

**Sterling Hill Community
Development District**

ANNUAL FINANCIAL REPORT

September 30, 2024

**Sterling Hill Community Development District
ANNUAL FINANCIAL REPORT**

September 30, 2024

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REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
Sterling Hill Community Development District
Hernando County, Florida

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities and each major fund of Sterling Hill Community Development District (the "District"), as of and for the year ended September 30, 2024, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Sterling Hill Community Development District as of September 30, 2024, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

To the Board of Supervisors
Sterling Hill Community Development District

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

To the Board of Supervisors
Sterling Hill Community Development District

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 19, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sterling Hill Community Development District's internal control over financial reporting and compliance.



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

March 19, 2025

**Sterling Hill Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024**

Management's discussion and analysis of Sterling Hill Community Development District (the "District") financial performance provides an objective and easily readable analysis of the District's financial activities. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements comprise three components; 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to financial statements*. The *Government-wide financial statements* present an overall picture of the District's financial position and results of operations. The *Fund financial statements* present financial information for the District's major funds. The *Notes to financial statements* provide additional information concerning the District's finances.

The *Government-wide financial statements* are the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental activities are primarily supported by special assessments.

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position is reported in three categories; 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Assets, liabilities, and net position are reported for all Governmental activities.

The **statement of activities** presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities. Governmental activities financed by the District include general government, public safety, physical environment, culture/recreation, transportation and debt service.

Fund financial statements present financial information for governmental funds. These statements provide financial information for the major funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources.

**Sterling Hill Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund financial statements include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual** is provided for the District's General Fund. *Fund financial statements* provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses or to comply with legal requirements.

The *government-wide financial statements* and the *fund financial statements* provide different pictures of the District. The *government-wide financial statements* provide an overall picture of the District's financial standing. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets of the District, including capital assets are reported in the **statement of net position**. All liabilities, including principal outstanding on bonds are included. The **statement of activities** includes depreciation on all long-lived assets of the District, but transactions between the different functions of the District have been eliminated in order to avoid "doubling up" the revenues and expenses. The *fund financial statements* provide a picture of the major funds of the District. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as capital improvement bonds, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, reconciliations are provided from the *fund financial statements* to the *government-wide financial statements*.

Notes to financial statements provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District, investments of the District, capital assets and long-term debt are some of the items included in the *notes to financial statements*.

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2024.

- ◆ The District's total assets were exceeded by total liabilities by \$(4,374,912) (net position). Net investment in capital assets for the District was \$(190,797). Unrestricted net position was \$(4,184,115).
- ◆ Governmental activities revenues totaled \$2,882,171 while governmental activities expenses totaled \$3,423,342.

**Sterling Hill Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District

The following schedule provides a summary of the assets, liabilities and net position of the District and is presented by category for comparison purposes.

Net Position

	Governmental Activities	
	2024	2023
Current assets	\$ 2,454,036	\$ 2,109,502
Restricted assets	697,517	651,179
Capital assets	6,502,142	7,494,559
Total Assets	9,653,695	10,255,240
Current liabilities	7,668,607	7,248,981
Non-current liabilities	6,360,000	6,840,000
Total Liabilities	14,028,607	14,088,981
Net Position		
Net investment in capital assets	(190,797)	507,339
Unrestricted	(4,184,115)	(4,341,080)
Total Net Position	\$ (4,374,912)	\$ (3,833,741)

The increase in current assets is mainly related to revenues exceeding expenditures in the General Fund in the current year.

The decrease in capital assets is related to current year depreciation in excess of current year additions.

The increase in current liabilities is mainly related to the increase in matured bonds payable in the current year.

The decrease in non-current liabilities is primarily due to the increase in matured bonds payable in the current year.

**Sterling Hill Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

The following schedule provides a summary of the changes in net position of the District and is presented by category for comparison purposes.

Change In Net Position

	Governmental Activities	
	<u>2024</u>	<u>2023</u>
Program Revenues		
Charges for services	\$ 2,542,753	\$ 2,464,332
General Revenues		
Miscellaneous revenues	251,268	43,547
Investment earnings	88,150	50,396
Total Revenues	<u>2,882,171</u>	<u>2,558,275</u>
Expenses		
General government	279,417	162,647
Public safety	39,891	34,167
Physical environment	1,016,292	1,029,858
Culture/recreation	661,726	760,594
Transportation	609,801	634,194
Interest and other charges	816,215	816,215
Total Expenses	<u>3,423,342</u>	<u>3,437,675</u>
Change in Net Position	(541,171)	(879,400)
Net Position - Beginning of Year	<u>(3,833,741)</u>	<u>(2,954,341)</u>
Net Position - End of Year	<u>\$ (4,374,912)</u>	<u>\$ (3,833,741)</u>

The increase in charges for services is related to the increase in special assessments in the current year.

The increase in miscellaneous revenues is due to the settlement received in the current year.

The increase in general government is related to the increase in legal expenses and property appraiser fees in the current year.

The decrease in physical environment is related to the decrease in landscape, sod, and mulch expenses in the current year.

The decrease in culture/recreation is related to the decrease in amenity maintenance expenses in the current year.

The decrease in transportation is related to the decrease in sidewalk maintenance and repairs.

**Sterling Hill Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets as of September 30, 2024 and 2023:

<u>Description</u>	Governmental Activities	
	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 1,500,000	\$ 1,500,000
Infrastructure	22,392,143	22,392,143
Buildings and improvements	3,059,650	3,059,650
Equipment	319,542	303,042
Accumulated depreciation	(20,769,193)	(19,760,276)
Total Capital Assets, net	<u>\$ 6,502,142</u>	<u>\$ 7,494,559</u>

The capital asset activity in the current year was depreciation of \$1,008,917 and additions to equipment of \$16,500.

General Fund Budgetary Highlights

The final budget exceeded actual expenditures in the current year because capital outlay expenditures were less than anticipated.

The fiscal year 2024 budget was not amended.

Debt Management

Governmental Activities debt includes the following:

- ◆ In October 2003, the District issued \$12,535,000 Series 2003A and \$26,465,000 Series 2003B Capital Improvement Revenue Bonds. The bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. The District has failed to pay principal payments of \$3,065,000 on the Series 2003A and \$3,725,000 on the Series 2003B Bonds. These amounts are reflected as matured bonds payable in the financial statements. The unmaturred balance outstanding for the Series 2003A Bonds at September 30, 2024 was \$6,840,000.

**Sterling Hill Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Economic Factors and Next Year's Budget

Sterling Hill Community Development District does not expect any economic factors to have any significant effect on the financial position or results of operations of the District in fiscal year 2025.

Request for Information

The financial report is designed to provide a general overview of Sterling Hill Community Development District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Sterling Hill Community Development District's Accounting Department at 3434 Colwell Avenue, Suite 200, Tampa, Florida 33614.

Sterling Hill Community Development District
STATEMENT OF NET POSITION
September 30, 2024

	Governmental Activities
ASSETS	
Current Assets	
Cash	\$ 1,859,323
Investments	499,398
Prepaid expenses	64,652
Deposits	30,663
Total Current Assets	2,454,036
Non-Current Assets	
Restricted Assets	
Investments	697,517
Capital Assets, Not Being Depreciated	
Land and improvements	1,500,000
Capital Assets, Being Depreciated	
Buildings and improvements	3,059,650
Infrastructure	22,392,143
Equipment	319,542
Accumulated depreciation	(20,769,193)
Total Non-Current Assets	7,199,659
Total Assets	9,653,695
 LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	42,221
Unearned revenues	16,296
Matured bonds payable	6,790,000
Bonds payable	480,000
Accrued interest	340,090
Total Current Liabilities	7,668,607
Non-Current Liabilities	
Bonds payable	6,360,000
Total Liabilities	14,028,607
 NET POSITION	
Net investment in capital assets	(190,797)
Unrestricted	(4,184,115)
Total Net Position	\$ (4,374,912)

See accompanying notes to financial statements.

Sterling Hill Community Development District
BALANCE SHEET –
GOVERNMENTAL FUNDS
September 30, 2024

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash	\$ 1,859,323	\$ -	\$ 1,859,323
Investments	499,398	-	499,398
Prepaid expenses	64,652	-	64,652
Deposits	30,663	-	30,663
Restricted assets			
Investments	-	697,517	697,517
Total Assets	\$ 2,454,036	\$ 697,517	\$ 3,151,553
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued expenses	\$ 42,221	\$ -	\$ 42,221
Matured bonds payable	-	6,790,000	6,790,000
Unearned revenues	16,296	-	16,296
Total Liabilities	58,517	6,790,000	6,848,517
 FUND BALANCES			
Nonspendable:			
Prepaid expenses/deposits	95,315	-	95,315
Assigned to:			
Capital reserves	1,725,619	-	1,725,619
Unassigned	574,585	(6,092,483)	(5,517,898)
Total Fund Balances	2,395,519	(6,092,483)	(3,696,964)
Total Liabilities and Fund Balances	\$ 2,454,036	\$ 697,517	\$ 3,151,553

See accompanying notes to financial statements.

Sterling Hill Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2024

Total Governmental Fund Balances	\$ (3,696,964)
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, land and improvements, \$1,500,000, infrastructure, \$22,392,143, buildings and improvements, \$3,059,650, equipment, \$319,542, less accumulated depreciation, \$(20,769,193), used in governmental activities are not current financial resources, and therefore, are not reported at the fund level.	6,502,142
Long-term liabilities, bonds payable, are not due and payable in the current period, and therefore, are not reported at the fund level.	(6,840,000)
Accrued interest expense for long-term debt is not a current financial use, and therefore, is not reported at the fund level.	<u>(340,090)</u>
Net Position of Governmental Activities	<u><u>\$ (4,374,912)</u></u>

See accompanying notes to financial statements.

Sterling Hill Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended September 30, 2024

	General	Debt Service	Total Governmental Funds
REVENUES			
Special assessments	\$ 1,712,962	\$ 829,791	\$ 2,542,753
Miscellaneous revenues	251,268	-	251,268
Investment income	55,388	32,762	88,150
Total Revenues	<u>2,019,618</u>	<u>862,553</u>	<u>2,882,171</u>
EXPENDITURES			
Current			
General government	279,417	-	279,417
Public safety	39,891	-	39,891
Physical environment	714,707	-	714,707
Culture/recreation	522,754	-	522,754
Transportation	70,980	-	70,980
Capital outlay	16,500	-	16,500
Debt service			
Principal	-	295,000	295,000
Interest	-	816,215	816,215
Total Expenditures	<u>1,644,249</u>	<u>1,111,215</u>	<u>2,755,464</u>
Excess of revenues over/(under) expenditures	375,369	(248,662)	126,707
Other Financing Sources/(Uses)			
Insurance proceeds	<u>29,539</u>	-	<u>29,539</u>
Net Change in Fund Balance	404,908	(248,662)	156,246
Fund Balances - Beginning of Year	<u>1,990,611</u>	<u>(5,843,821)</u>	<u>(3,853,210)</u>
Fund Balances - End of Year	<u>\$ 2,395,519</u>	<u>\$ (6,092,483)</u>	<u>\$ (3,696,964)</u>

See accompanying notes to financial statements.

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
For the Year Ended September 30, 2024

Net Change in Fund Balances – Total Governmental Funds	\$ 156,246
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlay is reported as an expenditure at the fund level. However, the cost of these assets are allocated over their estimated useful lives as depreciation at the government-wide level. This is the amount that capital outlay, \$16,500, was exceeded by depreciation, \$(1,008,917), in the current year.	(992,417)
Repayment of bond principal is reported as an expenditure at the fund level but the repayment reduces long-term liabilities at the government-wide level.	<u>295,000</u>
Change in Net Position of Governmental Activities	<u><u>\$ (541,171)</u></u>

See accompanying notes to financial statements.

Sterling Hill Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	\$ 1,649,452	\$ 1,649,452	\$ 1,712,962	\$ 63,510
Miscellaneous revenues	20,000	20,000	251,268	231,268
Investment income	-	-	55,388	55,388
Total Revenues	<u>1,669,452</u>	<u>1,669,452</u>	<u>2,019,618</u>	<u>350,166</u>
Expenditures				
Current				
General government	128,993	128,993	279,417	(150,424)
Public safety	42,000	42,000	39,891	2,109
Physical environment	674,302	674,302	714,707	(40,405)
Culture/recreation	595,822	595,822	522,754	73,068
Transportation	73,000	73,000	70,980	2,020
Capital outlay	155,335	155,335	16,500	138,835
Total Expenditures	<u>1,669,452</u>	<u>1,669,452</u>	<u>1,644,249</u>	<u>25,203</u>
Excess of revenues over/(under) expenditures	-	-	375,369	375,369
Other Financing Sources/(Uses)				
Insurance proceeds	-	-	29,539	29,539
Net Change in Fund Balances	-	-	404,908	404,908
Fund Balances - Beginning of Year	-	-	1,990,611	1,990,611
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,395,519</u>	<u>\$ 2,395,519</u>

See accompanying notes to financial statements.

Sterling Hill Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

1. Reporting Entity

The District was established on March 20, 2003, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), by Hernando County, Florida Ordinance 2003-04 as a Community Development District. In April 2006, the County approved amending the boundaries of the District by Hernando County, Florida Ordinance 2006-05. The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of the infrastructure necessary for community development within its jurisdiction. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing district roads, landscaping, and other basic infrastructure projects within or outside the boundaries of the Sterling Hill Community Development District. The District is governed by a five-member Board of Supervisors who are elected on an at large basis by qualified electors that reside within the District. The District operates within the criteria established by Chapter 190, Florida Statutes.

As required by GAAP, these financial statements present the Sterling Hill Community Development District (the primary government) as a stand-alone government. The reporting entity for the District includes all functions of government in which the District's Board exercises oversight responsibility including, but not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based upon the application of the above-mentioned criteria as set forth by the Governmental Accounting Standards Board, the District had identified no component units.

2. Measurement Focus and Basis of Accounting

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

Sterling Hill Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

a. Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include all the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities are supported by special assessments. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

b. Fund Financial Statements

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

Sterling Hill Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds

The District classifies fund balance according to Governmental Accounting Standards Board Statement 54 – Fund Balance Reporting and Governmental Fund Type Definitions. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The District has various policies governing the fund balance classifications.

Nonspendable Fund Balance – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balance – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Assigned Fund Balance – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed. The assigned fund balances can also be assigned by the District's management company.

Unassigned Fund Balance – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fund Balance Spending Hierarchy – For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

Sterling Hill Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon 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.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources are expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

Debt service expenditures are recorded only when payment is due.

3. Basis of Presentation

a. Governmental Major Funds

General Fund – The General Fund is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Sterling Hill Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation (Continued)

a. Governmental Major Funds (Continued)

Debt Service Fund – Accounts for debt service requirements to retire certain special assessment revenue bonds which were used to finance the construction of District infrastructure improvements. The bonds are secured by a first lien on and pledge of the special assessment revenues and pledged funds.

b. Non-current Governmental Assets/Liabilities

GASB Statement 34 requires that non-current governmental assets, such as capital assets, and non-current governmental liabilities, such as capital improvement bonds be reported in the governmental activities column in the government-wide Statement of Net Position.

4. Assets, Liabilities, and Net Position or Equity

a. Cash and Investments

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

The District is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Sterling Hill Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, and Net Position or Equity (Continued)

b. Restricted Net Position

Certain net position of the District is classified as restricted on the Statement of Net Position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors. In a fund with both restricted and unrestricted net position, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

c. Capital Assets

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

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

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

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

Depreciation is computed utilizing the straight-line method over the estimated useful lives of the assets. The estimated useful life for infrastructure is 15-30 years, buildings and improvements is 10-30 years, and 5-10 years for equipment.

d. Budgets

Budgets are prepared and adopted after a public hearing for the governmental funds, pursuant to Chapter 190, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Formal budgets are adopted for the general and debt service funds. As a result, deficits in the budget columns of the accompanying financial statements may occur.

Sterling Hill Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE B – CASH AND INVESTMENTS

All deposits are held in qualified public depositories and are included on the accompanying balance sheet as cash and investments.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk; however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2024, the District's bank balance was \$1,867,133 and the carrying value was \$1,859,323. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

Investments

As of September 30, 2024, the District had the following investments and maturities:

Investment	Maturities	Fair Value
U S Bank Managed Money Market	N/A	\$ 697,517
Certificates of Deposit	2/1/2025	499,398
Total		\$ 1,196,915

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 price 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 use the best information available under the circumstances, which includes the District's own data in measuring unobservable inputs.

Based on the criteria in the preceding paragraph, the District's investments in U S Bank Managed Money Market are Level 1 assets.

Sterling Hill Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE B – CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's investments are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. As of September 30, 2024, the District's investment in U S Bank Managed Money Market was not rated.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The investments in U S Bank Managed Money Market represent 58% of the District's total investments and the investment in certificates of deposit are 42% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2024 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary.

NOTE C – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2024 was as follows:

	Balance October 1, 2023	Additions	Disposals	Balance September 30, 2024
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000
Capital assets, being depreciated:				
Infrastructure	22,392,143	-	-	22,392,143
Buildings and improvements	3,059,650	-	-	3,059,650
Equipment	303,042	16,500	-	319,542
Less: accumulated depreciation	(19,760,276)	(1,008,917)	-	(20,769,193)
Total capital assets, being depreciated	5,994,559	(992,417)	-	5,002,142
Governmental Activities Capital Assets	<u>\$ 7,494,559</u>	<u>\$ (992,417)</u>	<u>\$ -</u>	<u>\$ 6,502,142</u>

Depreciation was charged to physical environment, \$301,585, transportation, \$538,821, and culture/recreation, \$168,511.

Sterling Hill Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE D – LONG-TERM DEBT

In October 2003, the District issued \$12,535,000 Series 2003A term bonds and \$26,465,000 Series 2003B Capital Improvement Revenue Bonds maturing on May 1, 2035 and November 1, 2010, respectively, with a fixed interest rate of 6.10% on \$4,765,000 Series 2003A Bonds, a 6.2% fixed interest rate on \$7,770,000 Series 2003A Bonds and 5.50% on the Series 2003B Bonds. These bonds were issued to finance a portion of the cost of acquisition, construction, installation, and equipping of the Series 2003 Project. The unmatured balance outstanding on the Series 2003A Bonds at September 30, 2024 was \$6,840,000.

The following is a summary of activity for long-term debt of the District for the year ended September 30, 2024:

Long-term debt at October 1, 2023	\$ 7,135,000
Principal payments	(295,000)
Long-term debt at September 30, 2024	<u>\$ 6,840,000</u>

The Bonds have an additional \$6,790,000 in matured bonds outstanding for past due principal payments on the Series 2003A and Series 2003B Bonds. The District did not make the scheduled debt service principal payment May 1, 2024 for the Series 2003A Bonds.

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2024 are as follows:

Year Ending September 30,	Principal	Interest	Total
2025	\$ 480,000	\$ 611,340	\$ 1,091,340
2026	510,000	581,580	1,091,580
2027	540,000	549,960	1,089,960
2028	575,000	516,480	1,091,480
2029	610,000	480,830	1,090,830
2030-2034	3,705,000	1,784,150	5,489,150
2035	420,000	213,300	633,300
Totals	<u>\$ 6,840,000</u>	<u>\$ 4,737,640</u>	<u>\$ 11,577,640</u>

Sterling Hill Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE D – LONG-TERM DEBT (CONTINUED)

Significant Bond Resolution Terms and Covenants

The District levies special assessments pursuant to Section 190.022, Florida Statutes and the assessment rolls are approved by resolutions of the District Board. The collections are to be strictly accounted for and applied to the debt service of the bond series for which they were levied. The District covenants to levy special assessments in annual amounts adequate to provide for payment of principal and interest on the bonds. Payment of principal and interest is dependent on the money available in the debt service fund and the District’s ability to collect special assessments levied.

The Series 2003A Bonds are subject to redemption prior to maturity, in whole on any date, or in part at any time on or after May 1, 2013. The Series 2003A Bonds are subject to extraordinary mandatory redemption prior to their selected maturity date in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The bond indenture provides for Debt Service Reserve Funds, which shall be held by the Trustee separate and apart from all other funds. The following is a schedule of reserve requirements and balances in the reserve accounts at September 30, 2024:

	Reserve Balance	Reserve Requirement
Series 2003A	\$ 147,061	\$ 919,895
Series 2003B	\$ 755	\$ 237,728

NOTE E – SPECIAL ASSESSMENT REVENUES

Assessments are non-ad valorem assessments on benefitted property within the District. Operation and Maintenance Assessments are based upon adopted budget and levied annually. Debt Service Assessments are levied when bonds are issued and collected annually. The District may collect assessments directly or utilize the uniform method of collections (Chapter 197.3632, Florida Statutes). Direct collected assessments are due as determined by an annual assessment resolution adopted by the Board of Supervisors. Per Section 197.162, Florida Statutes discounts, for the amounts collected on the tax roll, are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Assessments paid in March are without discount.

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 government.

Sterling Hill Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE F – 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 for which the government carries commercial insurance. There were no settled claims from these risks that exceeded commercial insurance coverage in the last three years.



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INDEPENDENT AUDITORS' 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
Hernando County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements, as listed in the table of contents, of Sterling Hill Community Development District, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated March 19, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sterling Hill Community Development District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sterling Hill Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Sterling Hill Community Development 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

To the Board of Supervisors
Sterling Hill Community Development District

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sterling Hill Community Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. See pages 30-33.

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.



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

March 19, 2025



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MANAGEMENT LETTER

To the Board of Supervisors
Sterling Hill Community Development District
Hernando County, Florida

Report on the Financial Statements

We have audited the financial statements of the Sterling Hill Community Development District as of and for the year ended September 30, 2024, and have issued our report thereon dated March 19, 2025.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with AICPA Professionals Standards, AT-C Section 315 regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated March 19, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been made to address findings and recommendations made in the preceding financial audit report. The following findings or recommendations were made in the preceding financial audit report.

12-03 Failure to Meet Debt Service Reserve Account Requirements

Finding: The Trust Indenture requires the District to maintain a minimum balance in the Series 2003 Debt Service Reserve Accounts. The Reserve Account was utilized to pay debt service in prior years and the reserve account has not been restored.

Recommendation: We recommend that the District use all available remedies to replenish the Reserve Account.

Management Response: The District and the bondholders have been working to alleviate this issue.

Current Status: The Reserve Account is not in compliance with the Trust Indenture as of September 30, 2024.

To the Board of Supervisors
Sterling Hill Community Development District

12-04 Failure to Make Debt Service Payments When Due

Finding: The District did not pay all the required principal due on the Series 2003 Bonds.

Recommendation: We recommend that the District bring the debt service payments current.

Response: The land was sold. Debt service assessments have been deferred until direction is given by the Trustee.

Current Status: The District did not make all the required debt service payments for the year ended September 30, 2024.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires us to apply appropriate procedures and communicate the results of our determination as to whether or not Sterling Hill Community Development District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the Sterling Hill Community Development District met one of the conditions described in Section 218.503(1), Florida Statutes. See Finding 12-04 above.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial conditions assessment procedures as of September 30, 2024 for the Sterling Hill Community Development District. It is management's responsibility to monitor the Sterling Hill Community Development District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same.

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

To the Board of Supervisors
Sterling Hill Community Development District

Specific Information

The information provided below was provided by management and has not been audited; therefore, we do not express an opinion or provide any assurance on the information.

As required by Section 218.39(3)(c) and Section 218.32 (1) (c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the Sterling Hill Community Development District reported:

- 1) The total number of District employees compensated in the last pay period of the District's fiscal year: 0
- 2) The total number of independent contractors to whom nonemployee compensation, defined as individuals or entities that receive 1099s, was paid in the last month of the District's fiscal year: 13
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: 0
- 4) All compensation earned by or awarded to nonemployee independent contractors, defined as entities or individuals that receive 1099s, whether paid or accrued, regardless of contingency: \$166,174
- 5) Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1, 2023, together with the total expenditures for such project: N/A
- 6) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes: The budget was not amended.

As required by Section 218.39(3)(c) and Section 218.32 (1) (c), Florida Statutes, and Section 10.554(1)(i)9, Rules of the Auditor General, the Sterling Hill Community Development District reported:

- 1) The rate or rates of non-ad valorem special assessments imposed by the District: General Fund \$49.97 - \$1,093.24 and Debt Service Fund \$716.29 – \$952.66.
- 2) The amount of special assessments collected by or on behalf of the District: \$2,542,753.
- 3) The total amount of outstanding bonds issued by the District and the terms of such bonds: Series 2003 \$6,840,000 unmatured bonds outstanding, maturing in May 2035.

To the Board of Supervisors
Sterling Hill Community Development District

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 fraud, waste, or abuse, that has occurred or is likely to have occurred, that has 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.

*Berger Toombs Elam
Gaines + Frank*

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

March 19, 2025



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**INDEPENDENT ACCOUNTANTS' REPORT/COMPLIANCE WITH
SECTION 218.415, FLORIDA STATUTES**

To the Board of Supervisors
Sterling Hill Community Development District
Hernando County, Florida

We have examined Sterling Hill Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2024. Management is responsible for Sterling Hill Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Sterling Hill Community Development 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, accordingly, included examining, on a test basis, evidence about Sterling Hill Community Development 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 Sterling Hill Community Development District's compliance with the specified requirements.

In our opinion, Sterling Hill Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2024.

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Fort Pierce, Florida

March 19, 2025