

**SILVER CREEK VALLEY COUNTRY CLUB –
GEOLOGIC HAZARD ABATEMENT DISTRICT**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2020

**SILVER CREEK VALLEY COUNTRY CLUB –
GEOLOGIC HAZARD ABATEMENT DISTRICT
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Silver Creek Valley Country Club - GHAD
Silver Creek Valley Rd, PMB 454
San Jose CA, 95138

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of Silver Creek Valley Country Club - Geologic Hazard Abatement District as of and for the year ended June 30, 2020, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Silver Creek Valley Country Club - Geologic Hazard Abatement District as of June 30, 2020, and the changes in its net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other-Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on page 3 and 16, respectively, be presented to supplement the basic financial statements. Such information, although not 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 audits 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.



BODEN KLEIN & SNEESBY
A Professional Corporation

Roseville, California
September 25, 2020

**SILVER CREEK VALLEY COUNTRY CLUB –
GEOLOGIC HAZARD ABATEMENT DISTRICT
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2020**

This section of the Silver Creek Valley Country Club - Geologic Hazard Abatement District's (the District) annual financial report presents a discussion and analysis of the District's financial performance for the fiscal year ending June 30, 2020. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

The District's assets exceeded its liabilities by \$5,356,013 (Total Net Position) for the fiscal year reported. Of this amount, 100% (unrestricted net assets) may be used to meet ongoing obligations to citizens, creditors, and future operations. The District does not have any net assets invested in capital assets.

The District's net assets increased in the current year by \$119,053.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of government-wide financial statements, fund financial statements and notes to the basic financial statements.

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

In addition to the basic financial statements and the notes supporting the financial statements, this report also includes required supplemental information, management's discussion and analysis and a schedule of revenues and expenses – actual and budget for the same year ending, June 30, 2020.

GOVERNMENT FINANCIAL ANALYSIS

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two being net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. In the case of the District, assets exceed liabilities by \$5,356,013 at the close of the most recent fiscal year. The District's entire net position is available for future spending as no amounts have been invested in capital equipment and the District has not incurred any debt.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected assessments or expenses pertaining to vendors who have been paid for unused supplies or services.

**SILVER CREEK VALLEY COUNTRY CLUB –
GEOLOGIC HAZARD ABATEMENT DISTRICT
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2020**

GOVERNMENT FINANCIAL ANALYSIS (Continued)

The District is principally supported by assessments and investment earnings. District governmental activities include preventing, mitigating, abating and controlling geologic hazards within the boundaries of the Silver Creek Valley Country Club, all of which are funded from assessments collected by the District, pursuant to California Public Resources code Section 26650, (the District Assessments).

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$5,356,013 at the close of the most recent fiscal year.

	<u>2020</u>	<u>2019</u>	<u>Inc/(Dec) %</u>
Assets:			
Cash, CD's & Investments	\$ 1,288,644	\$ 427,687	201.31%
Investments	4,070,108	4,815,124	(15.47%)
Prepaid expense	1,048	884	18.55%
Total Assets	<u>\$ 5,359,800</u>	<u>\$ 5,243,695</u>	<u>2.21%</u>
Liabilities & Net Assets:			
Accounts Payable	\$ 3,787	\$ 6,735	(4.38%)
Net Assets	5,356,013	5,236,960	2.27%
Total Liabilities & Net Position	<u>\$ 5,359,800</u>	<u>\$ 5,243,695</u>	<u>2.21%</u>

Analysis of Net Position

The District's net position reflects amounts available for future operations. At the close of the fiscal year, there was no debt outstanding related to the acquisition of capital assets or other obligations. For the year ended June 30, 2020, the District's net position increased by \$119,053, thereby accounting for an overall increase of 2.27% to total change in net position.

	<u>2020</u>	<u>2019</u>	<u>Inc/(Dec) %</u>
Revenues:			
District Assessments	\$ 384,766	\$ 366,186	5.00%
Investment Income	105,719	161,930	(34.70%)
Total Revenues	<u>\$ 490,485</u>	<u>\$ 528,116</u>	<u>(7.12%)</u>
Expenses:			
Ordinary operating expense	\$ 118,963	114,563	3.81%
Slide repair	252,469	-	
Total Expenses	<u>\$ 371,432</u>	<u>\$ 114,563</u>	<u>224.22%</u>
Change in Net Position:	\$ 119,053	\$ 413,563	(71.21%)
Beginning Net Position	<u>5,236,960</u>	<u>4,823,407</u>	<u>8.57%</u>
Ending Net Position	<u>\$ 5,356,013</u>	<u>\$ 5,236,960</u>	<u>2.27%</u>

**SILVER CREEK VALLEY COUNTRY CLUB –
GEOLOGIC HAZARD ABATEMENT DISTRICT
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2020**

The key elements in the change of net assets, from the prior fiscal year to the current year, are as follows:

Total revenue increased by \$37,631, primarily due to a decrease in investment income. This decrease occurred even with the benefit of the assessment income increasing 5.00% year to year, which relates to the increase in assessed rates. Total operating expenses increased by \$4,400. Furthermore, an unanticipated landslide event costing \$252,469 nearly tripled the District's expenses for the year. Overall, revenue decreased and expenses increased in comparison to the previous year. The District spent less than it received in the current year and as such net position increased year to year.

BUDGETARY HIGHLIGHTS

Setting aside the unanticipated landslide event, there was little difference between the total original budget and the total final budget. Budget to actual comparisons reveal the following: Actual revenues exceeded expectations by \$35,575 (before netting investment income with unrealized losses). Unrealized losses in invested assets amounted to \$16,860. Actual expenses came in under expectations by \$8,184.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's assessment revenues are fixed by State law and may not be altered except through the process allowed by State law. The number of parcels in the District's benefit assessment roll has remained fairly constant for many years. For the year ended June 30, 2020, the District assessed each single-family dwelling \$257.82 per year, condominiums \$171.86 per year, and commercial properties at \$.05150 per square foot, per year. The authorizing resolution for the District Assessments, Resolution 92-05, allows assessments to be increased in any fiscal year to reflect any increase in the Consumer Price Index over the prior fiscal year, limited to a 5% ceiling over the prior year assessed rates. The assessment rates for the year ended June 30, 2020 represent a 5% increase in comparison to the prior year ended. The increase in assessments along with existing reserves continue to appear sufficient for the near term to allow for moderate economic uncertainty, anticipated services and operating expenses.

RESPONSE TO JOURNAL ENTRIES AUDIT DISCREPANCIES:

Proposed audit adjustments mainly dealt with recognizing expenses in the period in which the District receives the benefit of the service or supply. The proposed adjustments included adjusting prepaid expenses for insurance expense and adjusting accounts payable for professional fees due and payable. Management of the District agrees with the auditor's proposed adjustments for the year ending June 30, 2020.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Silver Creek Valley Country Club - Geologic Hazard Abatement District, General Manager, 5655 Silver Creek Valley Road, Suite 454, San Jose, CA, 95138.

SILVER CREEK VALLEY COUNTRY CLUB - GEOLOGIC HAZARD ABATEMENT DISTRICT
GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
ASSETS			
Assets			
Cash and investments	\$ 1,288,644	\$ -	\$ 1,288,644
Investments	4,070,108	-	4,070,108
Prepaid expense	1,048	-	1,048
Capital assets, net of accumulated depreciation	-	-	-
TOTAL ASSETS	<u>\$ 5,359,800</u>	<u>\$ -</u>	<u>\$ 5,359,800</u>
 LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 3,787	\$ -	\$ 3,787
Total Liabilities	<u>3,787</u>	<u>-</u>	<u>3,787</u>
Fund Balance / Net Position			
Fund Balance			
Unassigned	<u>5,356,013</u>	<u>(5,356,013)</u>	<u>-</u>
Total Fund Balance	<u>5,356,013</u>	<u>(5,356,013)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 5,359,800</u>		
Net Position:			
Net investment in capital assets		-	-
Unrestricted		<u>5,356,013</u>	<u>5,356,013</u>
TOTAL NET POSITION		<u>\$ 5,356,013</u>	<u>\$ 5,356,013</u>

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

SILVER CREEK VALLEY COUNTRY CLUB - GEOLOGIC HAZARD ABATEMENT DISTRICT
STATEMENT OF GOVERNMENTAL REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE / STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Parcel taxes	\$ 384,766	\$ -	\$ 384,766
Investment income	105,719	-	105,719
Total Revenues	<u>490,485</u>	<u>-</u>	<u>490,485</u>
Expenditures:			
Survey and civil engineering services	289,195	-	289,195
General Manager Services	23,660	-	23,660
Investment management fee	15,519	-	15,519
Office expense	15,268	-	15,268
Geotechnical services	14,495	-	14,495
Professional services	5,000	-	5,000
Insurance	4,028	-	4,028
County fees	1,500	-	1,500
Dues and publications	955	-	955
Meetings and conferences	823	-	823
Telephone/fax	634	-	634
Records retention	355	-	355
Total Expenditures	<u>371,432</u>	<u>-</u>	<u>371,432</u>
Excess of Revenues Over Expenditures	<u>119,053</u>	<u>(119,053)</u>	<u>-</u>
Changes in Net Position	-	119,053	119,053
Fund Balance/Net Position, Beginning of Year	<u>5,236,960</u>	<u>-</u>	<u>5,236,960</u>
Fund Balance/Net Position, End of Year	<u><u>\$ 5,356,013</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,356,013</u></u>

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

**SILVER CREEK VALLEY COUNTRY CLUB –
GEOLOGIC HAZARD ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Note 1 ORGANIZATION

Silver Creek Valley Country Club - Geologic Hazard Abatement District (the District) was formed in March 1992 by the City of San Jose as a political subdivision of the State of California in conformity with Public Resources Code Section 26500. The District accumulates funds to be used for the abatement of geological hazards arising within the surrounding lands of the Silver Creek Valley Country Club and the adjacent housing development. The District is governed by a five-member Board of Directors elected by the voters of the District. The District's manager oversees the operations of the District, in accordance with policies adopted by the Board of Directors.

The District's basic financial statements include all operations for which the Board of Directors exercises oversight responsibility. These financial statements encompass all fiscal activities conducted by the District. Historically, approximately ninety percent of the District's revenue is funded through District Assessments collected by the County of Santa Clara and the remaining is generated via investment income.

Note 2 SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Policies

The accounting policies of Silver Creek Valley Country Club - Geologic Hazard Abatement District conform to generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants and the Governmental Accounting Standards Board.

B. Reporting Entity

The reporting entity for the District includes all the funds and operations under the jurisdiction of the Board of Directors of Silver Creek Valley Country Club - Geologic Hazard Abatement District.

C. Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the governmental funds balance sheet/statement of net position and the statement of governmental revenues, expenditures and changes in fund balance/statement of activities) report information on all of the non-fiduciary activities of the district.

**SILVER CREEK VALLEY COUNTRY CLUB –
GEOLOGIC HAZARD ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Note 2 SIGNIFICANT ACCOUNTING POLICIES (con'td)

C. Basis of Presentation (cont'd)

Government-wide Financial Statements (con't)

The government-wide financial statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. The financial statements, therefore, include a reconciliation to better identify the relationship between the government-wide statements and the statements for the governmental funds.

Fund Financial Statements

Fund financial statements report detailed information about the district. The focus of governmental fund financial statements is on major funds rather than reporting funds by type.

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

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

**SILVER CREEK VALLEY COUNTRY CLUB –
GEOLOGIC HAZARD ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Note 2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

D. Basis of Accounting

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the district, "available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the district receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the district must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the district on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claim and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**SILVER CREEK VALLEY COUNTRY CLUB –
GEOLOGIC HAZARD ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Note 2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

D. Basis of Accounting (cont'd)

Fund Accounting

The accounts of the district are organized on the basis of funds, which are considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The district's accounts are organized into major, non-major, proprietary, and fiduciary funds as follows:

Major Governmental Fund

The General Fund is the general operating fund of the district. It is used to account for all financial resources except those required to be accounted for in another fund.

E. Assets, Liabilities, and Equity

Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation (FDIC) or Securities Investor Protection Corporation (SIPC).

The District is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the District are either secured by federal depository insurance or are collateralized.

**SILVER CREEK VALLEY COUNTRY CLUB –
GEOLOGIC HAZARD ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Note 2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Equity (cont'd)

Capital Assets

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Buildings	20-50
Improvements	20
Machinery & equipment	5-10
Licenses vehicles	8

Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of Santa Clara bills and collects the taxes for the District.

**SILVER CREEK VALLEY COUNTRY CLUB –
GEOLOGIC HAZARD ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Note 2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Equity (cont'd)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

F. Fund Equity

In the fund financial statements, governmental funds report fund balance as non-spendable, restricted, committed, assigned or unassigned, based primarily on the extent to which the District is bound to honor constraints on how specific amounts are to be spent:

Non-spendable Fund Balance – Includes the portions of fund balance not appropriate for expenditures.

Restricted Fund Balance – Includes amounts subject to externally imposed and legally enforceable constraints.

Committed Fund Balance – Includes amounts subject to Authority constraints self-imposed by formal action of the Authority Governing Board.

Assigned Fund Balance – Includes amounts the Authority intends to use for a specific purpose. Assignments may be established by the Authority Governing Board with the recommendation of the Treasurer and confirmed by the Governing Board.

Unassigned Fund Balance – Includes the residual balance that has not been assigned to other funds and is not restricted, committed, or assigned to specific purposes.

Fund Balance

The District's fund balance at June 30, 2020 consisted of the following:

General Fund – Unassigned	<u>\$ 5,356,013</u>
Total Fund Balance	<u>\$ 5,356,013</u>

**SILVER CREEK VALLEY COUNTRY CLUB –
GEOLOGIC HAZARD ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Note 2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

F. Fund Equity (cont'd)

Fund Balance Policy

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain unrestricted fund balance in its General fund sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature.

The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels because of temporary revenue shortfalls or unpredicted one-time expenditures.

The District does not have a formal minimum fund balance requirement.

The District's policy is that committed, assigned, or unassigned amounts are considered to have been spent when expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. This policy also applied to restricted and unrestricted fund balances.

Note 3 CASH AND INVESTMENTS

Cash and Cash Equivalents

The Districts cash and cash equivalents at June 30, 2020 consisted of:

Cash – Morgan Stanley	<u>\$ 1,288,644</u>
Total cash and cash equivalents	<u>\$ 1,288,644</u>

The District maintains its cash and cash equivalents in an account with Morgan Stanley. The account at the financial institution is insured by the Securities Investor Protection Corporation (SIPC) up to \$250,000 cash. As of June 30, 2020, the cash account balance exceeded SIPC insured limits by \$1,038,644.

**SILVER CREEK VALLEY COUNTRY CLUB –
GEOLOGIC HAZARD ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Note 3 CASH AND INVESTMENTS (cont'd)

Investments

The District maintains investments in an account with Morgan Stanley. Investments Held at Morgan Stanley consist of government bonds and corporate bonds. Morgan Stanley is a member of the Securities Investors Protection Corporation (SIPC), which insures client investments up to \$500,000.

Investments are carried at fair market value (FMV) on the balance sheet with the change in FMV (unrealized gain or loss) during the year included with investment income on the Statement of Governmental Revenues, Expenditures and Changes in Fund Balance/Statement of Activities.

The Districts investments at June 30, 2020 consisted of:

Government Securities	\$ 2,949,059
Corporate bonds	<u>1,121,049</u>
Total investments	<u>\$ 4,070,108</u>

The current year's investment income is comprised of:

Interest and capital gain distributions	\$ 122,579
Realized capital gain	11,341
Unrealized capital loss	<u>(28,201)</u>
Total investment income	<u>\$ 105,719</u>

The District does not have a formal written investment policy. By limiting the District's investments to those authorized for the entity by the California Government Code 53601, the District minimizes its credit quality risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Note 4 COMMITMENTS AND CONTINGENCIES

Litigation

The District is unaware of any claims which may have a material effect on the financial statements.

Note 5 SUBSEQUENT EVENTS

The District's management has evaluated the potential for subsequent events through the available for issuance date of the financial statements, September 25, 2020.

**SILVER CREEK VALLEY COUNTRY CLUB –
GEOLOGIC HAZARD ABATEMENT DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2020

SILVER CREEK VALLEY COUNTRY CLUB - GEOLOGIC HAZARD ABATEMENT DISTRICT
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues:				
Parcel taxes	\$ 384,495	\$ 384,495	\$ 384,766	\$ 271
Investment income	87,455	87,455	105,719	18,264
Total Revenues	471,950	471,950	490,485	18,535
Expenditures:				
Geotechnical services	29,560	29,560	14,495	15,065
General Manager expense	31,478	31,478	23,660	7,818
County fees	1,500	1,500	1,500	-
Survey and civil engineering services	208,221	208,221	289,195	(80,974)
Investment management fee	15,072	15,072	15,519	(447)
Professional services	5,000	5,000	5,000	-
Records retention	1,140	1,140	355	785
Insurance	3,714	3,714	4,028	(314)
Office expense	8,418	8,418	15,268	(6,850)
Meetings and conferences	1,500	1,500	823	677
Dues and publications	943	943	955	(12)
Telephone/fax	1,008	1,008	634	374
Total Expenditures	307,554	307,554	371,432	(63,878)
Excess of Revenues Over (Under)				
Expenditures	164,396	164,396	119,053	(45,343)
Fund Balance, Beginning of Year	5,236,960	5,236,960	5,236,960	
Fund Balance End of Year	\$ 5,401,356	\$ 5,401,356	\$ 5,356,013	

**SILVER CREEK VALLEY COUNTRY CLUB –
GEOLOGIC HAZARD ABATEMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

Note 1 PURPOSE OF STATEMENTS AND SCHEDULES

A. Schedule of Revenues, Expenditures, and Changes in Fund Balance-
Budget and Actual

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the District is required to present a Schedule of Revenues, Expenditures and Changes in Fund Balance budgetary comparison for the General Fund and each Major Special Revenue Fund that has an adopted budget. This schedule presents the original adopted budget and the actual revenue and expenditures of the General Fund.