ROLLING HILLS COMMUNITY SERVICES DISTRICT

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

JUNE 30, 2022, 2021, 2020

Rolling Hills Community Services District
For the Years Ended
June 30, 2022, 2021, 2020
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V A U G H N J O H N S O N , C P A

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Rolling Hills Community Services District
El Dorado County, California

I have audited the accompanying financial statements of the governmental activities and general fund of Rolling Hills Community Services District as of and for the years ended June 30, 2022, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Districtôs financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities as of June 30, 2022, 2021, and 2020, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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In performing an audit in accordance with generally accepted auditing standards, I:

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

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

Required Supplementary Information

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

Management has omitted the managementôs discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Vaughn Johnson
Vaughn Johnson, CPA
October 31, 2023

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Rolling Hills Community Services District
Fund Balance Sheet/ Statement of Net Position
June 30, 2022

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash in county treasury	$482,809	$	$482,809
Imprest cash	5,000		5,000
Capital assets net of accumulated depreciation			-
Total Assets	$487,809	$0	$487,809
LIABILITIES			
Accounts payable	$ 6,286		$ 6,286
Total Liabilities	6,286	-	6,286
FUND BALANCE/NET ASSETS			
Fund Balances:			
Nonspendable	5,000	(5,000)	
Reserved	476,523	(476,523)	
Total Fund Balance	481,523	(481,523)	
Total Liabilities and Fund Balances	$ 487,809		
NET POSITION			
Invested in capital assets net of related debt		-	-
Restricted for Public Ways & Facilities		481,523	481,523
TOTAL NET POSITION		$ 481,523	$ 481,523

See notes to financial statements.

Rolling Hills Community Services District
Fund Balance Sheet/ Statement of Net Position
June 30, 2021

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash in county treasury	$497,264	$	$497,264
Imprest cash	5,000		5,000
Prepaid expenses			-
Capital assets net of accumulated depreciation			-
Total Assets	$502,264	$0	$502,264
LIABILITIES			
Accounts payable	$ 32,719	$	$ 32,719
Total Liabilities	32,719	-	32,719
FUND BALANCE/NET ASSETS			
Fund Balances:			
Nonspendable	5,000	(5,000)	
Restricted	464,545	(464,545)	
Total Fund Balance	469,545	(469,545)	
Total Liabilities and Fund Balances	$ 502,264		
NET POSITION			
Invested in capital assets net of related debt		-	-
Restricted for Public Ways & Facilities		469,545	469,545
TOTAL NET POSITION		$ 469,545	$ 469,545

See notes to financial statements.

Rolling Hills Community Services District
Fund Balance Sheet/Statement of Net Position
June 30, 2020

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash in county treasury	$555,814	$	$555,814
Imprest cash	5,000		$5,000
Capital assets net of accumulated depreciation			-
Total Assets	$560,814	$0	$560,814
LIABILITIES			
Accounts payable	$ 23,174	$	$ 23,174
Total Liabilities	23,174	-	23,174
FUND BALANCE/NET ASSETS			
Fund Balances:			
Nonspendable	5,000	(5,000)	
Restricted	532,640	(532,640)	
Total Fund Balance	537,640	(537,640)	
Total Liabilities and Fund Balances	$ 560,814		
NET POSITION			
Invested in capital assets net of related debt		-	-
Restricted for:			-
Public Ways & Facilities		537,640	537,640
TOTAL NET POSITION		$ 537,640	$ 537,640

See notes to financial statements.

Rolling Hills Community Services District
Statement of Fund Revenues, Expenditures/Expenses, and Changes in Fund Balance/Statement of Activities
For the Year Ended June 30, 2022

	General Fund	Adjustments	Statement of Activities
PROGRAM EXPENSES			
Materials and services	$ 178,856		$ 178,856
Depreciation			-
TOTAL PROGRAM EXPENSES	178,856	-	178,856
PROGRAM REVENUES			
State homeowners property tax relief	807		807
TOTAL PROGRAM REVENUES	807		807
NET PROGRAM REVENUES (DEFICIT)	(178,049)	-	(178,049)
GENERAL REVENUES			
Property taxes	109,696		109,696
Direct benefit assessments	78,400		78,400
Investment earnings	1,931		1,931
TOTAL GENERAL REVENUES	190,027		190,027
Net Change (Decrease) in Fund Balance/Net Position	11,978	-	11,978
FUND BALANCE/NET POSITION			
Beginning of the year	469,545	-	469,545
End of the year	$ 481,523	$ -	$ 481,523

See notes to financial statements.

Rolling Hills Community Services District
Statement of Fund Revenues, Expenditures/Expenses, and Changes in Fund Balance/Statement of Activities
For the Year Ended June 30, 2021

	General Fund	Adjustments	Statement of Activities
PROGRAM EXPENSES			
Materials and services	$ 255,970		$ 255,970
Depreciation			-
TOTAL PROGRAM EXPENSES	255,970	-	255,970
PROGRAM REVENUES			
State homeowners property tax relief	819		819
Miscellaneous revenue	513		513
TOTAL PROGRAM REVENUES	1,332		1,332
NET PROGRAM REVENUES (DEFICIT)	(254,638)	-	(254,638)
GENERAL REVENUES			
Property taxes	105,429		105,429
Direct benefit assessments	78,700		78,700
Investment earnings	2,414		2,414
TOTAL GENERAL REVENUES	186,543		186,543
Net Change (Decrease) in Fund Balance/Net Position	(68,095)	-	(68,095)
FUND BALANCE/NET POSITION			
Beginning of the year	537,640	-	537,640
End of the year	$ 469,545	$ -	$ 469,545

See notes to financial statements.

Rolling Hills Community Services District
Statement of Fund Revenues, Expenditures/Expenses, and Changes in Fund Balance/Statement of Activities
For the Year Ended June 30, 2020

	General Fund	Adjustments	Statement of Activities
PROGRAM EXPENSES			
Materials and services	$ 181,429		$ 181,429
Depreciation		2,079	2,079
TOTAL PROGRAM EXPENSES	181,429	2,079	183,508
PROGRAM REVENUES			
State homeowners property tax relief	847		847
Other program revenues			-
TOTAL PROGRAM REVENUES	847		847
NET PROGRAM REVENUES (DEFICIT)	(180,582)	(2,079)	(182,661)
GENERAL REVENUES			
Property taxes	102,235		102,235
Direct benefit assessments	79,400		79,400
Investment earnings	9,491		9,491
TOTAL GENERAL REVENUES	191,126		191,126
Net Change (Decrease) in Fund Balance/Net Position	10,544	(2,079)	8,465
FUND BALANCE/NET POSITION			
Beginning of the year	527,096	2,079	529,175
End of the year	$ 537,640	$ -	$ 537,640

See notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity

The Rolling Hills Community Services District (District) is a legal subdivision of the State of California organized in 1978 for the purposes of road maintenance, bridges, parks and recreation, open-space, lighting, and culverts. The Districtôs powers are exercised through an elected Board of Directors (Board), which as of June 30, 2022 was composed of the following members:

Name	Term Expires
Adam Olson	December 2026
Brenda Collette	December 2024
Gordon Fawkes	December 2024
Vacant	December 2024
Vacant	December 2026

The District was formed pursuant to Government Code Sections 61000-61936 to provide services to an approximate 250-acre area located on the south side of U.S. Highway 50 and on the north side of White Rock Road. There are no paid employees and maintenance activities are completed by both volunteers and licensed contractors.

The District levies assessments and provides services to 397 parcels at $200 each for the purpose of maintaining and improving community infrastructure and for other lawful purposes of the District.

Basis of Presentation

This statement of net position and statement of activities display information about the primary government (the District). Using the economic resources measurement focus and the accrual basis of accounting, these statements report all of the assets, liabilities, revenues, expenses, gains and losses of the District. These statements include the financial activities of the overall government, except fiduciary activities.

The statement of activities presents a comparison between direct expenses and program revenues for the Districtôs single governmental activity. Since all of the Districtôs expenses are specifically associated with their single program or function (public ways and facilities) these expenses are clearly identifiable to that particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of the Districtôs public ways and facilities. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.
The fund balance amounts for governmental funds have been reclassified in accordance with GASB Statement No. 54.

Fund Financial Statements

The fund financial statements provide information about the Districtôs funds. The emphasis of fund financial statements is on major governmental or enterprise funds, each displayed in a separate column. All remaining governmental or enterprise funds, if any, are separately aggregated and reported as non-major funds. The District utilizes a single governmental fund, the General Fund, to account for all revenues and expenditures necessary to carry out its single governmental activity.

Given the simplicity of the Districtôs operations (single program or activity) and the use of a single governmental fund (General Fund), the Districtôs basic financial statements have been presented in columnar format whereby both the government-wide and fund financial statements have been presented in separate columns with an additional column showing any adjustments necessary to reflect the differences in the respective basis of accounting.

The District does not have any non-major governmental, fiduciary or proprietary funds.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District does not give (or receive) equal value in exchange, includes property and sales taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The measurable criterion requires that revenues be subject to reasonable estimation and the availability criterion refers to the Districtôs ability to spend the resources related to recognition of revenue. The availability criterion requires that resources can only be recorded as revenue, if those resources are expected to be collected or otherwise realized in time to pay liabilities reported by the District within 30 days of the end of the accounting period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Budgetary Basis of Accounting

Pursuant to Section 53901 of the California Government Code, the District is required to file annual budgets with the El Dorado County Auditor-Controllerôs Office. The District complied with this requirement in the audit period. However, the District did not consistently file budget amendments with the County Auditor as warranted during the audit period; The Districtôs annual budgets are prepared on the modified accrual basis of accounting except that current year encumbrances are budgeted as expenditures.

Cash and Investments

The District has instructed the County of El Dorado (County) to invest excess funds on deposit in their overall pooling of investment. The Districtôs interest is then allocated according to the average cash balance in the County Treasury based upon the overall investments of the County. The balance in this account is presented on the financial statements as ñCash with County Treasuryò.

The County maintains written investment policies which address a wide variety of investment practices, including primary investment objectives, investment authority, allocable investment vehicles, investment maturity terms, eligible financial institutions, capital preservation, and cash flow management. All cash deposits at the County conform to the California Government Code Section 53646 and are fully collateralized by governmental securities pledged for the purpose of Public Deposit Collateral.

In accordance with Government Accounting Standards Board Statement No. 31, the County calculated the fair value of all investments included in the pooled investments based upon quoted market prices. Details of the pooled investments can be found in the Countyôs basic financial statements.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes, interest earnings, and expense reimbursements.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property tax, sales tax, transient tax, franchise tax, and intergovernmental subventions since they are usually both measurable and available. Non-exchange transactions collectible but not available, such as property tax, are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis.

Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. The Districtôs experience is that all accounts receivable are collectible; therefore an allowance for doubtful accounts is unnecessary. There is no accounts receivable as of each reporting date.

Capital Assets

Capital assets for governmental fund types are not capitalized in the funds used to acquire or construct them. Capital acquisitions are reflected as an expenditure in the governmental fund, and the related assets are reported in the government-wide financial statements. Capital assets, owned by the District, are stated at historical cost or estimated historical cost, if actual historical cost is not available. Capital assets owned by the District were a few parcels of land they received through donation. However, the District did not maintain a detail listing of the parcels or their fair market value at the time received.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assetsô estimated useful lives using the straight-line method of depreciation. After June 30, 2004 fixed assets were recorded. Land improvements are depreciated with the straight-line method with a life of 15 years.

Accounts Payable

Accounts payable consist of amounts the District owes for services or supplies purchased for on credit for maintenance of public ways and facilities.

Non-Current Governmental Assets/Liabilities

GASB Statement No. 34 eliminates the presentation of account groups but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide statement of net assets.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period. Actual results could differ from these estimates and the differences may be material.

Accounting Records

Accounting records for the District is maintained by the El Dorado County Auditor-Controllerôs office. Controls are in place to ensure that all transactions are initiated, approved, and coded by the Districtôs management prior to implementation by El Dorado County Auditor-Controller staff.

2. TAX LEVIED AND SPECIAL ASSESSMENTS

All property taxes are collected and allocated by El Dorado County to the various taxing entities. Property taxes are determined annually as of January 1 and attach as an enforceable lien on real property as of July 1. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. The District participates in the County ñTeeter Planò method of property tax distribution. Under the Teeter Plan, the County remits property taxes to the District based on assessments, not on collections, according to the following schedule: 55 percent in December, 40 percent in April, and 5 percent at the end of the fiscal year. Property tax is recognized when it is available and measurable. The District considers property tax as available if it is received within 60 days after fiscal year end.

The District levies assessments and provides services to 349 parcels at $200 each for the purpose of maintaining and improving community infrastructure and for other lawful purposes of the District.

3. CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING THE DISTRICT

Article XIIIB of the California State Constitution requires that the Districtôs Board pass, by resolution, their annual appropriations spending limit. Article XIIIB, as subsequently amended by Proposition 111, limits the annual appropriations (spending ability) of the District to the level of appropriations for the prior fiscal year adjusted for changes in the cost of living and in population (economic factors). The District may also establish or change the appropriations limit beyond these economic factors by election, subject to, and in conformity with constitutional and statutory voting requirements. The duration of any such change is determined by the said electors, but in no event can it exceed four years. The appropriations of the District, subject to Article XIIIB limitations, are the proceeds of taxes including, but not limited to, property taxes, special taxes for general governmental purposes or maintenance, and interest earned from the fore mentioned proceeds of taxes.

On November 5, 1996, the voters of the State of California Approved Proposition 218, properly known as the ñRight to Vote on Taxes Act.ò Proposition 218 added to the California Constitution Articles XIIIC and XIIID, which contain a number of provisions that affect the ability of local agencies, including the District, to levy and collect both existing and future taxes, assessments, fees and charges. Article XIIIC stipulates that the District must obtain voter approval of any increase in taxes and Article XIIID establishes the specific procedures and requirements that must be followed to obtain voter approval for any special taxes.

The combined effect of the above mentioned Articles of the State Constitution legally set limits on the Districtôs ability to increase and spend tax revenues. Specifically, the District does not have the legal power to raise taxes without voter approval. In addition, the District is limited in its ability to legally encumber and spend the tax revenues by means of the appropriations spending limit. Such limit is automatically increased annually by economic factors independent of the District Managementôs control. In addition, the District may increase its spending limit by obtaining voter approval and any such voter approved spending limit or increase has a statute of limitations of not more than four years.

For the period of July 01, 2019 to June 30, 2022 the District did not increase its spending appropriations beyond the allowable economic factors.

4. CASH AND INVESTMENTS

The County sponsors an investment pool that is managed by the County Treasurer for the purpose increasing interest earnings through investment activities. Cash and investments for most County activities are included in the investment pool. Interest earned on the investment pool is distributed to the participating funds using a formula based on the average daily cash balance of each fund.

The investment pool includes both voluntary and involuntary participation from external entities. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer.

The County investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the Countyôs investment policy. The objectives of the policy are in order of priority, safety, liquidity, public trust, and yield.

The County Board of Supervisors reviews and approves the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the investment pool participants every quarter. The report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value.

The District's cash and investments are comprised of the following at June 30, 2022:

Deposits and Investments	Carrying Amount	Market Value	Investment Risk
Cash in County of El Dorado Treasury	$482,809	$482,809	AA
Cash in Bank	5,000	5,000	
Total cash and investments	$482,809	$482,809	NA

Credit Risk, Carrying Amount and Fair Value

The District investment policy, which is guided by the Government Code, allows for investment in the following:

Investments Authorized by the California Government Code and the Districtôs Investment Policy

The following identifies the investment types that are authorized for the District by the California Government Code.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented above is the minimum rating required by (where applicable) the California Government Code, debt agreements, and the actual rating as of fiscal year end for each investment type.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits; The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2022, none of the Districtôs deposits with financial institutions in excess of federal depository insurance limits was held in collateralized accounts.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of the year-end, cash in County of El Dorado held by the District are all under one-year in maturity and are non-negotiable and, thus, have a guaranteed face value.

5. CAPITAL ASSETS

Capital assets are recorded at cost. Costs of maintenance and repairs that do not add to the value of assets or extend their useful lives are not capitalized. Capital assets at June 30, 2022 are as follows:

Land improvements	$ 61,340
Accumulated depreciation	(61,340)
	$ -0-

Depreciation expense for 2020 was $2,079.

6. NET POSITION/FUND BALANCE

a. Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- *Net Investment in Capital Assets:* This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

- *Restricted Net Position:* This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Included in governmental activities restricted net position at June 30, 2022, is net position restricted by enabling legislation of $481,523.

- *Unrestricted Net Position:* This category represents net assets of the District, not restricted for any project or other project.

b. Fund Balance

As prescribed by GASB Statement No. 54, governmental funds report fund balances in classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in those funds. As of June 30, 2022, fund balances for governmental funds comprise the following based on the relative strength of the constraints that control how specific amounts can be spent:

- *Nonspendable Fund Balance:* This category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The ñnot in spendable formò criterion includes items that are not expected to be converted to cash, for example, inventories, and prepaid amounts.

- *Restricted Fund Balance:* This category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

- *Committed Fund Balance:* This category includes amounts that can be used only for the specific purposes determined by a formal action of the Districtôs highest level of decision-making authority (resolution by the Districtôs Board). Commitments may be changed or lifted only by the Districtôs Board taking the same formal action that imposed the constraint originally.

- *Assigned Fund Balance:* This category comprises amounts intended to be used by the District for specific purposes that are neither restricted nor committed. *Intent* is expressed by (a) the Districtôs Board or (b) a body (a budget or finance committee, for example) or official to which the Districtôs Board has delegated the authority to assign amounts to be used for specific purposes.

- *Unassigned Fund Balance:* This category is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification was used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

  In circumstances when an expenditure is incurred for purposes for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

7. POTENTIAL CONFLICTS OF INTEREST

Government Code Sections 1090-1099 stipulate certain activities considered to be a ñconflict of interestò if performed by district board members and/or employees in their official capacity. These prohibited activities include:

- The involvement in the disbursement of moneys or payments with vendors in which they have a financial interest.

- The disclosure of information, which is not a matter of public record, which may result in a financial gain to a district board member, district employee, or another party.

The Districtôs Board members are aware of these Government Code restrictions and, further, assert their avoidance of these activities and any other that might be perceived, by a reasonable person, to be a conflict of interest.

8. PREVAILING WAGE RATES

The provisions of Labor Code 1770-1771 related to contracts entered into by governmental agencies impose a liability to pay prevailing wage rates to workers employed on public works projects. California Labor Code requires that workers employed on public works be paid not less than ñthe prevailing rate of per diem wages for work of a similar character in the locality.ò A public works contractor who pays less than the prevailing wage rates will be liable to the worker for the difference. The State of California may sue for the amounts due.

The Districtôs Board members are aware of this Labor Code and understand their responsibilities to call this requirement to the attention of contractors employed by the District. Further, the Districtôs Board members understand that the notification of potential contractors of the applicability of the Labor Codes, limits the liability of the District for a contractorôs failure to comply with the law.

9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District participates in the Special District Risk Management Authority (SDRMA) Property and Liability Insurance Program for risk of loss. The program provides general liability, property, commercial auto, boiler and machinery, employment practices, employee dishonesty coverage, employment benefits liability, public official errors and omissions and public official personal liability insurance coverage.

SDRMA is composed of California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500 et seq. The purpose of SDRMA is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance and administrative services.

The District paid no material uninsured losses during the last three fiscal years and had no significant reductions in coverage during the year. Liabilities of the District are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The District considers claims incurred and reported, as well as claims incurred but not reported, to be immaterial and has not accrued an estimate of such claims payable.

The Districtôs maximum coverage as of June 30, 2022 consisted of $2.5 million for general liability, including bodily injury, property damage, employee benefits, employee/public officials E&O and dishonesty, employment practices liability and auto bodily injury and property damage, $1.0 million for employee/public officials dishonesty and $0.5 million for public officials personal liability. The District has property and mobile equipment coverage of $1.0 billion and boiler, machinery coverage of $100 million.

10. SUBSEQUENT EVENTS

Management evaluated all the activities have been evaluated of the District through October 31, 2023 the date the financial statements were available to be issued.

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. The World Health Organization has characterized COVID-19 as a pandemic. The spread of this virus has caused business disruption to the District when stay at home orders were issued by the Governor of California. The extent of the impact of COVID-19 on the Districtôs operational and financial performance will depend on future developments, including the duration and spread of the outbreak and the length of stay-at-home orders, all of which are highly uncertain and cannot be predicted at this time.

SUPPLEMENTARY INFORMATION

Rolling Hills Community Services District
Statement of Revenue, Expenditure and Changes in Fund Balance--Budget and Actual
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances and reserves July 1, 2021	$ 64,800	$ 64,800		$ (64,800)
Resources (inflows)				
Property taxes	100,500	100,500	109,696	9,196
Direct special assessments	76,900	76,900	78,400	1,500
State homeowner's property tax exemption			807	807
Use of Money-interest	1,800	1,800	1,932	132
Misc Revenue	1,000	1,000		(1,000)
Amounts Available for Appropriation	245,000	245,000	190,835	(54,165)
Charges to appropriations (outflows)				
Telephone	350	350	358	(8)
County Pass Thru Telephone	150	150		150
Food	50	50		50
Insurance	5,450	5,450	5,732	(282)
Maintenance: grounds	16,000	16,000	4,365	11,635
Maintenance: park	85,000	85,000	81,335	3,665
Mintenance: water	6,000	6,000	15,722	(9,722)
Maintenance: drainage	7,500	7,500		7,500
Maintenance: roads	30,000	30,000		30,000
Maintenance: lighting	500	500	347	153
Maintenance: supplies	500	500	392	108
Memberships	675	675	1,102	(427)
Misc. expense	300	300		300
Office expense	200	200	50	150
Postage	450	450	126	324
Printing	500	500		500
Online subscriptions			433	(433)
Professional & specialized services	35,000	35,000	24,924	10,076
Agency administrative fee	325	325	142	183
Legal services	5,000	5,000	5,025	(25)
Special district director services	4,500	4,500	5,625	(1,125)
Publication & legal notices	200	200		200
Rent & lease: equipment	800	800	385	415
Rent & lease: building & improvements	3,800	3,800	1,260	2,540
SB924: transportation & travel	50	50		50
Mileage: employee	200	200		200
Utilities	41,500	41,500	31,534	9,966
Total charges to appropriations	245,000	245,000	178,857	66,143
Budgetary Balances June 30, 2022	$ -	$ -	$ 11,978	$ 11,978

Rolling Hills Community Services District
Statement of Revenue, Expenditure and Changes in Fund Balance--Budget and Actual
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances and reserves July 1, 2020	$ 71,100	$ 71,100		$ -
Resources (inflows)				
Property taxes	98,000	98,000	105,429	7,429
Direct special assessments	79,800	79,800	78,700	(1,100)
State homeowner's property tax exemption			819	819
Use of Money-interest	7,500	7,500	2,414	(5,086)
Miscellaneous revenue	800	800	513	(287)
Amounts Available for Appropriation	257,200	257,200	187,875	(69,325)
Charges to appropriations (outflows)				
Telephone	350	350	363	(13)
County Pas Thru Telephone	150	150		150
Food	50	50		50
Expendable Eqipment			240	(240)
Insurance	5,450	5,450	5,372	78
Maintenance: grounds	11,000	11,000	15,675	(4,675)
Maintenance: park	83,000	83,000	99,853	(16,853)
Maintenanc: water	6,000	6,000	1,215	4,785
Maintenance: drainage	7,500	7,500	2,450	5,050
Maintenance: roads	200	200	31,506	(31,306)
Maintenance: lighting	500	500		500
Maintenance: supplies	500	500	161	339
Memberships	675	675	670	5
Misc. expense	300	300	37	263
Office expense	200	200	430	(230)
Postage	450	450	561	(111)
Printing	500	500	650	(150)
On-line subscriptsion			317	(317)
Professional & specialized services	35,000	35,000	37,964	(2,964)
Agency administrative fee	325	325	131	194
Auditing	9,000	9,000	8,000	1,000
Legal services	5,000	5,000	1,575	3,425
EDC Dept			45	(45)
Other Government Agencies			50	(50)
Special district director services	4,500	4,500	4,875	(375)
Publication & legal notices	200	200	322	(122)
Rent & lease: equipment	800	800	1,166	(366)
Rent & lease: building & improvements	3,800	3,800	1,436	2,364
Special projects	40,000	40,000		40,000
SB924: transportation & travel	50	50		50
Road:Signs		-	20	(20)
Road: Paint			51	(51)
Mileage: employee	200	200		200
Utilities	41,500	41,500	40,835	665
Total charges to appropriations	257,200	257,200	255,970	1,230
Budgetary Balances June 30, 2021	$ -	$ -	$ (68,095)	$ (68,095)

Rolling Hills Community Services District
Statement of Revenue, Expenditure and Changes in Fund Balance--Budget and Actual
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances and reserves July 1, 2019	$ 50,900	$ 50,900		$ (50,900)
Resources (inflows)				
Property taxes	92,000	92,000	102,235	10,235
Direct special assessments	80,000	80,000	79,400	(600)
State homeowner's property tax exemption		-	847	847
Use of money-interest	7,000	7,000	9,491	2,491
Amounts Available for Appropriation	229,900	229,900	191,973	(37,927)
Charges to appropriations (outflows)				
Telephone	350	350	201	149
County Pass Thru Telephone	500	500		500
Cable/Internet Service			320	(320)
Food	50	50		50
Expendable Equipment			115	(115)
Insurance	3,800	3,800	3,979	(179)
Maintenance: grounds	9,000	9,000	7,599	1,401
Maintenance: park	73,000	73,000	72,660	340
Maintenance: water system	6,000	6,000	4,656	1,344
Maintenance: drainage	10,000	10,000	5,457	4,543
Maintenance: roads		-	1,089	(1,089)
Maintenance: lighting	500	500	10,673	(10,173)
Maintenance: supplies	300	300	1,254	(954)
Memberships	650	650	653	(3)
Miscellaneous	300	300	244	56
Office expense	500	500	239	261
Postage			216	(216)
Printing	650	650	235	415
Professional & specialized services	26,000	26,000	29,097	(3,097)
Agency administrative fee	150	150	309	(159)
Audit & Accounting Services	9,000	9,000		9,000
Legal services	3,000	3,000	2,021	979
Special district director services	5,250	5,250	3,600	1,650
Publication & legal notices		-	699	(699)
Rent & lease: equipment	800	800	918	(118)
Rent & lease: building & improvements	3,800	3,800	3,073	727
Special Projects	48,300	48,300		48,300
SB924: transportation & travel	300	300		300
Mileage: employee	200	200	108	92
Utilities	27,500	27,500	32,014	(4,514)
Total charges to appropriations	229,900	229,900	181,429	48,471
Budgetary Balances June 30, 2020	$ -	$ -	$ 10,544	$ 10,544

Rolling Hills Community Services
Budgetary Comparison Schedule
General Fund
For the Years Ended June 30, 2022, 2021, 2020

An explanation of the differences between bugetary inflows and outflows, and GAAP revenues and expenditures:

Sources/Inflows of Resources	2022	2021	2020
Actual amounts (budgetary basis) "available for appropriation" from the budetary comparisons schedule	$190,835	$187,875	$ 191,973
Difference budget to GAAP The fund balance at the beginning of the year is a budgetary resource, but is not a current year revenue for financial reporting purposes	-	-	-
Total Revenues as reported on the statement of revenues, expenditures and changes in the fund balance governmental funds	$190,835	$187,875	$ 191,973
Uses/Outflow resources			
Actual amounts (budgetary) "total charges to appropriations" from budgetary comparison schedule	$178,857	$255,970	$ 181,429
Difference budget to GAAP Residual equity transfers out are a budgetary use of funds, but are not expenditures for financial reporting purposes-reserves Other GAAP adjustments-appropriation for contingencies			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance governmental funds	$178,857	$255,970	$181,429

ROLLING HILLS COMMUNITY SERVICES DISTRICT
NOTES TO THE SUPPLEMENTARY INFORMATION
JUNE 30, 2022, 2021, 2020

NOTE 1 ï PURPOSE OF SCHEDULES

A. Budgetary Comparison Schedule

The District employs budget control individual appropriation accounts. Budget are prepared on the budgetary basis. The budgets are revised during the year by the Board of Directors to provide for revised priorities. Expenditures cannot legally exceed appropriations. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The Budgeted Comparison Schedule ï General Fund is presented to explain the differences between budgetary inflows and outflows and the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as provided by the Governmental Accounting Standards Board.