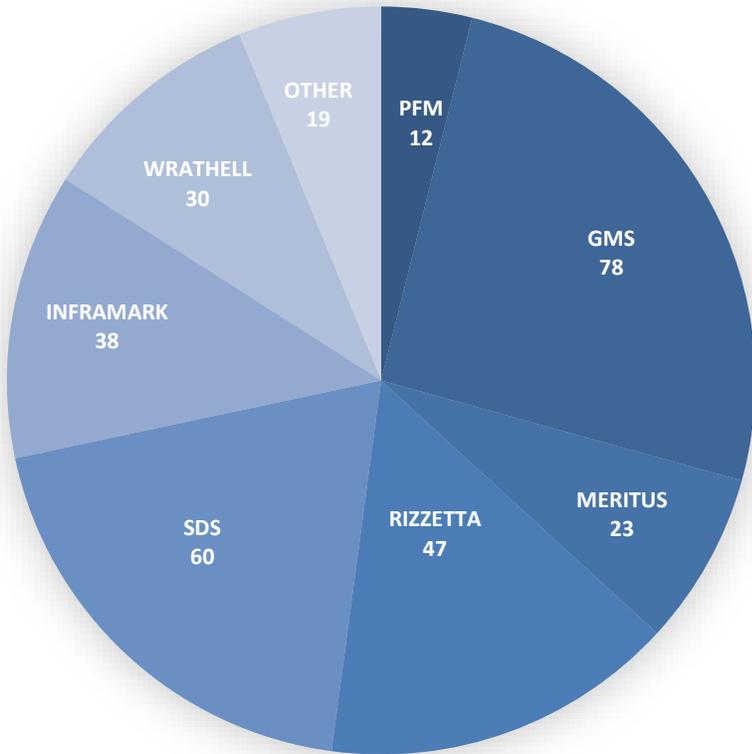
3800 Esplanade Way, Suite 210 | Tallahassee, FL 32311 | 800.342.3197, in Florida | 850.224.2727 | Fax: 850.222.6190 | [www.ficpa.org](http://www.ficpa.org)

# Firm & Staff Experience



**Grau & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

## GRAU AND ASSOCIATES COMMUNITY DEVELOPMENT DISTRICT EXPERIENCE BY MANAGEMENT COMPANY



### *Profile Briefs:*

**Antonio J GRAU, CPA (Partner)**

*Years Performing Audits: 30+*  
*CPE (last 2 years): Government Accounting, Auditing: 24 hours; Accounting, Auditing and Other: 58 hours*  
*Professional Memberships: AICPA, FICPA, FGFOA, GFOA*

**Racquel McIntosh, CPA (Partner)**

*Years Performing Audits: 14+*  
*CPE (last 2 years): Government Accounting, Auditing: 38 hours; Accounting, Auditing and Other: 56 hours*  
*Professional Memberships: AICPA, FICPA, FGFOA, FASD*

“Here at Grau & Associates, staying up to date with the current technological landscape is one of our top priorities. Not only does it provide a more positive experience for our clients, but it also allows us to perform a more effective and efficient audit. With the every changing technology available and utilized by our clients, we are constantly innovating our audit process.”

- Tony Grau

“Quality audits and exceptional client service are at the heart of every decision we make. Our clients trust us to deliver a quality audit, adhering to high standards and assisting them with improvements for their organization.”

-Racquel McIntosh

# YOUR ENGAGEMENT TEAM

Grau's client-specific engagement team is meticulously organized in order to meet the unique needs of each client. Constant communication within our solution team allows for continuity of staff and audit team.

Grau contracts with an outside group of IT management consultants to assist with matters including, but not limited to; network and database security, internet security and vulnerability testing.

An advisory consultant will be available as a sounding board to advise in those areas where problems are encountered.



The assigned personnel will work closely with the partner and the District to ensure that the financial statements and all other reports are prepared in accordance with professional standards and firm policy. Responsibilities will include planning the audit; communicating with the client and the partners the progress of the audit; and determining that financial statements and all reports issued by the firm are accurate, complete and are prepared in accordance with professional standards and firm policy.

The Engagement Partner will participate extensively during the various stages of the engagement and has direct responsibility for engagement policy, direction, supervision, quality control, security, confidentiality of information of the engagement and communication with client personnel. The engagement partner will also be involved directing the development of the overall audit approach and plan; performing an overriding review of work papers and ascertain client satisfaction.



**Antonio 'Tony' J. Grau, CPA  
Partner**

Contact: [tgrau@graucpa.com](mailto:tgrau@graucpa.com) | (561) 939-6672

**Experience**

For over 30 years, Tony has been providing audit, accounting and consulting services to the firm's governmental, non-profit, employee benefit, overhead and arbitrage clients. He provides guidance to clients regarding complex accounting issues, internal controls and operations.

As a member of the Government Finance Officers Association Special Review Committee, Tony participated in the review process for awarding the GFOA Certificate of Achievement in Financial Reporting. Tony was also the review team leader for the Quality Review of the Office of Management Audits of School Board of Miami-Dade County. Tony received the AICPA advanced level certificate for governmental single audits.

**Education**

University of South Florida (1983)  
Bachelor of Arts  
Business Administration

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**Clients Served** (partial list)

(>300) Various Special Districts, including:

- |  |  |
|--|--|
| Bayside Improvement Community Development District   | St. Lucie West Services District                 |
| Dunes Community Development District                 | Ave Maria Stewardship Community District         |
| Fishhawk Community Development District (I,II,IV)    | Rivers Edge II Community Development District    |
| Grand Bay at Doral Community Development District    | Bartram Park Community Development District      |
| Heritage Harbor North Community Development District | Bay Laurel Center Community Development District |
| Boca Raton Airport Authority                         |  |
| Greater Naples Fire Rescue District                  |  |
| Key Largo Wastewater Treatment District              |  |
| Lake Worth Drainage District                         |  |
| South Indian River Water Control                     |  |

**Professional Associations/Memberships**

- |  |   |
|--|---|
| American Institute of Certified Public Accountants | Florida Government Finance Officers Association |
| Florida Institute of Certified Public Accountants  | Government Finance Officers Association Member  |
| City of Boca Raton Financial Advisory Board Member |   |

**Professional Education** (over the last two years)

<u>Course</u>	<u>Hours</u>
Government Accounting and Auditing	24
Accounting, Auditing and Other	58
Total Hours	82 (includes of 4 hours of Ethics CPE)



# Racquel C. McIntosh, CPA

## Partner

Contact : [rmcintosh@graucpa.com](mailto:rmcintosh@graucpa.com) | (561) 939-6669

### Experience

Racquel has been providing government audit, accounting and advisory services to our clients for over 14 years. She serves as the firm’s quality control partner; in this capacity she closely monitors engagement quality ensuring standards are followed and maintained throughout the audit.

Racquel develops in-house training seminars on current government auditing, accounting, and legislative topics and also provides seminars for various government organizations. In addition, she assists clients with implementing new accounting software, legislation, and standards.

### Education

- Florida Atlantic University (2004)  
Master of Accounting
- Florida Atlantic University (2003)  
Bachelor of Arts:  
Finance, Accounting

### Clients Served (partial list)

(>300) Various Special Districts, including:

Carlton Lakes Community Development District  
 Golden Lakes Community Development District  
 Rivercrest Community Development District  
 South Fork III Community Development District  
 TPOST Community Development District

Westchase Community Development District  
 Monterra Community Development District  
 Palm Coast Park Community Development District  
 Long Leaf Community Development District  
 Watergrass Community Development District

East Central Regional Wastewater Treatment Facilities  
 Indian Trail Improvement District  
 Pinellas Park Water Management District  
 Ranger Drainage District  
 South Trail Fire Protection and Rescue Service District

### Professional Associations/ Memberships

American Institute of Certified Public Accountants  
 Florida Institute of Certified Public Accountants

FICPA State & Local Government Committee  
 FGFOA Palm Beach Chapter

### Professional Education (over the last two years)

#### Course

Government Accounting and Auditing  
 Accounting, Auditing and Other

Total Hours

#### Hours

38

56

94 (includes of 4 hours of Ethics CPE)

# References



**Grau & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

We have included three references of government engagements that require compliance with laws and regulations, follow fund accounting, and have financing requirements, which we believe are similar to the District.

## Dunes Community Development District

<b>Scope of Work</b>	Financial audit
<b>Engagement Partner</b>	Antonio J. Grau
<b>Dates</b>	Annually since 1998
<b>Client Contact</b>	Darrin Mossing, Finance Director 475 W. Town Place, Suite 114 St. Augustine, Florida 32092 904-940-5850

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## Two Creeks Community Development District

<b>Scope of Work</b>	Financial audit
<b>Engagement Partner</b>	Antonio J. Grau
<b>Dates</b>	Annually since 2007
<b>Client Contact</b>	William Rizzetta, President 3434 Colwell Avenue, Suite 200 Tampa, Florida 33614 813-933-5571

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## Journey's End Community Development District

<b>Scope of Work</b>	Financial audit
<b>Engagement Partner</b>	Antonio J. Grau
<b>Dates</b>	Annually since 2004
<b>Client Contact</b>	Todd Wodraska, Vice President 2501 A Burns Road Palm Beach Gardens, Florida 33410 561-630-4922

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# **Specific Audit Approach**



**Grau & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

# **AUDIT APPROACH**

## **Grau's Understanding of Work Product / Scope of Services:**

We recognize the District is an important entity and we are confident our firm is eminently qualified to meet the challenges of this engagement and deliver quality audit services. ***You would be a valued client of our firm and we pledge to commit all firm resources to provide the level and quality of services (as described below) which not only meet the requirements set forth in the RFP but will exceed those expectations.*** Grau & Associates fully understands the scope of professional services and work products requested. Our audit will follow the Auditing Standards of the AICPA, *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States, and the Rules of the Auditor General of the State of Florida and any other applicable Federal, State or Local regulations. **We will deliver our reports in accordance with your requirements.**

## **Proposed segmentation of the engagement**

Our approach to the audit engagement is a risk-based approach which integrates the best of traditional auditing techniques and a total systems concept to enable the team to conduct a more efficient and effective audit. The audit will be conducted in three phases, which are as follows:



## **Phase I - Preliminary Planning**

A thorough understanding of your organization, service objectives and operating environment is essential for the development of an audit plan and for an efficient, cost-effective audit. During this phase, we will meet with appropriate personnel to obtain and document our understanding of your operations and service objectives and, at the same time, give you the opportunity to express your expectations with respect to the services that we will provide. Our work effort will be coordinated so that there will be minimal disruption to your staff.

### **During this phase we will perform the following activities:**

- » Review the regulatory, statutory and compliance requirements. This will include a review of applicable federal and state statutes, resolutions, bond documents, contracts, and other agreements;
- » Read minutes of meetings;
- » Review major sources of information such as budgets, organization charts, procedures, manuals, financial systems, and management information systems;
- » Obtain an understanding of fraud detection and prevention systems;
- » Obtain and document an understanding of internal control, including knowledge about the design of relevant policies, procedures, and records, and whether they have been placed in operation;
- » Assess risk and determine what controls we are to rely upon and what tests we are going to perform and perform test of controls;
- » Develop audit programs to incorporate the consideration of financial statement assertions, specific audit objectives, and appropriate audit procedures to achieve the specified objectives;
- » Discuss and resolve any accounting, auditing and reporting matters which have been identified.

## Phase II – Execution of Audit Plan

The audit team will complete a major portion of transaction testing and audit requirements during this phase. The procedures performed during this period will enable us to identify any matter that may impact the completion of our work or require the attention of management. Tasks to be performed in Phase II include, but are not limited to the following:

- » Apply analytical procedures to further assist in the determination of the nature, timing, and extent of auditing procedures used to obtain evidential matter for specific account balances or classes of transactions;
- » Perform tests of account balances and transactions through sampling, vouching, confirmation and other analytical procedures; and
- » Perform tests of compliance.

## Phase III - Completion and Delivery

In this phase of the audit, we will complete the tasks related to year-end balances and financial reporting. All reports will be reviewed with management before issuance, and the partners will be available to meet and discuss our report and address any questions. Tasks to be performed in Phase III include, but are not limited to the following:

- » Perform final analytical procedures;
- » Review information and make inquiries for subsequent events; and
- » Meeting with Management to discuss preparation of draft financial statements and any potential findings or recommendations.

You should expect more from your accounting firm than a signature in your annual financial report. Our concept of truly responsive professional service emphasizes taking an active interest in the issues of concern to our clients and serving as an effective resource in dealing with those issues. In following this approach, we not only audit financial information with hindsight but also consider the foresight you apply in managing operations.

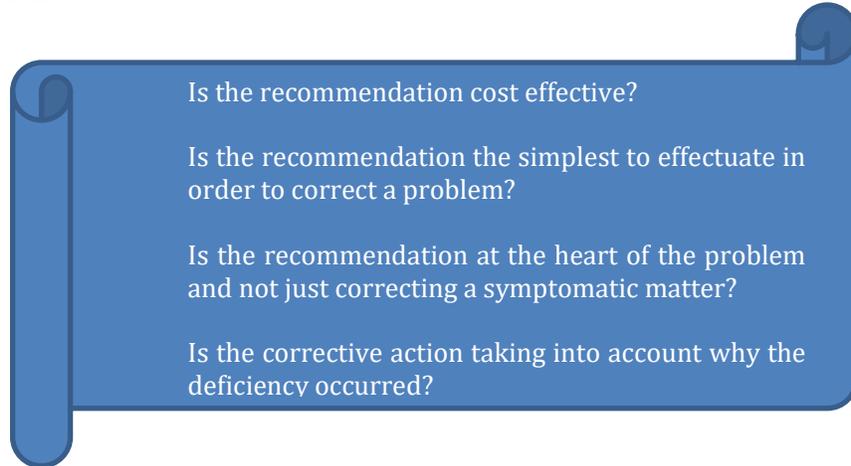
Application of this approach in developing our management letter is particularly important given the increasing financial pressures and public scrutiny facing today's public officials. We will prepare the management letter at the completion of our final procedures.

In preparing this management letter, we will initially review any draft comments or recommendations with management. In addition, we will take necessary steps to ensure that matters are communicated to those charged with governance.

In addition to communicating any recommendations, we will also communicate the following, if any:

- » Significant audit adjustments;
- » Significant deficiencies or material weaknesses;
- » Disagreements with management; and
- » Difficulties encountered in performing the audit.

Our findings will contain a statement of condition describing the situation and the area that needs strengthening, what should be corrected and why. Our suggestions will withstand the basic tests of corrective action:



To assure full agreement with facts and circumstances, we will fully discuss each item with Management prior to the final exit conference. This policy means there will be no “surprises” in the management letter and fosters a professional, cooperative atmosphere.

### **Communications**

We emphasize a continuous, year-round dialogue between the District and our management team. We regularly communicate through personal telephone calls and electronic mail throughout the audit and on a regular basis.

Our clients have the ability to transmit information to us on our secure client portal with the ability to assign different staff with separate log on and viewing capability. This further facilitates efficiency as all assigned users receive electronic mail notification as soon as new information has been posted into the portal.

# Cost of Services



**Grau & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

Our proposed all-inclusive fees for the financial audit for the fiscal years ended September 30, 2021-2025 are as follows:

<u>Year Ended September 30,</u>	<u>Fee</u>
2021	\$4,500
2022	\$4,600
2023	\$4,700
2024	\$4,800
2025	<u>\$4,900</u>
<b>TOTAL (2021-2025)</b>	<b><u>\$23,500</u></b>

The above fees are based on the assumption that the District maintains its current level of operations. Should conditions change or additional Bonds are issued the fees would be adjusted accordingly upon approval from all parties concerned.

# Supplemental Information



**Grau & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

## **PARTIAL LIST OF CLIENTS**

<b>SPECIAL DISTRICTS</b>	<b>Governmental Audit</b>	<b>Single Audit</b>	<b>Utility Audit</b>	<b>Current Client</b>	<b>Year End</b>
Boca Raton Airport Authority	✓	✓		✓	9/30
Captain's Key Dependent District	✓			✓	9/30
Central Broward Water Control District	✓			✓	9/30
Collier Mosquito Control District	✓			✓	9/30
Coquina Water Control District	✓			✓	9/30
East Central Regional Wastewater Treatment Facility	✓		✓		9/30
Florida Green Finance Authority	✓				9/30
Greater Boca Raton Beach and Park District	✓			✓	9/30
Greater Naples Fire Control and Rescue District	✓	✓		✓	9/30
Green Corridor P.A.C.E. District	✓			✓	9/30
Hobe-St. Lucie Conservancy District	✓			✓	9/30
Indian River Mosquito Control District	✓				9/30
Indian Trail Improvement District	✓			✓	9/30
Key Largo Waste Water Treatment District	✓	✓	✓	✓	9/30
Lake Padgett Estates Independent District	✓			✓	9/30
Lake Worth Drainage District	✓			✓	9/30
Lealman Special Fire Control District	✓			✓	9/30
Loxahatchee Groves Water Control District	✓				9/30
Old Plantation Control District	✓			✓	9/30
Pal Mar Water Control District	✓			✓	9/30
Pinellas Park Water Management District	✓			✓	9/30
Pine Tree Water Control District (Broward)	✓			✓	9/30
Pinetree Water Control District (Wellington)	✓				9/30
Ranger Drainage District	✓	✓		✓	9/30
Renaissance Improvement District	✓			✓	9/30
San Carlos Park Fire Protection and Rescue Service District	✓			✓	9/30
Sanibel Fire and Rescue District	✓			✓	9/30
South Central Regional Wastewater Treatment and Disposal Board	✓			✓	9/30
South-Dade Venture Development District	✓			✓	9/30
South Indian River Water Control District	✓	✓		✓	9/30
South Trail Fire Protection & Rescue District	✓			✓	9/30
Spring Lake Improvement District	✓			✓	9/30
St. Lucie West Services District	✓		✓	✓	9/30
Sunshine Water Control District	✓			✓	9/30
West Villages Improvement District	✓			✓	9/30
Various Community Development Districts (297)	✓			✓	9/30
<b>TOTAL</b>	<b>333</b>	<b>5</b>	<b>3</b>	<b>328</b>	

## **ADDITIONAL SERVICES**

### **CONSULTING / MANAGEMENT ADVISORY SERVICES**

Grau & Associates also provide a broad range of other management consulting services. Our expertise has been consistently utilized by Governmental and Non-Profit entities throughout Florida. Examples of engagements performed are as follows:

- Accounting systems
- Development of budgets
- Organizational structures
- Financing alternatives
- IT Auditing
- Fixed asset records
- Cost reimbursement
- Indirect cost allocation
- Grant administration and compliance

### **ARBITRAGE**

The federal government has imposed complex rules to restrict the use of tax-exempt financing. Their principal purpose is to eliminate any significant arbitrage incentives in a tax-exempt issue. We have determined the applicability of these requirements and performed the rebate calculations for more than 150 bond issues, including both fixed and variable rate bonds.

**73**

Current  
Arbitrage  
Calculations

**We look forward to providing *Sterling Hill Community Development District* with our resources and experience to accomplish not only those minimum requirements set forth in your Request for Proposal, but to exceed those expectations!**

**For even more information on Grau & Associates  
please visit us on [www.graucpa.com](http://www.graucpa.com).**

## **Tab 2**

**Proposal to Provide Auditing Services**  
**Sterling Hill Community Development**  
**District**

**For the Fiscal Year Ending**  
**September 30, 2021**  
**With the Option for Four Additional Annual Renewals**

**Submitted by:**



**934 North Magnolia Avenue**  
**Suite 100**  
**Orlando, Florida 32803**  
**(407) 843-5406**

**CONTACT: Tamara Campbell, C.P.A.**

[tcampbell@mcdermittdavis.com](mailto:tcampbell@mcdermittdavis.com)  
[www.mcdermittdavis.com](http://www.mcdermittdavis.com)

Proposal for Audit Services to  
Sterling Hill Community Development District  
**Table of Contents**

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## Letter of Interest



April 5, 2021

Aimee Brandon, District Manager  
*Sterling Hill Community Development District*  
5844 Old Pasco Road, Suite 100  
Wesley Chapel, FL 33544

Thank you for the opportunity to submit our qualifications and experience to serve as independent auditors of *Sterling Hill Community Development District*. The accompanying proposal will provide you detailed information regarding the scope of services to be provided, as well as a profile of the firm, the individuals who will serve you, our qualifications and experience, and representative clients, including specific references.

It is our understanding that we will provide the following services:

1. Financial audit of the basic financial statements of *Sterling Hill Community Development District* for the fiscal year ending September 30, 2021 with the option for four additional annual renewals.
2. We will commit to maintain staff required to conclude the audits within the time constraints indicated in the RFP.
3. The audit will be performed in accordance with generally accepted auditing standards, *Governmental Auditing Standards* and the Rules of the Auditor General of the State of Florida.
4. The audit for the fiscal year ending September 30, 2021 will be completed no later than June 30, 2022.

We believe we are the best-qualified firm to perform the engagement for the following reasons:

- We presently audit **over fifty Community Development Districts**, fourteen municipalities and one special water district and have an excellent working knowledge of generally accepted accounting principles related to governmental entities.
- As the current auditors of the District, we are knowledgeable about the District's procedures and history.
- We assist in the preparation of the financial statements for most of these governmental entities.
- We have assisted nine municipalities in receiving the GFOA "Certificate of Achievement for Excellence in Financial Reporting". Most of these municipalities have been receiving the "Certificate of Achievement" between ten and twenty years. Tamara Campbell is active as a national review team member of the GFOA's "Certificate of Achievement for Excellence in Financial Reporting" program. As a review team member, Ms. Campbell reviews and evaluates financial reports submitted by cities and counties to determine whether the financial reports meet the stringent requirements to receive the GFOA'S prestigious award. Participating as a review team member, Ms. Campbell has demonstrated her expertise in governmental accounting and auditing.
- We have strong information technology ability and will input the District's general ledger balances into our ProSystem fx Engagement software and perform a virtually "paperless" audit. The District's Financial Statements are linked to the general ledger; therefore, the likelihood of errors on the financial statements is reduced.
- We have recent and continuous experience and have devoted a great deal of our continuing education to the governmental auditing and accounting field. Our firm meets the independence and education requirements of the Government Auditing Standards issued by the Comptroller General of the United States. Our firm is independent of *Sterling Hill Community Development District* as defined by Government Auditing Standards.

- We are members of the American and Florida Institutes of Certified Public Accountants and an Associate member of the Governmental Finance Officers Association. Our firm is active in governmental organizations throughout Central Florida and serves on governmental committees of the Florida Institute of CPA's.
- We are a local firm with personnel committed to quality and professional performance, accustomed to providing a high level of client satisfaction. We believe that our firm is part of a team effort to assist the District in developing the best financial reporting possible.
- We have a history of continuity of personnel assigned to the engagement. Our single office firm and low personnel turnover assures uninterrupted services from our partners and staff. We have a staff of 28 people and 8 of those are governmental audit staff.

McDimit Davis, LLC has not colluded with any of the Proposers, and we have not defaulted on any previous contract, and are not in arrears on any previous or existing contract and are properly licensed.

Because of our unique qualifications and a philosophy based on complete dedication to client service, we feel confident that we can provide you with responsiveness and a range of experience that will best serve your needs.

Ms. Tamara Campbell, partner, is authorized to represent the firm and may be contacted at 934 North Magnolia Avenue, Suite 100, Orlando, Florida 32803, or phone (407) 843-5406.

We would consider it a privilege to continue to serve as independent auditors for Sterling Hill Community Development District.

Sincerely,

McDimit Davis, LLC

A handwritten signature in blue ink, appearing to read 'Tamara Campbell', with a stylized, cursive script.

Tamara Campbell, CPA

## Company Background

# MCDIRMIT DAVIS AT GLANCE



Established 1984



Ranked Top 10 in Central Florida



Over 100 years of combined experience

**HIGHEST PASSING RATING IN  
OUR 2020 PEER REVIEW**

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## MEMBERSHIPS





## About Us:

McDimit Davis, LLC was incorporated in the State of Florida in August 1984 and serves Central Florida from its centrally located office in Orlando, Florida. The partners and managers have over 100 years of combined experience in public accounting, and our firm has grown to be ranked as one of the top 10 accounting firms in Central Florida by the Orlando Business Journal.



When considering whether to hire our firm, you will find that McDimit Davis can be differentiated from our competitors in several areas, such as:

- **Local, Experienced and Involved Partners:** Our partners and managers have over 100 years of combined experience in public accounting. Tammy has over fifteen (15) years of governmental accounting and auditing experience, including municipalities, airport authorities and over **50 community development districts**.
- **Commitment to Quality:** McDimit Davis has received a “pass” audit opinion by our peer reviewers regarding our firm’s Quality Control Standards.
- **Timely Audits:** Our commitment is to meet all audit deadlines, all of our audits have been performed according to agreed audit schedules.

Our firm has a wide range of clients providing both goods and services in the Central Florida area. Our practice encompasses auditing, accounting, management advisory and tax services. A list of all governmental clients audited by us for the fiscal years 2015-2019 is as follows:

- **Over Fifty Community Development Districts**

- City of Belle Isle, Florida \*
- City of Clermont, Florida \*
- City of Fruitland Park, Florida
- City of Groveland, Florida
- City of Inverness, Florida\*
- City of Lake Mary, Florida\*
- City of Longwood, Florida \*
- City of Mascotte, Florida
- City of Minneola, Florida
- City of Ocoee, Florida \*
- City of Orange City, Florida\*
- City of Tavares, Florida \*
- City of Umatilla, Florida \*
- City of Winter Springs, Florida \*
- Homosassa Special Water
- Sun’n Lake of Sebring Improvement District
- Town of Montverde, Florida
- Town of Windermere, Florida

- These entities are presently clients of McDimit Davis, LLC

\* These entities participate in the Certificate of Achievement for Excellence in Financial Reporting program.



## General Information about McDimit Davis

### License to Practice in Florida

Our Firm and all key professional staff are properly licensed to practice in the state of Florida. In addition, our Firm and all assigned key personnel are in good standing with the Florida Board of Accountancy. We can provide a copy of actual License, if requested.

### Independence

McDimit Davis, LLC is independent of the District as defined by auditing standards contained in *Government Auditing Standards*.

### Governmental Audit Quality Center

McDimit Davis, LLC is a member of the AICPA's Governmental Audit Quality Center which is dedicated to establishing the highest standards of audit quality in the governmental accounting and audit sector.

### External Quality Control Review

Our Firm understands the importance of developing a formal quality control program, and therefore have been a member of the Private Companies Practice Section of the American Institute of Certified Public Accountants **since 1985**. Member firms are required to adhere to quality control standards established by the AICPA Quality Control Standards Committee and to submit to peer reviews of the firm's accounting and audit practice. Peer reviews are intensive reviews of a firm's quality control system by an independent CPA firm. Our firm has had seven peer reviews performed by the American Institute of Certified Public Accountants. Each peer review has included a review of a local governmental entity.

On our most recent peer review performed in 2020, we received a peer review rating of "pass", which is the highest rating that a firm can receive under the revised peer review standards. We have **never** been subject to any litigation or disciplinary actions by a client, the State or any professional organization for substandard field work. A copy of our firm's most recent peer review report follows this section. These peer reviews included a review of at least two governmental engagements, and it should be noted that there were no findings as a result of this review. We have never withdrawn from an engagement prior to the agreed expiration date.

### Size and Organization

McDimit Davis LLC has 28 employees, the total number of governmental audit staff is 8; the professional staff of our firm has been conducting governmental audits in the Central Florida area for the past thirty years. We are experienced auditors in a variety of industries and offer experience in auditing federal grants under the Single Audit Act and performing compliance audits of state grants.

Our experience in governmental auditing has led to the development of efficient procedures that provide various client benefits. Our services provide our clients with a wide range of knowledge, confidence, and helpful management advice.



Below is a listing of the type of other services that we have provided to governmental clients:

1. Assistance in preparation of Comprehensive Annual Financial Reports for recognition by the Government Finance Officers Certificate of Achievement Program.
2. Issuance of Comfort Letters and Consent Letters in conjunction with the issuance of tax-exempt bonds.
3. Assistance on early implementation of new GASB Statements.
4. Assisting in compiling historical financial data for first-time submissions for GFOA Certificate of Achievement for Excellence in Financial Reporting.
5. Detailed internal control studies and evaluations of accounting systems.

### Engagement Team

The following table lists the names of firm accounting personnel assigned to the audit:

<b>Name</b>	<b>Audit Role</b>
Tamara Campbell, CPA	Engagement Partner
Michelle Sorbello, CPA	Engagement Manager
Matthew Lee, CPA	Engagement Manager

All of the above people have considerable experience on governmental audit engagements. All supervisory personnel assigned to the audit, are Certified Public Accountants. The engagement partner and audit manager will be assigned to audit on a full-time basis. In addition to the partner and managers, McDimit Davis will utilize various audit senior and staff members for audit fieldwork.

### Continuing Education

McDimit Davis, LLC is committed to the personal and professional growth of its staff. Our firm requires an annual minimum of 40 hours of continuing professional education for each staff member.

Our governmental audit staff complies with the continuing education requirements of the State of Florida, the Governmental Accountability Office (GAO), and *Governmental Auditing Standards* (Yellow Book). Therefore at least 24 hours during a 2-year period must be in subjects directly related to the government environment and to governmental auditing. Our governmental audit staff always exceed this requirement since they attend each year the Florida Governmental Financial Officer's Association Annual Conference which provides 22 hours of training in governmental accounting and auditing.

As a result of our governmental experience, our staff has taught classes or lectured on various topics. We offer "in-house" education courses for our staff, which at times, our clients have attended. In addition, we are available to teach seminars for the benefit of the District's accounting staff.



### Information Technology

Our firm has one dedicated Information Technology specialist who has several years' experience in setting up and administering computer systems and networks of all sizes. In addition, all governmental audit personnel are experienced with various governmental software programs. We utilize automated, paperless auditing software which stores all trial balances and audit workpapers electronically. We also use Data Analysis Software, which enables us to obtain 100% of selected data and **test** "through your computer system."

One of the services we provide our clients is CLIENT PORTAL. This is a convenient online storage space in which files can be effortlessly uploaded, downloaded, stored and shared in a safe and secure environment.

### Records Retention

Our firm maintains records in accordance with local, state, and Federal Public Records Retention Requirements.

### Federal or State Reviews

Any Federal or State desk review has resulted in no findings and we have never undergone a Federal or State field audit.

## Peer Review Letter



PRIDA, GUIDA & PEREZ, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS  
1106 N. FRANKLIN STREET  
TAMPA, FLORIDA 33602  
TELEPHONE: (813) 226-6091  
FAX: (813) 229-7754

## Report on the Firm's System of Quality Control

August 21, 2020

To the Owners of McDirmit Davis, LLC  
And the Peer Review Committee of the  
Florida Institute of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of McDirmit Davis, LLC (the firm), in effect for the year ended June 30, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, a compliance audit under the Single Audit Act, and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of McDirmit Davis, LLC in effect for the year ended June 30, 2020 has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. McDirmit Davis, LLC has received a peer review rating of *pass*.

Prida Guida & Perez, P.A.

MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

## **Audit Personnel Experience**



## Tammy Campbell, CPA

### Partner

#### Education, Certifications, and Licenses

- B.S. Degree in Accounting, University of Central Florida
- Masters in Taxation, University of Central Florida
- CPA, Certified Public Accountant - Florida

#### Affiliations and Community Involvement

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- Florida Government Finance Officers Association (FGFOA)
- Reviewer for GFOA's "Certificate of Achievement for Excellence in Financial Reporting" program
- Member of the Orange County School Board Audit Advisory Committee

#### Continuing Professional Education

Tammy has completed over 120 hours of Continuing Professional Education (CPE) in the area of governmental accounting and auditing within the past three years and meets the requirements of *Governmental Auditing Standards (the "Yellow Book")*. CPE included classes on Single Audits, the *Yellow Book*, and changes in governmental accounting principles, such as GASBS 67 and 68 on pension plans.

#### Experience

- Tammy has 17 years of governmental accounting and auditing experience, including municipalities and airport authorities.
- Her experience has included planning, fieldwork, and preparation of comprehensive annual financial reports for several governmental audit engagements.
- Tammy has worked with all municipalities in the CAFR preparation process, including assisting most cities with obtaining the GFOA Certificate of Achievement.

#### Governmental Audit Experience (Past 5 years)

- **Over 60 Community Development Districts**
- City of Belle Isle
- City of Clermont
- City of Inverness
- City of Lake Mary
- City of Longwood
- City of Mascotte
- City of Ocoee
- Town of Orange City
- City of Oviedo
- City of Tavares
- City of Umatilla
- City of Winter Springs
- Homosassa Water District



## **Michelle Sorbello, CPA**

### **Audit Manager**

#### **Education, Certifications, and Licenses**

- B.S. Degree in Accounting, University of Central Florida
- Masters in Accounting, University of Central Florida
- CPA, Certified Public Accountant - Florida

#### **Affiliations and Community Involvement**

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- Florida Government Finance Officers Association (FGFOA)

#### **Continuing Professional Education**

Michelle has completed over 120 hours of Continuing Professional Education (CPE) in the area of governmental accounting and auditing within the past three years and meets the requirements of *Governmental Auditing Standards*.

#### **Experience**

- Michelle has 9 years of governmental accounting and auditing experience.
- She has significant experience in the audits of governmental and not-for-profit entities, including those subject to Federal and Florida Single Audit requirements.

#### **Governmental Audit Experience (Past 5 years)**

- **Various Community Development Districts**
  - City of Inverness
  - City of Lake Mary
  - City of Longwood
  - City of Mascotte
  - City of Ocoee
  - City of Winter Springs



**Matthew Lee, CPA**  
**Audit Manager**

**Education, Certifications, and Licenses**

- Master of Science in Accounting, University of Central Florida
- Master of Public Administration, University of Central Florida
- B.S. in Public Administration, University of Central Florida
- CPA, Certified Public Accountant - Florida

**Affiliations and Community Involvement**

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- Florida Government Finance Officers Association (FGFOA)

**Continuing Professional Education**

Matthew has completed over 120 hours of Continuing Professional Education (CPE) in the area of governmental accounting and auditing within the past three years and meets the requirements of *Governmental Auditing Standards*.

**Experience**

- Matthew has 10 years of governmental accounting and auditing experience.
- He has significant experience in the audits of governmental and not-for-profit entities, including those subject to Federal and Florida Single Audit requirements.

**Governmental Audit Experience (Past 5 years)**

- **Various Community Development Districts**
- City of Belle Isle
- City of Clermont
- City of Longwood
- City of Ocoee
- City of Oviedo
- City of Tavares
- City of Umatilla
- City of Winter Springs
- Sun 'N Lake Improvement District
- Town of Windermere



## References of Governmental Accounting Experience

<u>Principal Client Contact</u>	<u>Scope of Work</u>	<u>Years</u>
<b>Sun'n Lake of Sebring Improvement District</b>		
<p>Mr. Omar DeJesus, Finance Director</p> <p>5306 Sun'n Lake Blvd. Sebring, FL 33872 <a href="mailto:odejesus@snldistrict.org">odejesus@snldistrict.org</a></p>	<ul style="list-style-type: none"> <li>Annual Financial &amp; Compliance Audit and preparation of Financials</li> </ul>	2011 to Present
<b>Sterling Hill Community Development District</b>		
<p>Ms. Kaitlyn Gallant Rizzetta and Company Manager, District Accounting Services</p> <p>12750 Citrus Park Lane Suite 115 Tampa, Florida 33625 <a href="mailto:kgallant@rizzetta.com">kgallant@rizzetta.com</a></p>	<ul style="list-style-type: none"> <li>Annual Financial &amp; Compliance Audit and preparation of Financials</li> </ul>	2007 to 2009 & 2013 to Present
<b>Meadow Pointe II Community Development District</b>		
<p>Mr. Alan Baldwin Inframark Accounting Manager</p> <p>210 N. University Drive Suite 702 Coral Springs, Florida 33071 <a href="mailto:alan.baldwin@inframark.com">alan.baldwin@inframark.com</a></p>	<ul style="list-style-type: none"> <li>Annual Financial &amp; Compliance Audit and preparation of Financials</li> </ul>	2012 to Present
<b>Toscana Isles Community Development District</b>		
<p>Mr. Jeffrey Pinder Wrathell Hunt and Associates Controller</p> <p>2300 Glades Road Suite 410W Boca Raton, Florida 33431 <a href="mailto:pinderj@whhassociates.com">pinderj@whhassociates.com</a></p>	<ul style="list-style-type: none"> <li>Annual Financial &amp; Compliance Audit and preparation of Financials</li> </ul>	2015 to Present
<b>Homosassa Special Water District</b>		
<p>Ms. Teresa Olds, Manager</p> <p>7922 W. Grover Cleveland Blvd. Homosassa, FL 34448 <a href="mailto:hswd@tampabay.rr.com">hswd@tampabay.rr.com</a></p>	<ul style="list-style-type: none"> <li>Annual Financial &amp; Compliance Audit and preparation of Financials</li> </ul>	2007 to Present



## List of 2019 Community Development District Audits:

### Community Development District

Asturia Community Development District  
 Bainebridge Community Development District  
 Beach Road Golf Estates Community Development District  
 Belmont Community Development District  
 Bexley Community Development District  
 Celebration Community Development District  
 Chapel Creek Community Development District  
 Concorde Estates Community Development District  
 Copperspring Community Development District  
 Dovera Community Development District  
 Durbin Crossing Community Development District  
 Enterprise Community Development District  
 Fiddler's Creek Community Development District #1  
 Forest Creek Community Development District  
 Greyhawk Landing Community Development District  
 Heritage Isle at Viera Community Development District  
 Highlands Community Development District  
 K-Bar Ranch Community Development District  
 K-Bar Ranch II Community Development District  
 Meadow Pointe II Community Development District  
 Mediterra Community Development District  
 Mirabella Community Development District  
 Palm River Community Development District  
 Portofino Springs Community Development District  
 Scenic Highway Community Development District  
 South Shore Corporate Park Community Development District  
 Southaven Community Development District  
 Southern Hills Plantation II Community Development District  
 Spring Ridge Community Development District  
**Sterling Hill Community Development District**  
 Suncoast Community Development District  
 Talavera Community Development District  
 The Crossings at Fleming Island Community Development District  
 The Woodlands Community Development District  
 Toscana Isles Community Development District  
 Town of Kindred Community Development District  
 Trails Community Development District  
 Treeline Preserve Community Development District  
 Trout Creek Community Development District  
 University Square Community Development District  
 University Village Community Development District  
 Valencia Water Control District  
 Venetian Community Development District  
 Watergrass II Community Development District  
 Waterlefe Community Development District  
 Westridge Community Development District  
 Wiregrass Community Development District  
 Wiregrass II Community Development District

### County

Pasco  
 Duval  
 Lee  
 Hillsborough  
 Pasco  
 Osceola  
 Pasco  
 Osceola  
 Pasco  
 Seminole  
 St. Johns  
 Osceola  
 Collier  
 Manatee  
 Manatee  
 Brevard  
 Hillsborough  
 Hillsborough  
 Hillsborough  
 Pasco  
 Collier  
 Hillsborough  
 Hillsborough  
 Lee  
 Polk  
 Hillsborough  
 St. Johns  
 Hernando  
 Hernando  
**Pasco**  
 Pasco  
 Pasco  
 Clay  
 North Port  
 Sarasota  
 Osceola  
 Duval  
 Lee  
 St. Johns  
 Lee  
 Lee  
 Orange  
 Sarasota  
 Pasco  
 Manatee  
 Polk  
 Pasco  
 Pasco

## **Service Approach**



### Service Approach

Our audit will be segmented as follows:

- Phase 1: Audit Planning
- Phase 2: Evaluation and Testing of Internal Controls
- Phase 3: Substantive Testing
- Phase 4: Reporting

#### Phase 1: Audit Planning

Preliminary planning includes deciding on an overall strategy for the audit, obtaining an understanding of the entity and its environment, including its internal control, making an initial assessment of audit risk and materiality, and deciding on the overall timing of the engagement. We will also begin to assemble our “permanent file,” which consists of copies of organizational charts, District manuals, documents, and financial and other management systems.



We will meet with staff of the District to obtain an understanding of the flow of transactions through your accounting system. This includes understanding your computer environment in order to comply with the requirements of AU-C 300, *Planning an Audit*. We will also gather information to identify fraud risks as required by AU-C 240 *Consideration of Fraud in a Financial Statement Audit*.

We will also perform preliminary analytical procedures and compare trends for the current and at least the two previous years for unusual fluctuations. This will include review of both budget and actual amounts.

During this planning phase, we will ask management and staff at the District to identify areas of higher risk as well as other areas that they want us to focus on during our audit. We will also provide the District with a list of all schedules to be prepared by the District.

#### Phase 2: Evaluation and Testing of Internal Controls and Compliance

During Phase 2, we will evaluate your control policies and procedures to determine if they are functioning properly in significant transaction classes. To gain an understanding of the procedures in place, and current internal control structure, we typically conduct interviews with staff and management involved in the specific transaction class to be tested. We then perform tests of these controls to determine with reasonable assurance that control procedures are functioning as planned and whether further testing will be needed.

As part of our tests of controls, we will include tests of compliance with applicable ordinances, and state and federal laws and regulations. In order to determine which ordinances, laws and regulations to test for compliance, we start by reviewing the FICPA Practice Aid *Compliance Auditing in Florida*. We then evaluate which ordinances, laws and regulations have a direct and material effect on the determination of financial statement amounts. Sample sizes are determined based upon our assessment of control risk and may be judgmental, random, or stratified, depending on the attributes of the population being tested. We will select samples from the significant transaction classes and trace from original documents through the computer system to the general ledger through the use of Data Analysis Software.



### **Service Approach - Continued**

#### **Phase 2: Evaluation and Testing of Internal Controls and Compliance - Continued**

Our control testing includes obtaining an understanding of the computer software used by the District, and tracing sample selections through the system to determine the desired outcomes are being achieved. Our testing of Information Technology includes inquiries of appropriate personnel regarding data backups and access to District files.

After controls have been documented, evaluated and tested, we will finalize the District's audit plan. Audit programs will be tailored to fit the specifics of the District's accounting systems.

#### **Phase 3: Substantive Testing**

Our year-end fieldwork will focus on verifying balances in accounts. For example, we will confirm cash balances, as well as debt balances with financial institutions. In addition to obtaining audit confirmations, representation letters and attorney letters, we will perform tests on account balances using analytical procedures, recalculation and verification.

Our firm uses ProSystem fx Engagement electronic audit software which may allow us to interface with your accounting system and reduce the time required to transfer your accounting data to a separate software package. We believe it is important to use analytical review procedures in this substantive phase of the audit. We compare analytical results to our expectation of what the results should be in order to determine if additional audit procedures are required. Typical analytical procedures include expense variances with previous years and budget amounts, revenue variances with previous years and budgeted amounts.

We will keep the District's management up to date on the progress of the audit and will discuss preliminary findings and potential problems or opportunities as we encounter them. Our approach to resolving problems encountered is to discuss with the District Manager to make sure our understanding is correct. Our process to produce a meaningful "management letter" is to review results of testing of internal controls, as well as year-end field work and draft recommendations for improvements to be discussed with management.

#### **Phase 4: Reporting**

The audit work is reviewed by the engagement partner throughout the engagement. Once the engagement partner review is complete, a second review of the financial statements is performed by the independent reviewer. This second review is required as part of McDimit Davis's internal system of quality control and ensures the District receives the best service possible.

We will prepare a draft of the financial statements and then issue the following:

- Auditor's report on financial statements
- 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.
- Management Letter

We will provide technical assistance to the District to meet changes in required disclosures. Once reports have been reviewed by management and approved in final form, we will issue final reports and supply in electronic format.

## Cost Proposal



### Cost Proposal

We understand the requested services include audits of the District's financial statements for the year ended September 30, 2021 with the option of four additional annual renewals. The audit will be made in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

McDermitt Davis, LLC is duly licensed under Chapter 473, Florida Statutes and is qualified to conduct audits in the State of Florida and audits in accordance with *Government Auditing Standards*.

**We believe in continuing client contact throughout the year, not just during the audit. We encourage on-going client contact by not charging any fee for phone calls.**

Fees include all services, including but not limited to, meals and lodging, transportation, printing and binding, telephone, fax and copies. Out of pocket expense (if any) related to charges for confirmations will be in addition to the audit fee. Invoices will be submitted as work progresses on each phase of the audit.

<u>Year Ended</u>	<u>Audit Fee</u>
September 30, 2021	\$4,500
September 30, 2022	\$4,500
September 30, 2023	\$4,500
September 30, 2024	\$4,500
September 30, 2025	\$4,500

## **Tab 3**

**STERLING HILL  
COMMUNITY DEVELOPMENT DISTRICT  
PROPOSAL FOR AUDIT SERVICES**

---

**PROPOSED BY:**

Berger, Toombs, Elam, Gaines & Frank  
CERTIFIED PUBLIC ACCOUNTANTS, PL

---

600 Citrus Avenue, Suite 200  
Fort Pierce, Florida 34950

(772) 461-6120

**CONTACT PERSON:**

J. W. Gaines, CPA, Director

**DATE OF PROPOSAL:**

April 5, 2021

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# Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue  
Suite 200  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

April 5, 2021

Sterling Hill Community Development District  
Rizzetta & Company, Inc.  
5844 Old Pasco Road, Suite 100  
Wesley Chapel, FL 33544

Dear District Manager:

Thank you very much for the opportunity to present our professional credentials to provide audit services for Sterling Hill Community Development District.

Berger, Toombs, Elam, Gaines & Frank, Certified Public Accountants, PL has assembled a team of governmental and nonprofit specialists second to none to serve our clients. Our firm has the necessary qualifications and experience to serve as the independent auditors for Sterling Hill Community Development District. We will provide you with top quality, responsive service.

## Experience

Berger, Toombs, Elam, Gaines & Frank, Certified Public Accountants, PL is a recognized leader in providing services to governmental and nonprofit agencies throughout Florida. We have been the independent auditors for a number of local governmental agencies and through our experience in performing their audits, we have been able to increase our audit efficiency and; therefore, reduce costs. We have continually passed this cost savings on to our clients and will continue to do so in the future. As a result of our experience and expertise, we have developed an effective and efficient audit approach designed to meet or exceed the performance specifications 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 the standards for financial and compliance audits. We will conduct the audit in accordance with auditing standards generally accepted in the United States of America; "Government Auditing Standards" issued by the Comptroller General of the United States; the provisions of the Single Audit Act, Subpart F of Title 2 US Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, with minimal disruption to your operations. Our firm has frequent technical updates to keep our personnel informed and up-to-date on all changes that are occurring within the industry.

Sterling Hill Community Development District  
April 5, 2021

Our firm is a member of the Government Audit Quality Center, an organization dedicated to improving government audit quality. We also utilize the audit program software of a nationally recognized CPA firm to assure us that we are up to date with all auditing standards and to assist us maintain maximum audit efficiencies.

To facilitate your evaluation of our qualifications and experience, we have arranged this proposal to include a resume of our firm, including our available staff, our extensive prior governmental and nonprofit auditing experience and clients to be contacted.

You need a firm that will provide an efficient, cost-effective, high-quality audit within critical time constraints. You need a firm with the prerequisite governmental and nonprofit experience to perform your audit according to stringent legal and regulatory requirements, a firm that understands the complex nature of community development districts and their unique compliance requirements. You need a firm with recognized governmental and nonprofit specialists within the finance and governmental communities. And, certainly, you need a firm that will provide you with valuable feedback to enhance your current and future operations. Berger, Toombs, Elam, Gaines & Frank, Certified Public Accountants, PL is that firm. J. W. Gaines is the person authorized to make representations for the firm.

Thank you again for the opportunity to submit this proposal to Sterling Hill Community Development District.

Very truly yours,



Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

## **PROFILE OF THE PROPOSER**

### **Description and History of Audit Firm**

**Berger, Toombs, Elam, Gaines & Frank, Certified Public Accountants, PL** is a Treasure Coast public accounting firm, which qualifies as a small business firm, as established by the Small Business Administration (13 CFR 121.38), with offices in Fort Pierce and Stuart. We are a member of the Florida Institute of Certified Public Accountants and the American Institute of Certified Public Accountants. The firm was formed from the merger of Edwards, Berger, Harris & Company (originated in 1972) and McAlpin, Curtis & Associates (originated in 1949). J. W. Gaines and Associates (originated in 1979) merged with the firm in 2004. Our tremendous growth rate experienced over the last 71 years is directly attributable to the firm's unrelenting dedication to providing the highest quality, responsive professional services attainable to its clients.

We are a member of the Private Companies Practice Section (PCPS) of the American Institute of Certified Public Accountants (AICPA) to assure we meet the highest standards. Membership in this practice section requires that our firm meet more stringent standards than standard AICPA membership. These rigorous requirements include the requirement of a triennial peer review of our firm's auditing and accounting practice and annual Continuing Professional Education (CPE) for all accounting staff (whether CPA or non-CPA). For standard AICPA membership, only a quality review is required and only CPAs must meet CPE requirements.

We are also a member of the Government Audit Quality Center ("the Center") of the American Institute of Certified Public Accountants to assure the quality of our government audits. Membership in the Center, which is voluntary, requires our firm to comply with additional standards to promote the quality of government audits.

We have been extensively involved in serving local government entities with professional accounting, auditing and consulting services throughout the entire 71 year history of our firm. Our substantial experience over the years makes us uniquely qualified to provide accounting, auditing, and consulting services to these clients. We are a recognized leader in providing services to governmental and nonprofit agencies on the Treasure Coast and in Central and South Florida, with extensive experience in auditing community development districts and water control districts. We were the independent auditors of the City of Fort Pierce for over 37 years and currently, we are the independent auditors for St. Lucie County since 2002, and for 38 of the 42 years that the county has been audited by CPA firms. Additionally, we have performed audits of the City of Stuart, the City of Vero Beach, Indian River County and Martin County. We also presently audit over 75 Community Development Districts throughout Florida.

Our firm was founded on the belief that we are better able to respond to our clients needs through education, experience, independence, quality control, and personal service. Our firm's commitment to quality is reflected in our endeavor of professional excellence via continuing education, the use of the latest computer technology, professional membership in PCPS and peer review.

We believe our approach to audit engagements, intelligence and innovation teamed with sound professional judgment enables us to explore new concepts while remaining sensitive to the fundamental need for practical solutions. We take pride in giving you the assurance that the personal assistance you receive comes from years of advanced training, technical experience and financial acumen.

## Professional Staff Resources

**Berger, Toombs, Elam, Gaines & Frank, Certified Public Accountants, PL** has a total of 32 professional and administrative staff (including 14 professional staff with extensive experience servicing government entities). The work will be performed out of our Fort Pierce office with a proposed staff of one senior accountant and one or two staff accountants supervised by an audit manager and audit partner. With the exception of the directors of the firm's offices, the professional staff is not specifically assigned to any of our individual offices. The professional and administrative staff resources available to you through Berger, Toombs, Elam, Gaines & Frank, Certified Public Accountants, PL are as follows:

	<u>Total</u>
Partners/Directors (CPA's)	5
Principals (CPA)	1
Managers (CPA)	1
Senior/Supervisor Accountants (2 CPA's)	3
Staff Accountants (1 CPA)	9
Computer Specialist	1
Paraprofessional	8
Administrative	<u>4</u>
Total – all personnel	32

Following is a brief description of each employee classification:

**Staff Accountant** – Staff accountants work directly under the constant supervision of the auditor-in-charge and, are responsible for the various testing of documents, account analysis and any other duties as his/her supervisor believes appropriate. Minimum qualification for a staff accountant is graduation from an accredited university or college with a degree in accounting or equivalent.

**Senior Accountant** – A senior accountant must possess all the qualifications of the staff accountant, in addition to being able to draft the necessary reports and financial statements, and supervise other staff accountants when necessary.

**Managers** – A manager must possess the qualifications of the senior accountant, plus be able to work without extensive supervision from the auditor-in-charge. The manager should be able to draft audit reports from start to finish and to supervise the audit team, if necessary.

**Principal** – A principal is a partner/director in training. He has been a manager for several years and possesses the technical skills to act as the auditor-in-charge. A principal has no financial interest in the firm.

**Partner/Director** – The director has extensive governmental auditing experience and acts as the auditor-in-charge. Directors have a financial interest in the firm.

## **Professional Staff Resources (Continued)**

**Independence** – Independence of the public accounting firm, with respect to the audit client, is the foundation from which the public gains its trust in the opinion issued by the public accounting firm at the end of the audit process. This independence must be in appearance as well as in fact. The public must perceive that the accounting firm is independent of the audit entity to ensure that nothing would compromise the opinion issued by the public accounting firm. **Berger, Toombs, Elam, Gaines & Frank, Certified Public Accountants, PL** is independent of Sterling Hill Community Development District, including its elected officials and related parties, at the date of this proposal, as defined by the following rules, regulations, and standards:

AuSection 220 – Statements on Auditing Standards issued by the American Institute of Certified Public Accountants;

ET Sections 101 and 102 – Code of Professional Conduct of the American Institute of Certified Public Accountants;

Chapter 21A-1, Florida Administrative Code;

Section 473.315, Florida Statutes; and,

Government Auditing Standards, issued by the Comptroller General of the United States.

On an annual basis, all members of the firm are required to confirm, in writing, that they have no personal or financial relationships or holding that would impair their independence with regard to the firm's clients.

Independence is a hallmark of our profession. We encourage our staff to use professional judgment in situations where our independence could be impaired or the perception of a conflict of interest might exist. In the governmental sector, public perception is as important as professional standards. Therefore, the utmost care must be exercised by independent auditors in the performance of their duties.

### **Ability to Furnish the Required Services**

As previously noted in the Profile of the Proposer section of this document, our firm has been in existence for over 69 years. We have provided audit services to some clients for over 30 years continually. Our firm is insured against physical loss through commercial insurance and we also carry liability insurance. The majority of our audit documentation is stored electronically, both on our office network and on each employee laptop or computer assigned to each specific job. Our office computer network is backed up on tape, so in the event of a total equipment loss, we can restore all data as soon as replacement equipment is acquired. In addition, our field laptop computers carry the same data and can be used in the event of emergency with virtually no delay in completing the required services.

## **ADDITIONAL SERVICES PROVIDED**

### **Arbitrage Rebate Services**

**Berger, Toombs, Elam, Gaines & Frank, Certified Public Accountants, PL** also provides arbitrage rebate compliance and related services to governmental issuers. The Tax Reform Act of 1986 requires issuers of most tax-exempt obligations to pay (i.e., “rebate”) to the United States government any arbitrage profits. Arbitrage profits are earnings on the investment of bond proceeds and certain other monies in excess of what would have been earned had such monies been invested at a yield equal to the yield on the bonds.

Federal tax law requires that interim rebate calculations and payments are due at the end of every fifth bond year. Final payment is required upon redemption of the bonds. More frequent calculations may be deemed advisable by an issuer’s auditor, trustee or bond counsel or to assure that accurate and current records are available. These more frequent requirements are usually contained in the Arbitrage or Rebate Certificate with respect to the bonds.

Our firm performs a comprehensive rebate analysis and includes the following:

- Verifying that the issue is subject to rebate;
- Calculating the bond yield;
- Identifying, and separately accounting for, all “Gross Proceeds” (as that term is defined in the Code) of the bond issue, including those requiring analysis due to “transferred proceeds” and/or “commingled funds” circumstances;
- Determining what general and/or elective options are available to Gross proceeds of the issue;
- Calculating the issue’s excess investment earning (rebate liability), if any;
- Delivering appropriate documentation to support all calculations;
- Providing an executive summary identifying the methodology employed, major assumptions, conclusions, and any other recommendations for changes in recordkeeping and investment policies;
- Assisting as necessary in the event of an Internal Revenue Service inquiry; and,
- Consulting with issue staff, as necessary, regarding arbitrage related matters.

## **GOVERNMENTAL AUDITING EXPERIENCE**

**Berger, Toombs, Elam, Gaines & Frank, Certified Public Accountants, PL** has been practicing public accounting in Florida for 69 years. Our success over the years has been the result of a strong commitment to providing personalized quality service to our clients.

The current members of our firm have performed audits of over 900 community development districts, and over 1,800 audits of municipalities, counties and other governmental entities such as the City of Fort Pierce and St. Lucie County.

Our firm provides a variety of accounting, auditing, tax litigation support, and consulting services. Some of the professional accounting, auditing and management consulting services that are provided by our firm are listed below:

- Performance of annual financial and compliance audits, including Single Audits of state and federal financial assistance programs, under the provisions of the Single Audit Act, Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), with minimal disruptions to your operations;
- Performance of special compliance audits to ascertain compliance with the applicable local, state and federal laws and regulations;
- Issuance of comfort letters and consent letters in conjunction with the issuance of tax-exempt debt obligations, including compiling financial data and interim period financial statement reviews;
- Calculation of estimated and actual federal arbitrage rebates;
- Assistance in compiling historical financial data for first-time and supplemental submissions for GFOA Certificate of Achievement for Excellence in Financial Reporting;
- Preparation of indirect cost allocation systems in accordance with Federal and State regulatory requirements;
- Providing human resource and employee benefit consulting;
- Performance of automation feasibility studies and disaster recovery plans;
- Performance feasibility studies concerning major fixed asset acquisitions and utility plant expansion plans (including electric, water, pollution control, and sanitation utilities); and
- Assistance in litigation, including testimony in civil and criminal court.
- Assist clients who utilize QuickBooks software with their software needs. Our Certified QuickBooks Advisor has undergone extensive training through QuickBooks and has passed several exams to attain this Certification.

## **Continuing Professional Education**

All members of the governmental audit staff of our firm, and audit team members assigned to this engagement, are in compliance with the Continuing Professional Education (CPE) requirements set forth in Government Auditing Standards issued by the Comptroller General of the United States. In addition, our firm is in compliance with the applicable provisions of the Florida Statutes that require CPA's to have met certain CPE requirements prior to proposing on governmental audit engagements.

## **GOVERNMENTAL AUDITING EXPERIENCE (CONTINUED)**

The audit team has extensive experience in performing governmental audits and is exposed to intensive and continuing concentration on these types of audits. Due to the total number of governmental audits our team performs, each member of our governmental staff must understand and be able to perform several types of governmental audits. It is our objective to provide each professional employee fifty hours or more of comprehensive continuing professional education each year. This is accomplished through attending seminars throughout Florida and is reinforced through in-house training.

Our firm has made a steadfast commitment to professional education. Our active attendance and participation in continuing professional education is a major part of our objective to obtain the most recent knowledge on issues which are of importance to our clients. We are growing on the reputation for work that our firm is providing today.

### **Quality Control Program**

Quality control requires continuing commitment to professional excellence. **Berger, Toombs, Elam, Gaines & Frank, Certified Public Accountants, PL** is formally dedicated to that commitment.

To ensure maintaining the standards of working excellence required by our firm, we joined the Private Companies Practice Section (PCPS) of the American Institute of Certified Public Accountants (AICPA). To be a participating member firm of this practice section, a firm must obtain an independent Peer Review of its quality control policies and procedures to ascertain the firm's compliance with existing auditing standards on the applicable engagements.

The scope of the Peer Review is comprehensive in that it specifically reviews the following quality control policies and procedures of the participating firm:

- Professional, economic, and administrative independence;
- Assignment of professional personnel to engagements;
- Consultation on technical matters;
- Supervision of engagement personnel;
- Hiring and employment of personnel;
- Professional development;
- Advancement;
- Acceptance and continuation of clients; and,
- Inspection and review system.

We believe that our commitment to the program is rewarding not only to our firm, but primarily to our clients.

The external independent Peer Review of the elements of our quality control policies and procedures performed by an independent certified public accountant, approved by the PCPS of the AICPA, provides you with the assurance that we continue to conform to standards of the profession in the conduct of our accounting and auditing practice.

## **GOVERNMENTAL AUDITING EXPERIENCE (CONTINUED)**

Our firm is also a member of Governmental Audit Quality Center (GAQC), a voluntary membership center for CPA firms that perform governmental audits. This center promotes the quality of governmental audits.

Our firm has completed successive Peer Reviews. These reviews included a representative sample of our firm's local governmental auditing engagements. As a result of these reviews, our firm obtained an unqualified opinion on our quality control program and work procedures. On page 31 is a copy of our most recent Peer Review report. It should be noted that we received a pass rating.

Our firm has never had any disciplinary actions by state regulatory bodies or professional organizations.

As our firm performs approximately one hundred fifty audits each year that are reviewed by federal, state or local entities, we are constantly dealing with questions from these entities about our audits. We are pleased to say that any questions that have been raised were minor issues and were easily resolved without re-issuing any reports.

### **Certificate of Achievement for Excellence in Financial Reporting (CAFR)**

We are proud and honored to have been involved with the City of Fort Pierce and the Fort Pierce Utilities Authority when they received their first Certificates of Achievement for Excellence in Financial Reporting for the fiscal years ended September 30, 1988 and 1994, respectively. We were also instrumental in the City of Stuart receiving the award, in our first year of performing their audit, for the year ended September 30, 1999.

We also assisted St. Lucie County, Florida for the year ended September 30, 2003, in preparing their first Comprehensive Annual Financial Report, and St. Lucie County has received their Certificate of Achievement for Excellence in Financial Reporting every year since.

As continued commitment to insuring that we are providing the highest level of experience, we have had at least one employee of our firm serve on the GFOA – Special Review Committee since the mid-1980s. This committee is made up of selective Certified Public Accountants throughout the United States who have demonstrated their high level of knowledge and expertise in governmental accounting. Each committee member attends a special review meeting at the Annual GFOA Conference. At this meeting, the committee reports on the Certificate of Achievement Program's most recent results, future goals, and common reporting deficiencies.

We feel that our previous experience in assisting the City of Fort Pierce, the Fort Pierce Utilities Authority and St. Lucie County obtain their first CAFRs, and the City of Stuart in continuing to receive a CAFR and our firm's continued involvement with the GFOA, and the CAFR review committee make us a valued asset for any client in the field of governmental financial reporting.

## **GOVERNMENTAL AUDIT EXPERIENCE (CONTINUED)**

### References

Terracina Community Development  
District  
Jeff Walker, Special District Services  
(561) 630-4922

Gateway Community Development  
District  
Stephen Bloom, Severn Trent Management  
(954) 753-5841

The Reserve Community Development District  
  
Darrin Mossing, Governmental Management  
Services LLC  
(407) 841-5524

Port of the Islands Community Development  
District  
Cal Teague, Premier District Management  
  
(239) 690-7100 ext 101

In addition to the above, we have the following additional governmental audit experience:

### Community Development Districts

Aberdeen Community Development  
District

Beacon Lakes Community  
Development District

Alta Lakes Community Development  
District

Beaumont Community Development  
District

Amelia Concourse Community  
Development District

Bella Collina Community Development  
District

Amelia Walk Community  
Development District

Bonnet Creek Community  
Development District

Aqua One Community Development  
District

Buckeye Park Community  
Development District

Arborwood Community Development  
District

Candler Hills East Community  
Development District

Arlington Ridge Community  
Development District

Cedar Hammock Community  
Development District

Bartram Springs Community  
Development District

Central Lake Community  
Development District

Baytree Community Development  
District

Channing Park Community  
Development District

**GOVERNMENTAL AUDIT EXPERIENCE (CONTINUED)**

Cheval West Community Development District	Evergreen Community Development District
Coconut Cay Community Development District	Forest Brooke Community Development District
Colonial Country Club Community Development District	Gateway Services Community Development District
Connerton West Community Development District	Gramercy Farms Community Development District
Copperstone Community Development District	Greenway Improvement District
Creekside @ Twin Creeks Community Development District	Greyhawk Landing Community Development District
Deer Run Community Development District	Griffin Lakes Community Development District
Dowden West Community Development District	Habitat Community Development District
DP1 Community Development District	Harbor Bay Community Development District
Eagle Point Community Development District	Harbourage at Braden River Community Development District
East Nassau Stewardship District	Harmony Community Development District
Eastlake Oaks Community Development District	Harmony West Community Development District
Easton Park Community Development District	Harrison Ranch Community Development District
Estancia @ Wiregrass Community Development District	Hawkstone Community Development District

## GOVERNMENTAL AUDIT EXPERIENCE (CONTINUED)

Heritage Harbor Community Development District	Madeira Community Development District
Heritage Isles Community Development District	Marhsall Creek Community Development District
Heritage Lake Park Community Development District	Meadow Pointe IV Community Development District
Heritage Landing Community Development District	Meadow View at Twin Creek Community Development District
Heritage Palms Community Development District	Mediterra North Community Development District
Heron Isles Community Development District	Midtown Miami Community Development District
Heron Isles Community Development District	Mira Lago West Community Development District
Highland Meadows II Community Development District	Montecito Community Development District
Julington Creek Community Development District	Narcoossee Community Development District
Laguna Lakes Community Development District	Naturewalk Community Development District
Lake Bernadette Community Development District	New Port Tampa Bay Community Development District
Lakeside Plantation Community Development District	Overoaks Community Development District
Landings at Miami Community Development District	Panther Trace II Community Development District
Legends Bay Community Development District	Paseo Community Development District
Lexington Oaks Community Development District	Pine Ridge Plantation Community Development District
Live Oak No. 2 Community Development District	Piney Z Community Development District

## GOVERNMENTAL AUDIT EXPERIENCE (CONTINUED)

Poinciana Community Development District	Sampson Creek Community Development District
Poinciana West Community Development District	San Simeon Community Development District
Port of the Islands Community Development District	Six Mile Creek Community Development District
Portofino Isles Community Development District	South Village Community Development District
Quarry Community Development District	Southern Hills Plantation I Community Development District
Renaissance Commons Community Development District	Southern Hills Plantation III Community Development District
Reserve Community Development District	South Fork Community Development District
Reserve #2 Community Development District	St. John's Forest Community Development District
River Glen Community Development District	Stoneybrook South Community Development District
River Hall Community Development District	Stoneybrook South at ChampionsGate Community Development District
River Place on the St. Lucie Community Development District	Stoneybrook West Community Development District
Rivers Edge Community Development District	Tern Bay Community Development District
Riverwood Community Development District	Terracina Community Development District
Riverwood Estates Community Development District	Tison's Landing Community Development District
Rolling Hills Community Development District	TPOST Community Development District
Rolling Oaks Community Development District	

**GOVERNMENTAL AUDIT EXPERIENCE (CONTINUED)**

Triple Creek Community  
Development District

Vizcaya in Kendall  
Development District

TSR Community Development  
District

Waterset North Community  
Development District

Turnbull Creek Community  
Development District

Westside Community Development  
District

Twin Creeks North Community  
Development District

WildBlue Community Development  
District

Urban Orlando Community  
Development District

Willow Creek Community  
Development District

Verano #2 Community  
Development District

Willow Hammock Community  
Development District

Viera East Community  
Development District

Winston Trails Community  
Development District

VillaMar Community  
Development District

Zephyr Ridge Community  
Development District

## **GOVERNMENTAL AUDIT EXPERIENCE (CONTINUED)**

### Other Governmental Organizations

City of Westlake	Office of the Medical Examiner, District 19
Florida Inland Navigation District	Rupert J. Smith Law Library of St. Lucie County
Fort Pierce Farms Water Control District	St. Lucie Education Foundation
Indian River Regional Crime Laboratory, District 19, Florida	Seminole Improvement District
Viera Stewardship District	Troup Indiantown Water Control District

### Current or Recent Single Audits.

St. Lucie County, Florida Early Learning Coalition, Inc. Treasure Coast Food Bank, Inc.	Gateway Services Community Development District
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Members of our audit team have acquired extensive experience from performing or participating in over 2,100 audits of governments, independent special taxing districts, school boards, and other agencies that receive public money and utilize fund accounting.

Much of our firm's auditing experience is with compliance auditing, which is required for publicly financed agencies. In this type of audit, we do a financial examination and also confirm compliance with various statutory and regulatory guidelines.

Following is a summary of our other experience, including Auditor General experience, as it pertains to other governmental and fund accounting audits.

### Counties

(Includes elected constitutional officers, utilities and dependent taxing districts)

Indian River  
Martin  
Okeechobee  
Palm Beach

### Municipalities

City of Port St. Lucie  
City of Vero Beach  
Town of Orchid

## **GOVERNMENTAL AUDIT EXPERIENCE (CONTINUED)**

### Special Districts

Bannon Lakes Community Development District  
Boggy Creek Community Development District  
Capron Trail Community Development District  
Celebration Pointe Community Development District  
Coquina Water Control District  
Diamond Hill Community Development District  
Dovera Community Development District  
Durbin Crossing Community Development District  
Golden Lakes Community Development District  
Lakewood Ranch Community Development District  
Martin Soil and Water Conservation District  
Meadow Pointe III Community Development District  
Myrtle Creek Community Development District  
St. Lucie County – Fort Pierce Fire District  
The Crossings at Fleming Island  
St. Lucie West Services District  
Indian River County Mosquito Control District  
St. John's Water Control District  
Westchase and Westchase East Community Development Districts  
Pier Park Community Development District  
Verandahs Community Development District  
Magnolia Park Community Development District

### Schools and Colleges

Federal Student Aid Programs – Indian River Community College  
Indian River Community College  
Okeechobee County District School Board  
St. Lucie County District School Board

### State and County Agencies

Central Florida Foreign-Trade Zone, Inc. (a nonprofit organization affiliated with the St. Lucie County Board of County Commissioners)  
Florida School for Boys at Okeechobee  
Indian River Community College Crime Laboratory  
Indian River Correctional Institution

## **FEE SCHEDULE**

We propose the fee for our audit services described below to be \$3,865 for the years ended September 30, 2021 and 2022, and \$3,985 for the years ended September 30, 2023, 2024, and 2025. The fee is contingent upon the financial records and accounting systems of Sterling Hill Community Development District being "audit ready" and the financial activity for the District is not materially increased. If we discover that additional preparation work or subsidiary schedules are needed, we will consult with your authorized representative. We can assist with this additional work at our standard rates should you desire.

## **SCOPE OF WORK TO BE PERFORMED**

If selected as the District's auditors, we will perform a financial and compliance audit in accordance with Section 11.45, Florida Statutes, in order to express an opinion on an annual basis on the financial statements of Sterling Hill Community Development District as of September 30, 2021, 2022, 2023, 2024, and 2025. The audits will be performed to the extent necessary to express an opinion on the fairness in all material respects with which the financial statements present the financial position, results of operations and changes in financial position in conformity with generally accepted accounting principles and to determine whether, for selected transactions, operations are properly conducted in accordance with legal and regulatory requirements. Reportable conditions that are also material weaknesses shall be identified as such in the Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Other (non-reportable) conditions discovered during the course of the audit will be reported in a separate letter to management, which will be referred to in the Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters.

Our audit will be performed in accordance with standards for financial and compliance audits contained in *Government Auditing Standards*, as well as in compliance with rules and regulations of audits of special districts as set forth by the State Auditor General in Chapter 10.550, Local Governmental Entity Audits, and other relevant federal, state and county orders, statutes, ordinances, charter, resolutions, bond covenants, Administrative Code and procedures, or rules and regulations which may pertain to the work required in the engagement.

The primary purpose of our audit will be to express an opinion on the financial statements discussed above. It should be noted that such audits are subject to the inherent risk that errors or irregularities may not be detected. However, if conditions are discovered which lead to the belief that material errors, defalcations or other irregularities may exist or if other circumstances are encountered that require extended services, we will promptly notify the appropriate individual.

## ***Commitment to Quality Service***

### **Personnel Qualifications and Experience**

#### **J. W. Gaines, CPA, CITP**

Director – 41 years

#### **Education**

- ◆ Stetson University, B.B.A. – Accounting

#### **Registrations**

- ◆ Certified Public Accountant – State of Florida, State Board of Accountancy
- ◆ Certified Information Technology Professional (CITP) – American Institute of Certified Public Accountants

#### **Professional Affiliations/Community Service**

- ◆ Member of the American and Florida Institutes of Certified Public Accountants
- ◆ Affiliate member Government Finance Officers Association
- ◆ Past President, Vice President-Campaign Chairman, Vice President and Board Member of United Way of St. Lucie County, 1989 - 1994
- ◆ Past President, President Elect, Secretary and Treasurer of the Treasure Coast Chapter of the Florida Institute of Certified Public Accountants, 1988 - 1991
- ◆ Past President of Ft. Pierce Kiwanis Club, 1994 - 95, Member/Board Member since 1982
- ◆ Past President, Vice President and Treasurer of St. Lucie County Chapter of the American Cancer Society, 1980 -1986
- ◆ Member of the St. Lucie County Chamber of Commerce, Member Board of Directors, Treasurer, September 2002 - 2006, Chairman Elect 2007, Chairman 2008, Past Chairman 2009
- ◆ Member Lawnwood Regional Medical Center Board of Trustees, 2000 – Present, Chairman 2013 - Present
- ◆ Member of St. Lucie County Citizens Budget Committee, 2001 – 2002
- ◆ Member of Ft. Pierce Citizens Budget Advisory Committee, 2010 – 2011
- ◆ Member of Ft. Pierce Civil Service Appeals Board, 2013 - Present

#### **Professional Experience**

- ◆ Miles Grant Development/Country Club – Stuart, Florida, July 1975 – October 1976
- ◆ State Auditor General's Office – Public Accounts Auditor – November 1976 through September 1979
- ◆ Director - Berger, Toombs, Elam, Gaines & Frank, Certified Public Accountants PL, responsible for numerous government and nonprofit audits.
- ◆ Over 30 years experience in all phases of public accounting and auditing experience, with a concentration in financial and compliance audits. Mr. Gaines has been involved in all phases of the audits listed on the preceding pages.

## ***Commitment to Quality Service***

### **Personnel Qualifications and Experience**

**J. W. Gaines, CPA, CITP (Continued)**

Director

#### **Continuing Professional Education**

- ◆ Has participated in numerous continuing professional education courses provided by nationally recognized sponsors over the last two years to keep abreast of the latest developments in accounting and auditing such as:
  - Governmental Accounting Report and Audit Update
  - Analytical Procedures, FICPA
  - Annual Update for Accountants and Auditors
  - Single Audit Sampling and Other Considerations

## ***Commitment to Quality Service***

### **Personnel Qualifications and Experience**

#### **David S. McGuire, CPA, CITP**

Accounting and Audit Principal – 18 years

Accounting and Audit Manager – 4 years

Staff Accountant – 11 years

#### **Education**

- ◆ University of Central Florida, B.A. – Accounting
- ◆ Barry University – Master of Professional Accountancy

#### **Registrations**

- ◆ Certified Public Accountant – State of Florida, State Board of Accountancy
- ◆ Certified Information Technology Professional (CITP) – American Institute of Certified Public Accountants
- ◆ Certified Not-For-Profit Core Concepts 2018

#### **Professional Affiliations/Community Service**

- ◆ Member of the American and Florida Institutes of Certified Public Accountants
- ◆ Associate Member, Florida Government Finance Office Associates
- ◆ Assistant Coach – St. Lucie County Youth Football Organization (1994 – 2005)
- ◆ Assistant Coach – Greater Port St. Lucie Football League, Inc. (2006 – 2010)
- ◆ Board Member – Greater Port St. Lucie Football League, Inc. (2011 – 2017)
- ◆ Treasurer, AIDS Research and Treatment Center of the Treasure Coast, Inc. (2000 – 2003)
- ◆ Board Member/Treasurer, North Treasure Coast Chapter, American Red Cross (2004 – 2010)
- ◆ Member/Board Member of Port St. Lucie Kiwanis (1994 – 2001)
- ◆ President (2014/15) of Sunrise Kiwanis of Fort Pierce (2004 – 2017)
- ◆ St. Lucie District School Board Superintendent Search Committee (2013 – present)
- ◆ Board Member – Phrozen Pharoes (2019-2021)

#### **Professional Experience**

- ◆ Twenty-eight years public accounting experience with an emphasis on nonprofit and governmental organizations.
- ◆ Audit Manager in-charge on a variety of audit and review engagements within several industries, including the following government and nonprofit organizations:
  - St. Lucie County, Florida
  - 19<sup>th</sup> Circuit Office of Medical Examiner
  - Troup Indiantown Water Control District
  - Exchange Club Center for the Prevention of Child Abuse, Inc.
  - Healthy Kids of St. Lucie County
  - Mustard Seed Ministries of Ft. Pierce, Inc.
  - Reaching Our Community Kids, Inc.
  - Reaching Our Community Kids - South
  - St. Lucie County Education Foundation, Inc.
  - Treasure Coast Food Bank, Inc.
  - North Springs Improvement District
- ◆ Four years of service in the United States Air Force in computer operations, with a top secret (SCI/SBI) security clearance.

## ***Commitment to Quality Service***

### **Personnel Qualifications and Experience**

#### **David S. McGuire, CPA, CITP (Continued)**

Accounting and Audit Principal

#### **Continuing Professional Education**

- ◆ Mr. McGuire has attended numerous continuing professional education courses and seminars taught by nationally recognized sponsors in the accounting auditing and single audit compliance areas. He has attended courses over the last two years in those areas as follows:

Not-for-Profit Auditing Financial Results and Compliance Requirements

Update: Government Accounting Reporting and Auditing

Annual Update for Accountants and Auditors

# ***Commitment to Quality Service***

<b>Personnel Qualifications and Experience</b>
--

**David F. Haughton, CPA**

Accounting and Audit Manager – 30 years

**Education**

- ◆ Stetson University, B.B.A. – Accounting

**Registrations**

- ◆ Certified Public Accountant – State of Florida, State Board of Accountancy

**Professional Affiliations/Community Service**

- ◆ Member of the American and Florida Institutes of Certified Public Accountants
- ◆ Former Member of Florida Institute of Certified Public Accountants Committee on State and Local Government
- ◆ Affiliate Member Government Finance Officers Association (GFOA) for over 10 years
- ◆ Affiliate Member Florida Government Finance Officers Association (FGFOA) for over 10 years
- ◆ Technical Review – 1997 FICPA Course on State and Local Governments in Florida
- ◆ Board of Directors – Kiwanis of Ft. Pierce, Treasurer – 1994-1999; Vice President – 1999-2001

**Professional Experience**

- ◆ Twenty-seven years public accounting experience with an emphasis on governmental and nonprofit organizations.
- ◆ State Auditor General’s Office – West Palm Beach, Staff Auditor, June 1985 to September 1985
- ◆ Accounting and Audit Manager of Berger, Toombs, Elam, Gaines & Frank, Certified Public Accountants PL, responsible for audit and accounting services including governmental and not-for-profit audits.
- ◆ Over 20 years of public accounting and governmental experience, specializing in governmental and nonprofit organizations with concentration in special districts, including Community Development Districts which provide services including water and sewer utilities. Governmental and non-profit entities served include the following:

**Counties:**

St. Lucie County

**Municipalities:**

City of Fort Pierce

City of Stuart

## ***Commitment to Quality Service***

### **Personnel Qualifications and Experience**

#### **David F. Haughton, CPA (Continued)**

Accounting and Audit Manager

#### **Professional Experience (Continued)**

##### **Special Districts:**

Bluewaters Community Development District  
Country Club of Mount Dora Community Development District  
Fiddler's Creek Community Development District #1 and #2  
Indigo Community Development District  
North Springs Improvement District  
Renaissance Commons Community Development District  
St. Lucie West Services District  
Stoneybrook Community Development District  
Summerville Community Development District  
Terracina Community Development District  
Thousand Oaks Community Development District  
Tree Island Estates Community Development District  
Valencia Acres Community Development District

##### **Non-Profits:**

The Dunbar Center, Inc.  
Hibiscus Children's Foundation, Inc.  
Hope Rural School, Inc.  
Maritime and Yachting Museum of Florida, Inc.  
Tykes and Teens, Inc.  
United Way of Martin County, Inc.  
Workforce Development Board of the Treasure Coast, Inc.

- ◆ While with the Auditor General's Office he was on the staff for the state audits of the Martin County School District and Okeechobee County School District.
- ◆ During 1997 he performed a technical review of the Florida Institute of Certified Public Accountants state CPE course on Audits of State and Local Governments in Florida. His comments were well received by the author and were utilized in future updates to the course.

#### **Continuing Professional Education**

- ◆ During the past several years, he has participated in numerous professional development training programs sponsored by the AICPA and FICPA, including state conferences on special districts and governmental auditing in Florida. He averages in excess of 100 hours bi-annually of advanced training which exceeds the 80 hours required in accordance with the continuing professional education requirements of the Florida State Board of accountancy and the AICPA Private Companies Practice Section. He has over 75 hours of governmental CPE credit within the past two years.

## ***Commitment to Quality Service***

### **Personnel Qualifications and Experience**

#### **Matthew Gonano, CPA**

Senior Staff Accountant – 10 years

#### **Education**

- ◆ University of North Florida, B.B.A. – Accounting
- ◆ University of Alicante, Spain – International Business
- ◆ Florida Atlantic University – Masters of Accounting

#### **Professional Affiliations/Community Service**

- ◆ American Institute of Certified Public Accountants
- ◆ Florida Institute of Certified Public Accountants

#### **Professional Experience**

- ◆ Senior Accountant with Berger, Toombs, Elam, Gaines, & Frank providing professional services to nonprofit and governmental entities.
- ◆ Performed audits of nonprofit and governmental organizations in accordance with Governmental Accounting Auditing Standards (GAAS)
- ◆ Performed Single Audits of nonprofit organizations in accordance with OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations.

#### **Continuing Professional Education**

- ◆ Mr. Gonano has participated in numerous continuing professional education courses.

## ***Commitment to Quality Service***

### **Personnel Qualifications and Experience**

#### **Paul Daly**

Staff Accountant – 9 years

#### **Education**

- ◆ Florida Atlantic University, B.S. – Accounting

#### **Professional Experience**

- ◆ Staff Accountant with Berger, Toombs, Elam, Gaines, & Frank providing professional services to nonprofit and governmental entities.

#### **Continuing Professional Education**

- ◆ Working to attain the requirements to take the Certified Public Accounting (CPA) exam.

## ***Commitment to Quality Service***

### **Personnel Qualifications and Experience**

#### **Melissa Marlin**

Senior Staff Accountant – 7 years

#### **Education**

- ◆ Indian River State College, A.A. – Accounting
- ◆ Florida Atlantic University, B.B.A. – Accounting

#### **Professional Experience**

- ◆ Staff accountant with Berger, Toombs, Elam, Gaines, & Frank providing professional services to nonprofit and governmental entities.

#### **Continuing Professional Education**

- ◆ Mrs. Marlin participates in numerous continuing professional education courses provided by nationally recognized sponsors to keep abreast of the latest developments.
- ◆ Mrs. Marlin is currently studying to pass the CPA exam.

## ***Commitment to Quality Service***

### **Personnel Qualifications and Experience**

#### **Bryan Snyder**

Staff Accountant – 5 years

#### **Education**

- ◆ Florida Atlantic University, B.B.A. – Accounting

#### **Professional Experience**

- ◆ Accountant beginning his professional auditing career with Berger, Toombs, Elam, Gaines, & Frank.
- ◆ Mr. Snyder is gaining experience auditing governmental & nonprofit entities.

#### **Continuing Professional Education**

- ◆ Mr. Snyder participates in numerous continuing education courses and plans on working to acquire his CPA certificate.
- ◆ Mr. Snyder is currently studying to pass the CPA exam.

## ***Commitment to Quality Service***

### **Personnel Qualifications and Experience**

#### **Maritza Stonebraker**

Staff Accountant – 4 years

#### **Education**

- ◆ Indian River State College, B.S.A. – Accounting

#### **Professional Experience**

- ◆ Staff Accountant beginning her professional auditing career with Berger, Toombs, Elam, Gaines, & Frank.

#### **Continuing Professional Education**

- ◆ Mrs. Stonebraker participates in numerous continuing education courses and plans on acquiring her CPA.
- ◆ Mrs. Stonebraker is currently studying to pass the CPA exam.

## ***Commitment to Quality Service***

### **Personnel Qualifications and Experience**

#### **Jonathan Herman, CPA**

Senior Staff Accountant – 7 years

#### **Education**

- ◆ University of Central Florida, B.S. – Accounting
- ◆ Florida Atlantic University, MACC

#### **Professional Experience**

- ◆ Accounting graduate with five years experience with Berger, Toombs, Elam, Gaines, & Frank providing professional services to nonprofit and governmental entities.

#### **Continuing Professional Education**

- ◆ Mr. Herman participates in numerous continuing professional education courses provided by nationally recognized sponsors to keep abreast of the latest developments.

## ***Commitment to Quality Service***

### **Personnel Qualifications and Experience**

#### **Sean Stanton, CPA**

Staff Accountant – 4 years

#### **Education**

- ◆ University of South Florida, B.S. – Accounting
- ◆ Florida Atlantic University, M.B.A. – Accounting

#### **Professional Experience**

- ◆ Staff accountant with Berger, Toombs, Elam, Gaines, & Frank auditing governmental and non-profit entities.

#### **Continuing Professional Education**

- ◆ Mr. Stanton participates in numerous continuing professional education courses provided by nationally recognized sponsors to keep abreast of the latest developments.

## ***Commitment to Quality Service***

<b>Personnel Qualifications and Experience</b>
--

### **Taylor Nuccio**

Staff Accountant – 3 years

#### **Education**

- ◆ Indian River State College, B.S.A. – Accounting

#### **Professional Experience**

- ◆ Staff Accountant with Berger, Toombs, Elam, Gaines, & Frank providing professional services to nonprofit and governmental entities.

#### **Continuing Professional Education**

- ◆ Ms. Nuccio participates in numerous continuing professional education courses provided by nationally recognized sponsors to keep abreast of the latest developments.
- ◆ Ms. Nuccio is currently working towards completing an additional 30 hours of education to qualify to sit for CPA exam.

## ***Commitment to Quality Service***

<b>Personnel Qualifications and Experience</b>
--

### **Kirk Vasser**

Staff Accountant – 1 year

### **Education**

- ◆ Indian River State College, B.S.A. – Accounting

### **Professional Experience**

- ◆ Staff Accountant with Berger, Toombs, Elam, Gaines, & Frank providing professional services to nonprofit and governmental entities.

### **Continuing Professional Education**

- ◆ Mr. Vasser participates in numerous continuing professional education courses provided by nationally recognized sponsors to keep abreast of the latest developments.
- ◆ Mr. Vasser is currently working towards completing an additional 30 hours of education to qualify to sit for CPA exam.

## ***Commitment to Quality Service***

### **Personnel Qualifications and Experience**

#### **Madison Ballash**

Staff Accountant – 1 year

#### **Education**

- ◆ Indian River State College, B.S.A. – Accounting (May 2020)

#### **Professional Experience**

- ◆ Staff Accountant with Berger, Toombs, Elam, Gaines, & Frank providing professional services to nonprofit and governmental entities.

#### **Continuing Professional Education**

- ◆ Ms. Ballash participates in numerous continuing professional education courses provided by nationally recognized sponsors to keep abreast of the latest developments.
- ◆ Ms. Ballash is currently working towards completing an additional 30 hours of education to qualify to sit for CPA exam.



Judson B. Baggett 6815 Dairy Road  
MBA, CPA, CVA, Partner Zephyrhills, FL 33542  
Marci Reutimann (813) 788-2155  
CPA, Partner (813) 782-8606

### Report on the Firm's System of Quality Control

To the Partners  
Berger, Toombs, Elam, Gaines & Frank, CPAs, PL  
and the Peer Review Committee of the Florida Institute of Certified Public Accountants

October 30, 2019

We have reviewed the system of quality control for the accounting and auditing practice of Berger, Toombs, Elam, Gaines & Frank, CPAs, PL, (the firm), in effect for the year ended May 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [aicpa.org/prsummary](http://aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

#### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

#### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control, and the firm's compliance therewith based on our review.

#### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

#### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Berger, Toombs, Elam, Gaines & Frank, CPAs, PL, in effect for the year ended May 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Berger, Toombs, Elam, Gaines & Frank, CPAs, PL has received a peer review rating of *pass*.

*Baggett, Reutimann & Associates, CPAs PA*  
BAGGETT, REUTIMANN & ASSOCIATES, CPAs, PA  
Signed: E. Reutimann by: J. Baggett, Reutimann & Associates, CPAs, PA, (NY 1863) email: [jsr@baggettcpa.com](mailto:jsr@baggettcpa.com)

**STERLING HILL COMMUNITY DEVELOPMENT DISTRICT  
REQUEST FOR PROPOSALS**

**District Auditing Services for Fiscal Years Ending  
September 30, 2021, 2022, 2023, 2024 & 2025  
Pasco County, Florida**

**INSTRUCTIONS TO PROPOSERS**

**SECTION 1. DUE DATE.** Sealed proposals must be received no later than April 5, 2021 at 12:00 p.m., at the office of the District Manager, Rizzetta & Company, Inc., located at 5844 Old Pasco Road, Suite 100, Wesley Chapel, FL 33544. Proposals will be publicly opened at that time.

**SECTION 2. FAMILIARITY WITH THE LAW.** By submitting a proposal, the Proposer is assumed to be familiar with all federal, state, and local laws, ordinances, rules and regulations that in any manner affect the work. Ignorance on the part of the Proposer will in no way relieve it from responsibility to perform the work covered by the proposal in compliance with all such laws, ordinances and regulations.

**SECTION 3. QUALIFICATIONS OF PROPOSER.** The contract, if awarded, will only be awarded to a responsible Proposer who is qualified by experience and licensing to do the work specified herein. The Proposer shall submit with its proposal satisfactory evidence of experience in similar work and show that it is fully prepared to complete the work to the satisfaction of the District.

**SECTION 4. SUBMISSION OF ONLY ONE PROPOSAL.** Proposers shall be disqualified and their proposals rejected if the District has reason to believe that collusion may exist among the Proposers, the Proposer has defaulted on any previous contract or is in arrears on any previous or existing contract, or for failure to demonstrate proper licensure and business organization.

**SECTION 5. SUBMISSION OF PROPOSAL.** Submit one (1) copy of the Proposal Documents, and other requested attachments at the time and place indicated herein, which shall be enclosed in an opaque sealed envelope, marked with the title "Auditing Services – Sterling Hill Community Development District" on the face of it.

**SECTION 6. MODIFICATION AND WITHDRAWAL.** Proposals may be modified or withdrawn by an appropriate document duly executed and delivered to the place where proposals are to be submitted at any time prior to the time and date the proposals are due. No proposal may be withdrawn after opening for a period of ninety (90) days.

**SECTION 7. PROPOSAL DOCUMENTS.** The proposal documents shall consist of the notice announcing the request for proposals, these instructions, the Evaluation Criteria Sheet and a proposal with all required documentation pursuant to Section 12 of these instructions (the "Proposal Documents").

**SECTION 8. PROPOSAL.** In making its proposal, each Proposer represents that it has read and understands the Proposal Documents and that the proposal is made in accordance therewith.

**SECTION 9. BASIS OF AWARD/RIGHT TO REJECT.** The District reserves the right to reject any and all proposals, make modifications to the work, and waive any informalities or irregularities in proposals as it is deemed in the best interests of the District. **SECTION 10. CONTRACT AWARD.** Within fourteen (14) days of receipt of the Notice of Award from the District, the Proposer shall enter into and execute a Contract (engagement letter) with the District.

**SECTION 11. LIMITATION OF LIABILITY.** Nothing herein shall be construed as or constitute a waiver of District's limited waiver of liability contained in section 768.28, Florida Statutes, or any other statute or law.

**SECTION 12. MISCELLANEOUS.** All proposals shall include the following information in addition to any other requirements of the proposal documents.

- A. List position or title of all personnel to perform work on the District audit. Include resumes for each person listed; list years of experience in present position for each party listed and years of related experience.
- B. Describe proposed staffing levels, including resumes with applicable certifications.
- C. Three references from projects of similar size and scope. The Proposer should include information relating to the work it conducted for each reference, as well as a name, address and phone number of a contact person.
- D. The lump sum cost of the provision of the services under the proposal.

**SECTION 13. PROTESTS.** Any protest regarding the Proposal Documents, must be filed in writing, at the offices of the District Manager, within seventy-two (72) hours after the receipt of the proposed contract documents. The formal protest setting forth with particularity the facts and law upon which the protest is based shall be filed within seven (7) calendar days after the initial notice of protest was filed. Failure to timely file a notice of protest or failure to timely file a formal written protest shall constitute a waiver of any right to object or protest with respect to aforesaid plans, specifications or contract documents.

**SECTION 14. EVALUATION OF PROPOSALS.** The criteria to be used in the evaluation of proposals are presented in the Evaluation Criteria Sheet, contained within the Proposal Documents.

**AUDITOR SELECTION  
EVALUATION CRITERIA**

**1. Ability of Personnel. (20 Points)**

(e.g., geographic locations of the firm’s headquarters or permanent office in relation to the project; capabilities and experience of key personnel; present ability to manage this project; evaluation of existing work load; proposed staffing levels, etc.)

**2. Proposer’s Experience. (20 Points)**

(e.g. past record and experience of the Proposer in similar projects; volume of work previously performed by the firm; past performance for other Community Development Districts in other contracts; character, integrity, reputation, of respondent, etc.)

**3. Understanding of Scope of Work. (20 Points)**

Extent to which the proposal demonstrates an understanding of the District’s needs for the services requested.

**4. Ability to Furnish the Required Services. (20 Points)**

Extent to which the proposal demonstrates the adequacy of Proposer’s financial resources and stability as a business entity necessary to complete the services required (e.g. the existence of any natural disaster plan for business operations).

**5. Price (20 Points)**

Points will be awarded based upon the price bid for the rendering of the services and reasonableness of the price to the services.

**Total (100 Points)**

## **Tab 4**



To the Board of Supervisors  
*Sterling Hill Community Development District*

We have audited the financial statements of Sterling Hill Community Development District as of and for the year ended September 30, 2020, and have issued our report thereon dated March 24, 2021. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated October 14, 2020, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated March 24, 2021.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

**Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

**Qualitative Aspects of the Entity's Significant Accounting Practices**

*Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, during the year, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. There was no effect on beginning net position. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

*Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are.

Management's estimate of depreciation is based on the estimated useful lives of the capital assets. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Management estimated an allowance for uncollectible receivables to reserve for amounts that had not yet been collected. We evaluated this estimate and determined that it is reasonable in relation to the financial statements taken as a whole.

#### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of nonpayment of debt service and reserve deficiencies in Notes 5 and 7.

#### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

#### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

#### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

#### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated March 24, 2021.

#### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

#### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

This report is intended solely for the information and use of the Board and management of Sterling Hill Community Development District and is not intended to be and should not be used by anyone other than these specified parties.

*McDiarmid Davis*

Orlando, Florida  
March 24, 2021

# STERLING HILL COMMUNITY DEVELOPMENT DISTRICT

DISTRICT OFFICE · 5844 Old Pasco Rd Suite 100, Wesley Chapel, FL 33544

March 24, 2021

McDermitt Davis, LLC  
934 North Magnolia Ave, Suite 100  
Orlando, FL 32803

This representation letter is provided in connection with your audit of the governmental activities and each major fund of the Sterling Hill Community Development District as of September 30, 2020 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, and results of operations of the various opinion units of Sterling Hill Community Development District in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of March 24, 2021.

## Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated November 17, 2020 for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- There is no summary of unrecorded misstatements since all adjustments proposed by the auditor, material and immaterial, have been recorded.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.

- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- We have reviewed capital assets and infrastructure for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable and have appropriately recorded the adjustment, if necessary.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- With respect to nonattest services provided, drafting the financial statements, we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and
  - Established and maintained internal controls, including monitoring ongoing activities.

#### Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- Sterling Hill Community Development District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which Sterling Hill Community Development District is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
  - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- Sterling Hill Community Development District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Signed: 

Title: **Manager, District Accounting Services**

# **Financial Statements**

**September 30, 2020**

**Sterling Hill Community  
Development District**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
*Sterling Hill Community Development District*

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, and each major fund of the *Sterling Hill Community Development District* (the "District"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

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, 2020, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis starting on page 3, be presented to supplement the basic financial statements. Such information, 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**

As discussed in Note 7, due to the nonpayment of assessments by certain significant landowners, the District has been unable to make its debt service payments on the Series 2003 Bonds and the Series 2006 Bonds. Events of default were declared on these bonds. As a result, the Special Purpose Entities discussed in Note 7 were created to own, manage and sell the property subject to the delinquent assessments.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated March 24, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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.

A handwritten signature in black ink that reads "McDiarmid Davis". The signature is written in a cursive, slightly slanted style.

Orlando, Florida  
March 24, 2021

Our discussion and analysis of the *Sterling Hill Community Development District's*, (the "District") financial accomplishments provide an overview of the District's financial activities for the year ended September 30, 2020. Please read it in conjunction with the District's Independent Auditor's Report, financial statements and accompanying notes.

This information is being presented to provide additional information regarding the activities of the District and to meet the disclosure requirements of Government Accounting Standards Board Statement (GASB) No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued June 1999.

### **Financial Highlights**

- The liabilities of the District exceeded its assets at September 30, 2020 by \$1,064,095 an increase in net position of \$3,922,390 in comparison with the prior year.
- At September 30, 2020, the District's governmental funds reported negative fund balances of \$2,682,938 an increase in the fund balance of \$1,745,687 in comparison with the prior year.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the *Sterling Hill Community Development District's* financial statements. The District's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 assessment revenues. The District does not have any business-type activities. The governmental activities of the District include general government, physical environment, culture and recreation, public safety and roads and streets related 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.

*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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two individual governmental funds. 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 and debt service fund which are considered to be 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 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**

*Statement of Net Position*

The District's net position was a deficit of \$(1,064,095) at September 30, 2020. The analysis that follows focuses on the net position of the District's governmental activities.

	<u>2020</u>	<u>2019</u>
Assets, excluding capital assets	\$ 2,159,954	\$ 1,804,149
Capital Assets Net of Depreciation	<u>10,805,960</u>	<u>11,994,171</u>
<b>Total assets</b>	<u>12,965,914</u>	<u>13,798,320</u>
Liabilities, excluding long-term liabilities	5,180,009	6,659,805
Long-term liabilities	<u>8,850,000</u>	<u>12,125,000</u>
<b>Total liabilities</b>	<u>14,030,009</u>	<u>18,784,805</u>
Net Position:		
Net investment in capital assets	855,604	(889,505)
Unrestricted	<u>(1,919,699)</u>	<u>(4,096,980)</u>
<b>Total net position</b>	<u>\$ (1,064,095)</u>	<u>\$ (4,986,485)</u>

Sterling Hill Community Development District  
**Management's Discussion and Analysis**

The following is a summary of the District's governmental activities for the fiscal years ended September 30, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Revenues:		
Program revenues	\$ 2,316,272	\$ 2,200,583
General revenues	6,819	17,566
Gain from lot sales	693,968	-
Special item - debt forgiveness	4,048,539	-
<b>Total revenues</b>	<u>7,065,598</u>	<u>2,218,149</u>
Expenses:		
General government	166,616	200,449
Physical environment	804,499	745,215
Culture and recreation	790,042	818,157
Public safety	41,219	52,304
Roads and streets	614,531	579,950
Interest on long-term debt	726,301	1,032,011
<b>Total expenses</b>	<u>3,143,208</u>	<u>3,428,086</u>
Change in net position	3,922,390	(1,209,937)
Net position, beginning	(4,986,485)	(3,776,548)
<b>Net position, ending</b>	<u>\$ (1,064,095)</u>	<u>\$ (4,986,485)</u>

The cost of all governmental activities during the year ended September 30, 2020 was \$3,143,208 primarily comprised of physical environment and culture and recreation expense.

**Financial Analysis of the Government's Funds**

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At September 30, 2020, the District's governmental funds reported combined ending fund balance deficit of (\$2,682,938). Of this total, \$66,885 is nonspendable, \$965,421 is restricted for capital outlay and the remainder is an unassigned fund balance of (\$3,715,244).

The fund balance of the general fund increased \$276,874 from the prior year due to revenues exceeding expenditures. In the current year, the debt service fund balance increased by \$1,468,813 because of the cancellation of the 2006 bonds and lot sales.

### **General Fund Budgetary Highlights**

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. There were no amendments to the general fund budget. The legal level of budgetary control is at the fund level.

### **Capital Asset and Debt Administration**

#### *Capital Assets*

At September 30, 2020, the District had \$10,805,960 invested in capital assets net of accumulated depreciation. More detailed information about the District's capital assets is presented in the notes to financial statements.

#### *Capital Debt*

At September 30, 2020, the District had \$13,630,000 in bonds outstanding, including \$4,780,000 of matured bonds payable. More detailed information about the District's capital debt is presented in the notes to financial statements.

### **Requests for Information**

If you have questions about this report or need additional financial information, contact the *Sterling Hill Community Development District's* Finance Department at 12750 Citrus Park Lane, Suite 115, Tampa, Florida 33625.

## FINANCIAL STATEMENTS

Sterling Hill Community Development District  
**Statement of Net Position**  
September 30, 2020

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash	\$ 1,433,628
Prepaid costs	36,822
Deposits	30,063
Restricted Assets:	
Temporarily restricted investments	659,441
Capital Assets:	
Capital assets not being depreciated	1,500,000
Capital assets being depreciated, net	9,305,960
<b>Total assets</b>	<b>12,965,914</b>
<b>Liabilities:</b>	
Accounts payable and accrued expenses	54,535
Accrued interest payable	337,117
Matured bonds payable	4,780,000
Unearned revenues	8,357
Noncurrent Liabilities:	
Due within one year	375,000
Due in more than one year	8,475,000
<b>Total liabilities</b>	<b>14,030,009</b>
<b>Net Position:</b>	
Net investment in capital assets	855,604
Unrestricted	(1,919,699)
<b>Total net position</b>	<b>\$ (1,064,095)</b>

Sterling Hill Community Development District  
**Statement of Activities**  
Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenue		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental Activities:				
General government	\$ 166,616	\$ 99,425	\$ -	\$ (67,191)
Physical environment	804,499	480,065	-	(324,434)
Culture and recreation	790,042	518,070	-	(271,972)
Public safety	41,219	24,596	-	(16,623)
Roads and streets	614,531	361,278	-	(253,253)
Interest on long-term debt	726,301	826,449	6,389	106,537
<b>Total governmental activities</b>	<b>\$ 3,143,208</b>	<b>\$ 2,309,883</b>	<b>\$ 6,389</b>	<b>(826,936)</b>
General Revenues and Special Items:				
				6,819
				4,048,539
				693,968
				<b>4,749,326</b>
				<b>3,922,390</b>
				<b>(4,986,485)</b>
				<b>\$ (1,064,095)</b>

Sterling Hill Community Development District  
**Balance Sheet**  
**Governmental Funds**  
September 30, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Cash	\$ 1,433,628	\$ -	\$ 1,433,628
Investments	-	659,441	659,441
Prepaid costs	36,822	-	36,822
Deposits	30,063	-	30,063
<b>Total assets</b>	<u>\$ 1,500,513</u>	<u>\$ 659,441</u>	<u>\$ 2,159,954</u>
<b>Liabilities and Fund Balances:</b>			
Liabilities:			
Accounts payable and accrued expenses	\$ 54,535	\$ -	\$ 54,535
Unearned revenue	8,357	-	8,357
Matured bonds payable	-	4,780,000	4,780,000
<b>Total liabilities</b>	<u>62,892</u>	<u>4,780,000</u>	<u>4,842,892</u>
Fund Balances:			
Nonspendable	66,885	-	66,885
Restricted for capital projects	965,421	-	965,421
Unassigned	405,315	(4,120,559)	(3,715,244)
<b>Total fund balances (deficit)</b>	<u>1,437,621</u>	<u>(4,120,559)</u>	<u>(2,682,938)</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,500,513</u>	<u>\$ 659,441</u>	

**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 in the funds.	10,805,960
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Accrued interest payable	(337,117)
Long-term liabilities	<u>(8,850,000)</u>
Net position of governmental activities	<u>\$ (1,064,095)</u>

Sterling Hill Community Development District  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
Year Ended September 30, 2020

	<b>General</b>	<b>Debt Service</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
Special assessments	\$ 1,442,230	\$ 810,890	\$ 2,253,120
Special assessments - prepayments	-	15,559	15,559
Investment and other income	48,023	6,389	54,412
<b>Total revenues</b>	<b>1,490,253</b>	<b>832,838</b>	<b>2,323,091</b>
<b>Expenditures:</b>			
Current:			
General government	140,285	26,331	166,616
Physical environment	508,739	-	508,739
Culture and recreation	366,086	-	366,086
Public safety	41,219	-	41,219
Roads and streets	75,710	-	75,710
Debt Service:			
Principal	-	350,000	350,000
Interest	-	816,215	816,215
Capital Outlay	70,326	-	70,326
<b>Total expenditures</b>	<b>1,202,365</b>	<b>1,192,546</b>	<b>2,394,911</b>
<b>Excess (Deficit) of revenues over expenditures</b>	<b>287,888</b>	<b>(359,708)</b>	<b>(71,820)</b>
<b>Other Financing Sources (Uses) :</b>			
Gain on bond forgiveness	-	1,123,539	1,123,539
Gain from lot sales	-	693,968	693,968
Transfers in	-	11,014	11,014
Transfers out	(11,014)	-	(11,014)
<b>Total other financing sources (uses)</b>	<b>(11,014)</b>	<b>1,828,521</b>	<b>1,817,507</b>
<b>Net change in fund balances</b>	<b>276,874</b>	<b>1,468,813</b>	<b>1,745,687</b>
<b>Fund balances (deficit), beginning of year</b>	<b>1,160,747</b>	<b>(5,589,372)</b>	<b>(4,428,625)</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ 1,437,621</b>	<b>\$ (4,120,559)</b>	<b>\$ (2,682,938)</b>

Sterling Hill Community Development District  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities**  
Year Ended September 30, 2020

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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balances - total governmental funds \$ 1,745,687

Governmental Funds report outlays for Capital Assets as expenditures because such outlays use current financial resources; however, in the statement of net position the cost of those assets is recorded as capital assets.

Capitalized assets	70,326	
Depreciation expense	<u>(1,258,537)</u>	(1,188,211)

The issuance of long term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt uses current financial resources of governmental funds. Neither transaction however has any effect on net position.

Reclassification to matured bonds payable		350,000
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The cancellation of liabilities not due and payable from current resources is not reported in the fund level statement		2,925,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest		<u>89,914</u>
Change in Net Position of Governmental Activities		<u><u>\$ 3,922,390</u></u>

Sterling Hill Community Development District  
**Statement of Revenues, Expenditures and Changes in  
Fund Balance Budget and Actual - General Fund**  
Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Special assessments	\$ 1,341,432	\$ 1,341,432	\$ 1,442,230	\$ 100,798
Investment and other income	35,000	35,000	48,023	13,023
<b>Total revenues</b>	<b>1,376,432</b>	<b>1,376,432</b>	<b>1,490,253</b>	<b>113,821</b>
<b>Expenditures:</b>				
Current:				
General government	160,883	160,883	140,285	20,598
Physical environment	560,993	560,993	508,739	52,254
Culture and recreation	396,582	396,582	366,086	30,496
Public safety	55,000	55,000	41,219	13,781
Roads and streets	150,382	150,382	75,710	74,672
Capital Outlay	52,592	52,592	70,326	(17,734)
<b>Total expenditures</b>	<b>1,376,432</b>	<b>1,376,432</b>	<b>1,202,365</b>	<b>174,067</b>
Excess (deficit) of revenues over expenditures	-	-	287,888	287,888
<b>Other Financing Sources (Uses):</b>				
Transfers Out	-	-	(11,014)	(11,014)
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>(11,014)</b>	<b>(11,014)</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>276,874</b>	<b>276,874</b>
Fund balance, beginning	1,160,747	1,160,747	1,160,747	-
<b>Fund balance, ending</b>	<b>\$ 1,160,747</b>	<b>\$ 1,160,747</b>	<b>\$ 1,437,621</b>	<b>\$ 276,874</b>

**NOTES TO FINANCIAL STATEMENTS**

## **NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Reporting Entity**

The *Sterling Hill Community Development District*, (the “District”) was established on March 20, 2003, 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, the power to borrow money and issue bonds, and the power to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure. The District was established for the purpose 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 (the “Board”), which is composed of five members. All are elected on an at large basis by qualified electors who reside in the District. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has final responsibility for:

1.        Allocating and levying assessments.
2.        Approving budgets.
3.        Exercising control over facilities and properties.
4.        Controlling the use of funds generated by the District.
5.        Approving the hiring and firing of key personnel.
6.        Financing improvements.

The financial statements were prepared in accordance with GASB Statements 14, 39 and 61. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. Management has determined that there are no entities to be considered a component unit of the District.

### **Government-Wide and Fund Financial Statements**

The 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, 2) grants, contributions and investment earnings that are restricted to meeting the operational or capital requirements of a particular function or segment and 3) operating-type special assessments that are treated as charges for services (including assessments for maintenance and debt service). Other items not included among program revenues are reported instead as *general revenues*.

### **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 recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

**NOTE 1                    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for Developer receivables for retainage, which are collected from the Developer when the amount is due to the contractor. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assessments, including debt service assessments and operation and maintenance assessments, are non-ad valorem assessments imposed on all lands located within the District and benefited by the District's activities. Operation and maintenance special assessments are levied by the District prior to the start of the fiscal year which begins October 1<sup>st</sup> and ends on September 30<sup>th</sup>. These assessments are imposed upon all benefited lands located in the District. Debt service special assessments are imposed upon certain lots and lands as described in each resolution imposing the special assessment for each series of bonds issued by the District. Certain debt service assessments are collected upon the closing of those lots subject to short term debt and are used to prepay a portion of the bonds outstanding.

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following governmental funds:

*General Fund*

Is the District's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

*Debt Service Fund*

Accounts for the accumulation of resources for the annual payment of principal and interest on long-term debt.

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 District's policy to use restricted resources first, then unrestricted resources as they are needed.

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance:**

*Restricted Assets*

These assets represent cash and investments set aside pursuant to bond covenants.

*Deposits and Investments*

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

Investments of the District are reported at fair value and are categorized within the fair value hierarchy established in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The District's investments consist of investments authorized in accordance with Section 218.415, Florida Statutes.

*Prepaid Items*

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

**NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Capital Assets*

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District 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:

<b>Assets</b>	<b>Years</b>
Roadways and Streetlights	20
Water Management Control	25
Security and Landscaping	15
Recreational Facilities	30
Equipment	5-10

*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 using the straight-line method. Bonds payable are reported net of premiums or discounts. Issuance costs are reported as expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discount 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 are reported as expenditures.

*Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any item that qualifies for reporting in this category for the year ended September 30, 2020.

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. The District does not have any item that qualifies for reporting in this category for the year ended September 30, 2020.

*Net Position Flow Assumption*

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Fund Balance Flow Assumptions*

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

*Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes fund balance amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Supervisors is the highest level of decision-making authority for the government that can, by adoption of an ordinance or resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board of Supervisors has authorized the District Manager to assign amounts for specific purposes. The Board of Supervisors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above an additional action is essential to either remove or revise a commitment.

**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.

**New Accounting Standards**

In fiscal year 2020, the District implemented Government Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of provisions in certain other statements. There was no effect on beginning balances of the District for implementation of this Statement.

## **NOTE 2                    STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **Budgetary Information**

The District is required to establish a budgetary system and an approved annual budget for the General Fund. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at the fiscal year end. The legal level of budgetary control is at the fund level. Any budget amendments that increase the aggregate budgeted appropriations, at the fund level, must be approved by the Board of Supervisors.

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

1. Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
2. A public hearing is conducted to obtain comments.
3. Prior to October 1, the budget is legally adopted by the District Board.
4. All budget changes must be approved by the District Board.
5. The budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

## **NOTE 3                    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 categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The District uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted prices for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable, and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the District's own data in measuring unobservable inputs.

The District has the following recurring fair value measurements as of September 30, 2020:

- Money market mutual funds of \$659,441 are valued using Level 2 inputs.

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

Investments made by the District at September 30, 2020 are summarized below. In accordance with GASB 31, investments are reported at fair value.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity</u>
US Bank Money Market Fund	\$ 659,441	NA	NA
	<u>\$ 659,441</u>		

*Credit Risk:*

The District's investment policy limits credit risk by restricting authorized investments to those described. Investments in U.S. Government securities and agencies must be backed by the full faith and credit of the United States Government. Short term bond funds shall be rated by a nationally recognized ratings agency and shall maintain the highest credit quality rating. Investment ratings by investment type are included in the preceding summary of investments.

*Custodial Credit Risk:*

In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2020, all of the District's bank deposits were in qualified public depositories.

For an investment, this is the risk that, in the event of the failure of the counterparty, the government 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, 2020, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

*Concentration of Credit 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. The District manages its exposure to declines in fair values by investing primarily in pooled investments that have a weighted average maturity of less than three months.

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2020 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Capital Assets not Being Depreciated:				
Land	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000
Construction work in progress	91,044	70,326	(161,370)	-
<b>Total capital assets not being depreciated</b>	<b>1,591,044</b>	<b>70,326</b>	<b>(161,370)</b>	<b>1,500,000</b>
Capital Assets Being Depreciated:				
Roadways and streetlights	10,776,425	-	-	10,776,425
Water Management Control	7,042,774	-	-	7,042,774
Security and landscaping	4,572,944	-	-	4,572,944
Recreational facilities	2,922,143	137,507	-	3,059,650
Equipment	197,115	23,863	-	220,978
Vehicles	37,085	-	-	37,085
<b>Total capital assets being depreciated</b>	<b>25,548,486</b>	<b>161,370</b>	<b>-</b>	<b>25,709,856</b>
Less Accumulated Depreciation for:				
Roadways and streetlights	(6,716,894)	(538,821)	-	(7,255,715)
Water Management Control	(3,540,945)	(281,711)	-	(3,822,656)
Security and landscaping	(3,601,112)	(306,817)	-	(3,907,929)
Recreational facilities	(1,116,038)	(117,139)	-	(1,233,177)
Equipment	(137,935)	(11,514)	-	(149,449)
Vehicles	(32,435)	(2,535)	-	(34,970)
<b>Total Accumulated Depreciation</b>	<b>(15,145,359)</b>	<b>(1,258,537)</b>	<b>-</b>	<b>(16,403,896)</b>
Total Capital Assets Being Depreciated, net	10,403,127	(1,097,167)	-	9,305,960
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 11,994,171</b>	<b>\$ (1,026,841)</b>	<b>\$ (161,370)</b>	<b>\$ 10,805,960</b>

Depreciation was charged as follows: \$538,821 to roads and streets expense, \$423,956 to culture and recreation expense and \$295,760 to physical environment expense. The District improvements are complete.

**NOTE 5 LONG-TERM LIABILITIES**

**Series 2003 Capital Improvement Revenue Bonds - Public Offering**

On October 29, 2003, the District issued \$39,000,000 of Capital Improvement Revenue Bonds, consisting of \$4,765,000 Series 2003A Term Bonds due May 1, 2023 with a fixed interest rate of 6.1%, \$7,770,000 Series 2003A Term Bonds due on May 1, 2035 with a fixed interest rate of 6.2% and \$26,465,000 Series 2003B Term Bonds due on November 1, 2010 with a fixed interest rate of 5.5%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the property within the District and to pay off the Bond Anticipation Notes. Interest is to be paid semiannually on each May 1 and November 1. Principal on the 2003A Bonds is paid annually commencing May 1, 2006 through May 1, 2035. Principal on the 2003B Bonds is due in one lump sum on November 1, 2010. The principal payment due of \$4,225,000 on November 1, 2010 for the Series 2003B Bonds was not made. The remaining unpaid balance of \$3,725,000 has been accrued on the fund financial statements as matured bonds payable.

The Series 2003A Bonds are subject to redemption at the option of the District in whole or in part at any time on or after May 1, 2013 at a redemption price as set forth in the Bond Indenture. The Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Indenture.

The Bond Indenture requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirements as defined in the Indenture. The requirement has not been met at September 30, 2020. In the event of default, the bondholders may declare all principal and interest due and payable.

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service. Payment of principal and interest on the 2003 Bonds is secured by a pledge of and a first lien upon the pledged special assessment revenue. The District is not in compliance with the certain requirements of the Bond Indenture.

Total principal and interest remaining on the Series 2003 Bonds at September 30, 2020 is \$18,854,690, including matured principal of \$4,780,000. For the year ended September 30, 2020, interest paid was \$816,215 and \$350,000 of principal was due but not paid. Total special assessment revenue pledged was \$821,478.

**Series 2006 Capital Improvement Revenue Bonds - Public Offering**

On July 12, 2006, the District issued \$8,305,000 of Capital Improvement Revenue Bonds, consisting of \$3,755,000 Series 2006A Term Bonds due May 1, 2037 with a fixed interest rate of 5.5%, and \$4,550,000 Series 2006B Term Bonds due on May 1, 2011 with a fixed interest rate of 5.1%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the property within the District. Interest is to be paid semiannually on each May 1 and November 1. Principal on the 2006A Bonds is due annually commencing May 1, 2008 through May 1, 2037. Principal on the 2006B Bonds is due in one lump sum on May 1, 2011. The remaining principal balance due of \$295,000 on May 1, 2011 for the Series 2006B Bonds was not made. In the current fiscal year, the entire remaining balance was canceled per bond holder direction.

The Series 2006A Bonds are subject to redemption at the option of the District in whole or in part at any time on or after May 1, 2013 at a redemption price as set forth in the Bond Indenture. The Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Indenture.

The Bond Indenture requires that the District maintain adequate funds in a reserve account to meet the debt service reserve requirements as defined in the Indenture. In the event of default, the bondholders may declare all principal and interest due and payable.

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service. Payment of principal and interest on the 2006 Bonds is secured by a pledge of and a first lien upon the pledged special assessment revenue.

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

In October 2019, at the direction of the 100% holder of the bonds, the trustee made a final distribution of \$654,932 and cancelled the remaining bonds. As a result of the cancellation, the District recognized gains on cancellation of \$1,123,539 on the fund statements and \$4,048,539 on the government-wide statements.

As discussed in Notes 7 and 8, significant prior and current fiscal year assessments remain delinquent. As a result, the District did not have sufficient funds to make certain scheduled debt service payments on the Series 2003 bonds. These amounts are accrued on the financial statements as matured bonds payable of \$4,780,000.

Long-term liabilities activity for the year ended September 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
Series 2003A	\$ 9,200,000	\$ -	\$ (350,000)	\$ 8,850,000	\$ 375,000
Series 2006A	2,925,000	-	(2,925,000)	-	-
Governmental activity long-term liabilities	<u>\$ 12,125,000</u>	<u>\$ -</u>	<u>\$ (3,275,000)</u>	<u>\$ 8,850,000</u>	<u>\$ 375,000</u>

The reductions above include \$350,000 of principal expensed in the current year but not paid. This amount is included in matured bonds payable. The beginning balance excludes \$4,430,000 of matured bonds payable on the series 2003 bonds.

At September 30, 2020, the scheduled debt service requirements on the bonds payable were as follows:

<u>Year ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 375,000	\$ 611,340
2022	400,000	588,465
2023	940,000	564,065
2024	295,000	442,370
2025	480,000	424,080
2026 - 2030	2,885,000	1,635,560
2031 - 2035	3,475,000	618,140
	<u>\$ 8,850,000</u>	<u>\$ 4,884,020</u>

**NOTE 6 DEFICIT NET POSITION**

The District has a government-wide net deficit of \$(1,064,095) at September 30, 2020 resulting from the non-payment of assessments by major landowners.

**NOTE 7                    BOND DEFAULT AND SPECIAL PURPOSE ENTITIES**

On January 12, 2010, the District declared an event of default on the Series 2006 Bonds as a result of non-collection of assessments from landowners to make the necessary debt service payments. Pursuant to the Bond Indenture, the Trustee, on behalf of the Bondholders, has access to the funds held on deposit in the trust accounts. As a result of the default, SPE 1 was created by the Trustee in January 2010 to own and maintain the property subject to delinquent 2006 assessments. SPE 1 accepted lots owned by the delinquent landowners (including the Developer) in lieu of foreclosure. In addition, an agreement was entered into between the District and SPE 1, whereby, debt service assessments on the Bond would be forborne but continue to constitute a lien on the property. The operation and maintenance assessments for the lots will be billed to SPE 1. For fiscal year ended September 30, 2020, SPE 1 paid \$99,203 of current and past due assessments. The agreement also states that in the event funds are no longer available in the trust accounts and another funding source has not been secured or changes affecting the delinquent lands results in increased risk to SPE 1 or related parties, SPE 1 may convey the lands to the District for ownership and maintenance. During 2020, the SPE sold the remaining lots and contributed \$693,969 to the District. The SPE was dissolved in December 2019.

Further, on September 14, 2010, the District declared an event of default on the Series 2003 Bonds as a result of non-collection of assessments to make the lump sum principal payment on the Series 2003B Bonds on November 1, 2010. Consequently, the District filed foreclosure lawsuits against three landowners for failure to pay assessments due on the Series 2003B Bonds. SPE 2 was created by the Trustee in September 2011 and one of the landowners conveyed their land to the SPE. In accordance with the SPE 2 agreement, the District agreed to defer collection of the Series 2003 assessments encumbering the property until direction to the contrary is given by the Trustee, but will continue to constitute a lien on the property. Under the agreement, operations and maintenance assessments will be directly billed to the SPE as District expenses accrue. However, no assessments related to the SPE 2 were billed in the current year. In the current year, SPE 2 did not pay any assessments.

**NOTE 8                    DETERIORATING FINANCIAL CONDITIONS**

The District's activity is dependent upon the continued involvement of the major landowners and the SPE's. Delinquent assessments from the landowners and the abeyance of assessments on land owned by the SPE's have had a material adverse effect on the District's operations. A portion of the assessments for the prior and current fiscal years were delinquent or in abeyance and remain so as of the report date. These amounts have not been recognized in the financial statements. Consequently, the District did not have sufficient available funds and certain scheduled debt service payments on the Series 2003 Bonds in the prior fiscal years were made, in part, by a draw on the Debt Service Reserve Account. In addition, the District did not have sufficient funds to make certain scheduled debt service payments on the Series 2003 bonds in the current and prior years and as a result, the payments were not made.

**NOTE 9                    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. The District has not filed any claims under this commercial insurance coverage during the last three years.

**COMPLIANCE SECTION**

**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  
*Sterling Hill Community Development District*

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the *Sterling Hill Community Development District* (the "District") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 24, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. See Appendix A.

We noted certain other matters that we reported to management of the District, in a separate letter dated March 24, 2021. The District's response to our findings identified in our audit is included in this report. We did not audit the District's response, and accordingly, we express no opinion on it.

**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.

A handwritten signature in black ink that reads "McDiarmid Davis". The signature is written in a cursive, slightly slanted style.

Orlando, Florida  
March 24, 2021



**MANAGEMENT LETTER**

Board of Supervisors  
*Sterling Hill Community Development District*

**Report on the Financial Statements**

We have audited the financial statements of the *Sterling Hill Community Development District*, (the "District") as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated March 24, 2021.

**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 Auditor General.

**Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of 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 March 24, 2021, 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report, except as noted below.

<b>Tabulation of Uncorrected Audit Findings</b>		
<b>Current Year Finding #</b>	<b>2018-19 FY Finding #</b>	<b>2017-2018 FY Finding #</b>
12-03	12-03	12-03
12-04	12-04	12-04

**Official Title and Legal Authority**

Section 10.554(1)(i)4. And 10.556(7), 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. This information has been 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 met the following condition described in Section 218.503(1), Florida Statutes, as listed in Appendix B.

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. Deteriorating financial conditions were noted as indicated above under Section 10.554(1)(i)5.a.

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.

**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 note any such findings.

**Purpose of this Letter**

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, 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.

A handwritten signature in black ink that reads "McDiarmid Davis". The signature is written in a cursive, slightly slanted style.

Orlando, Florida  
March 24, 2021

**12-03 - Failure to Meet Debt Service Reserve Account Requirement**

**Criteria**

The Trust Indenture requires the District to maintain a minimum balance in the Series 2003 Debt Service Reserve Accounts.

**Condition**

At September 30, 2020, the Debt Service Reserve Account was deficient.

**Cause**

The balance in the Debt Service Reserve Account was used to pay prior year debt service on the Bonds.

**Effect**

The District is not in compliance with the Trust Indentures.

**Recommendation**

We recommend the District utilize all remedies available to replenish the Debt Service Reserve Account.

**12-04 - Failure to Make Debt Service Payments When Due**

**Criteria**

The Special Assessment Revenue Bonds Series 2003 require semiannual interest payments and annual principal payments as per the Bond Indenture.

**Condition**

In the current and prior years, the District did not pay all principal and/or interest due on these Bonds.

**Cause**

The District is not receiving debt service assessments due to landowner nonpayment and Special Purpose Entity purchase of the land within the District.

**Effect**

At September 30, 2020, the District was not in compliance with the requirements of the Bond Indenture and has met a financial emergency condition as described in Florida Statute Section 218.503(1).

**Recommendation**

We recommend the District utilize all remedies available to bring debt service payments current.

**12-04 - Failure to Make Debt Service Payments When Due**

In the current and prior years, the District did not pay principal and/or interest due on the Series 2003 Bonds as a result of lack of funds; therefore the District meets Section 218.503(1)(a) as a financial emergency condition.



934 North Magnolia Avenue, Suite 100  
Orlando, Florida 32803  
407-843-5406  
www.mcdermittdavis.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES**

Board of Supervisors  
*Sterling Hill Community Development District*

We have examined Sterling Hill Community Development District's (the "District") compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2020. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

*McDermitt Davis*

Orlando, Florida  
March 24, 2021



**STERLING HILL  
COMMUNITY DEVELOPMENT DISTRICT**

5844 Old Pasco Road, Suite 100, Wesley Chapel, FL 33544 - 813-994-1001 -  
sterlinghillcdd.org

March 24, 2021

**Response to the Management Letter for the fiscal year ended September 30, 2020**

**Management Letter finding 12-03:**

The auditor noted that the District's Debt Service Reserve Account was deficient at September 30, 2020, as a result of funds from the Reserve Account being used to pay prior year debt service payments.

**District response to the finding:**

*The District and the Bondholders have been working to alleviate this issue. As discussed in Note 7 to the Financial Statements, during a prior year, the Trustee formed a Special Purpose Entity (SPE 1) to own and maintain the property subject to delinquent Series 2006 assessments. In October 2019 the Series 2006A and 2006B bonds were cancelled. In 2020, SPE 1 sold the remaining lots and contributed \$693,969 to the District.*

*In a prior year, the District filed foreclosure against three landowners for failure to pay assessments due on the Series 2003B Bonds. The Trustee formed SPE 2 to own and maintain the property subject to the delinquent Series 2003B Bond assessments upon transfer of ownership to SPE 2. SPE 2 continues to search for a homebuilder to purchase this land. Once all the outstanding assessments have been collected, the Trustee, on behalf of the Bondholders, and the District will need to discuss the status of the debt service reserve funds and determine if the debt service reserve funds will be replenished to an appropriate level based on the Bond indenture.*

**Management Letter finding 12-04:**

The auditor noted that the District did not make the required debt service interest and principal payments on the Series 2003B bonds.

**District response to the finding:**

*In a prior year, the District filed foreclosure against three landowners for failure to pay assessments due on the Series 2003B Bonds. The Trustee formed SPE 2 to own and maintain the property subject to the delinquent Series 2003B Bond assessments upon transfer of ownership to SPE 2. SPE 2 continues to search for a homebuilder to purchase this land. Assessment collection of the Series 2003 bonds have been deferred until direction is given by the Trustee.*

A handwritten signature in black ink, appearing to read "Scott Brizendine", is written over a horizontal line.

Scott Brizendine

Treasurer - Sterling Hill Community Development District

---

**STERLING HILL COMMUNITY DEVELOPMENT DISTRICT**

---

Christina Miller  
Chairman

Sandra Manuele  
Vice Chairman

Cassi Harbuck  
Supervisor

Michael Dimos  
Supervisor

Louis Peters  
Supervisor

Angel Montagna  
District Manager

## **Tab 5**

**RESOLUTION 2021-02**

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE STERLING HILL COMMUNITY DEVELOPMENT DISTRICT ADOPTING REVISED BOAT/RV STORAGE SPACE RENTAL USER FEES; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, the Sterling Hill Community Development District (the “**District**”) is a local unit of special-purpose government created and existing pursuant to Chapter 190, Florida Statutes;

**WHEREAS**, the District owns, maintains, and operates a Boat/RV storage facility;

**WHEREAS**, the Board of Supervisors of the District (the “**Board**”) is authorized by Sections 190.011(15) and 190.035, Florida Statutes, to establish policies and adopt rate and fee schedules for its recreational facilities including its Boat/RV storage facility;

**WHEREAS**, the District staff reviewed the fees of similar facilities nearby to the District and has recommended revisions to the current Boat/RV Storage Space Rental User Fees;

**WHEREAS**, the Board held a noticed public hearing on April 15, 2021 to receive public comment on the proposed revised Boat/RV Storage Space Rental User Fees; and

**WHEREAS**, after hearing and considering public comment, the Board has determined that the revised Boat/RV Storage Space Rental User Fees should be adopted.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD:**

1. **Adoption**. The Board hereby adopts the fee schedule for use of the Boat/RV storage facility as finalized in the form attached hereto as **Exhibit A**. District staff is authorized and directed to revise any rental agreements or forms to match the adopted Boat/RV Storage Space Rental User Fees.
2. **Conflicts**. All District resolutions or parts thereof or other adopted policies in actual conflict with this Resolution are, to the extent of such conflict, superseded, and repealed.
3. **Severability**. If any section or part of a section of this Resolution is declared invalid or unconstitutional, the validity, force and effect of any other section or part of a section of this Resolution shall not thereby be affected or impaired unless it clearly appears that such other section or part of a section of this Resolution is wholly or necessarily dependent upon the section or part of a section so held to be invalid or unconstitutional.
4. **Effective Date**. This Resolution shall become effective upon adoption.

**Passed and adopted on April 15, 2021.**

**Attest:**

**Sterling Hill  
Community Development District**

\_\_\_\_\_  
Aimee Brandon  
Assistant Secretary

\_\_\_\_\_  
Christina Miller  
Chair of the Board of Supervisors

## **Exhibit A**

### **Boat/RV Storage Space Rental User Fees**

The Board of Supervisors of the Sterling Hill Community Development District desires to ensure the costs of permitting rentals and use of the District's Boat/RV storage spaces ("**Storage Facility**") are borne in a fair and reasonable manner for users of the Storage Facility.

To ensure the user fee is just, equitable, and uniform, District staff reviewed the operation and maintenance expenses of the Storage Facility as well as fees for comparable facilities. Based upon such review and analysis, the Board adopted a user fee of \$50 per month plus applicable sales tax for each storage spot in the Storage Facility.

This user fee is subject to change from year to year based upon the costs of operation and maintenance of the Storage Facility and comparable market fees. Residents who are interested in securing a storage spot should contact District staff for availability and will need to sign the applicable forms or agreements and make the applicable payment as described therein.

*Adopted by Resolution 2021-02 on April 15, 2021.*

# Tab 6



**Sterling Hill Community Development District Boat / RV Storage Rental Agreement**

This Rental Agreement (the "**Agreement**"), is entered into on the \_\_\_\_ day of \_\_\_\_\_, between \_\_\_\_\_ ("**Renter**") and the Sterling Hill Community Development District (the "**District**").

**Renter's Information**

Renter's Address: _____	Village: _____	
City: _____	State: _____	Zip: _____
Contact Number: _____	Email: _____	
Emergency Contact: _____	Phone: _____	
Drivers License #: _____	DL State: _____	
Are you a member of the uniformed services as defined in 10 U.S.C. s. 101(a)(5)? [ ] Yes [ ] No		

**Stored Item**

Circle One:    Boat    RV    Trailer    Other: _____
Make: _____ Model: _____ Length: _____
Color: _____ Insurance Carrier: _____ Insurance #: _____
Vin #: _____ Tag #: _____

**Terms**

6 Month Lease @ \$45.00 a month (cash/check/money order):	Total Due: \$270.00	
12 Month Lease @ \$40.00 a month (cash/check/money order):	Total Due: \$480.00	
Start Date: _____	End Date: _____	
Storage Space #: _____	Key Fob #: _____	Due Date for Renewal: _____

**Terms and Conditions:**

1. **Rent.** Renter shall pay rent plus any applicable sales tax on either a 6 month or 12 month basis, and must pay in full the same day as the execution of this Agreement. The District will accept payment in the form of cash, check, or money order. The District will not refund any portion of the Rent if the storage space is vacated before the end of the lease term.
2. **Term.** The lease term shall begin and end on the dates listed above.
3. **Renewal.** Renter may renew the Agreement for an additional 6 month or 12 month term at the rates listed above prior to the Due Date for Renewal listed above. Renter shall pay rent for the renewal period in full the same day as the execution of the renewal agreement.
4. **Failure to vacate upon end of lease term.** If Renter fails to vacate the storage space at the end of the lease term, then Renter will be charged a \$5 late fee for each day that Renter continues to occupy the storage space or until Renter renews the Agreement. The District retains all rights afforded to it by law and specifically Section 83.805, of the Florida Statutes to remedy Renter's failure to pay the late fee and vacate the storage space.
5. **Lien Rights of the District.** The District shall have a lien upon all personal property, whether or not owned by the Renter, stored in the storage space for the value of any charges incurred as a result of this Agreement or other expenses pursuant to Section 83.801, of the Florida Statutes, and for expenses necessary for the preservation, sale or disposition of the item to satisfy the lien. If Renter fails to pay charges due hereunder within the time stated in the written notice provided by the District pursuant to Section 83.806, of the Florida Statutes, then the District may sell the property in the storage space, in order to satisfy the amount of the lien.
6. **Release and Indemnification of District.** Storage is at the sole risk of the Renter. The District is not responsible for damage, loss or theft to any personal property while at the premises arising from any cause whatsoever including, but not limited to, burglary, fire, water damage, sink hole, mysterious disappearances, rodents, acts of God, or the active or passive acts or omissions or negligence of the District or the District's agents, and Renter expressly waives and releases the District from any such claims. The District and the District's agents and employees shall not be liable to Renter for injury or death as a result of Renter's use of the storage space or the premises, even if such injury is caused by the active or passive acts, omissions or negligence of the District, the District's agents or employees. Renter shall indemnify, hold harmless, and defend the District and the District's agents and employees from all claims, demands, actions or causes of action (including attorney's fees at both trial and appellate levels and all costs) that are brought by others arising out of Renter's use of the premises. The District will not be held responsible for any power outages or any other unforeseen event beyond the reasonable control of the District.
7. **Storage.** This Agreement is for the storage of the item, as previously described in this Agreement and the Renter shall not use the space for any human or animal occupancy or for the storage of trash, debris or hazardous materials. The District prohibits the parking or storage of any kind of commercial vehicles or trailers on the premises. The District prohibits explosives, combustible materials, chemical, odorous or other inherently dangerous material, unless such materials are contained in a container specifically designed for such use and of a type approved by the appropriate governmental entity. All propane tanks must be turned off prior to storage. The District reserves the right to choose the area the item will be stored. Renter shall not alter or modify the storage space without prior written consent of the District. No maintenance or changing of vehicle fluids is allowed on the premises other than normal cleaning. All personal property must be stored inside or

attached to the approved item listed above. Unsecured property or abandoned property will be disposed of without notice.

8. **No Assignment or Subleases.** Renter shall not be entitled to assign this Agreement or sublease any portion of said storage space.
9. **Insurance.** The District does not carry insurance to cover any loss of any kind that Renter may incur while using the storage space and or the premises of District. Renter is required to maintain insurance coverage while in District care. In addition the District may ask to be named as additional insured on Renter's insurance, and all such cost will be at the expense of the Renter.
10. **Notice.** In the event that the Renter undergoes a change in address, Renter shall notify the District by first class mail. Written instructions including the new address and telephone number will be enclosed in the notification.
11. **Vacation of storage space.** When Renter vacates the storage space, Renter shall return the storage space in the same condition as when rented excepting normal wear and tear.
12. **Enforcement of Agreement.** In the event it shall become necessary for either party to institute legal proceedings in order to enforce the terms of this Agreement, the prevailing party shall be entitled to all costs, including reasonable attorney's fees at both trial and appellate levels against the non-prevailing party.
13. **Governing law and Venue.** This Agreement shall be governed under the laws of the State of Florida with venue in Hernando County, Florida.
14. **Acceptance of this Agreement.** The Renter hereby acknowledges the reading of this Agreement and agrees to rent the storage space upon the terms and conditions stated in this Agreement. Storage and payment for storage constitute acceptance of the Terms and Conditions as set for by this document, whether the document is signed by the owner of said property or not. Renter further acknowledges receipt of a copy of this Agreement. This Agreement contains the entire agreement and neither party is to rely upon any oral representations made by the other party, except as set forth in this Agreement.

District: \_\_\_\_\_ Date: \_\_\_\_\_

Renter: \_\_\_\_\_ Date: \_\_\_\_\_

# Tab 7

Prepared by and return to:

**QUIT CLAIM DEED**

THIS QUIT CLAIM DEED, made this \_\_\_\_ day of April, 2021, by **STERLING HILL COMMUNITY DEVELOPMENT DISTRICT**, a local unit of special purpose government, ("**Grantor**"), with a mailing address of 12750 Citrus Park Blvd., Suite 115, Tampa, Florida 33625, to **HERNANDO COUNTY, FLORIDA**, a political subdivision of the State of Florida, ("**Grantee**"), with a mailing address of 20 North Main Street, Brooksville, Florida 34601.

**WITNESSETH:**

That Grantor, for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration, to it in hand paid, the receipt and sufficiency of which are hereby acknowledged, by these presents, does hereby remise, release and quit-claim unto Grantee, its successors and assigns forever, all the right, title, interest, claim and demand which Grantor has in and to that certain parcel of land lying and being in Hernando County, State of Florida, as more particularly described in **EXHIBITS "A" and "B"** attached hereto and by this reference made a part hereof together with all improvements located thereon (hereafter collectively called the "**Property**").

TOGETHER WITH all the tenements, hereditaments, and appurtenances thereto belonging or in anywise appertaining.

SUBJECT TO taxes, assessments and special district levies for 2020 and subsequent years; all applicable laws, ordinances and governmental regulations, including, but not limited to, all applicable building, zoning, land use and environmental ordinances and regulations; and easements, restrictions, reservations and encumbrances of public record.

TO HAVE AND TO HOLD the Property, with the tenements, hereditaments and appurtenances, unto Grantee, its successors and assigns, in fee simple, forever.

IN WITNESS WHEREOF, Grantor has executed this Quit Claim Deed as of the day and year first written above.

**GRANTOR:**

Signed, Sealed and Delivered  
in Our Presence:

STERLING HILL COMMUNITY  
DEVELOPMENT DISTRICT, a local unit of  
special-purpose government pursuant to Chapter  
190, Florida Statutes

\_\_\_\_\_  
Printed Name: \_\_\_\_\_

By: \_\_\_\_\_  
By: Christina Miller  
Its: Chair of the Board of Supervisors

\_\_\_\_\_  
Printed Name: \_\_\_\_\_

STATE OF FLORIDA

COUNTY OF HERNANDO

The foregoing instrument was acknowledged before me by means of \_\_\_ physical presence or \_\_\_ online notarization this \_\_\_\_ day of April, 2021, by Christina Miller, Chair of the Board of Supervision of the Sterling Hill Community Development District, a local unit of special purpose government pursuant to Chapter 190, Florida Statutes, on behalf of said district. She \_\_\_ is personally known to me or \_\_\_ produced \_\_\_\_\_ as identification.

\_\_\_\_\_  
Print Name \_\_\_\_\_

NOTARY PUBLIC, State of \_\_\_\_\_

Commission #: \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

Personally Known \_\_\_\_\_

or Produced I.D. \_\_\_\_\_

[check one of the above]

Type of Identification Produced

\_\_\_\_\_

**Exhibit A to Deed**

Legal Description of Property

EXHIBIT A

DESCRIPTION

A PART OF TRACT "B", BARRINGTON AT STERLING HILL, UNIT 1 ACCORDING TO THE MAP OR PLAT THEREOF AS RECORDED IN PLAT BOOK 43, PAGES 15 THROUGH 19, INCLUSIVE, PUBLIC RECORDS OF HERNANDO COUNTY, FLORIDA DESCRIBED AS:  
BEGIN AT THE INTERSECTION OF THE WEST LINE OF THE EAST 1/2 OF THE SW 1/4 OF THE NE 1/4 OF SECTION 16, TOWNSHIP 23 SOUTH, RANGE 18 EAST AND THE NORTH LINE OF THE SW 1/4 OF THE NE 1/4 OF SECTION 16, TOWNSHIP 23 SOUTH, RANGE 18 EAST, SAID POINT ALSO BEING ON THE PLAT BOUNDARY OF SAID BARRINGTON AT STERLING HILL, UNIT 1, THENCE; S.0°00'42"E. ALONG SAID WEST LINE AND ALONG SAID PLAT BOUNDARY A DISTANCE OF 410.83 FEET; THENCE LEAVING SAID WEST LINE AND CONTINUING ALONG SAID PLAT BOUNDARY N.30°56'48"E. A DISTANCE OF 43.60 FEET TO THE PC OF A CURVE TO THE LEFT BEING CONCAVE WESTERLY HAVING A RADIUS OF 760.00 FEET, A DELTA ANGLE OF 29°22'34", A CHORD DISTANCE OF 385.41 FEET AND A CHORD BEARING OF N.14°39'09"E., THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE AND LEAVING SAID PLAT BOUNDARY A DISTANCE OF 389.66 FEET TO THE AFOREMENTIONED NORTH LINE OF THE SW 1/4 OF THE NE 1/4 OF SECTION 16; THENCE N.89°44'00"W. ALONG SAID NORTH LINE A DISTANCE OF 120.00 FEET TO THE POINT OF BEGINNING. CONTAINING 33,322.4 SQUARE FEET (0.8± ACRES)



SURVEYOR'S CERTIFICATE

THIS SURVEY MEETS ALL APPLICABLE REQUIREMENTS OF THE FLORIDA STANDARDS OF PRACTICE AS CONTAINED IN CHAPTER 5J-17 OF THE FLORIDA ADMINISTRATIVE CODE.

Gary W  
Smith

Digitally signed by  
Gary W Smith  
Date: 2021.03.23  
09:35:06 -04'00'

03/23/2021

REVISED CURVE INFORMATION: 03/23/2021

CERTIFIED TO:  
HERNANDO COUNTY, FLORIDA

GARY W. SMITH, PSM DATE SIGNED  
PROFESSIONAL SURVEYOR AND MAPPER, FLORIDA CERTIFICATE NO. LS 4577  
SURVEY NOT VALID WITHOUT THE ORIGINAL SIGNATURE AND SEAL OF A  
FLORIDA LICENSED SURVEYOR AND MAPPER FOR HARD COPIES.  
OR DIGITIZED SIGNATURE AND SEAL ACCOMPANIED BY A VALID ELECTRONIC  
SIGNATURE OF A FLORIDA LICENSED SURVEYOR AND MAPPER FOR  
ELECTRONIC COPIES



966 Candlelight Blvd. 3703 East Forest Drive  
Brooksville, FL 34601 Inverness, FL 34453  
Office: 352-796-9423 352-344-2016  
CERTIFICATE OF AUTHORIZATION NO. LB7200

PROJECT NO: 10061

SHEET 1 OF 2

# EXHIBIT B

SKETCH OF DESCRIPTION



POINT OF BEGINNING INTERSECTION OF THE WEST LINE OF THE EAST 1/2 OF THE SW 1/4 OF THE NE 1/4 AND THE NORTH LINE OF THE SW 1/4 OF OF THE NE 1/4 SECTION 16-23-18

**LEGEND**

- △ DELTA ANGLE
- ⊙ RADIUS
- CHORD DISTANCE
- ⊠ CHORD BEARING
- 4" CONCRETE MONUMENT



**SURVEYORS CERTIFICATE**

THIS SURVEY MEETS ALL APPLICABLE REQUIREMENTS OF THE FLORIDA STANDARDS OF PRACTICE AS CONTAINED IN CHAPTER 5J-17 OF THE FLORIDA ADMINISTRATIVE CODE.

Digitally signed by Gary W

**Gary W Smith**

Smith  
Date: 2021.03.23 09:34:06  
-04'00"

*Gary W. Smith*

03/23/2021

GARY W. SMITH, PSM DATE SIGNED  
PROFESSIONAL SURVEYOR AND MAPPER, FLORIDA CERTIFICATE NO. LS 4577  
SURVEY NOT VALID WITHOUT THE ORIGINAL SIGNATURE AND SEAL OF A  
FLORIDA LICENSED SURVEYOR AND MAPPER FOR HARD COPIES.  
OR DIGITIZED SIGNATURE AND SEAL ACCOMPANIED BY A VALID ELECTRONIC  
SIGNATURE OF A FLORIDA LICENSED SURVEYOR AND MAPPER FOR  
ELECTRONIC COPIES

TRACT "F" (STERLING HILL BOULEVARD), STERLING HILL PHASE 3, UNIT 1 REPLAT, PLAT BOOK 39, PAGES 34-36, PRHCF

GOLDEN LIME AVE.  
TRACT "G"

A PART OF TRACT "B"

TRACT "1/2"

NORTH LINE OF THE SW 1/4 OF THE NE 1/4 OF SECTION 16-23-18

WEST LINE OF THE EAST 1/2 OF THE SW 1/4 OF THE NE 1/4 SECTION 16-23-18

N. 89°44'00"W. 120.00'

A PART OF TRACT "B"

S. 0°00'42"E. 410.83'

R - 760.00'  
Δ - 29°22'34"  
ARC - 389.66'  
CD - 385.41'  
CB - N. 14°39'09"E.

PLAT BOUNDARY  
N. 30°56'48"E. 43.60'

REVISED CURVE INFORMATION 03/23/2021

(CERTIFIED TO:  
HERNANDO COUNTY, FLORIDA

**Coastal** Engineering  
Planning  
Surveying  
Environmental  
Construction Management  
engineering associates, inc.

966 Candlelight Blvd. 3703 East Forest Drive  
Brooksville, FL 34601 Inverness, FL 34453  
Office: 352-796-9423 352-344-2016

CERTIFICATE OF AUTHORIZATION NO. LB7200  
PROJECT NO: 19061 SHEET 2 OF 2

# Tab 8



LLS Tax Solutions Inc.  
2172 W. Nine Mile Rd.  
#352  
Pensacola, FL 32534  
Telephone: 850-754-0311  
Email: [liscott@llstax.com](mailto:liscott@llstax.com)

April 1, 2021

Sterling Hill Community Development District  
c/o Rizzetta & Company, Inc.  
12750 Citrus Park Lane, Suite 115  
Tampa, Florida 33625

Thank you for choosing LLS Tax Solutions Inc. (“LLS Tax”) to provide arbitrage services to Sterling Hill Community Development District (“Client”) for the following bond issues. This Engagement Letter describes the scope of the LLS Tax services, the respective responsibilities of LLS Tax and Client relating to this engagement and the fees LLS Tax expects to charge.

- \$39,000,000 Sterling Hill Community Development District Capital Improvement Revenue Bonds, Series 2003A and Series 2003B

#### **SCOPE OF SERVICES**

The procedures that we will perform are as follows:

- Assist in calculation of the bond yield, unless previously computed and provided to us.
- Assist in determination of the amount, if any, of required rebate to the federal government.
- Issuance of a report presenting the cumulative results since the issue date of the issue of bonds.
- Preparation of necessary reports and Internal Revenue Service (“IRS”) forms to accompany any required payment to the federal government.

As a part of our engagement, we will read certain documents associated with each issue of bonds for which services are being rendered. We will determine gross proceeds of each issue of bonds based on the information provided in such bond documents. You will have sole responsibility for determining any other amounts not discussed in those documents that may constitute gross proceeds of each series of bonds for the purposes of the arbitrage requirements.

#### **TAX POSITIONS AND REPORTABLE TRANSACTIONS**

Because the tax law is not always clear, we will use our professional judgment in resolving questions affecting the arbitrage calculations. Unless you instruct us otherwise, we will take the reporting position most favorable to you whenever reasonable. Any of your bond issues may be selected for review by the IRS, which may not agree with our positions. Any proposed adjustments are subject to certain rights of appeal. Because of the lack of clarity in the law, we cannot provide assurances that the positions asserted by the IRS may not ultimately be sustained, which could result in the assessment

of potential penalties. You have the ultimate responsibility for your compliance with the arbitrage laws; therefore, you should review the calculations carefully.

The IRS and some states have promulgated “tax shelter” rules that require taxpayers to disclose their participation in “reportable transactions” by attaching a disclosure form to their federal and/or state income tax returns and, when necessary, by filing a copy with the Internal Revenue Service and/or the applicable state agency. These rules impose significant requirements to disclose transactions and such disclosures may encompass many transactions entered into in the normal course of business. Failure to make such disclosures will result in substantial penalties. In addition, an excise tax is imposed on exempt organizations (including state and local governments) that are a party to prohibited tax shelter transactions (which are defined using the reportable transaction rules). Client is responsible for ensuring that it has properly disclosed all “reportable transactions” and, where applicable, complied with the excise tax provision. The LLS Tax services that are the subject of this Engagement Letter do not include any undertaking by LLS Tax to identify any reportable transactions that have not been the subject of a prior consultation between LLS Tax and Client. Such services, if desired by Client, will be the subject of a separate engagement letter. LLS Tax may also be required to report to the IRS or certain state tax authorities certain tax services or transactions as well as Client’s participation therein. The determination of whether, when and to what extent LLS Tax complies with its federal or state “tax shelter” reporting requirements will be made exclusively by LLS Tax. LLS Tax will not be liable for any penalties resulting from Client’s failure to accurately and timely file any required disclosure or pay any related excise tax nor will LLS Tax be held responsible for any consequences of its own compliance with its reporting obligations. Please note that any disclosure required by or made pursuant to the tax shelter rules is separate and distinct from any other disclosure that Client might be required to or choose to make with its tax returns (e.g., disclosure on federal Form 8275 or similar state disclosure).

## **PROFESSIONAL FEES AND EXPENSES**

Our professional fees for services listed above for the three annual bond years ended September 30, 2020, September 30, 2021, and September 30, 2022 is \$1,500, which is \$500 each year. We will bill you upon completion of our services or on a monthly basis. Our invoices are payable upon receipt. Additionally, you may request additional consulting services from us upon occasion; we will bill you for these consulting services at a beforehand agreed upon rate.

Unanticipated factors that could increase our fees beyond the estimate given above include the following (without limitation). Should any of these factors arise we will alert you before additional fees are incurred.

- Investment data provided by you is not in good order or is unusually voluminous.
- Proceeds of bonds have been commingled with amounts not considered gross proceeds of the bonds (if that circumstance has not previously been communicated to us).
- A review or other inquiry by the IRS with respect to an issue of bonds.

The Client (District) has the option to terminate this Agreement within ninety days of providing notice to LLS Tax Solutions Inc. of its intent.

**ACCEPTANCE**

You understand that the arbitrage services, report and IRS forms described above are solely to assist you in meeting your requirements for federal income tax compliance purposes. This Engagement Letter constitutes the entire agreement between Client and LLS Tax with respect to this engagement, supersedes all other oral and written representations, understandings or agreements relating to this engagement, and may not be amended except by the mutual written agreement of the Client and LLS Tax.

Please indicate your acceptance of this agreement by signing in the space provided below and returning a copy of this Engagement Letter to us. Thank you again for this opportunity to work with you.

Very truly yours,  
LLS Tax Solutions Inc.

AGREED AND ACCEPTED:  
Sterling Hill Community Development District

By: Linda L. Scott

Linda L. Scott, CPA

By: \_\_\_\_\_

Print Name \_\_\_\_\_

Title \_\_\_\_\_

Date: \_\_\_\_\_

# Tab 13

**MINUTES OF MEETING**

Each person who decides to appeal any decision made by the Board with respect to any matter considered at the meeting is advised that the person may need to ensure that a verbatim record of the proceedings is made, including the testimony and evidence upon which such appeal is to be based.

**STERLING HILL  
COMMUNITY DEVELOPMENT DISTRICT**

The regular meeting of the Board of Supervisors of Sterling Hill Community Development District was held on **Thursday, February 18, 2021 at 9:01 a.m.** at the Sterling Hill North Clubhouse located at 4411 Sterling Hill Boulevard, Spring Hill, Florida, 34609.

Present and constituting a quorum:

Christina Miller	<b>Board Supervisor, Chairman</b>
Sandra Manuele	<b>Board Supervisor, Vice Chairman</b>
Michael Dimos	<b>Board Supervisor, Assistant Secretary</b>
Nancy Felio	<b>Board Supervisor, Assistant Secretary</b>
Rich Massa	<b>Board Supervisor, Assistant Secretary</b>

Also present were:

Aimee Brandon	<b>District Manager, Rizzetta &amp; Company, Inc.</b>
Vivek Babbar	<b>District Counsel, Straley Robin &amp; Vericker</b>
Stephen Brletic	<b>District Engineer, JMT Engineering</b> <i>(via conference call)</i>
John Toborg	<b>Field Services Manager, Rizzetta</b> <i>(via conference call)</i>
Jason Pond	<b>Clubhouse Manager</b>
Kelly Klukowski	<b>RASI</b>
Craig Bramlett	<b>Representative, CLM</b> <i>(via conference call)</i>

Audience	<b>Present</b>
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**FIRST ORDER OF BUSINESS**

**Call to Order**

Ms. Aimee Brandon called the meeting to order and performed roll call confirming a quorum for the meeting.

**SECOND ORDER OF BUSINESS**

**Pledge of Allegiance**

47 **THIRD ORDER OF BUSINESS** **Audience Comments on Agenda**  
48 **Items**

49  
50 There were no audience comments at this time.

51  
52 **FOURTH ORDER OF BUSINESS** **Consideration of CLM Addendum**

53  
54 A brief discussion ensued regarding the CLM Addendum. The Board requested  
55 some clarification on the addendum and decided to table this item to the next regular  
56 Board meeting.

57  
58 **FIFTH ORDER OF BUSINESS** **Consideration of Sidewalk Repair**  
59 **Proposal**

60  
61 The Board discussed the Sidewalk Repair Proposals presented by Mr. Jason  
62 Pond.

63  
64 Mr. Pond suggested targeting the more serious sidewalks as an alternative to the  
65 full costs of the proposals.

66  
67 Ms. Sandra Manuele suggested that some of the milder sidewalks could be  
68 grinded down to save cost. She also mentioned the area near the bus stop that does  
69 not have a sidewalk.

70  
71 Mr. Pond said he would get proposals to see what the costs would be to put a  
72 sidewalk in.

73  

On a motion from Mr. Rich Massa, seconded by Ms. Manuele, the Board approved the Sidewalk Proposal for Hoopers at \$32,500.00 for Sterling Hill Community Development District.

74  
75 **SIXTH ORDER OF BUSINESS** **Establishment of Audit Committee**

76  
77 The Board considered Establishing the Audit Committee. Ms. Brandon gave an  
78 overview and explanation of the need for establishing the Board Members as the  
79 Audit Committee.

80  

On a motion from Ms. Manuele, seconded by Mr. Massa, the Board approved establishing the Board Members as the Audit Committee for Sterling Hill Community Development District.

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85

**SEVENTH ORDER OF BUSINESS**

**Staff Reports**

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92

**A. District Counsel**

The Board received the District Counsel Report from Mr. Vivek Babbar. Mr. Babbar discussed the E-Verify Memorandum and the purpose of the Chairman signing the document.

On a motion from Ms. Manuele, seconded by Ms. Nancy Feliu, the Board approved the Chairman signing the E-Verify Memorandum for Sterling Hill Community Development District.

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99

**B. District Engineer Report**

The Board received the District Engineer Report from Mr. Stephen Brletic.

Mr. Brletic discussed the Barrington punch list items and mentioned that he is still waiting on a response back for some of the landscaping items.

Ms. Manuele suggested waiting to after the threat of freezing temperatures before taking over Barrington from the developer.

Ms. Christina Miller asked if we had clarification on the warranty for landscaping items.

Mr. John Toborg expressed that he felt the warranty should begin on the day the CDD officially takes over.

100  
101  
102

**C. Field Operations Manager**

The Board received the Field Operations Report from Mr. Toborg.

Mr. Toborg mentioned that the beginning of future reports will contain a lot more details. He also suggested that the District may need to budget for redoing the landscaping and replacing the Bahia grass that was planted.

Ms. Feliu asked about the annual beds being built up higher for better visibility.

Mr. Toborg discussed the CLM proposals that were under separate cover.

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122

The Board chose two go with two of the proposals, #131784 for \$1,836.13 and #301783 for \$1,057.00.

On a motion from Mr. Massa, seconded by Ms. Feliu the Board approved the CLM proposal #131784 for \$1,836.13 and # 301783 for \$1,057.00 for Sterling Hill Community Development District.

123  
124

125 **D. Amenity Management**

126 The Board received the Amenity Management report from Mr. Pond.

127  
128 Mr. Pond discussed the results of the investigation of other RV/Boat storage  
129 facilities' fees.

130  
131 Ms. Manuele asked if the revenue from the onsite RV/Boat storage facility covered  
132 the maintenance expenses. Mr. Pond confirmed that it does. The Board agreed to  
133 advertise a Public hearing for the next meeting to discuss the possibility of increase  
134 fees for the RV/Boat Storage facility.

135  
136 Mr. Pond informed the Board that residents have requested locking the pedestrian  
137 gates. He explained that to install keypads on each individual gate would require  
138 electricity being ran to each gate. He gave the Board a rough estimate of around  
139 \$36,000.00. The Board agreed that they would not pursue locks for the gates.

140  
141 Mr. Pond discussed a proposal he received for repairing the Winddance Sign and  
142 wall for \$1,750.00.

143  
144 He also discussed the sod proposal he received from Murphy's Sod for \$17,356.20.

145  
146 Ms. Manuele suggested getting another quote from Quality Sod before deciding on  
147 Murphy's Sods proposal.

148  
149 The Board agreed to wait on the Sod proposal until additional quotes are received.  
150

<p>On a motion from Ms. Manuele, seconded by Ms. Miller, the Board approved the Sign and Wall repair proposal for \$1,750.00 for Sterling Hill Community Development District.</p>
--

151  
152  
153 **D. District Management**

154 The Board received the District Manager report form Ms. Brandon.

155  
156 Ms. Brandon reminded the Board of their next regular scheduled meeting that is  
157 scheduled for March 18th, 2021 at 9:00a.m.

158  
159 Ms. Brandon mentioned that she would not be able to attend that meeting. The  
160 Board made the decision to reschedule the regular meeting for March 25th at  
161 9:00a.m.

162  
163 Ms. Brandon discussed scheduling the Budget Workshop meeting.

164  
165 The Board chose to schedule the Budget Workshop Meeting for May 4th at 6:00  
166 p.m.  
167

168 Ms. Brandon went over the Districts Financial Budget and noted that they were  
169 under budget by \$41,576.00.

170  
171 **EIGHTH ORDER OF BUSINESS** **Consideration of Minutes of the**  
172 **Board of Supervisors' Meeting held**  
173 **on January 21, 2021**  
174

175 Mr. Huber presented the minutes of the Board of Supervisors' meeting held on  
176 January 21, 2021.

177  

On a motion from Ms. Manuele, seconded by Mr. Massa, the Board approved the Minutes of the Board of Supervisors' Meeting held on January 21st, 2021 for Sterling Hill Community Development District.

178  
179 **NINTH ORDER OF BUSINESS** **Consideration of Operation and**  
180 **Maintenance Expenditures for**  
181 **January 2021**  
182

183 The Board received the Operation and Maintenance Expenditures for January  
184 2021 for \$75,037.92.

185  
186 Ms. Feliu asked for clarification of where the retribution funds were credited to  
187 and if the District received the RIPA Sunrise Refund #301317 for \$2,317.50.

188  

On a motion from Ms. Manuele, seconded by Ms. Feliu, the Board approved to ratify the payments of the O&M Expenditures for January 2021 (\$75,037.92) for Sterling Hill Community Development District.

189  
190 **TENTH ORDER OF BUSINESS** **Supervisor Requests and Audience**  
191 **Comments**  
192

193 The Board received an audience comment regarding the following: complexity of  
194 navigating the CDD website.

195  
196 During Supervisor Request the Board discussed updating the Website with  
197 current and relevant information including COVID updates.

198  
199 Ms. Brandon suggested that the Board nominate Ms. Feliu as the website liaison  
200 and point of contact for changes and additions to the CDD Website.

201  

On a motion from Mr. Massan, seconded by Ms. Miller, the Board agreed to allow Ms. Feliu to be the point of contact for website changes and additions for Sterling Hill Community Development District.

202  
203

204 **ELEVENTH ORDER OF BUSINESS** **Adjournment**  
205

206 Ms. Brandon stated that if there was no further business to come before the  
207 Board than a motion to adjourn would be in order.  
208

On a motion from Mr. Massa, seconded by Ms. Miller, the Board agreed to adjourn the meeting at 11:01a.m. for Sterling Hill Community Development District.

209  
210  
211  
212 \_\_\_\_\_  
213 Assistant Secretary Chairman/Vice Chairman

DRAFT

# Tab 14

**MINUTES OF MEETING**

Each person who decides to appeal any decision made by the Board with respect to any matter considered at the meeting is advised that the person may need to ensure that a verbatim record of the proceedings is made, including the testimony and evidence upon which such appeal is to be based.

**STERLING HILL  
COMMUNITY DEVELOPMENT DISTRICT**

The regular meeting of the Board of Supervisors of Sterling Hill Community Development District was held on **Thursday, February 18, 2021 at 9:03 a.m.** and was held via Zoom video technology.

Present and constituting a quorum:

Christina Miller	<b>Committee Member</b>
Sandra Manuele	<b>Committee Member</b>
Michael Dimos	<b>Committee Member</b>
Nancy Feliu	<b>Committee Member</b>
Rich Massa	<b>Committee Member</b>

Also present were:

Aimee Brandon	<b>District Manager, Rizzetta &amp; Company, Inc.</b>
Vivek Babbar	<b>District Counsel, Straley Robin &amp; Vericker</b>
Jason Pond	<b>Clubhouse Manager</b>
John Toborg	<b>Field Services Manager, Rizzetta &amp; Company, Inc.</b>
Craig Bramlett	<b>Representative, CLM</b>

Audience	<b>Present</b>
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**FIRST ORDER OF BUSINESS**                      **Call to Order**

Ms. Aimee Brandon called the 1<sup>st</sup> Audit meeting to order and performed roll call confirming a quorum for the meeting.

**SECOND ORDER OF BUSINESS**                      **Consideration of Audit Proposal  
Instructions**

Ms. Brandon presented the Audit Proposal Instructions and asked the Audit Committee if they would prefer to keep the inclusion of price for the service provided as one of the criteria for consideration or to remove it.

Ms. Christina Miller pointed out that the County name was listed as Pasco, but that the physical location of the District is in Hernando County.

47  
48 The Audit Committee unanimously approved to include price as a criterion for the audit  
49 services request for proposal.

50  
51 **THIRD ORDER OF BUSINESS** **Consideration of Audit Evaluation**  
52 **Criteria**

53  
54 Ms. Brandon presented the criteria options for the proposed request for auditing  
55 services and asked the Audit Committee if they would prefer to keep the inclusion of  
56 price for the service provided as one of the criteria for consideration or to remove it. The  
57 Audit Committee unanimously approved to include price as a criterion for the audit  
58 services request for proposal.

59  
60 **FOURTH ORDER OF BUSINESS** **Consideration of Advertisement for**  
61 **Proposals for Annual Auditing**

62  
63 Ms. Brandon presented the Advertisement for Annual Auditing services to the  
64 Audit Committee. The Audit Committee unanimously approved the Advertisement as  
65 presented for Annual Auditing services.

66  
67 **The Board agreed to adjourn the Audit Committee meeting at 9:08 a.m.**

68  
69  
70 \_\_\_\_\_  
71 Assistant Secretary

70 \_\_\_\_\_  
71 Chairman/Vice Chairman

72

# Tab 15

**MINUTES OF MEETING**

Each person who decides to appeal any decision made by the Board with respect to any matter considered at the meeting is advised that the person may need to ensure that a verbatim record of the proceedings is made, including the testimony and evidence upon which such appeal is to be based.

**STERLING HILL  
COMMUNITY DEVELOPMENT DISTRICT**

The regular meeting of the Board of Supervisors of Sterling Hill Community Development District was held on **Thursday, March 25, 2021 at 9:09 a.m.** and was held via Zoom video technology.

Present and constituting a quorum:

Christina Miller	<b>Board Supervisor, Chairman</b>
Sandra Manuele	<b>Board Supervisor, Vice Chairman</b>
Michael Dimos	<b>Board Supervisor, Assistant Secretary</b>
Nancy Feliu	<b>Board Supervisor, Assistant Secretary</b>
Rich Massa	<b>Board Supervisor, Assistant Secretary</b>

Also present were:

Aimee Brandon	<b>District Manager, Rizzetta &amp; Company, Inc.</b>
Vivek Babbar	<b>District Counsel, Straley Robin &amp; Vericker</b>
John Toborg	<b>Field Services Manager, Rizzetta</b>
Jason Pond	<b>Clubhouse Manager</b>
Craig Bramlett	<b>Representative, CLM</b>

Audience	<b>Present</b>
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**FIRST ORDER OF BUSINESS**

**Call to Order**

Ms. Aimee Brandon opened the regular CDD meeting via Zoom technology.

Ms. Brandon explained to the Board that the meeting would consist of discussion and directions of the agenda items, but that no formal actions would be taken.

Ms. Brandon noted that there were audience members in attendance.

**SECOND ORDER OF BUSINESS**

**Pledge of Allegiance**

**THIRD ORDER OF BUSINESS**

**Audience Comments on Agenda  
Items**

47  
48 The Board heard an audience comment requesting an explanation of the  
49 purpose of the Audit Committee.

50  
51 **FOURTH ORDER OF BUSINESS** **Consideration of CLM Addendum**

52 The Board discussed the Consideration of the CLM Addendum.

53  
54  
55 Ms. Miller notified the Board that the Barrington turnover took place around the  
56 date of February 26th, 2021 and that all necessary paperwork had been signed.

57  
58 Ms. Nancy Feliu asked for clarification on the responsibility of the leak that was  
59 discovered. It was determined that the leak was CDD responsibility.

60  
61 Mr. Vivek Babbar reminded the Board that the CLM Addendum was previously  
62 approved by the Board and that the Chairman can execute the Addendum outside of  
63 the meeting.

64  
65 **FIFTH ORDER OF BUSINESS** **Ratification of SWFWMD Transfer to**  
66 **Maintenance**

67  
68 The SWFWMD Transfer to Maintenance was opened for discussion. The Board  
69 had no comments.

70  
71 **SIXTH ORDER OF BUSINESS** **Staff Reports**

72  
73 **A. District Counsel**

74 The Board received the District Counsel Report from Mr. Vivek Babbar. Mr.  
75 Babbar mentioned that the Public Hearing for increase in fees for the RV/Boat  
76 Storage parking lot would be added on the April agenda.

77  
78 **B. District Engineer Report**

79 The District Engineer was not present for the meeting.

80  
81 **C. Field Operations Manager**

82 The Board received the Field Operations Report from Mr. Toborg.

83  
84 Ms. Miller asked for clarification on Crepe Myrtle pruning.

85  
86 **D. Amenity Management**

87 The Board received the Amenity Management Report from Mr. Jason Pond.

88  
89 Mr. Pond discussed a proposal he obtained for a chain link fence that could be  
90 installed at the dog park to separate the smaller dogs from the larger dogs per  
91 residents' request. The fence would have two gates installed. The cost would be  
92 \$3,263.00.



139           The Board heard audience comments regarding the following: request to trim a  
140 limb from a tree that is hanging over onto resident's property and request for touch  
141 up paint for residents' side of wall.  
142

143           Ms. Sandra Manuele requested that the Barrington Landscaping be added for  
144 discussion on the April agenda.  
145

146 **ELEVENTH ORDER OF BUSINESS**

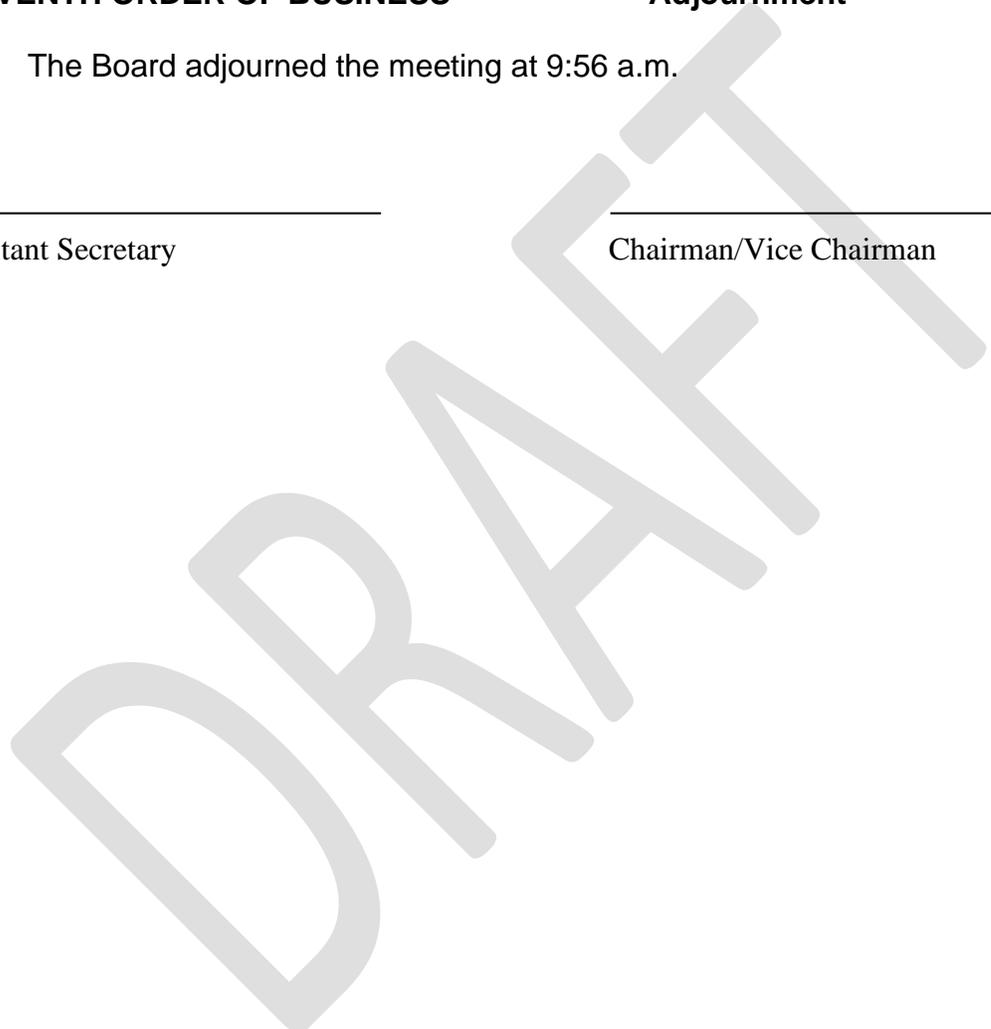
**Adjournment**

147  
148           The Board adjourned the meeting at 9:56 a.m.  
149

150  
151  
152 \_\_\_\_\_  
153 Assistant Secretary

\_\_\_\_\_

Chairman/Vice Chairman



# Tab 16

# STERLING HILL COMMUNITY DEVELOPMENT DISTRICT

DISTRICT OFFICE · 5844 OLD PASCO ROAD · SUITE 100 · WESLEY CHAPEL, FLORIDA 33544

## Operation and Maintenance Expenditures February 2021 For Board Approval

Attached please find the check register listing the Operation and Maintenance expenditures paid from February 1, 2021 through February 28, 2021. This does not include expenditures previously approved by the Board.

The total items being presented:       **\$96,762.48**

Approval of Expenditures:

\_\_\_\_\_

\_\_\_\_\_ Chairperson

\_\_\_\_\_ Vice Chairperson

\_\_\_\_\_ Assistant Secretary

# Sterling Hill Community Development District

## Paid Operation & Maintenance Expenditures

February 1, 2021 Through February 28, 2021

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Anthony Musto	006496	66785	Off Duty Patrol 02/21	\$ 90.00
Apex Floor & Furniture Care	006487	5451	North & South Clubhouse Carpet Cleaning Services 02/21	\$ 160.00
Brandon D Cobb	006490	66707	Off Duty Patrol 02/21	\$ 90.00
Brett F. Croft	006444	66446	Off Duty Patrol 01/21	\$ 90.00
Brett F. Croft	006463	66607	BC Sheriff Patrol 01/21	\$ 90.00
Brett F. Croft	006491	66761	Off Duty Patrol 02/21	\$ 90.00
Bright House Networks	006442	090269301012121	4411 Sterling Hill Blvd AHMS 01/21	\$ 576.95
Capital Land Management	006489	210449	Remove 5 Leyland Cypress & Install Straw 01/21	\$ 552.00
Capital Land Management	006489	210495	General Landscape Maintenance 02/21	\$ 16,500.00
Capital Land Management	006489	210538	Irrigation Repairs 02/21	\$ 1,178.86
Chris Croft	006445	66475	Off Duty Patrol 01/21	\$ 90.00
Christina Miller	006455	CM012121	Board Of Supervisors Meeting 01/21/21	\$ 200.00
Christina Miller	006471	CM020221	Board Of Supervisors Meeting 02/02/21	\$ 200.00

# Sterling Hill Community Development District

## Paid Operation & Maintenance Expenditures

February 1, 2021 Through February 28, 2021

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Christina Miller	006494	CM021821	Board Of Supervisors Meeting 02/18/21	\$ 200.00
Cory Hauenstein	006483	66683	Off Duty Patrol 02/21	\$ 90.00
Dakota Hadsell	006449	66551	Off Duty Patrol 01/21	\$ 90.00
David Martin	006453	66454	Off Duty Patrol 01/21	\$ 90.00
David Martin	006469	66624	DM Off Duty Sheriff 01/21	\$ 90.00
DCSI Inc.	006446	28081	CCTV Gate Warranty 1/21	\$ 406.89
DCSI Inc.	006481	28135	Service Call 01/21	\$ 115.00
Derek Origon	006484	66695	Off Duty Patrol 02/21	\$ 90.00
Edward Brandhuber	006488	66781	Off Duty Patrol 02/21	\$ 90.00
Florida Department of Revenue	006482	37-8015579013-3 01/21	Sales & Use Tax 01/21	\$ 147.77
Gemini Cabinetry, Inc.	006448	07723	50% Deposit North Clubhouse Counter Tops 01/21	\$ 1,011.50
Gemini Cabinetry, Inc.	006448	07724	50% Deposit South Clubhouse Counter Tops 01/21	\$ 1,014.00
Hernando County Utilities	006450	SS00001-00 01/21	North Clubhouse Water Bill 01/21	\$ 426.32

# Sterling Hill Community Development District

## Paid Operation & Maintenance Expenditures

February 1, 2021 Through February 28, 2021

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Hernando County Utilities	006450	SS00013-00 01/21	South Clubhouse Water Bill 01/21	\$ 178.86
Jessica Lynn Hemley	006466	66641	Off Duty Patrol 02/21	\$ 90.00
Johnson, Mirmiran, & Thompson, Inc.	006467	27-168995	Engineering Services 12/20	\$ 1,840.00
Michael A. Woodward	006462	66520	Off Duty Patrol 01/21	\$ 90.00
Michael Dimos, Jr.	006447	MD012121	Board Of Supervisors Meeting 01/21/21	\$ 200.00
Michael Dimos, Jr.	006464	MD020221	Board Of Supervisors Meeting 02/02/21	\$ 200.00
Michael J Edwards Jr	006501	1339	Cleaned South Side Sidewalks 02/21	\$ 3,458.00
Michael Renczkowski	006498	66804	Off Duty Patrol 02/21	\$ 90.00
Murphy's Landscaping & Sod, LLC	006495	1738	Resod Areas Multiple Locations 02/21	\$ 950.00
Nancy E Feliu	006456	NF012121	Board Of Supervisors Meeting 01/21/21	\$ 200.00
Nancy E Feliu	006472	NF020221	Board Of Supervisors Meeting 02/02/21	\$ 200.00
Nancy E Feliu	006497	NF021821	Board Of Supervisors Meeting 02/18/21	\$ 200.00
Norman E. Burburan	006443	66534	Off Duty Patrol 01/21	\$ 90.00

# Sterling Hill Community Development District

## Paid Operation & Maintenance Expenditures

February 1, 2021 Through February 28, 2021

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Norman E. Burburan	006479	66689	Off Duty Patrol 02/21	\$ 90.00
Outsmart Pest Management, Inc.	006485	29299	Pest Control Treatment North Clubhouse 02/21	\$ 75.00
Outsmart Pest Management, Inc.	006485	29300	Pest Control Treatment South Clubhouse 02/21	\$ 75.00
Richard P. Massa Jr.	006454	RM012121	Board Of Supervisors Meeting 01/21/21	\$ 200.00
Richard P. Massa Jr.	006493	RM021821	Board Of Supervisors Meeting 02/18/21	\$ 200.00
Rizzetta & Company, Inc.	006457	INV0000056043	District Management Fees 02/21	\$ 6,478.92
Rizzetta Amenity Services, Inc.	006458	INV00000000008441	Amenity Management Services 01/21	\$ 9,941.50
Rizzetta Amenity Services, Inc.	006486	INV00000000008469	Amenity Management Services 02/21	\$ 11,790.04
Rizzetta Amenity Services, Inc.	006486	INV00000000008522	Out Of Pocket Expenses 01/21	\$ 50.00
Rizzetta Technology Services	006459	INV0000006835	Website Hosting Services 2/21	\$ 100.00
Robert Saliva	006460	8892	Gate Repairs - Glenburne 01/21	\$ 95.00
Robert Saliva	006460	8912	Gate Repairs - Amersham 01/21	\$ 694.74
Robert Saliva	006460	8913	Gate Repairs - Covey Run 01/21	\$ 694.74

# Sterling Hill Community Development District

## Paid Operation & Maintenance Expenditures

February 1, 2021 Through February 28, 2021

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Robert Saliva	006460	8914	Gate Repairs -Mandalay 01/21	\$ 694.74
Robert Saliva	006460	9011	Gate Repairs - Storage Lot 01/21	\$ 95.00
Robert Saliva	006473	9020	Gate Repairs - Amersham 02/21	\$ 95.00
Robert Saliva	006473	9027	Gate Repairs - Amersham 02/21	\$ 755.00
Robert Saliva	006460	Southern Phone Summary 01/21	Southern Phone Summary 01/21	\$ 523.40
Sandra Manuele	006452	SM012121	Board Of Supervisors Meeting 01/21/21	\$ 200.00
Sandra Manuele	006468	SM020221	Board Of Supervisors Meeting 02/02/21	\$ 200.00
Sandra Manuele	006492	SM021821	Board Of Supervisors Meeting 02/18/21	\$ 200.00
Shaun Duval	006465	66611	SD Hernando Sheriff Patrol 01/21	\$ 90.00
Shore Commercial Services, Inc	006499	216904	Pool Maintenance North Clubhouse 02/21	\$ 2,185.00
Sterling Hill CDD	CD542	CD542	Debit Card Replenishment	\$ 1,870.16
Straley Robin Vericker	006461	19373	General/Monthly Legal Services 01/21	\$ 1,683.00
Thomas Castiglione	006480	TC013121	Off Duty Patrol 01/21	\$ 960.00

# Sterling Hill Community Development District

## Paid Operation & Maintenance Expenditures

February 1, 2021 Through February 28, 2021

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Times Publishing Company	006500	0000137447 01/21	Acct # 107011 Legal Advertising 01/21	\$ 114.00
Troy Scott Hyler	006451	66452	Off Duty Patrol 01/21	\$ 90.00
Waste Management Inc. of Florida	006475	0616326-1568-0	Waste Disposal Services South Clubhouse 02/21	\$ 190.90
Waste Management Inc. of Florida	006475	0616465-1568-6	Waste Disposal Services North Clubhouse 02/21	\$ 190.90
WillyGoat, LLC	006476	203987	Playground Fitness Course & Install 01/21	\$ 9,734.00
WillyGoat, LLC	006476	203988	Balance Beam & Install 01/21	\$ 2,400.99
WillyGoat, LLC	006476	203989	Triple Horizontal Bar & Install 01/21	\$ 3,055.00
Withlacoochee River Electric Cooperative, Inc.	006477	2118959 01/21	Public Lighting & Poles 01/21	\$ 400.00
Withlacoochee River Electric Cooperative, Inc.	006478	Electric Summary Billing 01/21	Withlacoochee Electric Summary Billing 01/21	<u>\$ 8,994.30</u>
<b>Report Total</b>				<b><u>\$ 96,762.48</u></b>

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# STERLING HILL COMMUNITY DEVELOPMENT DISTRICT

DISTRICT OFFICE · 5844 OLD PASCO ROAD · SUITE 100 · WESLEY CHAPEL, FLORIDA 33544

## Operation and Maintenance Expenditures March 2021 For Board Approval

Attached please find the check register listing the Operation and Maintenance expenditures paid from March 1, 2021 through March 31, 2021. This does not include expenditures previously approved by the Board.

The total items being presented:       **\$102,104.75**

Approval of Expenditures:

\_\_\_\_\_

\_\_\_\_\_ Chairperson

\_\_\_\_\_ Vice Chairperson

\_\_\_\_\_ Assistant Secretary

# Sterling Hill Community Development District

## Paid Operation & Maintenance Expenditures

March 1, 2021 Through March 31, 2021

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Apex Floor & Furniture Care	006536	5476	North & South Clubhouse Ceramic Tile & Grout Maint 03/21	\$ 982.00
Baker Well Drilling Inc.	006513	2021026	Service Calls, Labor & Repairs 03/21	\$ 345.00
Beach Lake Sprinkler Corp	006526	1052-F069850	Sprinkler Repairs 03/21	\$ 375.00
Beach Lake Sprinkler Corp	006545	1052-F070331	Sprinkler Repairs 03/21	\$ 365.00
Brett F. Croft	006515	66936	Off Duty Patrol 02/21	\$ 90.00
Bright House Networks	006502	090269301022121	4411 Sterling Hill Blvd AHMS 02/21	\$ 576.95
Capital Land Management	006547	210633	General Landscape Maintenance 03/21	\$ 16,500.00
Capital Land Management	006547	210666	Irrigation Repairs 03/21	\$ 700.90
Capital Land Management	006547	210690	Remove Large Dead Oak 03/21	\$ 547.33
Capital Land Management	006547	210702	Install Jasmine 03/21	\$ 194.90
Capital Land Management	006547	210703	Remove 3 Layland Cypress 03/21	\$ 1,900.60
Capital Land Management	006547	210704	Replace Aztec with Jasmine 03/21	\$ 1,032.40

# Sterling Hill Community Development District

## Paid Operation & Maintenance Expenditures

March 1, 2021 Through March 31, 2021

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Capital Land Management	006547	210721	Fertilization Applied 03/21	\$ 8,290.00
Capital Land Management	006547	210726	Seasonal Annual Change Out 03/21	\$ 800.00
Chris Croft	006516	66921	Off Duty Patrol 02/21	\$ 90.00
Chris Croft	006516	66975	Off Duty Patrol 03/21	\$ 90.00
Chris Croft	006538	67095	Off Duty Patrol 03/21	\$ 90.00
Christina Miller	006554	CM032521	Board Of Supervisors Meeting 03/25/21	\$ 200.00
Dakota Hadsell	006531	67039	Off Duty Patrol 03/21	\$ 90.00
Dakota Hadsell	006550	67142	Off Duty Patrol 03/21	\$ 90.00
Dakota Hadsell	006550	67182	Off Duty Patrol 03/21	\$ 90.00
DCSI Inc.	006517	28198	CCTV Gate Warranty 02/21	\$ 406.89
DCSI Inc.	006527	28292	Quarterly Monitoring Fitness Center 03/21	\$ 128.97
DCSI Inc.	006539	28309	CCTV Gate Warranty 03/21	\$ 406.89

# Sterling Hill Community Development District

## Paid Operation & Maintenance Expenditures

March 1, 2021 Through March 31, 2021

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Derek Origon	006541	67084	Off Duty Patrol 03/21	\$ 90.00
Edward Brandhuber	006537	67078	Off Duty Patrol 03/21	\$ 90.00
Fitrev, Inc.	006549	22809	Repairs & Parts 03/21	\$ 524.96
Fitrev, Inc.	006549	22810	Quarterly Preventative Maintenance 03/21	\$ 235.00
Florida Department of Revenue	006529	37-8015579013-3 02/21	Sales & Use Tax 02/21	\$ 162.96
Gemini Cabinetry, Inc.	006530	07736	Balance Due North Clubhouse Counter Tops 03/21	\$ 1,011.50
Gemini Cabinetry, Inc.	006530	07737	Balance Due South Clubhouse Counter Tops 03/21	\$ 1,014.00
Hernando County Utilities	006519	SS00001-00 02/21	North Clubhouse Water Bill 02/21	\$ 538.31
Hernando County Utilities	006519	SS00013-00 02/21	South Clubhouse Water Bill 02/21	\$ 182.19
Jack Evans	006503	66860	Off Duty Patrol 02/21	\$ 90.00
Jack Evans	006528	67021	Off Duty Patrol 03/21	\$ 90.00
Jesse Fletcher	006518	66944	Off Duty Patrol 02/21	\$ 90.00

# Sterling Hill Community Development District

## Paid Operation & Maintenance Expenditures

March 1, 2021 Through March 31, 2021

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Johnson, Mirmiran, & Thompson, Inc.	006504	28-170261	Engineering Services 01/21	\$ 647.50
Joshua Mitro	006506	66866	Off Duty Patrol 02/21	\$ 90.00
Katelyn Mascitelli	006505	66859	Off Duty Patrol 02/21	\$ 90.00
Katelyn Mascitelli	006532	67010	Off Duty Patrol 03/21	\$ 90.00
McDermitt Davis & Company, LLC	006553	48234	Audit Services for FYE 09/30/20	\$ 4,500.00
Michael Dimos, Jr.	006548	MD032521	Board Of Supervisors Meeting 03/25/21	\$ 200.00
Michael J Edwards Jr	006523	1340	Cleaned North Side Sidewalks 02/21	\$ 2,754.50
Michael Renczkowski	006533	67043	Off Duty Patrol 03/21	\$ 90.00
Nancy E Feliu	006555	NF032521	Board Of Supervisors Meeting 03/25/21	\$ 200.00
Norman E. Burburan	006546	67136	Off Duty Patrol 03/21	\$ 90.00
Norman E. Burburan	006546	67137	Off Duty Patrol 03/21	\$ 90.00
Outsmart Pest Management, Inc.	006521	29519	Pest Control Treatment North Clubhouse 03/21	\$ 75.00

# Sterling Hill Community Development District

## Paid Operation & Maintenance Expenditures

March 1, 2021 Through March 31, 2021

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Outsmart Pest Management, Inc.	006521	29520	Bi-Annual Fire Ant Treatment North Clubhouse 03/21	\$ 285.00
Outsmart Pest Management, Inc.	006521	29521	Pest Control Treatment South Clubhouse 03/21	\$ 75.00
Richard P. Massa Jr.	006552	RM032521	Board Of Supervisors Meeting 03/25/21	\$ 200.00
Rizzetta & Company, Inc.	006507	INV0000057010	District Management Fees 03/21	\$ 6,478.92
Rizzetta Amenity Services, Inc.	006508	INV0000000008547	Amenity Management Services 02/21	\$ 9,525.64
Rizzetta Amenity Services, Inc.	006534	INV0000000008603	Out Of Pocket Expenses 02/21	\$ 50.00
Rizzetta Amenity Services, Inc.	006556	INV0000000008629	Amenity Management Services 03/21	\$ 9,368.05
Rizzetta Technology Services	006509	INV0000006934	Website Hosting Services 3/21	\$ 100.00
Robert Saliva	006542	9162	Gate Repairs - Storage Lot 03/21	\$ 181.00
Robert Saliva	006558	9193	Gate Repairs - Haverhill 03/21	\$ 247.80
Robert Saliva	006510	Southern Phone Summary 02/21	Southern Phone Summary 02/21	\$ 545.35
Sandra Manuele	006551	SM032521	Board Of Supervisors Meeting 03/25/21	\$ 200.00

# Sterling Hill Community Development District

## Paid Operation & Maintenance Expenditures

March 1, 2021 Through March 31, 2021

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Sasha Muhammad	006540	67068	Off Duty Patrol 03/21	\$ 90.00
Shore Commercial Services, Inc	006557	217491	Pool Maintenance North Clubhouse 03/21	\$ 2,185.00
Shore Commercial Services, Inc	006557	217730	Replaced Shaft Seal and Repaired Gasket 02/21	\$ 4,499.00
Sterling Hill CDD	CD543	CD543	Debit Card Replenishment	\$ 2,438.89
Sterling Hill CDD	CD544	CD544	Debit Card Replenishment	\$ 2,388.14
Straley Robin Vericker	006535	19501	General/Monthly Legal Services 02/21	\$ 1,426.50
Straley Robin Vericker	006559	19615	General/Monthly Legal Services 03/21	\$ 1,471.50
Superior Sealers LLC	006522	INV-9	Remove Pavers to Level & Grind Tree Roots 01/21	\$ 1,950.00
Thomas Castiglione	006514	TC022821	Off Duty Patrol 02/21	\$ 840.00
Times Publishing Company	006512	0000137447	Acct # 107011 Legal Advertising 01/21	\$ 114.00
Times Publishing Company	006560	0000145106 03/17/21	Acct #107011 Legal Advertising 03/21	\$ 77.10
Waste Management Inc. of Florida	006524	0627754-1568-0	Waste Disposal Services South Clubhouse 03/21	\$ 227.45

# Sterling Hill Community Development District

## Paid Operation & Maintenance Expenditures

March 1, 2021 Through March 31, 2021

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Waste Management Inc. of Florida	006524	0627893-1568-6	Waste Disposal Services North Clubhouse 03/21	\$ 193.75
Withlacoochee River Electric Cooperative, Inc.	006525	2118959 02/21	Public Lighting & Poles 02/21	\$ 289.00
Withlacoochee River Electric Cooperative, Inc.	006543	2161145 03/21	3750 Sterling Hill Blvd 03/21	\$ 340.00
Withlacoochee River Electric Cooperative, Inc.	006544	2161146 03/21	13043 Golden Line Ave 03/21	\$ 340.00
Withlacoochee River Electric Cooperative, Inc.	006525	Electric Summary Billing 02/21	Withlacoochee Electric Summary Billing 02/21	<u>\$ 8,558.91</u>
<b>Report Total</b>				<b><u>\$ 102,104.75</u></b>