

**SOUTHERN HILLS
PLANTATION I
COMMUNITY DEVELOPMENT
DISTRICT**

July 11, 2022

**BOARD OF SUPERVISORS
REGULAR MEETING
AGENDA**

**Southern Hills Plantation I
Community Development District**

OFFICE OF THE DISTRICT MANAGER

2300 Glades Road, Suite 410W • Boca Raton, Florida 33431

Phone: (561) 571-0010 • Fax: (561) 571-0013 • Toll-free: (877) 276-0889

July 4, 2022

Board of Supervisors
Southern Hills Plantation I Community Development District

Dear Board Members:

The Board of Supervisors of the Southern Hills Plantation I Community Development District will hold a Regular Meeting on July 11, 2022, at 10:00 a.m., at the Southern Hills Plantation Clubhouse, located at 4200 Summit View Drive, Brooksville, Florida 34601. The agenda is as follows:

1. Call to Order/Roll Call
2. Public Comments (*Agenda Items*)
3. Presentation of Audited Financial Report for the Fiscal Year Ended September 30, 2021, Prepared by Berger, Toombs, Elam, Gaines and Frank
4. Consideration of Resolution 2022-07, Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2021
5. Continued Discussion: Fiscal Year 2022/2023 Proposed Budget
6. Acceptance of Unaudited Financial Statements as of May 31, 2022
7. Approval of June 13, 2022 Regular Meeting Minutes
8. Other Business
9. Staff Reports
 - A. District Counsel: *KE Law Group, PLLC*
 - B. District Engineer: *Coastal Engineering Associates, Inc.*
 - C. District Manager: *Wrathell, Hunt and Associates, LLC*

ATTENDEES:

Please identify yourself each time you speak to facilitate accurate transcription of meeting minutes.

- NEXT MEETING DATE: August 8, 2022, immediately following the adjournment of the Southern Hills Plantation III CDD meeting scheduled to commence at 10:00 a.m.
 - QUORUM CHECK


JOHN McCOSKRIE	<input type="checkbox"/> IN PERSON	<input type="checkbox"/> PHONE	<input type="checkbox"/> No
ROBERT NELSON	<input type="checkbox"/> IN PERSON	<input type="checkbox"/> PHONE	<input type="checkbox"/> No
MATT ROMERO	<input type="checkbox"/> IN PERSON	<input type="checkbox"/> PHONE	<input type="checkbox"/> No
BRIAN McCAFFREY	<input type="checkbox"/> IN PERSON	<input type="checkbox"/> PHONE	<input type="checkbox"/> No
MARGARET BLOOMQUIST	<input type="checkbox"/> IN PERSON	<input type="checkbox"/> PHONE	<input type="checkbox"/> No

10. Supervisors' Requests

11. Adjournment

If you have any questions or comments, please contact me directly at (239) 464-7114.

Sincerely,


 Chesley E. Adams, Jr.
 District Manager

FOR BOARD MEMBERS AND STAFF TO ATTEND BY TELEPHONE

CALL IN NUMBER: 1-888-354-0094
PARTICIPANT PASSCODE: 229 774 8903

**SOUTHERN HILLS PLANTATION I
COMMUNITY DEVELOPMENT DISTRICT**

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**Southern Hills Plantation I Community
Development District**

ANNUAL FINANCIAL REPORT

September 30, 2021

Southern Hills Plantation I Community Development District

ANNUAL FINANCIAL REPORT

September 30, 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

REPORT OF INDEPENDENT AUDITOR'S

To the Board of Supervisors
Southern Hills Plantation I Community Development District
Hernando County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Southern Hills Plantation I Community Development District (the "District") as of and for the year ended September 30, 2021, and the related notes to 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

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 Accounting 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 policies 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 opinion.

Fort Pierce / Stuart

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To the Board of Supervisors
Southern Hills Plantation I Community Development District

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, and each major fund of Southern Hills Plantation I Community Development District as of September 30, 2021, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Management's Discussion and Analysis

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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, economical 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 principally 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 the 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 June 29, 2022 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 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 Southern Hills Plantation I Community Development District's internal control over financial reporting and compliance.



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

June 29, 2022

**Southern Hills Plantation I Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

Management's discussion and analysis of Southern Hills Plantation I 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, physical environment 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.

**Southern Hills Plantation I Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

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 general obligation 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, 2021.

- ◆ The District's total assets exceeded total liabilities by \$5,088,269 (net position). Net investment in capital assets for the District was \$6,065,922. Unrestricted net position for Governmental Activities was (\$1,697,851). Restricted net position was \$720,198.
- ◆ Governmental activities revenues totaled \$1,912,939 while governmental activities expenses totaled \$1,821,798.

**Southern Hills Plantation I Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

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	
	2021	2020
Current assets	\$ 1,848,338	\$ 1,125,957
Restricted assets	1,023,188	855,814
Capital assets	11,678,798	12,493,749
Total Assets	14,550,324	14,475,520
Current liabilities	1,077,055	673,392
Non-current liabilities	8,385,000	8,805,000
Total Liabilities	9,462,055	9,478,392
Net Position		
Net investment in capital assets	6,065,922	6,561,681
Restricted	720,198	728,981
Unrestricted	(1,697,851)	(2,293,534)
Total Net Position	\$ 5,088,269	\$ 4,997,128

The increase in current assets is related to the increase in cash and special assessments receivable in the current year.

The decrease in capital assets is due to depreciation in the current year.

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

The decrease in non-current liabilities is primarily related to current year principal payments.

The decrease in net investment in capital assets is primarily due to depreciation in excess of principal payments on long-term debt in the current year.

The increase in total net position is the result of revenues in excess of expenses in the current year.

**Southern Hills Plantation I Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

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	
	2021	2020
Program Revenues		
Charges for services	\$ 1,912,652	\$ 1,513,362
General Revenues		
Miscellaneous revenues	116	7,500
Investment earnings	171	6,794
Total Revenues	1,912,939	1,527,656
Expenses		
General government	299,930	84,119
Physical environment	987,905	939,034
Interest and other charges	533,963	548,729
Total Expenses	1,821,798	1,571,882
Change in Net Position	91,141	(44,226)
Net Position - Beginning of Year	4,997,128	5,041,354
Net Position - End of Year	\$ 5,088,269	\$ 4,997,128

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

The increase in general government is related to the increase in legal fees and the write-off of certain due from other government amounts.

**Southern Hills Plantation I Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

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, 2021 and 2020.

	Governmental Activities	
	2021	2020
Land and improvements	\$ 1,090,599	\$ 1,090,599
Infrastructure	13,416,171	13,416,171
Improvements other than buildings	19,988	19,988
Equipment	375,984	375,984
Less: accumulated depreciation	<u>(3,223,944)</u>	<u>(2,408,993)</u>
 Governmental Activities Capital Assets	 <u>\$ 11,678,798</u>	 <u>\$ 12,493,749</u>

During the year, depreciation was \$814,951.

General Fund Budgetary Highlights

The September 30, 2021 budget was not amended.

Debt Management

Governmental Activities debt includes the following:

- ◆ In March 2011, the District issued \$7,010,000 Series 2011 A-1 and \$5,095,000 Series 2011 A-2 Capital Improvement Revenue Bonds. These bonds were issued to finance and refinance the acquisition and construction of certain infrastructure improvements within the District. The District did not make the current year principal payment and it is reflected as matured bonds payable, \$400,000, in the financial statements. The unmatured balance outstanding at September 30, 2021 was \$8,805,000.

**Southern Hills Plantation I Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Economic Factors and Next Year's Budget

The District does not anticipate any major projects or significant changes to its infrastructure maintenance program for the subsequent fiscal year. In addition, it is anticipated that the general operations of the District will remain fairly constant. The District was informed that the 2022 debt service assessment would not be paid and the District did not make the May 2022 required principal payment.

Request for Information

The financial report is designed to provide a general overview of Southern Hills Plantation I 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 Southern Hills Plantation I Community Development District's Finance Department at 2300 Glades Road, Suite 410W, Boca Raton, Florida 33431.

Southern Hills Plantation I Community Development District
STATEMENT OF NET POSITION
September 30, 2021

	Governmental Activities
ASSETS	
Current Assets	
Cash	\$ 735,967
Investments	92
Assessments receivable	770,651
Due from other governments	329,661
Prepaid expenses	9,048
Deposits	2,919
Total Current Assets	1,848,338
Non-Current Assets	
Restricted Assets	
Investments - debt service	1,023,188
Capital Assets, Not Being Depreciated	
Land and improvements	1,090,599
Capital Assets, Being Depreciated	
Infrastructure	13,416,171
Improvements other than buildings	19,988
Equipment	375,984
Less: accumulated depreciation	(3,223,944)
Total Non-Current Assets	12,701,986
Total Assets	14,550,324
 LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	34,563
Due to developer	37
Matured bonds payable	400,000
Bonds payable	420,000
Accrued interest	222,455
Total Current Liabilities	1,077,055
Non-Current Liabilities	
Bonds payable	8,385,000
Total Liabilities	9,462,055
 NET POSITION	
Net investment in capital assets	6,065,922
Restricted for debt service	720,198
Unrestricted	(1,697,851)
Total Net Position	\$ 5,088,269

See accompanying notes to financial statements.

Southern Hills Plantation I Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expenses) Revenues and Changes in Net Position Governmental Activities
Governmental Activities			
General government	\$ (299,930)	\$ 301,447	\$ 1,517
Physical environment	(987,905)	591,104	(396,801)
Interest and other charges	(533,963)	1,020,101	486,138
Total Governmental Activities	\$ (1,821,798)	\$ 1,912,652	90,854
General Revenues			
Miscellaneous revenues			116
Investment income			171
Total General Revenues			287
Change in Net Position			91,141
Net Position - October 1, 2020			4,997,128
Net Position - September 30, 2021			\$ 5,088,269

See accompanying notes to financial statements.

Southern Hills Plantation I Community Development District
BALANCE SHEET –
GOVERNMENTAL FUNDS
September 30, 2021

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash	\$ 735,967	\$ -	\$ 735,967
Investments	92	-	92
Assessments receivable	-	770,651	770,651
Due from other funds	-	90,420	90,420
Due from other governments	320,497	9,164	329,661
Prepaid expenses	9,048	-	9,048
Deposits	2,919	-	2,919
Restricted assets			
Investments, at fair value	-	1,023,188	1,023,188
Total Assets	\$1,068,523	\$ 1,893,423	\$ 2,961,946
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued expenses	\$ 34,563	\$ -	\$ 34,563
Due to other funds	90,420	-	90,420
Due to developer	37	-	37
Matured bonds payable	-	400,000	400,000
Total Liabilities	125,020	400,000	525,020
 DEFERRED INFLOWS OF RESOURCES			
Deferred revenues	-	743,931	743,931
 FUND BALANCES			
Nonspendable - prepaids/deposits	11,967	-	11,967
Restricted:			
Debt service	-	749,492	749,492
Unassigned	931,536	-	931,536
Total Fund Balances	943,503	749,492	1,692,995
Total Liabilities and Fund Balances	\$1,068,523	\$ 1,893,423	\$ 2,961,946

See accompanying notes to financial statements.

**Southern Hills Plantation I Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2021**

Total Governmental Fund Balances	\$ 1,692,995
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, land and improvements (\$1,090,599), infrastructure (\$13,416,171), improvements other than buildings (\$19,988), and equipment (\$375,984) net of accumulated depreciation (\$(3,223,944)), used in governmental activities are not current financial resources and; therefore, are not reported at the fund level.	11,678,798
Long-term liabilities, bonds payable, are not due and payable in the current period and; therefore, are not reported at the governmental fund level.	(8,805,000)
Revenues that are unavailable at year end are recognized as a deferred inflow of resources at the fund level. Revenues are recognized when earned at the government-wide level.	743,931
Accrued interest expense for long-term debt is not a current financial use and; therefore, is not reported at the governmental fund level.	<u>(222,455)</u>
Net Position of Governmental Activities	<u><u>\$ 5,088,269</u></u>

See accompanying notes to financial statements.

Southern Hills Plantation I Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

	General	Debt Service	Total Governmental Funds
Revenues			
Special assessments	\$ 981,107	\$ 834,118	\$ 1,815,225
Miscellaneous revenues	116	-	116
Investment income	-	171	171
Total Revenues	<u>981,223</u>	<u>834,289</u>	<u>1,815,512</u>
Expenditures			
Current			
General government	274,237	25,693	299,930
Physical environment	172,954	-	172,954
Debt service			
Principal	-	415,000	415,000
Interest	-	534,325	534,325
Total Expenditures	<u>447,191</u>	<u>975,018</u>	<u>1,422,209</u>
Net change in fund balances	<u>534,032</u>	<u>(140,729)</u>	<u>393,303</u>
Fund Balances - October 1, 2020	<u>409,471</u>	<u>890,221</u>	<u>1,299,692</u>
Fund Balances - September 30, 2021	<u><u>\$ 943,503</u></u>	<u><u>\$ 749,492</u></u>	<u><u>\$ 1,692,995</u></u>

See accompanying notes to financial statements.

Southern Hills Plantation I 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, 2021

Net Change in Fund Balances - Total Governmental Funds	\$	393,303
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount of depreciation in the current period.		(814,951)
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Repayments of bond principal are expenditures in the governmental funds statements, but the repayments reduce long-term liabilities in the Statement of Net Position.		415,000
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Revenues that are unavailable at year end are recognized as a deferred inflow of resources at the fund level. Revenues are recognized when earned at the government-wide level.		97,427
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In the Statement of Activities, interest is accrued on outstanding bonds; whereas at the governmental funds level, interest expenditures are reported when due. This is the change in accrued interest in the current period.		362
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Change in Net Position of Governmental Activities	\$	<u>91,141</u>
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See accompanying notes to financial statements.

**Southern Hills Plantation I Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended September 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Special assessments	\$ 545,729	\$ 545,729	\$ 981,107	\$ 435,378
Miscellaneous revenues	-	-	116	116
Investment income	250	250	-	(250)
	<u>545,979</u>	<u>545,979</u>	<u>981,223</u>	<u>435,244</u>
Total Revenues				
Expenditures				
Current				
General government	90,075	90,075	274,237	(184,162)
Physical environment	315,900	315,900	172,954	142,946
	<u>405,975</u>	<u>405,975</u>	<u>447,191</u>	<u>(41,216)</u>
Total Expenditures				
Net Change in Fund Balances	140,004	140,004	534,032	394,028
Fund Balances - October 1, 2020	<u>340,281</u>	<u>340,281</u>	<u>409,471</u>	<u>69,190</u>
Fund Balances - September 30, 2021	<u>\$ 480,285</u>	<u>\$ 480,285</u>	<u>\$ 943,503</u>	<u>\$ 463,218</u>

See accompanying notes to financial statements.

Southern Hills Plantation I Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

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 August 2, 2004, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), by Ordinance #676 of the City of Brooksville, Florida, as a Community Development District. 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 Southern Hills Plantation I Community Development District. The District is governed by a Board of Supervisors who are elected to four-year terms. Three of the Supervisors are employed by the Developer or a related entity. The District operates within the criteria established by Chapter 190, Florida Statutes.

As required by GAAP, these financial statements present the Southern Hills Plantation I 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 in Governmental Accounting Standards Board Statement Number 61, The Financial Reporting Entity, the District has 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

Southern Hills Plantation I Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

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 and interest. 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.

Southern Hills Plantation I Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

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.

Southern Hills Plantation I Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

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.

Southern Hills Plantation I Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

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 the special assessment 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 Pledged Revenues.

b. Non-current Governmental Assets/Liabilities

GASB Statement 34 requires that non-current governmental assets, such as land and improvements, and non-current governmental liabilities, such as general obligation bonds and due to developer be reported in the governmental activities column in the government-wide Statement of Net Position.

4. Assets, Liabilities, Deferred Inflows of Resources 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.

Southern Hills Plantation I Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

a. Cash and Investments (Continued)

Cash equivalents include time deposits and all highly liquid debt instruments with original maturities of three months or less and held in a qualified public depository as defined by Section 280.02, Florida Statutes.

b. Restricted Assets

Certain net position of the District is classified as restricted assets 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 assets, 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, infrastructure, improvements other than buildings and equipment are reported in the governmental activities column.

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

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

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

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets range from 15 to 40 years.

d. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District only has one item that qualifies for reporting in this category. Deferred revenues are reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amounts become available.

**Southern Hills Plantation I Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**4. Assets, Liabilities, Deferred Inflows of Inflows and Net Position or Equity
(Continued)**

e. Budgets

Budgets are prepared and adopted after public hearings 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.

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

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, 2021, the District's bank balance was \$724,937 and the carrying value was \$735,967. 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.

As of September 30, 2021, the District had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
First American Treasury Obligation Fund	16 Days *	\$ 1,023,188
Florida PRIME	49 Days *	92
Total		<u>\$ 1,023,280</u>

* Weighted average maturity

The District categorizes its fair value measurements within the fair value hierarchy recently 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.

Southern Hills Plantation I Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE B – CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued)

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 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 investment in First American Treasury Obligation Fund is a Level 1 asset.

Investments

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes. The investment in Florida PRIME is measured at amortized cost. Florida PRIME has established policies and guidelines regarding participant transactions and the authority to limit or restrict withdrawals or impose a penalty for an early withdrawal. As of September 30, 2021, there were no redemption fees, maximum transaction amounts, or any other requirements that would limit daily access to 100 percent of the account value.

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 in treasury funds and government loans 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, 2021, the District's investments in First American Treasury Obligation Fund were rated AAAM by Standard & Poor's. As of September 30, 2021, the District's investment in Florida PRIME was rated AAAM by Standard & Poor's.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The investments in the State Board of Administration Florida PRIME are less than 1% of the District's total investments. The investments in First American Treasury Obligation Fund are nearly 100% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2021 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.

Southern Hills Plantation I Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE C – RELATED PARTY TRANSACTIONS

Three of the voting members of the board of supervisors are employed by the Developer or a related entity. The District has \$770,651 in special assessment receivables, net any doubtful accounts, from the Developer and other related parties from prior and current years that have not been collected.

The District entered into an Inter-local Agreement, dated December 28, 2004 with Southern Hills Plantation II Community Development District (“SH2”) and Southern Hills Plantation III Community Development District (“SH3”). Under the agreement, the District was designated to supervise and manage the construction and maintenance of improvements in all three districts, and SH2 and SH3 would share those costs. Both SH2 and SH3 failed to fulfill the payment obligations under the Interlocal Agreement. In the current fiscal year, SH1 and SH3 entered into a repayment agreement and SH3 has made up its outstanding amounts due under the Interlocal Agreement.

The District transmitted a repayment agreement to SH2 (“Repayment Agreement”) on December 29, 2021. The agreement contemplates a repayment schedule for the payments that are past due and a schedule for timely payments going forward. In a good faith effort at resolving this delinquency, SH1 has reduced the shared facilities and corresponding cost, waived collection of the amounts due for fiscal years 2012 and 2013, provided for a five year repayment plan rather than an immediate acceleration of all amounts outstanding, and also agreed to waive the interest accrued on the amounts past due and outstanding for fiscal years 2012-2021, for so long as the Repayment Agreement is executed and the provisions of the Repayment Agreement are met. It is unclear whether SH2 will execute the Repayment Agreement such that the dispute between the parties will be resolved.

The amount receivable, net any doubtful accounts, from the two Districts at September 30, 2021 was \$315,311.

Southern Hills Plantation I Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE D – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2021 was as follows:

	Balance October 1, 2020	Additions	Disposals	Balance September 30, 2021
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land and land improvements	\$ 1,090,599	\$ -	\$ -	\$ 1,090,599
Capital assets, being depreciated:				
Infrastructure	13,416,171	-	-	13,416,171
Improvements	19,988	-	-	19,988
Equipment	375,984	-	-	375,984
Total Capital Assets, Being Depreciated	<u>13,812,143</u>	<u>-</u>	<u>-</u>	<u>13,812,143</u>
Less accumulated depreciation for:				
Infrastructure	(2,367,264)	(789,088)	-	(3,156,352)
Improvements	(10,399)	(799)	-	(11,198)
Equipment	(31,330)	(25,064)	-	(56,394)
Total Accumulated Depreciation	<u>(2,408,993)</u>	<u>(814,951)</u>	<u>-</u>	<u>(3,223,944)</u>
Total Capital Assets Depreciated, Net	<u>11,403,150</u>	<u>(814,951)</u>	<u>-</u>	<u>10,588,199</u>
Governmental Activities Capital Assets	<u>\$ 12,493,749</u>	<u>\$ (814,951)</u>	<u>\$ -</u>	<u>\$ 11,678,798</u>

Current year depreciation of \$814,951 was charged to physical environment.

Southern Hills Plantation I Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE E – LONG-TERM DEBT

The following is a summary of activity in the long-term debt account group of the District for the year ended September 30, 2021:

Long-term debt at October 1, 2020	\$	9,220,000
Principal payments		<u>(415,000)</u>
Long-term debt at September 30, 2021	\$	<u>8,805,000</u>

Long-term debt is comprised of the following:

Capital Improvement Revenue Bonds

\$7,010,000 Series 2011A-1 Bonds, interest at 5.8%, maturing May 1, 2035, payable on May 1 and November 1; collateralized by the pledged revenues of special assessments levied against the benefited property owners. \$ 5,065,000

\$5,095,000 Series 2011A-2 Bonds, interest at 5.8%, maturing May 1, 2035, payable on May 1 and November 1, collateralized by the pledged revenues of special assessments levied against benefitted property owners. 3,740,000

Bonds Payable \$ 8,805,000

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2021 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 420,000	\$ 510,690	\$ 930,690
2023	445,000	486,330	931,330
2024	470,000	460,520	930,520
2025	495,000	433,260	928,260
2026	530,000	404,550	934,550
2027-2031	3,160,000	1,523,370	4,683,370
2032-2035	<u>3,285,000</u>	<u>490,390</u>	<u>3,775,390</u>
Totals	<u>\$ 8,805,000</u>	<u>\$ 4,309,110</u>	<u>\$ 13,114,110</u>

Southern Hills Plantation I Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE E – LONG-TERM DEBT (CONTINUED)

Significant Bond Provisions

The Series 2011A-1 and A-2 Bonds are subject to redemption at the option of the District prior to their maturity, in whole or in part, at any time after May 1, 2012, at a redemption price set in the Bond indenture. The Bonds are subject to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond indenture.

The Bond Indenture established certain amounts be maintained in a reserve account. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements.

Depository Funds

The bond resolution establishes certain funds and determines the order in which revenues are to be deposited into these funds. A description of the significant funds, including their purposes, is as follows:

Reserve Fund – The Series 2011 Reserve Account is funded from the proceeds of the Bonds. Monies held in the reserve accounts will be used only for the purposes established in the Trust Indenture.

	Capital Improvement Revenue Bonds	
	Reserve Balance	Reserve Requirement
Series 2011 Capital Improvement Revenue Bonds A-1	\$ 493,378	\$ 531,340
Series 2011 Capital Improvement Revenue Bonds A-2	\$ 57,392	\$ 77,734

The District did not make the May 2021 required principal payments for the Series 2011A-1 \$230,000, and the Series 2011A-2, \$170,000. These amounts are reflected as matured bonds payable in the accompanying financial statements

Southern Hills Plantation I Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

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

NOTE G – SUBSEQUENT EVENT

In May 2022, the District made the required interest payments on the Series 2011A-1 and 2011A-2 Capital Improvement Revenue Bonds, however, the required principal payments were not made.



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

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
Southern Hills Plantation I 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 of Southern Hills Plantation I Community Development District, as of and for the year ended September 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated June 29, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Southern Hills Plantation I 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 Southern Hills Plantation I Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Southern Hills Plantation I 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 may exist that have not been identified.

To the Board of Supervisors
Southern Hills Plantation I Community Development District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southern Hills Plantation I 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Please note certain findings in the management letter on pages 31-34.

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*

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

June 29, 2022



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

MANAGEMENT LETTER

To the Board of Supervisors
Southern Hills Plantation I Community Development District
Hernando County, Florida

Report on the Financial Statements

We have audited the financial statements of the Southern Hills Plantation I Community Development District as of and for the year ended September 30, 2021, and have issued our report thereon dated June 29, 2022.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States; 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 June 29, 2022, 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.

To the Board of Supervisors
Southern Hills Plantation I Community Development District

Finding 2018-01

Finding: The District utilized the reserve fund to make part of the May 2018 payment due on the Series 2011 A-1 bonds. The balance had not been restored to the reserve fund by year end. We recommend that the District take steps to restore the reserve fund balance to the required amount.

Response: The District is investigating possible steps to restore the reserve balance to the required amount.

Status: The reserve balance has not been restored to the required balance.

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 Southern Hills Plantation I 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 Southern Hills Plantation I Community Development District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial conditions assessment procedures as of September 30, 2021 for the Southern Hills Plantation I Community Development District. It is management's responsibility to monitor the Southern Hills Plantation I 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
Southern Hills Plantation I 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), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Southern Hills Plantation I 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 was paid in the last month of the District's fiscal year: 7
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: N/A
- 4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$183,144
- 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, 2020, together with the total expenditures for such project: The District had no construction projects.
- 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), Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General, the Southern Hills Plantation I Community Development District reported:

- 7) The rate or rates of non-ad valorem special assessments imposed by the District: The General Fund, \$302.81 – \$877.73 and the Debt Service Fund, \$782.69- \$1,711.11.
- 8) The amount of special assessments collected by or on behalf of the District: Total Special Assessments collected was \$1,815,225.
- 9) The total amount of outstanding bonds issued by the District and the terms of such bonds: Series 2011A-1 Bonds, \$5,060,000, maturing May 2035 and Series 2011A-2 Bonds, \$3,740,000, maturing May 2035.

To the Board of Supervisors
Southern Hills Plantation I 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 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 note the following findings.

Finding 21-01


Finding: The Developer did not pay the 2021 debt service assessment and the May 2021 principal payment was not made.

Recommendation: The District should use all available remedies to ensure that the debt service assessments are paid to the district.

Management Response: The district is currently exploring all available remedies to receive the debt service assessment.

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
Certified Public Accountants PL
Fort Pierce, Florida

June 29, 2022



**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

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

To the Board of Supervisors
Southern Hills Plantation I Community Development District
Hernando County, Florida

We have examined Southern Hills Plantation I Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2021. Management is responsible for Southern Hills Plantation I Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Southern Hills Plantation I 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 Southern Hills Plantation I 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 Southern Hills Plantation I Community Development District's compliance with the specified requirements.

In our opinion, Southern Hills Plantation I Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2021.

*Berger Toombs Elam
Gaines & Frank*

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

June 29, 2022

**SOUTHERN HILLS PLANTATION I
COMMUNITY DEVELOPMENT DISTRICT**

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RESOLUTION 2022-07

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE SOUTHERN HILLS PLANTATION I COMMUNITY DEVELOPMENT DISTRICT HEREBY ACCEPTING THE AUDITED ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

WHEREAS, the District’s Auditor, Berger, Toombs, Elam, Gaines & Frank, has heretofore prepared and submitted to the Board, for accepting, the District’s Audited Annual Financial Report for Fiscal Year 2021;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE SOUTHERN HILLS PLANTATION I COMMUNITY DEVELOPMENT DISTRICT;

1. The Audited Annual Financial Report for Fiscal Year 2021, heretofore submitted to the Board, is hereby accepted for Fiscal Year 2021, for the period ending September 30, 2021; and

2. A verified copy of said Audited Annual Financial Report for Fiscal Year 2021 shall be attached hereto as an exhibit to this Resolution, in the District’s “Official Record of Proceedings”.

PASSED AND ADOPTED this 11th day of July, 2022.

ATTEST:

**SOUTHERN HILLS PLANTATION I
COMMUNITY DEVELOPMENT DISTRICT**

Secretary/Assistant Secretary

Chair/Vice Chair, Board of Supervisors

**SOUTHERN HILLS PLANTATION I
COMMUNITY DEVELOPMENT DISTRICT**

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**SOUTHERN HILLS PLANTATION I
COMMUNITY DEVELOPMENT DISTRICT
FISCAL YEAR 2023
PROPOSED BUDGET**

**SOUTHERN HILLS PLANTATION I
COMMUNITY DEVELOPMENT DISTRICT
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**SOUTHERN HILLS PLANTATION I
COMMUNITY DEVELOPMENT DISTRICT
GENERAL FUND BUDGET
FISCAL YEAR 2023**

	Fiscal Year 2022				Proposed Budget FY 2023
	Adopted Budget FY 2022	Actual through 3/31/22	Projected through 9/30/2022	Total Actual & Projected Revenue & Expenditures	
REVENUES					
Assessment levy: on-roll	\$ 411,224				\$ 316,677
Allowable discounts (4%)	(16,449)				(12,667)
Assessment levy: on-roll: net	394,775	\$ 336,536	\$ 59,868	\$ 396,404	304,010
Assessment levy: off-roll	64,350	15,202	49,148	64,350	49,556
Repayment from CDD III	12,344	860	11,484	12,344	-
CDD II shared costs payment	-	-	-	-	70,016
CDD III shared costs payment	-	-	-	-	45,529
Interest and miscellaneous	250	-	250	250	250
Total revenues	<u>471,719</u>	<u>352,598</u>	<u>120,750</u>	<u>473,348</u>	<u>469,361</u>
EXPENDITURES					
Professional & administrative					
Legislative					
Supervisor	6,700	3,800	3,800	7,600	7,600
Financial & Administrative					
District management	30,000	15,000	15,000	30,000	30,000
District engineer	7,500	-	7,500	7,500	7,500
Disclosure report	2,500	1,250	1,250	2,500	2,500
Trustee	4,300	-	4,300	4,300	4,300
Tax collector	16,449	14,744	1,705	16,449	12,667
Auditing services	3,250	-	3,250	3,250	3,250
Arbitrage rebate calculation	650	-	650	650	650
Public officials liability insurance	5,507	5,182	-	5,182	6,200
Legal advertising	750	186	564	750	750
Bank fees	600	-	600	600	600
Dues, licenses & fees	175	175	-	175	175
Website	790	-	790	790	790
ADA website compliance	210	199	11	210	210
Postage	500	480	20	500	500
Office supplies	150	-	150	150	150
Legal counsel					
District counsel	15,000	12,628	35,000	47,628	15,000
Electric utility services					
Street lights	13,100	14,004	14,000	28,004	28,000
Stormwater control					
Aquatic maintenance	31,000	16,106	20,000	36,106	39,000
Lake/pond bank maintenance	37,000	17,172	19,828	37,000	39,500
Aquatic plant replacement/weeding	5,000	-	-	-	5,000
Lake/pond repair	6,900	-	3,000	3,000	6,900

**SOUTHERN HILLS PLANTATION I
COMMUNITY DEVELOPMENT DISTRICT
GENERAL FUND BUDGET
FISCAL YEAR 2023**

	Fiscal Year 2022			Total Actual & Projected Revenue & Expenditures	Proposed Budget FY 2023
	Adopted Budget FY 2022	Actual through 3/31/22	Projected through 9/30/2022		
Other physical environment					
Property insurance	8,694	8,182	-	8,182	9,800
Entry & walls maintenance	2,500	-	2,500	2,500	2,500
Landscape maintenance	83,000	27,993	42,000	69,993	85,800
Irrigation repairs & maintenance	7,500	19,533	15,000	34,533	10,000
Landscape replacement plants, shrubs, trees	75,000	9,743	65,257	75,000	50,000
Culvert inspection and cleaning	-	90,000	-	90,000	10,000
Holiday decorations	10,000	12,630	-	12,630	15,000
Capital outlay					
Landscape	-	218	-	218	-
Contingency					
Miscellaneous contingency	10,000	36	9,964	10,000	75,016
Total expenditures	<u>384,725</u>	<u>269,261</u>	<u>266,139</u>	<u>535,400</u>	<u>469,358</u>
Excess/(deficiency) of revenues over/(under) expenditures	86,994	83,337	(145,389)	(62,052)	3
Fund balance - beginning (unaudited)	731,957	942,643	1,025,980	942,643	880,591
Fund balance - ending (projected)	<u>\$ 958,951</u>	<u>\$ 1,025,980</u>	<u>\$ 880,591</u>	<u>\$ 880,591</u>	<u>\$ 880,594</u>

Note: 87k of excess revenues is intended to account for the high probability that 216.74 ERUs will continue to not pay assessments in FY 2022

**SOUTHERN HILLS PLANTATION I
COMMUNITY DEVELOPMENT DISTRICT
DEFINITIONS OF GENERAL FUND EXPENDITURES**

EXPENDITURES

Legislative

Supervisor	\$ 7,600
Statutorily set at \$200 per Supervisor (plus applicable taxes) for each meeting of the Board of Supervisors, not to exceed \$4,800 for each fiscal year.	
District management	30,000
Wrathell, Hunt and Associates, LLC, specializes in managing community development districts by combining the knowledge, skills and experience of a team of professionals to ensure compliance with all governmental requirements of the District, develop financing programs, administer the issuance of tax exempt bond financings and operate and maintain the assets of the community.	
District engineer	7,500
Provides engineering, consulting and construction services to the District, which assists in crafting solutions with sustainability for the long term interests of the community while recognizing the needs of government, the environment and maintenance of the District's facilities.	
Disclosure report	2,500
The District must annually disseminate financial information in order to comply with the requirements of Rule 15c2-12 under the Securities & Exchange Act of 1934. Service included under Management.	
Trustee	4,300
Annual fees paid to U.S. Bank for services provided as trustee, paying agent and registrar.	
Tax collector	12,667
Covers the cost of utilizing the Tax Collector services in placing the District's assessments on the property tax bill each year. The fee is 2% of the amount collected on the tax roll.	
Auditing services	3,250
Statutorily required for the District to undertake an independent examination of its books, records and accounting procedures. This audit is conducted pursuant to Florida State Law and the rules and guidelines of the Florida Auditor General.	
Arbitrage rebate calculation	650
To ensure the District's compliance with all tax regulations, annual computations are necessary to calculate the arbitrage rebate liability.	
Public officials liability insurance	6,200
Legal advertising	750
The District advertises for monthly meetings, special meetings, public hearings, public bids, etc.	
Bank fees	600
Dues, licenses & fees	175
Includes the annual fee paid to the Department of Economic Opportunity.	
Website	790
Mailing of agenda packages, overnight deliveries, correspondence, etc.	
ADA website compliance	210
Postage	500
Office supplies	150

**SOUTHERN HILLS PLANTATION I
COMMUNITY DEVELOPMENT DISTRICT
DEFINITIONS OF GENERAL FUND EXPENDITURES**

EXPENDITURES (continued)

District counsel 15,000

Provides on-going general counsel legal representation and, in this arena, these lawyers are confronted with issues relating to public finance, public bidding, rulemaking, open meetings, public records, real property dedications, conveyances and contracts. In this capacity, they provide service as "local government lawyers," realizing that this type of local government is very limited in its scope – providing infrastructure and services to developments.

Electric utility services

Street lights 28,000

Intended to cover the costs of electricity for all street lighting within the District.

Stormwater control

Aquatic maintenance 39,000

The District contracts with a qualified and licensed contractor for the maintenance of its storm water lakes.

Lake/pond bank maintenance 39,500

Intended to address lake and pond bank erosion remediation on an as needed basis.

Aquatic plant replacement/weeding 5,000

Intended to supplement the existing beneficial aquatic plant program.

Lake/pond repair 6,900

Covers periodic repairs to pond banks, culverts or other associated structures.

Other physical environment

Property insurance 9,800

Covers District physical property including but not limited to the entry features, street lighting, clock tower etc..

Entry & walls maintenance 2,500

Intended to cover the routine maintenance of the entry features, including pressure washing, painting, lighting etc.

EXPENDITURES (continued)

Landscape maintenance 85,800

The District contracts with a qualified and licensed landscape maintenance contractor for the maintenance of its landscaping

Irrigation repairs & maintenance 10,000

Intended to cover the irrigation repairs within the District's landscape areas.

Landscape replacement plants, shrubs, trees 50,000

Intended to cover the periodic supplement and replacement of landscape plant materials within the District's landscape areas.

Holiday decorations 15,000

Intended to cover the cost of installation, monitoring/repairing and removal of holiday lighting.

Contingency

Miscellaneous contingency 75,016

Automated AP routing and other miscellaneous items

Total expenditures \$ 469,358

**SOUTHERN HILLS PLANTATION I
COMMUNITY DEVELOPMENT DISTRICT
DEBT SERVICE FUND BUDGET - SERIES 2011
FISCAL YEAR 2023**

	Fiscal Year 2022				Proposed Budget FY 2023
	Adopted Budget FY 2022	Actual through 3/31/21	Projected through 9/30/2021	Total Actual & Projected Revenue & Expenditures	
REVENUES					
Special assessment - on-roll - A1	\$524,196				\$522,346
Special assessment - on-roll - A2	289,672				289,672
Allowable discounts (4%)	(32,555)				(32,481)
Assessment levy: net	781,313	\$ 690,115	\$ 91,198	\$ 781,313	779,537
Special assessment - off-roll - A-2	185,983	-	185,983	185,983	185,983
Assessment prepayments	-	8,189	16,700	24,889	-
Interest	-	44	-	44	-
Total revenues	<u>967,296</u>	<u>698,348</u>	<u>293,881</u>	<u>992,229</u>	<u>965,520</u>
EXPENDITURES					
Debt service					
Principal - A1	240,000	-	240,000	240,000	235,000
Principal - A2	180,000	-	180,000	180,000	190,000
Interest - A1	293,770	153,555	140,215	293,770	256,650
Interest - A2	216,920	113,390	118,030	231,420	206,480
Legal Fees	-	4,632	-	4,632	4,632
Total debt service	<u>930,690</u>	<u>271,577</u>	<u>678,245</u>	<u>949,822</u>	<u>892,762</u>
Other fees & charges					
Property Appraiser	16,277	-	16,277	16,277	16,240
Tax collector	16,277	30,241	(13,964)	16,277	16,240
Total other fees & charges	<u>32,554</u>	<u>30,241</u>	<u>2,313</u>	<u>32,554</u>	<u>32,480</u>
Total expenditures	<u>963,244</u>	<u>301,818</u>	<u>678,245</u>	<u>982,376</u>	<u>925,242</u>
Fund balance:					
Net increase/(decrease) in fund balance	4,052	396,530	(384,364)	9,853	40,278
Beginning fund balance (unaudited)	868,183	1,149,492	1,546,022	1,149,492	1,159,345
Ending fund balance (projected)	<u>\$ 872,235</u>	<u>\$1,546,022</u>	<u>\$1,161,658</u>	<u>\$ 1,159,345</u>	<u>1,199,623</u>
Use of fund balance:					
Debt service reserve account balance (required) - A1					(516,609)
Debt service reserve account balance (required) - A2					(78,539)
Interest expense - November 1, 2023 (A1)					(121,510)
Interest expense - November 1, 2023 (A2)					(97,730)
Projected fund balance surplus/(deficit) as of September 30, 2023					<u>\$ 385,235</u>

SOUTHERN HILLS PLANTATION I

Community Development District

Series 2011A-1

\$12,505,000

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
11/01/2022	-		128,325.00	128,325.00
05/01/2023	235,000.00	5.800%	128,325.00	363,325.00
11/01/2023	-		121,510.00	121,510.00
05/01/2024	250,000.00	5.800%	121,510.00	371,510.00
11/01/2024	-		114,260.00	114,260.00
05/01/2025	265,000.00	5.800%	114,260.00	379,260.00
11/01/2025	-		106,575.00	106,575.00
05/01/2026	280,000.00	5.800%	106,575.00	386,575.00
11/01/2026	-		98,455.00	98,455.00
05/01/2027	295,000.00	5.800%	98,455.00	393,455.00
11/01/2027	-		89,900.00	89,900.00
05/01/2028	315,000.00	5.800%	89,900.00	404,900.00
11/01/2028	-		80,765.00	80,765.00
05/01/2029	330,000.00	5.800%	80,765.00	410,765.00
11/01/2029	-		71,195.00	71,195.00
05/01/2030	350,000.00	5.800%	71,195.00	421,195.00
11/01/2030	-		61,045.00	61,045.00
05/01/2031	375,000.00	5.800%	61,045.00	436,045.00
11/01/2031	-		50,170.00	50,170.00
05/01/2032	395,000.00	5.800%	50,170.00	445,170.00
11/01/2032	-		38,715.00	38,715.00
05/01/2033	420,000.00	5.800%	38,715.00	458,715.00
11/01/2033	-		26,535.00	26,535.00
05/01/2034	445,000.00	5.800%	26,535.00	471,535.00
11/01/2034	-		13,630.00	13,630.00
05/01/2035	470,000.00	5.800%	13,630.00	483,630.00
Total	\$4,425,000.00		\$2,002,160.00	\$6,427,160.00

SOUTHERN HILLS PLANTATION I

Community Development District

Series 2011A-2

\$13,860,000

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
11/01/2022	-		103,240.00	103,240.00
05/01/2023	190,000.00	5.800%	103,240.00	293,240.00
11/01/2023	-		97,730.00	97,730.00
05/01/2024	200,000.00	5.800%	97,730.00	297,730.00
11/01/2024	-		91,930.00	91,930.00
05/01/2025	210,000.00	5.800%	91,930.00	301,930.00
11/01/2025	-		85,840.00	85,840.00
05/01/2026	225,000.00	5.800%	85,840.00	310,840.00
11/01/2026	-		79,315.00	79,315.00
05/01/2027	240,000.00	5.800%	79,315.00	319,315.00
11/01/2027	-		72,355.00	72,355.00
05/01/2028	250,000.00	5.800%	72,355.00	322,355.00
11/01/2028	-		65,105.00	65,105.00
05/01/2029	265,000.00	5.800%	65,105.00	330,105.00
11/01/2029	-		57,420.00	57,420.00
05/01/2030	285,000.00	5.800%	57,420.00	342,420.00
11/01/2030	-		49,155.00	49,155.00
05/01/2031	300,000.00	5.800%	49,155.00	349,155.00
11/01/2031	-		40,455.00	40,455.00
05/01/2032	320,000.00	5.800%	40,455.00	360,455.00
11/01/2032	-		31,175.00	31,175.00
05/01/2033	335,000.00	5.800%	31,175.00	366,175.00
11/01/2033	-		21,460.00	21,460.00
05/01/2034	360,000.00	5.800%	21,460.00	381,460.00
11/01/2034	-		11,020.00	11,020.00
05/01/2035	380,000.00	5.800%	11,020.00	391,020.00
Total	\$3,740,000.00		\$1,829,320.00	\$37,192,650.00

**SOUTHERN HILLS PLANTATION I
COMMUNITY DEVELOPMENT DISTRICT
PROJECTED ASSESSMENTS
GENERAL FUND AND DEBT SERVICE FUND
FISCAL YEAR 2023**

*** Preliminary and may change based on Hernando County roll information ***

Platted Units

Number of Units	Number of Units Paying GF	Number of Units Paying DSF	Unit Type	Projected Fiscal Year 2023			FY 22 Assessment
				GF	DSF	GF & DSF	
<u>Series 2011A-1 Bond Units</u>							
46	46	46	Single Family 50'	\$ 239.78	\$ 782.69	\$ 1,022.47	\$ 1,094.06
43	43	42	Single Family 65'	311.71	877.59	1,189.30	1,282.37
341	331	287	Single Family 80'	383.65	972.49	1,356.14	1,470.68
94	94	91	Single Family 100'	479.56	1,098.01	1,577.57	1,720.75
57	56	54	Single Family 120'	575.47	1,304.82	1,880.29	2,052.11
581	570	520					
<u>Series 2011A-2 Bond Units</u>							
5	5	5	Club Villa	215.80	923.75	1,139.55	1,203.98
24	24	24	Single Family 50'	239.78	1,026.39	1,266.17	1,337.76
99	99	94	Single Family 65'	311.71	1,150.84	1,462.55	1,555.62
49	49	49	Single Family 80'	383.65	1,275.30	1,658.95	1,773.49
38	38	35	Single Family 100'	479.56	1,439.89	1,919.45	2,062.63
23	23	23	Single Family 120'	575.47	1,711.11	2,286.58	2,458.40
238	238	230					
819	808	750					

Unplatted Units

Number of Units	Number of Units Paying GF	Number of Units Paying DSF	Unit Type	Projected Fiscal Year 2023			FY 22 Assessment
				GF	DSF	GF & DSF	
<u>Series 2011A-2 Bond Units</u>							
45	45	45	Club Villa	\$ 198.54	\$ 849.85	\$ 1,048.39	\$ 1,107.66
79	79	79	Single Family 50'	220.60	944.28	1,164.88	1,230.74
58	58	58	Single Family 65'	286.78	1,058.77	1,345.55	1,431.17
10	10	10	Single Family 80'	352.96	1,173.28	1,526.24	1,631.62
6.87	6.87	6.87	Golf Course	441.20	-	441.20	572.92
199	199	199					
1,018	1,007	949					

Note: Based on assumption that all parcels that were subject to Hernando County exemptions will be able to be billed for GF and DS on-roll

**SOUTHERN HILLS PLANTATION I
COMMUNITY DEVELOPMENT DISTRICT**

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**SOUTHERN HILLS PLANTATION I
COMMUNITY DEVELOPMENT DISTRICT
FINANCIAL STATEMENTS
UNAUDITED
MAY 31, 2022**

**SOUTHERN HILLS PLANTATION I
COMMUNITY DEVELOPMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
MAY 31, 2022**

	Major Funds		Total Governmental Funds
	General	Debt Service	
ASSETS			
Wells Fargo	\$ 776,803	\$ -	\$ 776,803
SBA	92	-	92
Undeposited funds	625	7,749	8,374
Investments			
Revenue - A1	-	248,150	248,150
Revenue - A2	-	199,481	199,481
Reserve - A1	-	493,530	493,530
Reserve - A2	-	77,758	77,758
Interest - A1	-	2	2
Interest - A2	-	1	1
Prepayment - A1	-	37,632	37,632
Prepayment - A2	-	710	710
Sinking - A1	-	2	2
Cost of Issuance	-	17,949	17,949
Due from other funds			
General	-	13,234	13,234
Due from Developer	-	185,983	185,983
Assessments receivable - on-roll	-	46,287	46,287
Assessments receivable - off-roll	159,344	743,931	903,275
Allowance for uncollectable receivable	(248,704)	(19,567)	(268,271)
Due from Southern Hills II	429,520	-	429,520
Due from Southern Hills III	11,311	-	11,311
Deposits	2,919	-	2,919
Total assets	<u>\$ 1,131,910</u>	<u>\$ 2,052,832</u>	<u>\$ 3,184,742</u>
LIABILITIES			
Liabilities			
Due to other funds			
Debt service 2011 A1	\$ 8,519	\$ -	\$ 8,519
Debt service 2011 A2	4,715	-	4,715
Accounts payable	15,577	-	15,577
Due to Developer	\$ 37	\$ -	\$ 37
Total liabilities	<u>28,848</u>	<u>-</u>	<u>28,848</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred receipts	15,430	929,914	945,344
Total deferred inflows of resources	<u>15,430</u>	<u>929,914</u>	<u>945,344</u>
Fund balances			
Restricted for:			
Debt service	-	1,122,918	1,122,918
Unassigned	1,087,632	-	1,087,632
Total fund balances	<u>1,087,632</u>	<u>1,122,918</u>	<u>2,210,550</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,131,910</u>	<u>\$ 2,052,832</u>	<u>\$ 3,184,742</u>

**SOUTHERN HILLS PLANTATION I
COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE PERIOD ENDED MAY 31, 2022**

	Current Month	Year to Date	Budget	% of Budget
REVENUES				
Special assessments: on-roll	\$ 28,652	\$ 365,188	\$ 394,775	93%
Special assessments: off-roll	6,664	64,563	64,350	100%
Reimburse - SHP-III	-	860	12,344	7%
Interest & miscellaneous	-	-	250	0%
Total revenues	<u>35,316</u>	<u>430,611</u>	<u>471,719</u>	91%
EXPENDITURES				
Professional & administrative				
Legislative				
Supervisor fees	800	4,600	6,700	69%
Financial & administrative				
Management	2,500	20,000	30,000	67%
Engineering	-	387	7,500	5%
Dissemination agent	208	1,667	2,500	67%
Trustee	-	-	4,300	0%
Audit	-	-	3,250	0%
Arbitrage rebate calculation	-	-	650	0%
Insurance: public officials liability	-	5,182	5,507	94%
Legal advertising	98	378	750	50%
Bank fees	-	-	600	0%
Annual district filing fee	-	175	175	100%
Website	-	-	790	0%
ADA website compliance	-	199	210	95%
Postage	111	727	500	145%
Office supplies	-	-	150	0%
Legal counsel				
District counsel	38,255	51,994	15,000	347%
Total professional & administrative	<u>41,972</u>	<u>85,309</u>	<u>78,582</u>	109%

**SOUTHERN HILLS PLANTATION I
COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE PERIOD ENDED MAY 31, 2022**

	<u>Current Month</u>	<u>Year to Date</u>	<u>Budget</u>	<u>% of Budget</u>
Field operations				
Electric utility services				
Street lights	1,153	8,632	13,100	66%
Stormwater control				
Lake/pond bank maintenance	3,100	21,532	37,000	58%
Aquatic maintenance	2,586	21,278	31,000	69%
Aquatic plant replacement	-	-	5,000	0%
Lake/pond repair	-	-	6,900	0%
Other physical environment				
Insurance: property	-	8,182	8,694	94%
Entry & walls maintenance	-	-	2,500	0%
Landscape maintenance	2,207	15,310	83,000	18%
Holiday decorations	-	7,166	10,000	72%
Irrigation repairs & maintenance	481	8,488	7,500	113%
Landscape replacement	368	3,378	75,000	5%
Culvert inspection and cleaning	-	90,000	-	N/A
Capital outlay				
Landscape	-	218	-	N/A
Contingency				
Miscellaneous contingency	774	810	10,000	8%
Total field operations	<u>10,669</u>	<u>184,994</u>	<u>289,694</u>	64%
Other fees and charges				
Tax collector	573	15,319	16,449	93%
Total other fees and charges	<u>573</u>	<u>15,319</u>	<u>16,449</u>	93%
Total expenditures	<u>53,214</u>	<u>285,622</u>	<u>384,725</u>	74%
Excess/(deficiency) of revenues over/(under) expenditures	(17,898)	144,989	86,994	
Fund balance - beginning	1,105,530	942,643	731,957	
Fund balance - ending	<u>\$1,087,632</u>	<u>\$ 1,087,632</u>	<u>\$818,951</u>	

**SOUTHERN HILLS PLANTATION I
COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUND SERIES 2011
FOR THE PERIOD ENDED MAY 31, 2022**

	Current Month	Year to Date	Budget	% of Budget
REVENUES				
Special assessments: on-roll	\$ 58,755	\$ 748,870	\$ 781,313	96%
Special assessments: off-roll	-	-	185,983	0%
Assessment prepayment	-	24,889	-	N/A
Interest	280	437	-	N/A
Total revenues	<u>59,035</u>	<u>774,196</u>	<u>967,296</u>	80%
EXPENDITURES				
Principal - A1	230,000	230,000	240,000	96%
Principal - A2	-	-	180,000	0%
Interest - A1	153,555	307,110	293,770	105%
Interest - A2	113,390	226,780	216,920	105%
Legal fees	-	5,465	-	N/A
Total expenditures	<u>496,945</u>	<u>769,355</u>	<u>930,690</u>	83%
Other fees and charges				
Property appraiser	-	-	16,277	0%
Tax collector	1,175	31,415	16,277	193%
Total other fees and charges	<u>1,175</u>	<u>31,415</u>	<u>32,554</u>	97%
Total expenditures	<u>498,120</u>	<u>800,770</u>	<u>963,244</u>	83%
Excess/(deficiency) of revenues over/(under) expenditures	(439,085)	(26,574)	4,052	
Fund balance - beginning	<u>1,562,003</u>	<u>1,149,492</u>	<u>868,183</u>	
Fund balance - ending	<u><u>\$ 1,122,918</u></u>	<u><u>\$ 1,122,918</u></u>	<u><u>\$ 872,235</u></u>	

**SOUTHERN HILLS PLANTATION I
COMMUNITY DEVELOPMENT DISTRICT**

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DRAFT

**MINUTES OF MEETING
SOUTHERN HILLS PLANTATION I
COMMUNITY DEVELOPMENT DISTRICT**

The Board of Supervisors of the Southern Hills Plantation I Community Development District held a Regular Meeting on June 13, 2022 at 10:00 a.m., at the Southern Hills Plantation Clubhouse, located at 4200 Summit View Drive, Brooksville, Florida 34601.

Present at the meeting were:

Margaret Bloomquist	Chair
John McCoskrie	Vice Chair
Robert Nelson (via telephone)	Assistant Secretary
Matt Romero	Assistant Secretary
Brian McCaffrey	Assistant Secretary

Also present were:

Chuck Adams	District Manager
Jennifer Kilinski (via telephone)	District Counsel
Kathleen Griffiths	Resident

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Adams called the meeting to order at 10:02 a.m. Supervisors Romero, Bloomquist, McCoskrie and McCaffrey were present. Supervisor Nelson was attending via telephone.

SECOND ORDER OF BUSINESS

Public Comments (*Agenda Items*)

Resident Kathleen Griffiths discussed emails to Mr. Taylor, of ASI Landscape Management (ASI), asking for the pond bank behind her home to be maintained properly. She asked if the scope of work changed as, in her opinion, ASI stopped mowing the area correctly. She felt that, if safe use of a mower is not possible, ASI should weed whack the entire area.

ASI's scope of service, equipment used, slope and the Developer's initial installation of cordgrass to avoid having to mow regularly, were discussed.

Mr. McCaffrey and Ms. Griffiths will meet with Armondo after the meeting.

38 **THIRD ORDER OF BUSINESS****Update: Status of Informal Negotiations
Regarding Arrears and Potential for
Litigation Update on SH2**39
40
41

42 Mr. McCoskrie discussed the following:

- 43 ➤ Letter from Counsel for Southern Hills Plantation II CDD (SHP II), which lists eleven bullet
44 points and a timeline, distributed during the meeting.
- 45 ➤ Email to Mr. Adams and Ms. Kilinski containing his suggestion of how to approach a
46 response to the letter from Counsel for SHP II.
- 47 ➤ The Chapter 164 Process calls for conducting two conflict assessment meetings, a joint
48 public meeting and, if the parties still do not reach an agreement, a meeting with a mediator.
- 49 ➤ Counsel for SHP II suggested skipping the two conflict assessment meetings and
50 schedule a meeting with the Mediator.
- 51 ➤ The current legal invoices with the attachments were included.

52 Ms. Kilinski discussed the following:

- 53 ➤ Chapter 164 describes three steps. The Statute provides assistance of a facilitator in the
54 first two steps, which involve meeting with the designated point person for the CDDs to
55 negotiate a final settlement, still subject to authorization and approval by both Boards.
- 56 ➤ Upon further review of the letter from Counsel for SHP II, the first step would be for the
57 point person for each CDD to meet with the facilitator and the District Managers. If needed, the
58 second step would be for both CDD Boards to meet and try to finalize negotiations with or
59 without a facilitator present. If the parties still cannot reach a settlement, the CDDs would
60 attend mandatory mediation.
- 61 ➤ The terms Mediator/Facilitator essentially refer to the same person. She prepared a list
62 of mediators and will respond with her recommendation to the letter from Counsel for SHP II.
63 The meeting with a facilitator and the designated point persons for each CDD will be scheduled
64 for mid-July.
- 65 ➤ Some documents in response to the public records request were received but they were
66 non substantive to her request for emails. She will send a notice on the matter.

67 Ms. Bloomquist stated she will be unable to attend the July meeting.

68 **FOURTH ORDER OF BUSINESS** **Continued Discussion: Fiscal Year**
 69 **2022/2023 Budget**

70
 71 Mr. Adams stated that the proposed Fiscal Year 2023 budget will be reformatted to
 72 show the projected revenues and expenses for SHP II and Southern Hills Plantation CDD III (SHP
 73 III) correctly. Due to a scrivener’s error, the title in the first column will be corrected to “FY
 74 2022” budget. Adjustments will be made to certain line items before a final decision on
 75 assessments is made at the next meeting. The revised proposed Fiscal Year 2023 budget will be
 76 emailed to the Board this week.

77 The recent irrigation mainline system break was discussed. It was noted that the vendor
 78 incurs the cost to repair broken heads and the CDD is not charged for reclaim water.

79
 80 **FIFTH ORDER OF BUSINESS** **Consideration of Resolution 2022-06,**
 81 **Adopting Prompt Payment Policies and**
 82 **Procedures Pursuant to Chapter 218,**
 83 **Florida Statutes; Providing a Severability**
 84 **Clause; and Providing an Effective Date**

85
 86 Mr. Adams presented Resolution 2022-06. The CDD’s existing Prompt Payment Policies
 87 and Procedures were updated to comply with the new “Local Government Prompt Payment
 88 Act” legislative requirements. Ms. Kilinski stated that the CDD is required to adopt the Prompt
 89 Payment Policy changes, which were changed for all their CDDs.

90
 91 **On MOTION by Ms. Bloomquist and seconded by Mr. McCoskrie, with all in**
 92 **favor, Resolution 2022-06, Adopting Prompt Payment Policies and Procedures**
 93 **Pursuant to Chapter 218, Florida Statutes; Providing a Severability Clause; and**
 94 **Providing an Effective Date, was adopted.**

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 97 **SIXTH ORDER OF BUSINESS** **Acceptance of Unaudited Financial**
 98 **Statements as of April 30, 2022**

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 100 Mr. Adams presented the Unaudited Financial Statements as of April 30, 2022. Mr.
 101 McCoskrie highlighted new budget line items and noted the CDD paid the interest payment on
 102 the A1 and A2 bonds and paid last year’s principal amount on the A1 bonds; they are still in

103 arrears. Mr. Adams explained the CDD is still tracking the \$185,893 of debt service for the
104 Series 2011 A2 bonds "Due from Developer". The financials were accepted.

105

106 **SEVENTH ORDER OF BUSINESS**

**Approval of May 13, 2022 Regular Meeting
Minutes**

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109 Mr. Adams presented the May 13, 2022 Regular Meeting Minutes. The following
110 changes were made:

111 Line 37: Change "conference call" to "CDD II Board Meeting"

112 Line 47: Change "has" to "may have"

113 Line 48: Insert ", pertaining to the CDD I Shared Cost Program" after "maintenance"

114 Line 50: Change "lighting" to "street lights"

115 Line 52: Insert "has not" after "HOA" and insert "but has a CPA on the Board" after
116 "firm"

117 Lines 109 and 110: Change "52" to "58"

118 Line 172: Change "planted" to "removed" and "Mr. Adams" to Mr. McCoskrie"

119 Mr. McCoskrie stated Mr. Buckner advised him that the County received bids on four
120 lots that are scheduled to be sold on July 12, 2022. He confirmed that Mr. Buckner is in receipt
121 of the four payoff letters from Mr. Szymonowicz and is aware the CDD expects to receive
122 another \$40,000 at closing.

123 Mr. McCoskrie stated he will monitor the sale. The lot reduction totaled 58, which,
124 broken down, was 10, 37 and 11, not 52, as originally thought. He identified the lot locations.

125 Mr. Adams responded to questions about Lines 142 through 145 and stated someone is
126 preparing a landscape proposal for the Boulevard. He received a call about a \$23,000 irrigation
127 repair proposal that he never saw. He felt that the timeline for the Developer to engage a
128 Landscape Architect to develop an improvement plan for the Boulevard and approvals will take
129 a few months.

130 Discussion ensued regarding obtaining proposals to remove a chain link fence
131 overgrown with vegetation.

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On MOTION by Mr. McCoskrie and seconded by Mr. McCaffrey, with all in favor, the May 13, 2022 Regular Meeting Minutes, as amended, were approved.

EIGHTH ORDER OF BUSINESS

Other Business

Ms. Bloomquist stated a response from the City’s Public Works Department regarding her request for sidewalk and pothole repairs on the main boulevard is pending.

NINTH ORDER OF BUSINESS

Staff Reports

A. District Counsel: *KE Law Group, PLLC*

- **Update: Chapter 164 Process**

This item was discussed during the Third Order of Business.

B. District Engineer: *Coastal Engineering Associates, Inc.*

There was no report.

C. District Manager: *Wrathell, Hunt and Associates, LLC*

- **NEXT MEETING DATE: July 11, 2022, immediately following the adjournment of the Southern Hills Plantation III CDD meeting scheduled to commence at 10:00 a.m.**

- **QUORUM CHECK**

The next meeting will be held on July 11, 2022.

Mr. Adams provided the contact information to Blue Water Aquatics.

TENTH ORDER OF BUSINESS

Supervisors’ Requests

There were no Supervisors’ requests.

ELEVENTH ORDER OF BUSINESS

Adjournment

On MOTION by Mr. McCaffrey and seconded by Mr. McCoskrie, with all in favor, the meeting adjourned at 11:15 a.m.

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Secretary/Assistant Secretary

Chair/Vice Chair

**SOUTHERN HILLS PLANTATION I
COMMUNITY DEVELOPMENT DISTRICT**

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SOUTHERN HILLS PLANTATION I COMMUNITY DEVELOPMENT DISTRICT

BOARD OF SUPERVISORS FISCAL YEAR 2021/2022 MEETING SCHEDULE

LOCATION

Southern Hills Plantation Clubhouse, 4200 Summit View Drive, Brooksville, Florida 34601

DATE	POTENTIAL DISCUSSION/FOCUS	TIME
October 4, 2021	Workshop	9:00 AM
<i>Community Center Parking Lot, 19850 Southern Hills Boulevard, Brooksville, Florida 34601</i>		
October 4, 2021*	Regular Meeting	10:00 AM <i>immediately following adjournment of Southern Hills Plantation III CDD meeting</i>
November 8, 2021 CANCELED NO QUORUM	Regular Meeting	10:00 AM <i>immediately following adjournment of Southern Hills Plantation III CDD meeting</i>
December 13, 2021	Regular Meeting	10:00 AM <i>immediately following adjournment of Southern Hills Plantation III CDD meeting</i>
January 10, 2022 CANCELED	Regular Meeting	10:00 AM <i>immediately following adjournment of Southern Hills Plantation III CDD meeting</i>
February 14, 2022	Regular Meeting	10:00 AM <i>immediately following adjournment of Southern Hills Plantation III CDD meeting</i>
March 14, 2022	Regular Meeting	10:00 AM <i>immediately following adjournment of Southern Hills Plantation III CDD meeting</i>
April 11, 2022 CANCELED NO QUORUM	Regular Meeting	10:00 AM <i>immediately following adjournment of Southern Hills Plantation III CDD meeting</i>
May 9, 2022 <i>rescheduled to May 13, 2022</i>	Regular Meeting	10:00 AM <i>immediately following adjournment of Southern Hills Plantation III CDD meeting</i>

DATE	POTENTIAL DISCUSSION/FOCUS	TIME
May 13, 2022	Regular Meeting	2:00 PM
June 13, 2022	Regular Meeting	10:00 AM <i>immediately following adjournment of Southern Hills Plantation III CDD meeting</i>
July 11, 2022	Regular Meeting	10:00 AM <i>immediately following adjournment of Southern Hills Plantation III CDD meeting</i>
August 8, 2022	Regular Meeting	10:00 AM <i>immediately following adjournment of Southern Hills Plantation III CDD meeting</i>
September 12, 2022	Public Hearing & Regular Meeting	10:00 AM <i>immediately following adjournment of Southern Hills Plantation III CDD meeting</i>

Exception *

October meeting is one week earlier to accommodate the Columbus Day holiday.