

RESORT IMPROVEMENT DISTRICT NO. 1

FINANCIAL STATEMENTS

June 30, 2019

RESORT IMPROVEMENT DISTRICT NO. 1

FINANCIAL STATEMENTS

June 30, 2019

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RESORT IMPROVEMENT DISTRICT NO. 1

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INTRODUCTORY SECTION

RESORT IMPROVEMENT DISTRICT

PRINCIPAL OFFICIALS

JUNE 30, 2019

BOARD OF DIRECTORS

<u>Name</u>	<u>Office</u>
Susan Fox	President
Jac Hargrave	Director
Michael Schad	Vice-President
Nanette Corley	Director
David Sommer	Director

GENERAL MANAGER

Justin R. Robbins

FINANCIAL SECTION



ANDERSON, LUCAS, SOMERVILLE & BORGES, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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JAMES M. ANDERSON (1964-2001)
EUGENE B. LUCAS (1950-2013)
DAVID A. SOMERVILLE, INACTIVE

INDEPENDENT AUDITORS' REPORT

Board of Directors
Resort Improvement District No. 1
Shelter Cove, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Resort Improvement District No.1, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the minimum audit requirements for California Special Districts issued by the State Controller's Office. 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 auditors' 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 District'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 District'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Resort Improvement District No. 1, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, if provided, and budgetary comparison schedules on page 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Resort Improvement District No. 1's financial statements as a whole. The introductory section, and combining and individual financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

September 15, 2020
Fortuna, California

Anderson, Lucas, Somerville, & Borger

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

RESORT IMPROVEMENT DISTRICT NO. 1
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 53,812	\$ 3,076,319	\$ 3,130,131
Grants Receivable	-	733,012	733,012
Receivable - Retainage	-	259,763	259,763
Accounts Receivable, Net of Allowance For Doubtful Accounts of \$2,198	-	208,436	208,436
Prepaid Expenses	-	-	-
Inventory of Materials and Supplies	-	152,325	152,325
Fixed Assets			
Land	279,340	80,807	360,147
Utility Systems and Golf Course	-	24,737,280	24,737,280
General Plant and Equipment	2,911,221	-	2,911,221
Construction in Progress	-	-	-
Accumulated Depreciation	<u>(1,084,205)</u>	<u>(13,408,212)</u>	<u>(14,492,417)</u>
Total Assets	<u>2,160,168</u>	<u>15,839,730</u>	<u>17,999,898</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>326,485</u>	<u>326,485</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 2,160,168</u>	<u>\$ 16,166,215</u>	<u>\$ 18,326,383</u>
LIABILITIES			
Accounts Payable	27,985	99,570	127,555
Grant Payable	-	437,540	437,540
Bridge Loan	-	3,144	3,144
Customer Deposits	-	44,122	44,122
Payroll and Accrued Liabilities	25,827	74,277	100,104
Net Pension Liability	<u>-</u>	<u>983,398</u>	<u>983,398</u>
Total Liabilities	<u>53,812</u>	<u>1,642,051</u>	<u>1,695,863</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>79,209</u>	<u>79,209</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 53,812</u>	<u>\$ 1,721,260</u>	<u>\$ 1,775,072</u>
NET POSITION			
Invested in Capital Assets,	-	-	-
Net of Related Debt	2,106,356	11,406,731	13,513,087
Designated - Pension	-	(983,398)	(983,398)
Unrestricted	<u>-</u>	<u>4,021,622</u>	<u>4,021,622</u>
Total Net Position	<u>\$ 2,106,356</u>	<u>\$ 14,444,955</u>	<u>\$ 16,551,311</u>

The accompanying notes are an integral part of these financial statements.

RESORT IMPROVEMENT DISTRICT NO. 1
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2019

	Program Revenues					Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Payments in Lieu of Services	Other Program Revenues	Total	Governmental Activities	Business-Type Activities	Total
Functions/Programs									
Primary Government									
Governmental Activities	\$ 204,123	\$ 42,227	\$ -	\$ -	\$ -	\$ 42,227	\$ (161,896)	\$ -	\$ (161,896)
General Government	287,078	-	1,990	-	-	1,990	(285,088)	-	(285,088)
Public Safety - Fire	(2,239)	-	8,338	-	-	8,338	10,577	-	10,577
Airport	195,719	-	-	-	-	-	(195,719)	-	(195,719)
Community Development									
Total Governmental Activities	684,681	42,227	10,328	-	-	52,555	(632,126)	-	(632,126)
Business-type Activities									
Water	764,818	412,186	-	-	-	412,186	-	(352,632)	(352,632)
Sewer	786,506	325,217	-	-	-	325,217	-	(461,289)	(461,289)
Electric	2,067,055	1,381,675	-	-	-	1,381,675	-	(685,380)	(685,380)
Total Business-type Activities	3,618,379	2,119,078	-	-	-	2,119,078	-	(1,499,301)	(1,499,301)
Total Primary Government	\$ 4,303,060	\$ 2,161,305	\$ 10,328	\$ -	\$ -	\$ 2,171,633	(632,126)	(1,499,301)	(2,131,427)
General Revenues									
Taxes									
Property Taxes							372,589	275,503	647,892
Special Assessments							396,362	199,233	595,595
Capital Grants								2,681,893	2,681,893
Investment Earnings							53,270	-	53,270
Loss on Disposals of Assets							-	(900,848)	(900,848)
Miscellaneous							9,334	-	9,334
Transfers							(51,399)	51,399	-
Total General Revenues, Special Items and Transfers							779,956	2,307,180	3,087,136
Change in Net Position							147,830	807,879	955,709
Net Position - Beginning of Year							2,557,133	13,637,076	16,194,209
Prior Period Adjustment - Capital Outlay Adjustment							(598,607)	-	(598,607)
Net Position - End of Year							\$ 2,106,356	\$ 14,444,955	\$ 16,551,311

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

RESORT IMPROVEMENT DISTRICT NO. 1
Balance Sheet - Governmental Funds
June 30, 2019

ASSETS

Cash and Cash Equivalents	\$	53,812
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$0		-
Grant Receivable		-
Prepaid		-
Fixed Assets		<u>3,190,561</u>
Total Assets		<u><u>\$ 3,244,373</u></u>

LIABILITIES

Accounts Payable		27,985
Payroll and Accrued Liabilities		25,827
Net Pension Liability		<u>-</u>
Total Liabilities		<u>53,812</u>

FUND BALANCE

Invested in Capital Assets, Net of Related Debt		3,190,561
Fund Balance - Unassigned		<u>-</u>
Total Fund Balance		<u>3,190,561</u>
Total Liabilities and Fund Balance		<u><u>\$ 3,244,373</u></u>

The accompanying notes are an integral part of these financial statements.

RESORT IMPROVEMENT DISTRICT NO. 1
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2019

TOTAL FUND BALANCES - Governmental Funds **\$ 3,190,561**

Amounts reported for governmental activities in the Statement
of Net Position are different because:

Accumulated depreciation on general fixed assets (1,084,205)

Net Position of Governmental Activities **\$ 2,106,356**

The accompanying notes are an integral part of these financial statements.

RESORT IMPROVEMENT DISTRICT NO. 1
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2019

REVENUES

Property Taxes	\$ 372,389
Special Assessments	396,362
Interest Income	53,270
Rent	42,227
Grants	10,328
Other	9,334
	883,910
 Total Revenues	 883,910

EXPENDITURES

General and Administrative	171,383
Fire Protection: Human Resources	50,538
Fire Protection: Other Expenditures	146,734
Community Center: Human Resources	75,017
Community Center: Other Expenditures	41,792
Grant Expenditures	-
Capital Outlay	347,047
	832,511
 Total Expenditures	 832,511

Excess of Revenues Over Expenditures 51,399

Allocated to Proprietary Funds (51,399)

Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses -

FUND BALANCES - Beginning of Year -

FUND BALANCES - End of Year \$ -

The accompanying notes are an integral part of these financial statements.

RESORT IMPROVEMENT DISTRICT NO. 1
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2019

NET CHANGE IN FUND BALANCES - Total Governmental Funds **\$ -**

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

Purchases of Fixed Assets 347,047

Depreciation expense has not been included in the Governmental
Fund Financial Statements. (199,217)

Change in Net Position of Governmental Activities **\$ 147,830**

The accompanying notes are an integral part of these financial statements.

PROPRIETARY FUNDS

RESORT IMPROVEMENT DISTRICT NO. 1
Statement of Net Position - Proprietary Funds
June 30, 2019

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 3,076,319
Accounts Receivable, Net of Allowance For Doubtful Accounts of \$2,198	208,436
Grants Receivable	733,012
Retainage Receivable	259,763
Inventory of Materials and Supplies	152,325
Total Current Assets	<u>4,429,855</u>

Noncurrent Assets

Fixed Assets	24,737,280
Construction in Progress	-
Land	80,807
Accumulated Depreciation	(13,408,212)
Total Noncurrent Assets	<u>11,409,875</u>

Total Assets 15,839,730

Deferred Outflows of Resources

326,485

Total Assets and Deferred Outflows of Resources 16,166,215

LIABILITIES

Current Liabilities

Accounts Payable	99,570
Grant Payable	437,540
Bridge Loan	3,144
Customer Deposits	44,122
Payroll and Accrued Liabilities	74,277
Total Current Liabilities	<u>658,653</u>

Non Current Liabilities

Net Pension Liability	<u>983,398</u>
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Total Liabilities 1,642,051

Deferred Outflows of Resources

79,209

Total Liabilities and Deferred Inflows of Resources 1,721,260

NET POSITION

Invested in Capital Assets	
Net of Related Debt	11,406,731
Designated - Pension	(983,398)
Unrestricted	4,021,622
Total Net Position	<u><u>\$ 14,444,955</u></u>

The accompanying notes are an integral part of these financial statements.

RESORT IMPROVEMENT DISTRICT NO. 1
Statement of Revenues, Expenses, and
Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2019

OPERATING REVENUES

Utility Service Charges	\$	1,950,553
Capital Facility Charges		74,878
Special Assessments		199,233
Connection, Extension and Other Fees		93,647
Other		-
		-
Total Operating Revenue		2,318,311

OPERATING EXPENSES

Human Resources		1,365,333
Materials, Supplies and Services		771,284
Power		472,644
Insurance		49,442
Depreciation		748,266
Allocated Administrative Costs		211,410
		211,410
Total Operating Expenses		3,618,379

Operating Income (Loss)		(1,300,068)
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NON-OPERATING REVENUES (EXPENSES)

Interest		-
Property Taxes		275,503
Interest Expense		-
Loss on Disposal of Assets		(900,848)
Grant Revenue		2,681,893
Transfers In		51,399
Transfers Out		-
		-

Total Non-Operating Revenues (Expenses)		2,107,947
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Net Income		807,879
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TOTAL NET POSITION - Beginning of Year		13,637,076
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TOTAL NET POSITION - End of Year		\$ 14,444,955
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The accompanying notes are an integral part of these financial statements.

RESORT IMPROVEMENT DISTRICT NO. 1
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	\$ 2,267,681
Payments to Suppliers	(1,374,686)
Payments to Employees and for Benefits	<u>(1,208,822)</u>
Net Cash Provided (Used) by Operating Activities	<u>(315,827)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Other Non-Operating Revenues	275,503
Operating Transfers In	51,399
Operating Transfers Out	<u>-</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>326,902</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Fixed Assets	(3,314,677)
Capital Grants	2,315,292
Proceeds from Loan	1,640,941
Principal payments on Loan	<u>(1,637,797)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(996,241)</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES	
Interest Received	<u>-</u>
Net Cash Provided by Investing Activities	<u>-</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(985,166)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>4,061,485</u>
CASH AND CASH EQUIVALENTS - End of Year	<u><u>\$ 3,076,319</u></u>
SUPPLEMENTAL INFORMATION	
Interest Paid	\$15,719

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

RESORT IMPROVEMENT DISTRICT NO. 1
Notes to the Financial Statements
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Resort Improvement District No. 1 (District) was formed April 29, 1965 under the provisions of the Public Resources Code of the State of California. The District is governed by an elected board of directors and provides fire, recreation and utility services to the unincorporated area in Humboldt County generally known as Shelter Cove.

The financial statements of the Resort Improvement District No. 1 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting Entity

There are no significant activities or entities on which the District exercises oversight responsibility which require inclusion in the financial statements for the year ended June 30, 2019. The following criteria regarding manifestation of oversight were considered by the District in its evaluation of Districts and activities to include or exclude:

Financial Interdependency - The District is responsible for its debts and is entitled to surpluses. No separate agency or entity receives a financial benefit, nor imposes a financial burden on the District.

Election of Governing District - The locally elected governing board is exclusively responsible for all public decisions and is accountable for the decisions it makes.

Designation of Management - The governing board appoints District management. All activities under the purview of management are within the scope of the reporting entity and management is accountable to the governing board for the activities being managed.

Significant Influence on Operations - The governing board has the legal authority to significantly influence operations. This authority includes, but is not limited to, adoption of the budget, control over all assets, including facilities and properties, short-term borrowing, long term borrowing as limited by state law, signing contracts, and developing the programs to be provided.

Accountability of Fiscal Matters - The responsibility and accountability over all funds is vested in the District management.

RESORT IMPROVEMENT DISTRICT NO. 1
Notes to the Financial Statements
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
Basic Financial Statements – Government-wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's fire department, parks and recreation, airport and general administrative services are classified as governmental activities. The District's water, sewer services, and electric activities are classified as business-type activities.

In the Government-wide Statement of Net Position, both the governmental and business type activities columns are presented on a consolidated basis and are reported on a full accrual, economic resource basis. The District's net position is reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. At the end of each fiscal year, all current year activities of the general government fund is allocated and transferred to the business type activities. The District does not keep a separate general fund bank account.

Fund Accounting

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate "fund types."

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the District (internal service funds). The District maintains enterprise funds for its electric utility, water utility, sewer utility and golf recreation activities.

RESORT IMPROVEMENT DISTRICT NO. 1
Notes to the Financial Statements
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent.

Fund Balances, Reserves and Designations

In the Fund financial statements, fund balances represent the net current assets of each fund. The District's fund balances are classified based on spending constraints imposed on use of resources. For programs with multiple funding sources, the District prioritizes and expends funds in this order: Restricted, Committed, Assigned, and Unassigned. These are defined as follows:

Nonspendable represents balances set aside to indicate items that do not represent available or spendable resources, even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash such as prepaids, are included.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or legislation which require the resources be used only for specific purposes.

Committed fund balances have constraints imposed by formal action of the District Board, such as an Ordinance, which may be altered only by the same formal action of the District Board.

Assigned fund balances are amounts constrained by the District Boards intent to be used for a specific purpose but are neither restricted nor committed.

Unassigned fund balances represent residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance.

RESORT IMPROVEMENT DISTRICT NO. 1
Notes to the Financial Statements
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements

In June 2012, GASB issued Statement 68, *Accounting and Financial Reporting for Pensions* and Statement 67, *Financial Reporting for Pension Plans*. In December 2015, GASB issued Statement 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. Under these new regulations employers are required to record the net pension liability, pension expense, and deferred outflows/deferred inflows of resources related to pensions in their financial statements as part of their financial position.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which changed the structure of a government balance sheet.

Deferred Outflow – represents the consumption of a government’s net assets that is applicable to a future period.

Deferred Inflow – represents the acquisition of net assets that is applicable to a future reporting period.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which amends the classification of certain items to be included as deferred inflows and outflows.

Basis of Accounting

The accounting and financial reporting applied to a fund is determined by its measurement focus. All governmental funds and expendable trusts funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included in the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

RESORT IMPROVEMENT DISTRICT NO. 1
Notes to the Financial Statements
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

The modified accrual basis of accounting is used by governmental fund types, expendable trust funds, and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The District considers property taxes within governmental funds as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

The accrual basis of accounting is utilized by proprietary fund types, pension trust funds and nonexpendable trust funds. Under this method revenues are record when earned and expenses are recorded at the time liabilities are incurred. Water and sewer services charges are recognized as monthly utility bills are prepared.

Budgets

A budget is adopted for the general fund on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end. The board has given the District Manager authority to make subsequent budget adjustments. It is this final adjusted budget which is reported in these financial statements.

Cash and Cash Equivalents

Cash includes amounts in demand deposits, as well as short-term investments with a maturity date within three months of the date acquired by the District.

Short-term Interfund Receivables/Payables

During the course of operations, transactions occur between individual funds for goods or services rendered. These receivables and payables are classified as "Due from Other Funds" or "Due to Other Funds" on the balance sheet. Short-term interfund loans are reported as "Cash Advances to/from Other Funds."

Supplies Inventory

Materials and supplies inventory is priced at cost using the first-in, first-out method.

RESORT IMPROVEMENT DISTRICT NO. 1
Notes to the Financial Statements
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GAAP Election

Proprietary funds have selected consistently not to follow Financial Accounting Standards Board pronouncements issued subsequent to November 30, 1989 as permitted under Government Accounting Standards Board Statement No. 20.

Compensated Absences

The District allows employees to accumulate vacation time limited to one year, which is paid in cash upon termination. Sick leave may be accumulated without limit. Unused sick leave is credited to PERS upon retirement. The liability for compensated absences is accrued during the fiscal period in which it is earned.

Fixed Assets

All fixed assets are valued at historical cost. Donated assets are valued at their estimated fair market value on the date received. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. Depreciation is taken on these assets using the straight-line method over their useful lives, ranging from 10 to 40 years.

Building and equipment of the enterprise funds are depreciated using the straight-line method over useful lives ranging over 20 to 100 years for buildings and improvements, 15 to 50 years for pipe, poles and appurtenances and 3 to 15 years for equipment.

Property Taxes and Assessments

Secured property taxes are levied March 1 on all secured real property and are due and payable November 1 and February 1 of the following fiscal year. Unsecured property taxes are payable in one installment on or before August 31. The County of Humboldt is responsible for assessing, collecting and distributing property taxes and assessments in accordance with California statutory law.

A tax rate of \$1.00 per \$100.00 of assessed valuation is levied on all property within the County. The District's share of the taxes collected is determined by state law. The County distributes to the District its full share of the taxes whether actually collected or not. All delinquent taxes along with interest and penalties belong to the County.

Assessments are levied against property located within the District and consist of water standby fees assessed at \$8.00 per parcel for each uninhabited parcel for which service could be made available. There is also a Sewer standby fee assessed for undeveloped parcels. A special utility tax is \$80.00 per parcel for every parcel within the District. In addition, there is a fire fee assessed annually based on parcel usage.

RESORT IMPROVEMENT DISTRICT NO. 1
Notes to the Financial Statements
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable, available financial resources is reported as a fund liability of a governmental fund. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Fund Equity

Contributed capital is recorded in proprietary funds that have received capital contributions from developers, customers, and other sources. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use.

Debt Discounts/Issuance Costs

In governmental fund types, debt discounts and issuance costs are recognized in the current period. Debt discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the debt using the bonds-outstanding method, which approximates the effective interest method. Debt discounts are presented as a reduction of the face amount of debt payable, whereas issuance costs are recorded as deferred charges and are presented in the financial statements under "Other Assets".

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

RESORT IMPROVEMENT DISTRICT NO. 1
Notes to the Financial Statements
June 30, 2019

NOTE 2- PROPERTY TAX REVENUES

During the 1996/97 fiscal year, the County apportioned the District its share of the general tax rate under the "Teeter Plan". Under this plan, the full amount of the levy is paid to the District, whether collected or not. All interest and penalties for late payment of taxes are retained by the County.

NOTE 3 - FIXED ASSETS

The following is a summary of the changes in the general fund fixed assets during the fiscal year.

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2019</u>
Land and Land Rights	\$ 279,340	\$ -	\$ -	\$ 279,340
Airport Improvements	1,067,831	41,022	(398,036)	710,817
Fire Equipment	1,356,337	272,223	(577,335)	1,051,225
Administration	341,869	30,575	(85,462)	286,982
Parks	909,612	3,227	(50,642)	862,197
Construction in Progress	238,690	-	(238,690)	-
	<u>\$ 4,193,679</u>	<u>\$ 347,047</u>	<u>\$(1,350,165)</u>	<u>\$ 3,190,561</u>

The following is a summary of proprietary fund type (enterprise funds) fixed assets:

Electrical System	8,240,919
Land	80,807
Allowance for Depreciation	<u>(5,169,939)</u>
	<u>3,151,787</u>
Water System	9,225,269
Water System - CIP	-
Allowance for Depreciation	<u>(3,343,303)</u>
	<u>5,881,966</u>
Sewer System	7,271,092
Allowance for Depreciation	<u>(4,894,970)</u>
	<u>2,376,122</u>
Total	<u><u>11,409,875</u></u>

RESORT IMPROVEMENT DISTRICT NO. 1
Notes to the Financial Statements
June 30, 2019

NOTE 4 - CASH AND CASH EQUIVALENTS

The District's temporary investments are all deposits in federally insured banks or in investment pools maintained by the Humboldt County Treasurer and the State of California. The carrying amount is the account balance which includes interest. At times such investments may be in excess of the Federal Deposit Insurance corporation (FDIC) insurance limits of \$250,000.

The following summarizes cash and cash equivalents at June 30, 2019:

Governmental Funds:

Insured by FDIC	\$ 53,812
Imprest Cash	-
	\$ 53,812

Proprietary Funds:

Pooled with County	\$2,213,497
Pooled with State	386,929
Insured by FDIC	473,089
Uninsured	-
Imprest Cash	2,804
	\$3,076,319

Total	\$3,130,131
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NOTE 5 - 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. The District maintains commercial and risk pool coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this coverage in any of the past three years.

RESORT IMPROVEMENT DISTRICT NO. 1
Notes to the Financial Statements
June 30, 2019

NOTE 6 - RETIREMENT PLAN

Plan Description: The District's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The District selects optional benefits provisions from the benefit menu by contract with CalPERS and adopts those benefits through Board action. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy: Active plan members who were employed prior to June 30, 2013, are required to contribute 7% of their annual covered salary. Other active members are required to contribute 6.25%. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution is an actuarially determined rate which will vary depending on the updated actuarial report. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. The District's contributions to CalPERS for the fiscal years ended June 30, 2019 and 2018 were \$66,739 and \$56,697, respectively and equal the total required contributions for each year. Beginning in FY 2015-2016, CalPERS began collecting additional employer contributions toward the unfunded liability. Payments made against the unfunded liability during the years ended June 30, 2019 and 2018 were \$74,755 and \$60,791, respectively. As of June 30, 2019, and 2018, Resort Improvement District No 1 reported a net pension liability in the amount of \$983,398 and \$1,029,824, respectively. The net pension liability for the Plan is measured as the proportionate share of the net pension liability. The total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2018 and June 30, 2017 measurement dates, using standard update procedures.

RESORT IMPROVEMENT DISTRICT NO. 1
Notes to the Financial Statements
June 30, 2019

NOTE 6 - RETIREMENT PLAN (Continued)

Hire Date	Prior to Jan 1, 2011	Jan 1, 2011 through Dec 31,	On or after Jan 1, 2013
Benefit Formula	2% at 60	2% at 60	2% at 62
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Retirement Age	50-63	50-63	52-67
Monthly benefits as a % of eligible compensation	1.10% to 2.5%	1.092% to 2.418%	1.0% to 2.5%

Deferred Outflows of Resources and Deferred Inflows of Resources -

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 141,133	\$ -
Differences between expected and actual experience	37,731	12,838
Differences between the employer's contributions and the employer's proportionate share of contributions	-	38,895
Changes of assumptions	112,110	27,476
Change in employer's proportion	30,659	-
Net difference between projected and actual earnings on plan investments	4,852	-
Total	<u>\$ 326,485</u>	<u>\$ 79,209</u>

\$141,133 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense over 3.8 to 5 years. The deferred outflows of resources and deferred inflows of resources reported in the chart above will be amortized in the proportionate share of pension expense as follows:

Year Ended June 30	Increase (Decrease) Pension Expense
2020	\$ 93,891
2021	51,751
2022	(30,645)
2023	(8,854)
Total	<u>\$ 106,143</u>

RESORT IMPROVEMENT DISTRICT NO. 1
Notes to the Financial Statements
June 30, 2019

NOTE 6 - RETIREMENT PLAN (Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2017 (the measurement date), the total pension liability for the Plan was determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2018 and June 30, 2017 total pension liabilities for the Plan were based on the following actuarial assumptions:

Actuarial Cost Method	Entry-age normal cost method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.0%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return	7.15% (a)
Mortality	Derived using CalPERS's membership data for all funds
Post -retirement benefit increase	Contract COLA up to 2.50% until purchasing power protection allowance floor.

(a) - Net of pension plan investment expense, including inflation

Changes of Assumptions – The discount rate was changed from 7.65 % (net of administrative costs) in 2017 to 7.15% .

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate less 1%	Current Discount	Discount Rate plus 1%
	6.15%	7.15%	8.15%
Net pension liability	\$1,640,074	\$983,398	\$441,322

Long-term expected rate of return –

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

RESORT IMPROVEMENT DISTRICT NO. 1
Notes to the Financial Statements
June 30, 2019

NOTE 6 - RETIREMENT PLAN (Continued)

In determining the long-term expected rate of return, CalPERS staff considered both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Sensitive	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.93%
Liquidity	1%	-	-
	<u>100%</u>		

(a) - An expected inflation of 2.0% used for this period

(b) - An expected inflation of 2.92% used for this period

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports available on CalPERS' website under Forms and Publications.

At June 30, 2019, the District reported no amount payable for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

RESORT IMPROVEMENT DISTRICT NO. 1
Notes to the Financial Statements
June 30, 2019

NOTE 7 - BUDGETS

The District adopts an annual budget for the General Fund after conducting public hearings. Planning budgets are prepared for the enterprise funds. No budget comparison has been presented in these financial statements for the enterprise funds since the demand for goods and services primarily determines the revenue available and the expenses incurred.

NOTE 8 – WATER TANK REPLACEMENT CONSTRUCTION PROJECT

The Water Tank Project is a construction project to replace seven water tanks throughout Shelter Cove. The District obtained a construction loan with 100% principal forgiveness for \$5,000,000. Funding has been obtained in full or in part by Proposition 1 – the Water Quality, Supply, and Infrastructure Improvement Act of 2014 and the Drinking Water State Revolving Fund through an agreement with the State Water Resources Control Board. Construction started in July 2018 and is required to be completed by March 2020. Grant revenue totaled \$2,681,893 including \$733,012 grant receivable and \$259,763 in retainage receivable for 2019. The grant receivable for 2018 was \$180,039.

NOTE 9 – BRIDGE LOAN FOR CONSTRUCTION PROJECT

Management received a bridge loan from Umpqua Bank on July 1, 2018 to cover expenses for the Water Tank Project. The loan is not to exceed \$2,000,000. Loan payments are to commence on October 1, 2018 with loan interest rate equal to Prime minus 1.10%. The balance at June 30, 2019 was \$3,144 and interest paid amounted to \$15,719 under Administrative costs.

NOTE 10 – FINANCIAL STATEMENT PRESENTATION

Certain amounts from the prior year financial statements have been reclassified to conform to the current year presentation.

RESORT IMPROVEMENT DISTRICT NO. 1
Notes to the Financial Statements
June 30, 2019

NOTE 11 – HUMAN RESOURCES RECONCILIATION

The District allocates total human resources expense, including payroll and wages, payroll taxes, worker’s comp, health insurance and all other related benefits to numerous funds and accounts. A reconciliation of these amounts is provided below for the year ended June 30, 2019:

Total Labor Expenses (Wages, Benefits, Other)	\$ 1,649,464
Reported in Financial Statements as follows:	
Statement of Revenues, Expenditures and Changes in	
Fund Balances - Governmental Funds	
Administrative	158,576
Community Center	75,017
Fire Protection	50,538
Statement of Revenues, Expenses and Changes in	
Fund Net Assets - Proprietary Funds	
	1,365,333
	\$ 1,649,464

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated all known events that have occurred after June 30, 2019, and through September 15, 2020, the date when this financial statement was available to be issued, for inclusion in the financial statements and footnotes.

Management was informed of an error in calculating retirement contributions for two part-time employees in November 2019. The approximate arrears totaled \$53,475.

The District may be affected by the recent and ongoing outbreak of the Covid-19 disease which was declared a pandemic by the World Health Organization in March 2020. The extent to which the virus impacts the District’s operations will depend on future developments, which are highly uncertain, including the duration and severity of the outbreak. While management expects this matter to negatively impact its results of operations, cash flows and financial position, the related impact cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

RESORT IMPROVEMENT DISTRICT NO. 1
Statement of Revenues, Expenses, and
Changes in Fund Balances
Budget and Actual - Governmental Funds
For the Year Ended June 30, 2019

	General Fund		
	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property Taxes	\$ 850,000	\$ 372,389	\$ (477,611)
Grants	13,500	10,328	(3,172)
Special Assessments	177,000	396,362	219,362
Interest Income	25,000	53,270	28,270
Rent	47,000	42,227	(4,773)
Other	13,200	9,334	(3,866)
	-	-	-
Total Revenues	1,125,700	883,910	(241,790)
EXPENDITURES			
Current:			
General and Administrative	507,381	171,383	335,998
Fire Protection	261,069	197,272	63,797
Community Center	123,031	116,809	6,222
Grant Expenditures	-	-	-
Noncurrent:			
Capital Outlay	93,000	347,047	(254,047)
Total Expenditures	984,481	832,511	151,970
Total Expenditures Allocated to Proprietary Funds	-	-	-
Net Total Expenditures	984,481	832,511	151,970
Excess of Revenues Over Expenditures	141,219	51,399	89,820
Allocated to Proprietary Funds	(141,219)	(51,399)	(89,820)
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ -	-	\$ -
FUND BALANCE - Beginning		-	
PRIOR PERIOD ADJUSTMENT		-	
FUND BALANCE - Ending		\$ -	

OTHER SUPPLEMENTARY INFORMATION

RESORT IMPROVEMENT DISTRICT NO. 1
Combining Statement of Net Position - Proprietary Funds
June 30, 2019

	<u>Electric Utility</u>	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Total</u>
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 299,483	\$ 307,477	\$ 2,469,359	\$ 3,076,319
Accounts Receivable, Net of Allowance For Doubtful Accounts of \$2,198	74,058	68,916	65,462	208,436
Grant Receivable	-	-	992,775	992,775
Inventory of Materials and Supplies	96,173	2,673	53,479	152,325
Total Current Assets	<u>469,714</u>	<u>379,066</u>	<u>3,581,075</u>	<u>4,429,855</u>
Noncurrent Assets				
Fixed Assets	8,240,919	7,271,092	9,225,269	24,737,280
Accumulated Depreciation	(5,169,939)	(4,894,970)	(3,343,303)	(13,408,212)
Land	80,807	-	-	80,807
Total Noncurrent Assets	<u>3,151,787</u>	<u>2,376,122</u>	<u>5,881,966</u>	<u>11,409,875</u>
Total Assets	3,621,501	2,755,188	9,463,041	15,839,730
Deferred Outflows of Resources				
	<u>120,799</u>	<u>120,799</u>	<u>84,887</u>	<u>326,485</u>
Total Assets and Deferred Outflows of Resources	<u><u>3,742,300</u></u>	<u><u>2,875,987</u></u>	<u><u>9,547,928</u></u>	<u><u>16,166,215</u></u>
LIABILITIES				
Current Liabilities				
Accounts Payable	57,571	9,829	32,170	99,570
Bridge Loan	-	-	3,144	3,144
Grant Payable	-	-	437,540	437,540
Customer Deposits	16,824	9,533	17,765	44,122
Payroll and Accrued Liabilities	38,818	11,722	23,737	74,277
Total Current Liabilities	<u>113,213</u>	<u>31,084</u>	<u>514,356</u>	<u>658,653</u>
Noncurrent Liabilities				
Net Pension Liability	<u>363,857</u>	<u>363,857</u>	<u>255,684</u>	<u>983,398</u>
Total Liabilities	477,070	394,941	770,040	1,642,051
Deferred Inflows of Resources				
	<u>29,307</u>	<u>29,307</u>	<u>20,595</u>	<u>79,209</u>
Total Liabilities and Deferred Inflows of Resources	<u><u>506,377</u></u>	<u><u>424,248</u></u>	<u><u>790,635</u></u>	<u><u>1,721,260</u></u>
NET POSITION				
Invested in Capital Assets, Net of Related Debt	3,151,787	2,376,122	5,878,822	11,406,731
Designated - Pension	(363,857)	(363,857)	(255,684)	(983,398)
Unrestricted	447,993	439,474	3,134,155	4,021,622
Total Net Position	<u><u>\$ 3,235,923</u></u>	<u><u>\$ 2,451,739</u></u>	<u><u>\$ 8,757,293</u></u>	<u><u>\$ 14,444,955</u></u>

RESORT IMPROVEMENT DISTRICT NO. 1
Combining Statement of Revenues, Expenses,
and Changes in Fund Net Position- Proprietary Funds
For the Year Ended June 30, 2019

	<u>Electric Utility</u>	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Total</u>
OPERATING REVENUES				
Utility Service Charges	\$ 1,260,130	\$ 311,902	\$ 378,521	\$ 1,950,553
Capital Facility Charges	74,878	-	-	74,878
Special Assessments	-	-	199,233	199,233
Connection, Extension and Other Fees	46,667	13,315	33,665	93,647
Other Operational Income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Income	1,381,675	325,217	611,419	2,318,311
OPERATING EXPENSES				
Human Resources	918,008	225,384	221,941	1,365,333
Materials, Supplies and Services	272,787	242,928	255,569	771,284
Power	472,644	-	-	472,644
Insurance	17,544	19,139	12,759	49,442
Depreciation	289,473	264,745	194,048	748,266
Allocated Administrative Costs	96,599	34,310	80,501	211,410
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Expenses	2,067,055	786,506	764,818	3,618,379
Operating Income (Loss)	<u>(685,380)</u>	<u>(461,289)</u>	<u>(153,399)</u>	<u>(1,300,068)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest	-	-	-	-
Property Taxes	33,471	172,199	69,833	275,503
Loss on Disposition of Assets	(28,766)	(547,474)	(324,608)	(900,848)
Grant Revenue	-	-	2,681,893	2,681,893
Transfers In	33,409	8,224	9,766	51,399
Transfers Out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenues	38,114	(367,051)	2,436,884	2,107,947
Net Income (Loss)	(647,266)	(828,340)	2,283,485	807,879
TOTAL NET POSITION - Beginning	<u>3,883,189</u>	<u>3,280,079</u>	<u>6,473,808</u>	<u>13,637,076</u>
PRIOR PERIOD ADJUSTMENT	-	-	-	-
TOTAL NET POSITION - Ending	<u><u>\$ 3,235,923</u></u>	<u><u>\$ 2,451,739</u></u>	<u><u>\$ 8,757,293</u></u>	<u><u>\$ 14,444,955</u></u>

RESORT IMPROVEMENT DISTRICT NO. 1
Combining Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2019

	<u>Electric Utility</u>	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 1,418,189	\$ 277,506	\$ 571,986	\$ 2,267,681
Payments to Suppliers	(847,707)	(297,449)	(229,530)	(1,374,686)
Payments to Employees and for Benefits	(863,653)	(162,691)	(182,478)	(1,208,822)
Adjustment from Prior Period Adjustment	-	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>(293,171)</u>	<u>(182,634)</u>	<u>159,978</u>	<u>(315,827)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Other Non-Operating Revenues	33,471	172,199	69,833	275,503
Operating Transfers In	33,409	8,224	9,766	51,399
Operating Transfers Out	-	-	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>66,880</u>	<u>180,423</u>	<u>79,599</u>	<u>326,902</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Fixed Assets	(535,489)	(200,612)	(2,578,576)	(3,314,677)
Capital Grants	-	8,595	2,306,697	2,315,292
Proceeds from Loan	-	-	1,640,941	1,640,941
Principal payments on Loan	-	-	(1,637,797)	(1,637,797)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(535,489)</u>	<u>(192,017)</u>	<u>(268,735)</u>	<u>(996,241)</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES				
Interest Received	-	-	-	-
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(761,780)	(194,228)	(29,158)	(985,166)
CASH AND CASH EQUIVALENTS Beginning of Year	<u>1,061,263</u>	<u>501,705</u>	<u>2,498,517</u>	<u>4,061,485</u>
CASH AND CASH EQUIVALENTS End of Year	<u>\$ 299,483</u>	<u>\$ 307,477</u>	<u>\$ 2,469,359</u>	<u>\$ 3,076,319</u>

RESORT IMPROVEMENT DISTRICT NO. 1
Combining Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2019

	<u>Electric</u> <u>Utility</u>	<u>Sewer</u> <u>Utility</u>	<u>Water</u> <u>Utility</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME				
(LOSS) TO NET CASH PROVIDED (USED)				
BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (685,380)	\$ (461,289)	\$ (153,399)	\$ (1,300,068)
Adjustments to Reconcile Operating				
Income (Loss) to Net Cash Provided				
(Used) By Operating Activities:				
Loss on Disposal of Assets	-	-	129,708	129,708
Current Period Adjustment for Pension	61,623	61,623	35,330	158,576
Depreciation	289,473	264,745	194,048	748,266
Changes in Assets and Liabilities:				
Receivables	44,275	(46,617)	(32,724)	(35,066)
Inventory	(12,529)	-	18,502	5,973
Accounts Payable	24,396	(1,072)	(28,911)	(5,587)
Deposits	(7,761)	(1,094)	(6,709)	(15,564)
Accrued Liabilities	(7,268)	1,070	4,133	(2,065)
Net Cash Provided (Used) By				
Operating Activities	<u>\$ (293,171)</u>	<u>\$ (182,634)</u>	<u>\$ 159,978</u>	<u>\$ (315,827)</u>

RESORT IMPROVEMENT DISTRICT NO. 1
SCHEDULE OF CONTRIBUTIONS FOR THE LAST TEN YEARS *
CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM

June 30, 2019

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Employer Contributions	\$ 66,739	\$ 56,697	\$ 53,268	\$ 44,589	\$ 64,178
Covered-employee payroll	\$ 839,242	\$ 807,760	\$ 627,076	\$ 636,816	\$ 731,798
Contributions as a percentage of covered-employee payroll	7.95%	7.02%	8.49%	7.00%	8.77%

NOTES TO SCHEDULE:

Actuarial valuation date

6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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Methods and assumptions used to determine contribution rates:

Actuarial funding method	Entry age normal cost
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 years (a)
Asset valuation method	Smoothed value
Inflation	2.50%
Salary increases	Varies by entry age and service
Investment rate of return	7.15%, net of pension plan investment expense
Retirement age	60 years
Mortality	CalPERS Mortality Experience Study

(a) - Actuarial Policy ACT-96-0SE specifies that all changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methodology are amortized separately over a 20-year period. In addition, all gains or losses are tracked and the net unamortized gain or loss is amortized as a rolling 30-year amortization with the exception of gains and losses in fiscal years 2008-09, 2009-10 and 2010-11 in which each year's gains or losses will be isolated and amortized over fixed and declining 30-year periods (as opposed to the current rolling 30-year amortization). Also, if a plan's accrued liability exceeds the actuarial value of assets, the annual contribution with respect to the total unfunded liability may not be less than the amount produced by a 30-year amortization of the unfunded liability. Finally, all plans are subject to a minimum employer contribution rate equal to the employer normal cost

Plan's covered employee payroll revised to follow funding history schedule on actuarial valuation reports.

* - Fiscal year 2015 was the first year of implementation

RESORT IMPROVEMENT DISTRICT NO. 1
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE LAST TEN YEARS -
CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
June 30, 2019

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Plan's proportion of the net pension liability	0.027870%	0.027870%	0.027520%	0.024326%	0.031083%
Plan's proportionate share of the net pension liability	\$ 983,398	\$ 1,029,824	\$ 885,008	\$ 667,367	\$ 768,202
Plan's covered-employee payroll	\$ 839,242	\$ 807,760	\$ 627,076	\$ 636,816	\$ 731,798
Plan's proportionate share of the net pension liability as percentage of covered-employee payroll	117.18%	127.49%	141.13%	104.80%	104.97%
CalPERS State-wide fiduciary net position	\$13,122,440,092	\$ 12,074,499,781	\$ 10,923,476,287	\$ 10,896,039,068	\$ 10,639,461,174
CalPERS State-wide total pension liability	\$16,891,153,209	\$ 16,016,547,402	\$14,397,353,530	\$ 13,639,503,084	\$ 13,110,948,452
Plan's proportionate share of the fiduciary net position as a percentage of the total pension liability	79.74%	76.93%	77.66%	82.30%	83.60%

NOTES TO SCHEDULE:

Benefit changes: There were no changes to benefit terms.

Changes in assumptions: The discount rate was changed from 7.65 percent (net of administrative costs to 7.15 percent

Plan's covered employee payroll revised to follow funding history schedule on actuarial valuation reports for both Miscellaneous and Pepra.

* - Fiscal year 2015 was the first year of implementation