

**Rolling Hills
Community Development District**

ANNUAL FINANCIAL REPORT

September 30, 2020

Rolling Hills Community Development District

ANNUAL FINANCIAL REPORT

September 30, 2020

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REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
Rolling Hills Community Development District
Clay County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Rolling Hills Community Development District as of and for the year ended September 30, 2020, 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. 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.

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To the Board of Supervisors
Rolling Hills 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 Rolling Hills Community Development District as of September 30, 2020, 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

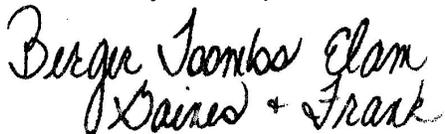
Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 25, 2021 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 Rolling Hills Community Development District's internal control over financial reporting and compliance.



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

June 25, 2021

**Rolling Hills Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

Management's discussion and analysis of Rolling Hills Community Development District's (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, culture recreation, 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.

**Rolling Hills Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

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 land, infrastructure, buildings and improvements other than buildings 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*, a reconciliation is 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, 2020.

- ◆ The District's total assets and deferred outflows of resources exceeded total liabilities by \$4,306,261 (net position). The District's net investment in capital assets was \$4,078,809. Unrestricted net position was \$199,922 and Restricted net position was \$27,530.

- ◆ Governmental activities revenues totaled \$1,276,573 while governmental activities expenses totaled \$1,409,868.

**Rolling Hills Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

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	
	2020	2019
Current assets	\$ 246,961	\$ 261,296
Restricted assets	444,166	367,506
Capital assets	10,724,416	11,187,976
Total Assets	<u>11,415,543</u>	<u>11,816,778</u>
Deferred outflows of resources	<u>34,476</u>	<u>36,565</u>
Current liabilities	508,758	518,787
Non-current liabilities	6,635,000	6,895,000
Total Liabilities	<u>7,143,758</u>	<u>7,413,787</u>
Net investment in capital assets	4,078,809	4,354,085
Net position - restricted	27,530	-
Net position - unrestricted	199,922	85,471
Total Net Position	<u>\$ 4,306,261</u>	<u>\$ 4,439,556</u>

The increase in restricted assets is primarily the result of the increase in the 2015A3 revenue investment in the current year.

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

The decrease in net investment in capital assets is the result of principal payments being less than depreciation in the current year.

**Rolling Hills Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

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.

	Governmental Activities	
	2020	2019
Program Revenues		
Charges for services	\$ 1,274,199	\$ 1,274,042
General Revenues		
Investment earnings	474	1,408
Miscellaneous revenues	1,900	4,323
Total Revenues	<u>1,276,573</u>	<u>1,279,773</u>
Expenses		
General government	106,955	114,542
Physical environment	469,511	478,366
Culture and recreation	407,040	440,249
Interest and other charges	426,362	439,172
Total Expenses	<u>1,409,868</u>	<u>1,472,329</u>
Change in Net Position	(133,295)	(192,556)
Net Position - Beginning of Year	<u>4,439,556</u>	<u>4,632,112</u>
Net Position - End of Year	<u><u>\$ 4,306,261</u></u>	<u><u>\$ 4,439,556</u></u>

The decrease in culture/recreation is related to a decrease in lifeguard expenses in the current year.

The decrease in interest and other charges is the result of current year principal payments.

**Rolling Hills Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets activity as of September 30, 2020 and 2019:

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Improvements other than buildings	\$ 1,269,084	\$ 1,269,084
Infrastructure	9,650,172	9,650,172
Building	4,898,886	4,898,886
Less: accumulated depreciation	(5,093,726)	(4,630,166)
Total Capital Assets, Net	<u>\$ 10,724,416</u>	<u>\$ 11,187,976</u>

Capital asset activity consisted of \$463,560 in depreciation in the current year.

General Fund Budgetary Highlights

Budgeted expenditures exceeded actual expenditures primarily due to less capital reserve and water/sewer expenditures than were anticipated.

The September 30, 2020 budget was not amended.

Debt Management

Governmental Activities debt includes the following:

- ◆ In November 2015, the District issued \$2,500,000 Series 2015A-1 Capital Improvement Revenue Refunding Bonds to refund and exchange a portion of the Series 2006A Capital Improvement Bonds. The balance outstanding on the Series 2015A-1 Capital Improvement Revenue Refunding Bonds at September 30, 2020 was \$1,900,000.
- ◆ In November 2015, the District issued \$1,930,000 Series 2015A-2 Capital Improvement Revenue Refunding Bonds to refund and exchange a portion of the Series 2006A Capital Improvement Bonds. The balance outstanding on the Series 2015A-2 Capital Improvement Revenue Refunding Bonds at September 30, 2020 was \$1,500,000.

**Rolling Hills Community Development District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Debt Management (Continued)

- ◆ In November 2015, the District issued \$3,850,000 Series 2015A-3 Capital Improvement Revenue Refunding Bonds to refund and exchange a portion of the Series 2006A Capital Improvement Bonds. The balance outstanding on the Series 2015A-3 Capital Improvement Revenue Refunding Bonds at September 30, 2020 was \$3,470,000.

Economic Factors and Next Year's Budget

Rolling Hills Community Development District does not expect any economic factors to have any significant effect on the financial position or results of operations of the District in fiscal year 2021.

Request for Information

The financial report is designed to provide a general overview of Rolling Hills 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 Rolling Hills Community Development District, Governmental Management Services, LLC, 475 West Town Place, Suite 114, St. Augustine, Florida 32092.

Rolling Hills Community Development District
STATEMENT OF NET POSITION
September 30, 2020

	Governmental Activities
ASSETS	
Current Assets	
Cash and equivalents	\$ 37,828
Investments	138,314
Assessments receivables	25,231
Prepaid expenses	7,000
Due from developer	38,588
Total Current Assets	246,961
Non-current Assets	
Restricted	
Investments, at fair value	444,166
Capital assets, being depreciated	
Improvements other than building	1,269,084
Infrastructure	9,650,172
Building	4,898,886
Less: accumulated depreciation	(5,093,726)
Total Non-Current Assets	11,168,582
Total Assets	11,415,543
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding, net	34,476
 LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	21,808
Accrued interest	251,950
Bonds payable	235,000
Total Current Liabilities	508,758
Non-current Liabilities	
Bonds payable	6,635,000
Total Liabilities	7,143,758
 NET POSITION	
Net investment in capital assets	4,078,809
Restricted for debt service	27,530
Unrestricted	199,922
Total Net Position	\$ 4,306,261

See accompanying notes.

Rolling Hills Community Development District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
Primary Government			
Governmental Activities			
General government	\$ (106,955)	\$ 127,349	\$ 20,394
Physical environment	(469,511)	232,202	(237,309)
Culture and recreation	(407,040)	259,533	(147,507)
Interest and other charges	(426,362)	655,115	228,753
Total Governmental Activities	<u>\$ (1,409,868)</u>	<u>\$ 1,274,199</u>	<u>(135,669)</u>
General Revenues			
			474
			1,900
			<u>2,374</u>
			(133,295)
			4,439,556
			<u>\$ 4,306,261</u>

See accompanying notes.

Rolling Hills Community Development District
BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2020

	<u>General</u>	<u>Debt Service Series 2015A-1</u>	<u>Debt Service Series 2015A-2</u>	<u>Debt Service Series 2015A-3</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 37,828	\$ -	\$ -	\$ -	\$ 37,828
Investments	138,314	-	-	-	138,314
Assessments receivables	-	-	-	25,231	25,231
Prepaid expenses	38,588	-	-	-	38,588
Due from developer	7,000	-	-	-	7,000
Restricted					
Investments, at fair value	-	145,087	142,937	156,142	444,166
Total Assets	<u>\$ 221,730</u>	<u>\$ 145,087</u>	<u>\$ 142,937</u>	<u>\$ 181,373</u>	<u>\$ 691,127</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued expenses	<u>\$ 21,808</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,808</u>
Fund Balances					
Nonspendable-prepaid expenses	38,588	-	-	-	38,588
Restricted					
Debt service	-	145,087	142,937	181,373	469,397
Unassigned	<u>161,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,334</u>
Total Fund Balances	<u>199,922</u>	<u>145,087</u>	<u>142,937</u>	<u>181,373</u>	<u>669,319</u>
Total Liabilities and Fund Balances	<u>\$ 221,730</u>	<u>\$ 145,087</u>	<u>\$ 142,937</u>	<u>\$ 181,373</u>	<u>\$ 691,127</u>

See accompanying notes.

Rolling Hills Community Development District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2020

Total Governmental Fund Balances	\$ 669,319
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets being depreciated, improvements other than building (\$1,269,084), infrastructure (\$9,650,172), building (\$4,898,886), net of accumulated depreciation (\$5,093,726), used in governmental activities are not current financial resources and therefore, are not reported at the governmental fund level.	10,724,416
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported at the governmental fund level.	(6,870,000)
Deferred outflows of resources are not current financial resources and therefore, are not reported at the governmental fund level.	34,476
Accrued interest expense is not a current financial use and; therefore, is not reported at the governmental fund level.	<u>(251,950)</u>
Net Position of Governmental Activities	<u><u>\$ 4,306,261</u></u>

See accompanying notes.

Rolling Hills Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020

	<u>General</u>	<u>Debt Service Series 2015A-1</u>	<u>Debt Service Series 2015A-2</u>	<u>Debt Service Series 2015A-3</u>	<u>Total Governmental Funds</u>
Revenues					
Special assessments	\$ 619,084	\$ 174,350	\$ 137,075	\$ 343,690	\$ 1,274,199
Investment earnings	74	164	151	85	474
Miscellaneous	1,900	-	-	-	1,900
Total Revenues	<u>621,058</u>	<u>174,514</u>	<u>137,226</u>	<u>343,775</u>	<u>1,276,573</u>
Expenditures					
Current					
General government	106,955	-	-	-	106,955
Physical environment	195,018	-	-	-	195,018
Culture and recreation	217,973	-	-	-	217,973
Debt service					
Principal	-	80,000	60,000	105,000	245,000
Interest	-	106,312	84,163	239,525	430,000
Total Expenditures	<u>519,946</u>	<u>186,312</u>	<u>144,163</u>	<u>344,525</u>	<u>1,194,946</u>
Net change in fund balances	101,112	(11,798)	(6,937)	(750)	81,627
Fund Balances - October 1, 2019	<u>98,810</u>	<u>156,885</u>	<u>149,874</u>	<u>182,123</u>	<u>587,692</u>
Fund Balances - September 30, 2020	<u>\$ 199,922</u>	<u>\$ 145,087</u>	<u>\$ 142,937</u>	<u>\$ 181,373</u>	<u>\$ 669,319</u>

See accompanying notes.

Rolling Hills 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, 2020

Net Change in Fund Balances - Total Governmental Funds	\$	81,627
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.		(463,560)
Repayments of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		245,000
Deferred amount on refunding is recognized as a component of interest on long-term debt in the Statement of Activities, but in the governmental funds. This is the amount of interest in the current period.		(2,089)
In the Statement of Activities, interest is accrued on outstanding bonds; whereas in governmental funds, interest expenditures are reported when due. This is the net amount between the prior year and current year accruals.		<u>5,727</u>
Change in Net Position of Governmental Activities	\$	<u><u>(133,295)</u></u>

See accompanying notes.

Rolling Hills Community Development District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	\$ 618,384	\$ 618,384	\$ 619,084	\$ 700
Investment income	-	-	74	74
Miscellaneous revenues	6,280	6,280	1,900	(4,380)
Total Revenues	<u>624,664</u>	<u>624,664</u>	<u>621,058</u>	<u>(3,606)</u>
Expenditures				
Current				
General government	117,242	117,242	106,955	10,287
Physical environment	202,364	202,364	195,018	7,346
Culture and recreation	305,058	305,058	217,973	87,085
Total Expenditures	<u>624,664</u>	<u>624,664</u>	<u>519,946</u>	<u>104,718</u>
Net change in fund balances	-	-	101,112	101,112
Fund Balances - October 1, 2019	<u>-</u>	<u>-</u>	<u>98,810</u>	<u>98,810</u>
Fund Balances - September 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199,922</u>	<u>\$ 199,922</u>

See accompanying notes.

Rolling Hills Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

The District was established on March 14, 2006, pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes. 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 or re-constructing, enlarging or extending, equipping, operating and maintaining water management, bridges or culverts, district roads, landscaping, street lights and other basic infrastructure projects within or without the boundaries of the Rolling Hills Community Development District. The District is governed by a five-member Board of Supervisors who were elected by landowners of the District for two and four year terms. The District operates within the criteria established by Chapter 190, Florida Statutes.

As required by GAAP, these financial statements present the Rolling Hills 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, 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

Rolling Hills Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

a. Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include all the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities are supported by special assessments. Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. 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 another 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.

Rolling Hills Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds

When both restricted and unrestricted resources are combined in a fund, qualified expenses are considered to be paid first from restricted resources, and then from unrestricted resources. 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 another financing source rather than as a fund liability. Debt service expenditures are recorded only when payment is due.

The District implemented the 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 classifications include non-spendable, restricted, committed, assigned and unassigned.

Rolling Hills Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

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.

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.

Debt Service Fund Series 2015A-1 – Accounts for debt service requirements to retire the Series 2015A-1 Capital Improvement Revenue Refunding Bonds. The Series 2015A-1 Bonds were issued to refund and exchange a portion of the Series 2006A Capital Improvement Bonds.

Rolling Hills Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation (Continued)

a. Governmental Major Funds (Continued)

Debt Service Fund Series 2015A-2 – Accounts for debt service requirements to retire the Series 2015A-2 Capital Improvement Revenue Refunding Bonds. The Series 2015A-2 Bonds were issued to refund and exchange a portion of the Series 2006A Capital Improvement Bonds.

Debt Service Fund Series 2015A-3 – Accounts for debt service requirements to retire the Series 2015A-3 Capital Improvement Revenue Refunding Bonds. The Series 2015A-3 Bonds were issued to refund and exchange a portion of the Series 2006A Capital Improvement Bonds.

b. Non-current Governmental Assets/Liabilities

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

4. Assets, Liabilities, and Net Position or Equity

a. Cash and Investments

Chapter 280, 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.

Rolling Hills Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

b. Restricted Assets

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

c. Capital Assets

Capital assets, which include buildings, improvements other than buildings, and infrastructure are reported in governmental activities.

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

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

Depreciation of capital assets is computed and recorded by utilizing the straight-line method over the assets' estimated useful lives ranging from 5 to 40 years.

d. Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred amount on refunding reported on the Statement of Net Position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

e. Net Position

Net position represents the difference between assets and liabilities and is reported in three categories. Net investment in capital assets, represent capital assets, net of accumulated depreciation and any outstanding debt related to those assets. Net position is reported as restricted when there are legal limitations imposed on their use by legislation, or external restrictions imposed by other governments, creditors, or grantors. Unrestricted net position is assets that do not meet definitions of the classifications previously described.

Rolling Hills Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

f. 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 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

“Total fund balances” of the District’s governmental funds, \$669,319, differs from “net position” of governmental activities, \$4,306,261, reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated below.

Capital related items

When capital assets (improvements, infrastructure, and buildings that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Position included those capital assets among the assets of the District as a whole.

Improvements other than buildings	\$ 1,269,084
Infrastructure	9,650,172
Building	4,898,886
Accumulated depreciation	<u>(5,093,726)</u>
Total	<u>\$ 10,724,416</u>

Rolling Hills Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (Continued)

Long-term debt transactions

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position. Balances at September 30, 2020 were:

Bonds payable	<u>\$ (6,870,000)</u>
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Deferred outflows of resources

Deferred outflows of resources applicable to the District's governmental activities are not financial resources, and therefore, are not recognized at the governmental fund level.

Deferred amount on refunding, net	<u>\$ 34,476</u>
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Accrued interest

Accrued liabilities in the Statement of Net Position differ from the accrued interest on bonds, which are not reported at the fund level because they do not use current resources.

Accrued interest	<u>\$ (251,950)</u>
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2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities

The "net change in fund balances" for government funds, \$81,627, differs from the "change in net position" for governmental activities, \$(133,295), reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Rolling Hills Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities (Continued)

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decreases by the amount that depreciation exceeds capital outlay.

Depreciation	\$ <u>(463,560)</u>
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Long-term debt transactions

Repayment of long-term liabilities are reported as expenditures in the governmental fund statement but such repayments reduce liabilities in the Statement of Net Position and are eliminated in the Statement of Activities.

Debt principal payments	\$ <u>245,000</u>
-------------------------	-------------------

Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Net change in accrued interest payable	\$ 5,727
Decrease in deferred amount on refunding	<u>(2,089)</u>
Total	<u>\$ 3,638</u>

Rolling Hills Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE C – CASH AND INVESTMENTS

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk; however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2020, the District's bank balance was \$38,622 and the carrying value was \$37,828. 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, 2020, the District had the following investments and maturities:

Investment	Maturities	Fair Value
Managed Money Market Accounts	N/A	\$ 444,166
Local Govt Surplus FI Prime	48 Days*	138,314
Total		\$ 582,480

*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.

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

Based on the criteria in the preceding paragraph, the Managed Money Market Account is a Level 1 asset.

Rolling Hills Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Investments

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes. Among other investments, the policy allows the District to invest in the State Board of Administration Local Government Surplus Florida Prime Fund.

Interest Rate Risk

The formal investment policy of the District conforms with State statutory requirements and bond indentures for investment maturities as a means of managing its exposure to increasing interest rates. Direct obligations of the United States Treasury are held in a money market fund that allows daily demand withdrawals at par in the event of a decrease in interest rates.

Credit Risk

The District's investments are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. The Local Government Surplus Florida Prime Fund is an authorized investment under Section 218.415, Florida Statutes. The District had monies invested with Local Government Surplus Florida Prime Fund, at September 30, 2020. This fund met the requirements of a "2-7a like pool" as defined in Government Accounting Standards Board, Statement 31. As of September 30, 2020, the District's investment in the Local Government Surplus Florida Prime Fund 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 issuer. The investment in Local Government Surplus Florida Prime Fund represents 24% of the District's total investments. The remaining 76% is invested in US Bank Money Market Accounts.

The types of deposits and investments and their level of risk exposure as of September 30, 2020 were typical of these items during the fiscal year then ended. The District considers any decline in fair value to be temporary.

Rolling Hills Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE D – SPECIAL ASSESSMENT REVENUES

Assessments are non-ad valorem assessments on benefitted property within the District. Operating and Maintenance Assessments are based upon adopted budget and levied annually. Debt Service Assessments are levied when bonds are issued and collected annually. The District may collect assessments directly or utilize the uniform method of collection (Chapter 197.3632, Florida Statutes). Direct collected assessments are due as determined by annual assessment resolution adopted by the Board of Supervisors. Assessments collected under the uniform method are mailed by County Tax Collector on November 1 and due on or before March 31 of each year. Property owners may prepay a portion or all of the Debt Service Assessments on their property subject to various provisions in the bond documents.

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

NOTE E – CAPITAL ASSETS

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

	Balance October 1, 2019	Additions	Deletions	Balance September 30, 2020
<u>Governmental Activities:</u>				
Capital Assets, Being Depreciated:				
Improvements other than buildings	\$ 1,269,084	\$ -	\$ -	\$ 1,269,084
Infrastructure	9,650,172	-	-	9,650,172
Building	4,898,886	-	-	4,898,886
Total Capital Assets, Being Depreciated	<u>15,818,142</u>	<u>-</u>	<u>-</u>	<u>15,818,142</u>
Less accumulated depreciation for:				
Improvements other than buildings	(629,121)	(63,455)	-	(692,576)
Infrastructure	(2,744,919)	(274,492)	-	(3,019,411)
Building	(1,256,126)	(125,613)	-	(1,381,739)
Total Accumulated Depreciation	<u>(4,630,166)</u>	<u>(463,560)</u>	<u>-</u>	<u>(5,093,726)</u>
Total Capital Assets Depreciated, Net	<u>11,187,976</u>	<u>(463,560)</u>	<u>-</u>	<u>10,724,416</u>
Governmental Activities Capital Assets	<u>\$ 11,187,976</u>	<u>\$ (463,560)</u>	<u>\$ -</u>	<u>\$ 10,724,416</u>

Depreciation of \$463,560 was allocated to the physical environment, \$274,493, and culture/recreation, \$189,067.

Rolling Hills Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE F – LONG-TERM DEBT

The following is a summary of debt activity for the District for the year ended September 30, 2020:

	Balance October 1, 2019	Additions	Deletions	Balance September 30, 2020	Due Within One Year
<u>Bonds Payable</u>					
Capital Improvement Revenue Refunding Bonds, Series 2015A-1	\$ 1,980,000	\$ -	\$ 80,000	\$ 1,900,000	\$ 70,000
Capital Improvement Revenue Refunding Bonds, Series 2015A-2	1,560,000	-	60,000	1,500,000	50,000
Capital Improvement Revenue Refunding Bonds, Series 2015A-3	3,575,000	-	105,000	3,470,000	115,000
Bonds Payable	<u>\$ 7,115,000</u>	<u>\$ -</u>	<u>\$ 245,000</u>	<u>\$ 6,870,000</u>	<u>\$ 235,000</u>

District debt is comprised of the following at September 30, 2020:

Capital Improvement Revenue Refunding Bonds

\$2,500,000 Series 2015A-1 Capital Improvement Revenue Refunding Bonds due in annual principal installments through May 1, 2037 at various interest rates between 3.3% and 5.6%, payable May 1 and November 1.	\$ 1,900,000
\$1,930,000 Series 2015A-2 Capital Improvement Revenue Refunding Bonds due in annual principal installments through May 1, 2037 at various interest rates between 5.125% and 5.5%, payable May 1 and November 1.	1,500,000
\$3,850,000 Series 2015A-3 Capital Improvement Revenue Refunding Bonds due in annual principal installments through May 1, 2037 at an interest rate of 6.7%, payable May 1 and November 1.	<u>3,470,000</u>
Bonds Payable	<u>\$ 6,870,000</u>

Rolling Hills Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE F – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2020 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 235,000	\$ 416,465	\$ 651,465
2022	250,000	402,978	652,978
2023	265,000	388,275	653,275
2024	285,000	372,646	657,646
2025	310,000	355,835	665,835
2026-2030	1,855,000	1,478,790	3,333,790
2031-2035	2,460,000	842,010	3,302,010
2036-2037	1,210,000	112,750	1,322,750
Totals	<u>\$ 6,870,000</u>	<u>\$ 4,369,749</u>	<u>\$ 11,239,749</u>

Significant Bond Provisions

The Series 2015A-1, 2015A-2, and 2015A-3 Bonds are subject to redemption at the option of the District prior to their maturity, in whole or in part, at a redemption price and date set in the Trust 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 Trust indenture.

The Trust Indenture established certain amounts be maintained in a reserve account. In addition, the Bond Indenture has certain restrictions, requirements, and procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments and collect such assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements.

Rolling Hills Community Development District
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE F – LONG-TERM DEBT (CONTINUED)

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 2015 Reserve Accounts were funded from the proceeds of the Series 2015 Bonds in an amount established in the Trust Indenture. Monies held in the reserve and prepayment accounts will be used only for the purposes established in the Trust Indenture.

	<u>Reserve Balance</u>	<u>Reserve Requirement</u>
Series 2015A-1 Capital Improvement Revenue Refunding Bonds	\$ 90,046	\$ 89,917
Series 2015A-2 Capital Improvement Revenue Refunding Bonds	\$ 100,000	\$ 100,000
Series 2015A-3 Capital Improvement Revenue Refunding Bonds	\$ 4,571	\$ -

NOTE G – 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 District carries commercial insurance. There were no claims or settled claims from these risks that exceeded commercial insurance coverage in the last three years.

NOTE H – ECONOMIC DEPENDENCY AND RELATED PARTIES

A substantial portion of the District’s activity is dependent upon the continued involvement of the developer, the loss of which could have a materially adverse effect on the District. At September 30, 2020, the developer held the majority of the assessable property located within District boundaries. The developer pays special assessments on the land it owns within the District.

NOTE I – SUBSEQUENT EVENT

In October 2020, the District issued Series 2020A-1 Capital Improvement Revenue Bonds to finance the cost of the Series 2020 Project and Capital Improvement Revenue and Refunding Bonds Series 2020A-2 to refund and partially redeem the Series 2015A-3 revenue refunding bonds.



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Supervisors
Rolling Hills Community Development District
Clay County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of Rolling Hills Community Development District (the "District") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Rolling Hills Community Development District's basic financial statements, and have issued our report thereon dated June 25, 2021.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Rolling Hills Community Development District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rolling Hills Community Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Rolling Hills 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 deficiencies, significant deficiencies or material weaknesses. 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
Rolling Hills Community Development District

Compliance and Other Matters

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

Purpose of this report

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 25, 2021



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MANAGEMENT LETTER

To the Board of Supervisors
Rolling Hills Community Development District
Clay County, Florida

Report on the Financial Statements

We have audited the financial statements of the Rolling Hills Community Development District as of and for the year ended September 30, 2020, and have issued our report thereon dated June 25, 2021.

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 those reports, which are dated June 25, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not Rolling Hills 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 Rolling Hills Community Development District did not meet any of the conditions described in Section 218.503(1) Florida Statutes.

To the Board of Supervisors
Rolling Hills Community Development District

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for Rolling Hills Community Development District. It is management's responsibility to monitor the Rolling Hills 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 as of September 30, 2020.

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

Additional Matters

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

Purpose of this Letter

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

*Berger Toombs Elam
Gaines + Frank*

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

June 25, 2021



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

To the Board of Supervisors
Rolling Hills Community Development District
Clay County, Florida

We have examined Rolling Hills Community Development District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2020. Management is responsible for Rolling Hills Community Development District's compliance with those requirements. Our responsibility is to express an opinion on Rolling Hills 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 Rolling Hills 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 Rolling Hills Community Development District's compliance with the specified requirements.

In our opinion, Rolling Hills Community Development District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2020.

*Berger Toombs Elam
Gaines & Frank*

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

June 25, 2021