

RIO VISTA COMMUNITY ASSOCIATION

December 1, 2018

Rio Vista Community Association Owners

Re: **2019 DISCLOSURES OR SUPPLEMENTAL INFORMATION – Policy Statement** **2019 DISCLOSURES AND SUPPLEMENTAL INFORMATION – Annual Budget Report**

Dear Owners:

Please find enclosed the above referenced disclosures and supplemental information, most of which are required under California Civil Code; and the Amended and Restated Declaration of Covenants, Conditions and Restrictions and Reservation of Easements (Rio Vista) recorded on November 29, 2005, as document number 0205330185 in the Office Records of the Kern County Recorder's Office (the "CC&Rs"). Each section that follows identifies the authority mandating disclosures as appropriate. The name of the association for our community is the Rio Vista Community Association ("RVCA"). The words "Owner" and "Members" are used interchangeably in this notice.

The Board of Directors approved the 2019 Pro Forma Operating Budget. **The Regular Assessment for 2019 shall remain at \$100.00 per month.** Billing will be sent monthly on the 1st of the month unless the 1st falls on a weekend or holiday, then the billing will be mailed on the first weekday prior to the weekend or holiday. Payment is due on the 1st of each month regardless of receipt of monthly invoice, and will be considered past due on the 16th of each month.

All actions taken by the Board of Directors shall be consistent with the CC&Rs and governing law. RVCA has contracted with HOA Management Solutions, Inc. to provide its association management services ("Management").

All Owners are invited to the Board of Directors meetings, which are set forth in the enclosed 2019 Calendar of Events for RVCA. Please refer to www.hoacity.com/rvca for meeting updates, agendas, meeting minutes, governing documents, architectural forms, the Community Manual, policies and procedures, and much more.

Meeting agendas will be posted a week prior to the meeting but in no case less than four days prior to the meetings. Meeting minutes will be posted within 30 days of the meeting. Meetings are generally held at Rio Bravo Country Club, 15200 Casa Club Drive, Bakersfield, California 93306, or the offices of Management.

Page 1 of 22

RIO VISTA COMMUNITY ASSOCIATION

The name, title, and term of your 2019 Board of Directors are: Fred Wiley (2019-2020); Phil Crosby (2018-2019); Jeffrey Thompson (2018-2019); Raj Doshi (2019-2020); and Craig Michaud (2019-2020). Officer positions will be determined at the January 2019 Board meeting.

Additionally, RVCA is a Subsidiary Association of Rio Bravo Community Association (“RBCA”) whereby RVCA Board members nominated Jeffrey Thompson as its Delegate and Raj Doshi as its Alternate Delegate to RBCA for 2018. An election will be held in 2019 for the 2019 Delegates. The ballots for the 2019 Delegate and Alternative Delegate will be mailed to you by separate cover. The Delegate and Alternate Delegate represent the interest of RVCA, including voting on behalf of RVCA Owners when necessary in the RBCA affairs.

RVCA Board of Directors can be any Member nominated by the Nominating Committee and elected by Owners during annual elections of alternating vacancies.

The primary purpose of these disclosures is to provide you with annual policy statements and budget reports at RVCA, so you understand why you pay assessments, how much you pay, and how the money is utilized by RVCA. The documents and information that follow provide additional details. You may express any comments you have regarding these disclosures by contacting RVCA. Please note that RVCA’s annual disclosures do not replace or supplement any required disclosures by Rio Bravo Community Association.

Although an effort to ensure the accuracy of these administrative and financial disclosures was made, the Board of Directors reserves the right to correct, update, or otherwise modify these disclosures. References to California Civil Code sections are taken from the Condominium Bluebook and from www.davis-stirling.com.

If you have any questions, please call, or email me at the contact reference on this letterhead.

Respectfully submitted,



Mario Valenzuela, President
HOA Management Solutions, Inc. for
Rio Vista Community Association

MV:

Enclosures

12-1-18 RVCA 2019 Annual Disclosures Final

RIO VISTA COMMUNITY ASSOCIATION

DISCLOSURES OR SUPPLEMENTAL INFORMATION – Policy Statement

- **Declaration, Articles, & Bylaws (Governing Documents) Availability**

If requested by an Owner in writing, within 10 days, RVCA will provide a true and correct copy of the CC&Rs; Bylaws, and Community Manual, or other related documents. There is a nominal fee for this request if a physical copy is desired. Complimentary copies are available online at www.hoacity.com/rvca.

- **Designated Recipient for Rio Vista Community Association**

You are hereby notified pursuant to California Civil Code § 4035, that RVCA has designated HOA Management Solutions, Inc. to receive official communications on its behalf.

Mailing Address

HOA Management Solutions, Inc.

Attention: Rio Vista Community Association

Post Office Box 12710

Bakersfield, California 93389-2710

Physical Address* (Overnight Mail/Deliveries)

HOA Management Solutions, Inc.

Attention: Rio Vista Community Association

1430 Truxtun Avenue, Fifth Floor

Bakersfield, California 93301-5243

*Reception personnel are available during business hours. Appointments are encouraged for Management.

- **Right to Submit Second Address**

You are hereby notified pursuant to California Civil Code § 4040(b), that you have the right to designate a second address for purposes of receiving certain documents set forth in California Civil Code § 5300, Annual Budget Report; California Civil Code § 5650, Debt of Owner; Late Charges and Interest; and California Civil Code § 5710, Foreclosure Procedure. You must submit your request in writing.

- **Owner Requirement to Update Contact Information and Property Status**

You are hereby notified pursuant to California Civil Code § 4041 to provide an annual update to your contact information and property status. More specifically, your address or addresses to which notices from RVCA are to be delivered; An alternate or secondary address to which notices from RVCA are to be delivered; the name and address of your legal representative, if any, including any person with

Page 3 of 22

HOA MANAGEMENT SOLUTIONS, INC.

POST OFFICE BOX 12710 | BAKERSFIELD, CALIFORNIA 93389-2710

OFFICE & FACSIMILE (661) 456-9436

WWW.HOACITY.COM/RVCA | RVCA@HOACITY.COM

RIO VISTA COMMUNITY ASSOCIATION

power of attorney or other person who can be contacted in the event of your extended absence; and the status of your property, such as whether you are the owner-occupier, the property is rented out, the parcel is developed but vacant, or if the parcel is undeveloped land.

- **General Notice Location**

You are hereby notified pursuant to California Civil Code § 4045(a)(3), the location designated for posting of a general notice will be on or adjacent to the mailbox structures for RVCA. Additionally, information and notices will be available online at www.hoacity.com/rvca.

- **Right to Individual Delivery**

You are hereby notified pursuant to California Civil Code § 4040(b), that you have the right to have general notices delivered individually. Individual delivery includes first-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service carrier. If a recipient consents in writing, individual delivery includes E-mail, facsimile, or other electronic means. The consent may be revoked, in writing, by the recipient.

- **Right to Attend Meetings & Receive Minutes**

Every Member has the right to attend board meetings. Rio Vista Community Association is a transparent organization that complies with Common Interest Development Open Meeting Act California Civil Code § 4900.

You have the right to receive copies of the Minutes pursuant to California Civil Code § 4950(b).

Copies of all minutes, except executive sessions, are available to all Owners within (30) days of a meeting and are posted online at www.hoacity.com/rvca.

- **Collection and Lien Policy**

You are hereby notified pursuant to California Civil Code § 5730 of the assessment collection policy, as follows:

POLICY AND PROCEDURE FOR COLLECTION OF DELINQUENT ASSESSMENTS, FEES, CHARGES AND COSTS

RIO VISTA COMMUNITY ASSOCIATION

The Board of Directors at their meeting of November 22, 2005, adopted the following policies and procedures regarding the payment and collection of Delinquent Assessments, Fees, Charges and Costs. An amendment to these policies was approved on October 7, 2015.

Assessments – Assessments subject to this Policy include the monthly regular assessments and any levied special assessments or lienable monetary penalties.

Collection Fees and Costs – The costs of collection of delinquent assessments, including late charges and other costs, and reasonable attorney fees and costs, are included as a charge against a member's assessment account and are included in the amount of any lien recorded against the property and any recovery actions by the Association.

Delinquency – The term “delinquency” shall include any delinquent unpaid regular or special assessments, fees and costs owed on the account.

Partial Payments – If a partial payment is received which is less than the lienable unpaid balance owed on the member's account, including the collection charges, the Association may elect to accept the partial payment. If the partial payment is accepted, it shall not act as a waiver of the Association's right to require payment of all amounts due prior to the Association's obligation to inform the Owner that of any rights to resolve any dispute pursuant to California Civil Code § 5975, civil action, or any other procedure available through the Association.

Payments – Payments received after a delinquent account is assigned to the Association's attorney for collection shall be forwarded by the Association directly to the attorney. If a partial payment is accepted, it shall be credited first to outstanding principal balances on the member's account pursuant to California Civil Code § 5655 and the remaining unpaid balance shall be subject to this Policy.

Payment Plans – The homeowner may request a payment plan. This request must be made within **fifteen (15) days from the postmark date of the pre-lien notice**. The Board of Directors shall meet with/respond to the homeowner within **forty-five (45) days from the postmark date of the homeowner request**. Payment plans may be approved at the sole discretion of the Board of Directors based upon the circumstances of each delinquent account.

Personal Liability – All assessments, late charges, interest, and costs of collection, including attorney fees, are the personal obligation of the Owner of the Property at the time of the assessment or other sums are levied per California Civil Code § 5650(a).

RIO VISTA COMMUNITY ASSOCIATION

Returned Check Charges – The return check charge shall be \$25 and then increases pursuant to California Civil Code § 1719 and shall be added to the account of any member whose check to the Association is returned dishonored by the member’s bank.

Statements – Monthly statements are a courtesy to the members and not an invoice for payment. Monthly statements may not reflect any or all collection cost incurred on a delinquent account, including attorney or trustee fees and costs which have been charged to the account.

Waiver of Charges – If a member’s account becomes delinquent and the Association is required to incur certain charges due to the member’s delinquency, the Association’s policy is to not waive the delinquent member’s payment to these charges. Other Association Members should not have to pay for the collection charges incurred due to an individual member’s delinquency.

Collection Timeline – The following collection timeline will apply to delinquent accounts.

NON-JUDICIAL FORECLOSURE COLLECTION TIMELINE	
Due Date (All dates applicable following monthly billing.)	1 st Day
Past Due	16 th Day
Late Fee Imposed	16 th Day
Late Reminder	25 th Day
AFTER 30-DAYS	
Finance Charge Imposed	31 st Day
Courtesy Call	31 st Day
Collection Monitoring	31 st Day
Monitoring Fee	31 st Day
Pre-Lien Notice & IDR	35 th Day
Courtesy Call	45 th Day
AFTER 60-DAYS	
Propose on Regular Meeting agenda	30 days after Pre-Lien Notice
Vote to lien in open session	During Regular Meeting
Notate decision in minutes or writing	After Meeting
Record Lien	After Board vote
Send Recorded Copy of Lien via Certified Mail	Within 10 days after recording
Set on Executive Meeting agenda	30 days after recording lien
Vote to foreclose, NOD and NOS	During Executive Session
Notate decision in minutes or writing	After meeting
AFTER 100-DAYS	
15-Day Notice of Intent to Foreclose	
AFTER 120-DAYS	
Record Notice of Default	Assessments must be at least \$1,800 or 12 months’ delinquent

RIO VISTA COMMUNITY ASSOCIATION

Send Recorded Copy of Notice of Default via Certified Mail	Within 10 days after recording
Personal Service of Recorded Notice of Default	Immediately after recording, serve same as a Summons
AFTER 160-DAYS	
Record Notice of Sale	Must be 90 days after Notice of Default is recorded
Publish and Post Notice of Sale	Must be done 3 weeks prior to sale
Sale Conducted	
Record Certificate of Sale	After Sale
AFTER 185-DAYS	
Mail copy of Certificate of Sale	
AFTER 275-DAYS	
Issue Trustee's Deed	After 90-day redemption period expires

In lieu of proceeding to a nonjudicial foreclosure sale against the property, the Board may elect to proceed with a judicial suit for collection of the delinquencies, including judicial foreclosure. All fees and costs associated with the foreclosure or judicial suit for collection shall be charged to the delinquent homeowner's account.

- **Assessment and Foreclosure Notice**

The following notice regarding assessments and foreclosure is required under California Civil Code § 5730 and 4040(b).

NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND NONJUDICIAL FORECLOSURE

The failure to pay association assessments may result in the loss of an owner's property without court action, often referred to as nonjudicial foreclosure. When using nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the lien is not paid. Assessments become delinquent 15 days after they are due, unless the governing documents of the association provide for a longer time. (§§ 5600(a), 5605(a), 5605(c) and 5650(a) of the Civil Code)

RIO VISTA COMMUNITY ASSOCIATION

In a nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common areas damaged by a member or a member's guests, if the governing documents provide for this. (§§ 5600(a), 5605(a), 5605(c) and 5650(a) of the Civil Code)

The association must comply with the requirements of § 5650(a) of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (§ 5650(a) of the Civil Code)

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail. Among these documents, the association must send a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (§ 5650(a) of the Civil Code)

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (§ 5650(a) of the Civil Code) The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS

When an owner makes a payment, he or she may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (§ 5650(a) of the Civil Code)

An owner may dispute an assessment debt by giving the board of the association a written explanation and the board must respond within 15 days if certain conditions are met. An owner may pay assessments that are in dispute in full under protest, and then request alternative dispute resolution. (§ 5650(a) of the Civil Code)

RIO VISTA COMMUNITY ASSOCIATION

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (§ 5650(a) of the Civil Code)

- **Address for Overnight Payments**

You are hereby notified pursuant to California Civil Code § 5655 that the mailing address for overnight payment of assessments is:

Rio Vista Community Association
In care of: HOA Management Solutions, Inc.
1430 Truxtun Avenue, Fifth Floor
Bakersfield, California 93301

- **Rules Enforcement Policy**

You are hereby notified pursuant to California Civil Code § 5850 of the rules enforcement policy, as follows:

VIOLATION AND FINE PROCEDURE

1. The Board of Directors shall direct a notice to the homeowner advising them of the nature of the violation and the time limit to rectify the violation.
2. Failure to comply with the request to rectify the violation may result in a “Notice of Hearing” and shall request appearance on a specified date to be heard by the Board of Directors.
3. If the Board determines at the hearing the violation has not been corrected, the Board of Directors may impose a fine and / or seek legal relief.

The fine schedule is as follows:

Description of Items	Amount
MINOR VIOLATIONS	
First Infraction	\$100.00
Second (same infraction)	\$200.00
Third (same infraction)	\$300.00

Page 9 of 22

RIO VISTA COMMUNITY ASSOCIATION

MAJOR VIOLATIONS	(per occurrence)
i.e. Failure to obtain architectural (ARC) approval prior to making an exterior modification, negligent damage to Association property, life-threatening or safety violations, etc.	\$100.00

Please note: Special Assessments may be imposed for specific violations outlined in the Association's Governing Documents.

Reporting Violations:

Except in those cases where a violation is visually verified (i.e. storage of garbage containers, unauthorized architectural improvements, recreation vehicle storage in driveways, etc.), concerned homeowners may report a violation in writing and the complaint must be signed by a minimum of two (2) separate Lot Owners.

Anonymous letters or complaints will not be acted upon, unless the violation can be visually verified by way of an inspection of the property. Additionally, while the Board of Directors will not routinely provide the identity of the homeowners alleging the violation, it does not guarantee the name will remain anonymous or have any duty to protect the privacy of such complaints.

In the case of such complaints that may be difficult to verify, the homeowners alleging the complaint should be prepared to come before the Board of Directors to discuss their claims, should the matter come into dispute.

Finally, the Board may determine the violation to be a neighbor to neighbor in compliance with the neighbor-to-neighbor dispute resolution policy.

- **Dispute Resolution Procedures Summary**

You are hereby notified pursuant to California Civil Code §§ 5965, 5850 of the dispute resolution procedures, as follows:

Alternative Dispute Resolution Notice required under California Civil Code § 5965.

The Alternate Dispute Resolution requirements are set forth in detail in the CC&Rs, Article XIX. Notwithstanding the requirements of Article XIX, an association or a member may not file an

RIO VISTA COMMUNITY ASSOCIATION

enforcement action in court unless the parties submit their dispute to alternative dispute resolution under Article XIX of the CC&Rs. Alternative dispute resolution does not apply to Small Claims actions and other limitations may apply.

"Failure of a member of the association to comply with the alternative dispute resolution requirements of § 5930 of the Civil Code may result in the loss of your right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law."

Internal Resolution Procedure, California Civil Code § 5915.

“5915. (a) This section applies in an association that does not otherwise provide a fair, reasonable, and expeditious dispute resolution procedure. The procedure provided in this section is fair, reasonable, and expeditious, within the meaning of this article.

(b) Either party to a dispute within the scope of this article may invoke the following procedure:

(1) The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.

(2) A member of an association may refuse a request to meet and confer. The association may not refuse a request to meet and confer.

(3) The association's board of directors shall designate a member of the board to meet and confer.

(4) The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute.

(5) A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the board designee on behalf of the association.

(c) An agreement reached under this section binds the parties and is judicially enforceable if both of the following conditions are satisfied:

(1) The agreement is not in conflict with law or the governing documents of the common interest development or association.

(2) The agreement is either consistent with the authority granted by the board of directors to its designee or the agreement is ratified by the board of directors.

(d) A member of the association may not be charged a fee to participate in the process.”

RIO VISTA COMMUNITY ASSOCIATION

- **Architectural Review Procedures**

You are hereby notified pursuant to California Civil Code § 4765 that RVCA has detailed procedures for any architectural request. No structural alterations or modifications to the exterior are permitted without the prior written consent of the Design Review Committee (DRC) as provided in the Association's CC&Rs.

The architectural procedures are set forth in detail with the ARCHITECTURAL REQUEST FORM and is available online at www.hoacity.com/rvca or by written request.

- **Community Handbook**

RVCA provides a Community Handbook, which is available at www.hoacity.com/rvca with further information on a number of policies, including General Rules, Architectural Procedures and Forms, Landscape and Design Review Requirement, Neighbor-to-Neighbor Dispute Policy, Violation Report Form, and more. The Community Handbook is not exhaustive and is a progressive document that should be consulted often.

- **Calendar**

2019 Calendar of Events

JANUARY	<ul style="list-style-type: none">• Tuesday, January 29, 2019, Board Meeting• Insurance renewal• Delegate election (2019)
FEBRUARY	<ul style="list-style-type: none">• Obtain bids for Reserve Study
MARCH	<ul style="list-style-type: none">• Slurry Seal on Streets Review• Tuesday, March 26, 2019, Board Meeting• Board approves Reserve Study bid
APRIL	<ul style="list-style-type: none">• Order Reserve Study• Mail audit summary• Review budget
MAY	<ul style="list-style-type: none">• Tuesday, May 28, 2019, Board Meeting

RIO VISTA COMMUNITY ASSOCIATION

JUNE	<ul style="list-style-type: none"> • Discuss/finalize election details • Reserve study completed
JULY	<ul style="list-style-type: none"> • Tuesday, July 23, 2019, Board Meeting (Appoint inspector of election) • Complete budget worksheet • Mail candidacy forms
AUGUST	<ul style="list-style-type: none"> • Mail election package, August 20, 2019 • Tuesday, August 20, 2019, Budget Meeting
SEPTEMBER	<ul style="list-style-type: none"> • Tuesday, September 24, 2019, Annual Election and Board Meeting (Approve Budget) • Street Light Maintenance Review • Tree Maintenance Review
OCTOBER	<ul style="list-style-type: none"> • Budget packaged and mailed to Homeowners • Adjourned Annual (if needed), Tuesday, October 29, 2019 • Mail candidacy forms for RBCA delegate election (date of election needed)
NOVEMBER	<ul style="list-style-type: none"> • Tuesday, November 26, 2019, Board Meeting • Board to choose auditor and action regarding year-end financial review • Appoint nominating committee for delegate election
DECEMBER	<ul style="list-style-type: none"> • Year-end • Send ballots for delegate election

RIO VISTA COMMUNITY ASSOCIATION

DISCLOSURES AND SUPPLEMENTAL INFORMATION – Annual Budget Report

The 2017 financial information has been reviewed by a Certified Public Accountant and a full copy of the financials attached. The Board has retained Jerry W. Kemp, CPA for financial statements preparation and tax return preparation.

- **2019 RVCA Operating Budget**

The pro forma operating budget is required under California Civil Code § 5300(b)(1). The 2019 RVCA Pro Forma Operating Budget is set forth below for your review.

Rio Vista Community Association 2019 Operating Budget January - December 2019

	<u>Total</u>
Income	
4021 Cost Sharing Reimbursement	6,626.00
4105 Rio Vista Community Association	52,800.00
Total Income	<u>\$ 59,426.00</u>
Gross Profit	<u>\$ 59,426.00</u>
Expenses	
Accounting	
6020 Accounting Services - Financials	750.00
6021 Accounting Services - Tax Preparation	200.00
Total Accounting	<u>\$ 950.00</u>
General & Administrative	
6010 Bank Service Charge	60.00
6040 Insurance-	2,300.00
6055 Reserve Study	1,020.00
6080 Outside Services	3,000.00
6081 Facility Rentals	1,400.00
6096 Cost Sharing	8,520.00
Total General & Administrative	<u>\$ 16,300.00</u>
General Landscaping Maintenance	
6074 Water	4,000.00
6087 Landscaping Maintenance	9,600.00

Page 14 of 22

RIO VISTA COMMUNITY ASSOCIATION

6088 Landscaping Repairs		1,500.00
6094 Gardening - Extras Supplies		4,000.00
Total General Landscaping Maintenance	\$	19,100.00
General Management		
6022 Accounting Website Subscription		680.00
6035 Management		9,000.00
6045 Website Maintenance		120.00
6060 Office Expense		4,176.00
6061 Office Supplies		200.00
6062 Copying & Printing		1,380.00
6063 Postage & Shipping		420.00
6070 Telephone		150.00
6075 Property Records Subscription		60.00
Total General Management	\$	16,186.00
General Street Maintenance		
6073 Electricity Street Lights		1,200.00
6082 Street Sweeping		360.00
6086 Street Maintenance		300.00
6091 Street Lighting Maintenance		500.00
Total General Street Maintenance	\$	2,360.00
Legal		
6050 Legal Services		5,004.00
6051 Legal Costs		492.00
Total Legal	\$	5,496.00
Repair & Maintenance		
6084 Storm Drain Cleanout		1,008.00
6085 Repairs and Maintenance		840.00
Total Repair & Maintenance	\$	1,848.00
Taxes		
6030 Corporation Regulatory Fees		60.00
6031 Corporation Taxes		144.00
Total Taxes	\$	204.00
Total Expenses	\$	62,444.00
Net Operating Income	-\$	3,018.00
Other Income		
4050 Transfer from Reserve Account(s)		3,018.00
Total Other Income	\$	3,018.00
Net Other Income	\$	3,018.00

RIO VISTA COMMUNITY ASSOCIATION

Net Income

\$

0.00

- **Reserve Study Summary / Funding Plan / Major Component Repairs / Calculations / Assessment & Reserve Form**

This reserve study summary notice is provided pursuant to California Civil Code § 5300(b)(3) in conformance with California Civil Code § 5565.

Excerpts of the October 23, 2017, Reserve Study Preliminary Report pages performed by Barrera and Company are included. The 2019 Pro Forma Operating Budget incorporates the recommended reserve allocation as part of its reserve component. Reserves allocations are currently more than 100% of the Reserve Study recommendations. Any member may receive the full reserve study plan upon request from RVCA. A 2019 Reserve Study update was procured but was not finalized by the time of this disclosure. If that Reserve Study update triggers a change to the budget, you will get separate notice.

RVCA funds reserves from the monthly assessments. An unforeseen event could cause the RVCA to consider a special assessment and/or a loan to deal with such unforeseen event.

The reserve study summary notice provides calculations utilized to create the reserve study projections. The Assessment & Reserve Form provided pursuant to California Civil Code § 5570 is included in the reserve summary below.

Based on the 2017 Reserve Study Report preliminary draft, RVCA provides this Assessment and Reserve Funding Disclosure Statement for Fiscal Year 2019. The current assessment per unit is \$100.00 per month average per unit. There are no additional regular or special assessments for 2019. Based upon the most recent reserve study (preliminary report) and other information available to RVCA, projected reserve account balances will not be sufficient at the end of each year to meet association repair and/or replacement obligations of major components during the next 30 years. Therefore, progressive increases in the monthly assessments will be made in conjunction with the projections in the reserve study report as RVCA sees appropriate. All major components are included in the reserve study and are included in all calculations. Based on the recent reserve study preliminary draft dated 10/23/17, the required amount for the reserve fund is \$154,474 for 2019. At the time of recent reserve study preliminary draft dated 10/23/17, RVCA maintained \$190,583 in reserves funds resulting in the reserve being 119% funded.

RIO VISTA COMMUNITY ASSOCIATION

Financial Overview



Rio Vista
Bakersfield, CA

Date: Oct 23, 2017

Units: 44

Fiscal Year End: Dec 31, 2017

Start Date: Jan 1, 2018

Financial Information - As of 2017-Dec-31

Projected Reserve Fund Balance: **\$190,589**
 Projected Fully Funded Reserve: **\$124,411**
 Percentage Funded: **153%**
 Current Replacement Cost: **\$275,261**

Inflation, Interest & Contribution Rates

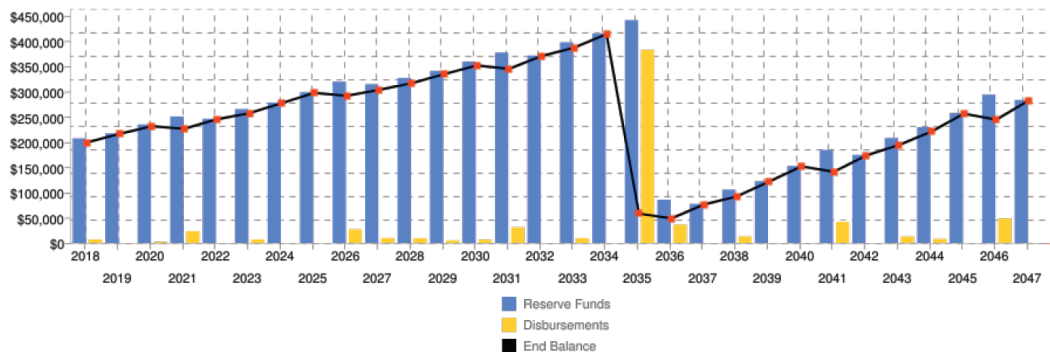
Funding and disbursement projections presented have been computed with a Time Value of Money approach. Inflation was applied to the projected disbursements, and average interest to the ending cash balance values.

Assumed Annual Inflation Rate: **3.00%**
 Assumed Annual Interest Rate: **0.50%**
 Assumed Annual Contribution Rate: **3.00%**

5-Year Current Funding Plan

Year	Annual Funding Amount	Average Monthly Fee Per Unit	Projected Annual Disbursements	Year-End Balance	Fully Funded Reserve	Percent Funded
2018	\$15,480.00	\$29.32	\$6,984	\$200,059	\$135,463	148%
2019	\$15,944.40	\$30.20	\$0	\$217,044	\$154,474	141%
2020	\$16,422.73	\$31.10	\$2,197	\$232,390	\$172,244	135%
2021	\$16,915.41	\$32.04	\$23,138	\$227,314	\$169,437	134%
2022	\$17,422.88	\$33.00	\$0	\$245,917	\$190,855	129%

30-Year Current Funding Chart



RIO VISTA COMMUNITY ASSOCIATION

Financial Overview



Rio Vista
Bakersfield, CA

Date: Oct 23, 2017

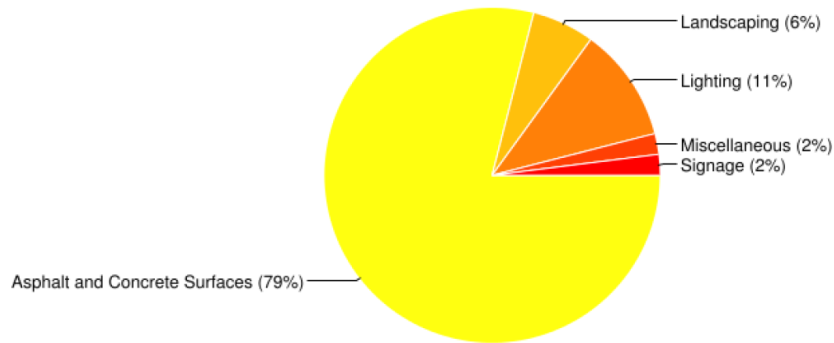
Units: 44

Fiscal Year End: Dec 31, 2017

Start Date: Jan 1, 2018

Category Summary

Expenses by Category (Percentage)



Category	UL	RL	Current Replacement Cost	Projected Reserve Balance	Required Reserve Funding	Projected Fully Funded Reserve	Current Funding Allocation (Year 1)
Asphalt & Concrete Surfaces	5-30	0-17	\$217,518	\$144,312	\$10,971	\$94,203	\$12,053
Landscaping	5-30	0-17	\$16,390	\$16,716	\$1,635	\$10,912	\$1,796
Lighting	30	17	\$30,550	\$20,280	\$1,018	\$13,238	\$1,119
Miscellaneous	22	9	\$6,213	\$5,624	\$282	\$3,671	\$310
Signage	25	12	\$4,590	\$3,657	\$184	\$2,387	\$202
Totals			\$275,261	\$190,589	\$14,091	\$124,411	\$15,480

RIO VISTA COMMUNITY ASSOCIATION

Detail Component Report



Rio Vista
Bakersfield, CA

Date: Oct 23, 2017

Units: 44

Fiscal Year End: Dec 31, 2017

Start Date: Jan 1, 2018

Current Replacement Cost: \$275,261

Component	SL	RL	Cost Per Unit	Qty	Current Cost	Future Cost	Source
Asphalt & Concrete Surfaces							
Asphalt - Overlay	30	17	\$2.10/SF	92,950	\$195,195	\$322,628	Inspector
Asphalt - Reseal/Stripe & Repair	5	3	\$0.23/SF	92,950	\$21,175	\$23,138	Bid/Contract
Last Executed in 2015 and 2016. Cost adjusted for inflation.							
Concrete - Repair Contingency	5	0	\$1,148.00/LS	1	\$1,148	\$1,148	Inspector
Repair contingency for the concrete surfaces. Amount and cycle to be reviewed annually.							
Totals					\$217,518	\$346,914	
Landscaping							
Backflow Valve	22	9	\$1,372.00/EA	1	\$1,372	\$1,790	Inspector
Electrical Meter Enclosures	30	17	\$861.00/EA	2	\$1,722	\$2,846	Inspector
Landscape Upgrades (Entry) I	15	11	\$3,667.00/LS	1	\$3,667	\$5,076	Inspector
Landscape Upgrades (Entry) II	15	2	\$2,071.00/LS	1	\$2,071	\$2,197	Inspector
Timer Clock Enclosures	30	17	\$861.00/EA	2	\$1,722	\$2,846	Inspector
Timer Clocks (Rainbird)	10	0	\$459.00/EA	2	\$918	\$918	Inspector
Tree Removal/Replacement	5	0	\$4,918.00/Total	1	\$4,918	\$4,918	Inspector
Totals					\$16,390	\$20,592	
Lighting							
Pole Lights	30	17	\$3,055.00/EA	10	\$30,550	\$50,494	Inspector
Totals					\$30,550	\$50,494	
Miscellaneous							
General Operating Reserve	Other						On File
Mailboxes	22	9	\$2,071.00/EA	3	\$6,213	\$8,107	Inspector
Totals					\$6,213	\$8,107	
Signage							
Entry Monuments - Refurbish	25	12	\$2,295.00/EA	2	\$4,590	\$6,544	Inspector
Totals					\$4,590	\$6,544	

Measure key: Bldg = Building(s), EA = Each, LF = Linear Feet, LS = Lump Sum, Unit = Unit(s), SF = Square Feet, SY = Square Yard(s), SQ = Squares, Total = Total, Place(s) = Place(s)

RIO VISTA COMMUNITY ASSOCIATION

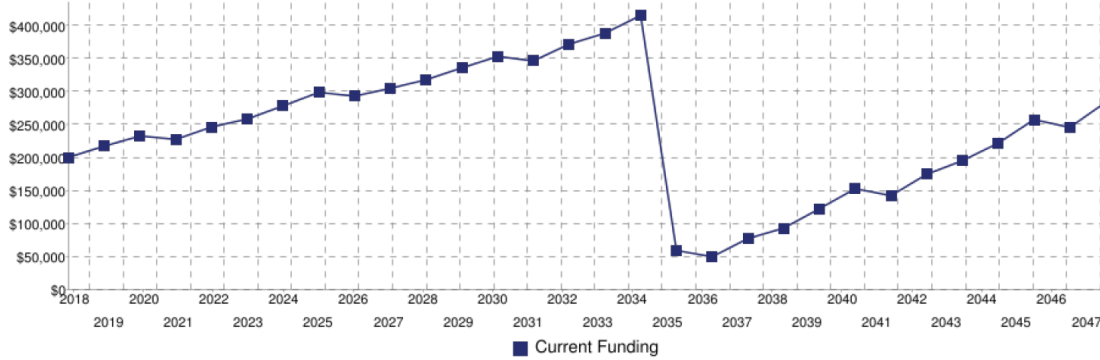
Current Funding



Rio Vista
Bakersfield, CA

Date: Oct 23, 2017
Units: 44
Fiscal Year End: Dec 31, 2017
Start Date: Jan 1, 2018

Current Funding: This option projects the Reserve Fund over the next 30 years based on a funding level equal to the Association's current assessments for reserve assets. If continued, this option should be reviewed annually and adjusted accordingly to ensure all future funding requirements will be met.



Year	Annual Funding Amount	Avg. Monthly Fee Per Unit	Beginning Cash	Interest Earned	Reserve Funds	Projected Annual Disbursements	End Balance	Fully Funded Reserve	Percent Funded
2018	\$15,480	\$29.32	\$190,589	\$974	\$207,043	\$6,984	\$200,059	\$135,463	148%
2019	\$15,944	\$30.20	\$200,059	\$1,040	\$217,044	\$0	\$217,044	\$154,474	141%
2020	\$16,423	\$31.10	\$217,044	\$1,121	\$234,587	\$2,197	\$232,390	\$172,244	135%
2021	\$16,915	\$32.04	\$232,390	\$1,146	\$250,452	\$23,138	\$227,314	\$169,437	134%
2022	\$17,423	\$33.00	\$227,314	\$1,180	\$245,917	\$0	\$245,917	\$190,855	129%
2023	\$17,946	\$33.99	\$245,917	\$1,257	\$265,119	\$7,032	\$258,087	\$206,161	125%
2024	\$18,484	\$35.01	\$258,087	\$1,337	\$277,907	\$0	\$277,907	\$229,676	121%
2025	\$19,038	\$36.06	\$277,907	\$1,437	\$298,383	\$0	\$298,383	\$254,417	117%
2026	\$19,610	\$37.14	\$298,383	\$1,474	\$319,466	\$26,824	\$292,643	\$252,806	116%
2027	\$20,198	\$38.25	\$292,643	\$1,489	\$314,330	\$9,897	\$304,433	\$269,133	113%
2028	\$20,804	\$39.40	\$304,433	\$1,551	\$326,787	\$9,386	\$317,401	\$287,045	111%
2029	\$21,428	\$40.58	\$317,401	\$1,628	\$340,457	\$5,076	\$335,381	\$310,518	108%
2030	\$22,071	\$41.80	\$335,381	\$1,716	\$359,168	\$6,544	\$352,624	\$333,784	106%
2031	\$22,733	\$43.05	\$352,624	\$1,742	\$377,099	\$31,096	\$346,003	\$333,081	104%
2032	\$23,415	\$44.35	\$346,003	\$1,789	\$371,206	\$0	\$371,206	\$365,027	102%
2033	\$24,117	\$45.68	\$371,206	\$1,893	\$397,216	\$9,451	\$387,765	\$388,854	100%
2034	\$24,841	\$47.05	\$387,765	\$2,001	\$414,607	\$0	\$414,607	\$423,808	98%
2035	\$25,586	\$48.46	\$414,607	\$1,181	\$441,375	\$382,238	\$59,137	\$66,809	89%
2036	\$26,354	\$49.91	\$59,137	\$271	\$85,762	\$36,049	\$49,713	\$56,388	88%
2037	\$27,144	\$51.41	\$49,713	\$316	\$77,174	\$0	\$77,174	\$83,530	92%
2038	\$27,959	\$52.95	\$77,174	\$424	\$105,557	\$12,614	\$92,943	\$99,256	94%
2039	\$28,797	\$54.54	\$92,943	\$537	\$122,277	\$0	\$122,277	\$129,234	95%
2040	\$29,661	\$56.18	\$122,277	\$686	\$152,624	\$0	\$152,624	\$160,921	95%
2041	\$30,551	\$57.86	\$152,624	\$735	\$183,910	\$41,791	\$142,119	\$151,346	94%
2042	\$31,468	\$59.60	\$142,119	\$789	\$174,376	\$0	\$174,376	\$185,386	94%
2043	\$32,412	\$61.39	\$174,376	\$921	\$207,709	\$12,701	\$195,008	\$208,254	94%
2044	\$33,384	\$63.23	\$195,008	\$1,039	\$229,431	\$7,908	\$221,523	\$237,656	93%
2045	\$34,386	\$65.12	\$221,523	\$1,194	\$257,102	\$0	\$257,102	\$277,025	93%
2046	\$35,417	\$67.08	\$257,102	\$1,253	\$293,772	\$48,447	\$245,325	\$268,638	91%
2047	\$36,480	\$69.09	\$245,325	\$1,318	\$283,123	\$0	\$283,123	\$310,901	91%

Inflation Rate: 3.00%

Interest Rate: 0.50%

Reserve Contribution Increase: 3.00%

RIO VISTA COMMUNITY ASSOCIATION

- **Anticipated Special Assessments Statement**

Right to receive a statement as to whether the Board anticipates a special assessment is required under California Civil Code § 5300(b)(4).

The Board may have to impose a special assessment in 2019 but there is no decision at this time. RVCA is engaged in active civil litigation with The Manors at Rio Bravo HOA (formerly known as Four Fairways HOA) to which RVCA is defending a lawsuit and has cross-complained with its own lawsuit. The lawsuit is related to a cost-sharing agreement that Four Fairways HOA claims an entitlement to payment, and RVCA's position is that it is not required to pay any cost-sharing funds, and if so, only a portion, and RVCA claims credit for prior payment inadvertently paid. A possibility exists for a special assessment in 2019 as legal fees have and will continue to be paid as part of the lawsuit. If RVCA is not the prevailing party, RVCA may be required to pay damages and attorney's fees and expenses. If there are not enough funds in the operating budget and/or reserves to cover legal fees, a special assessment may be required in 2019.

- **Deferred Maintenance**

The Board does not have any plans to defer maintenance within the RVCA community.

- **Loans**

There are no existing loans to RVCA currently with a third party.

- **Current Insurance Summary**

This insurance summary notice is provided pursuant to California Civil Code § 4920.

The insured is: Rio Vista Community Association
The type of insurance cover, Buildings, \$1
policy limit, and deductible Building Ordinance and Law, Covered, \$25,000 & \$10,000
are: Specified Property, \$100,000
Association Fee and Extra Expense, \$100,000
Automatic Building Increase, 8%
Property Deductible, \$2,500
Glass Deductible, \$100

RIO VISTA COMMUNITY ASSOCIATION

Master Key, \$100/\$5000
Backup of Sewer and Drain, \$5,000
Hired Auto Liability, \$2,000,000
Non-Owned Auto Liability, \$2,000,000
Accounts Receivable, \$5,000
Valuable Papers, \$5,000
Electronic Data Processing, \$5,000
Newly Acq Prop or Const Bldg, \$250,000
Pers Prop at Newly Acq Premise, \$100,000
Outdoor Signs, \$2,500, \$500 deductible
Employee Dishonesty, \$300,000, \$2,500 deductible
Money and Securities, \$5,000, \$500 deductible
Outdoor Property, \$2,500
Directors and Officers, \$2,000,000 claim/aggregate
Liability. \$2,000,000 claim/\$4,000,000 general aggregate
Medical Expense, \$5,000 per person
Tenants Liability, \$75,000 per occurrence

The carrier is: Truck Insurance Exchanges/Farmers Insurance

The policy number is: 60507-25-09

“This summary of the association's policies of insurance provides only certain information, as required by subdivision (a-b) of § 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property or, real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling.

Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage.”

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Corrections or updates to this Annual Disclosures will be updated via the newsletter, mailing inserts, or the RVCA website.

Page 22 of 22

RIO VISTA COMMUNITY ASSOCIATION

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year ended December 31, 2017

RIO VISTA COMMUNITY ASSOCIATION
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
Year ended December 31, 2017

TABLE OF CONTENTS

ACCOUNTANTS' REPORT

FINANCIAL STATEMENTS

Balance Sheet 1

Statement of Revenues, Expenses, and Changes in Fund Balances 2

Statement of Cash Flows.....3

Notes to Financial Statements..... 4

SUPPLEMENTARY INFORMATION

Schedule of Fund Revenues and Expenses
- Budget and Actual8

Schedule of Fund Revenues and Expenses
- Variance9

Supplementary information on Future Major Repairs and Replacements10

JERRY KEMP, CPA

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MEMBER
CALIFORNIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

August 23, 2018

**To the Board of Directors
RIO VISTA COMMUNITY ASSOCIATION**

Management is responsible for the accompanying financial statements of Rio Vista Community Association, which comprise the balance sheet as of December 31, 2017, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The supplementary information contained in Schedule of Fund Revenues and Expenses-Budget vs. Actual, and the Schedule of Fund Revenues and Expenses-Variance are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement; however, we have not audited or reviewed the supplementary information, and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on it.

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on page 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial 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. The information was subject to our compilation engagement; however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on it.


J.W. Kemp
Certified Public Accountant

RIO VISTA COMMUNITY ASSOCIATION
BALANCE SHEET
December 31, 2017

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
ASSETS			
Cash & cash equivalents	\$ 145,901	\$ 126,632	\$ 272,533
Accounts Receivable	345	-	345
Prepaid Income Tax	-	-	-
TOTAL ASSETS	<u>\$ 146,246</u>	<u>\$ 126,632</u>	<u>\$ 272,878</u>
LIABILITIES AND FUND BALANCES			
Accounts payable	\$ 1,358	\$ -	\$ 1,358
Prepaid Income	-	-	-
TOTAL LIABILITIES	1,358	-	1,358
Fund Balances (Deficit)	<u>144,888</u>	<u>126,632</u>	<u>271,520</u>
TOTAL LIABILITES AND FUND BALANCE	<u>\$ 146,246</u>	<u>\$ 126,632</u>	<u>\$ 272,878</u>

SEE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT

RIO VISTA COMMUNITY ASSOCIATION
STATEMENT OF REVENUE AND EXPENSES AND CHANGES IN FUND BALANCES
Year ended December 31, 2017

	Operating Fund	Replacement Fund	Total
<u>REVENUES</u>			
Member Assessments	\$ 52,825	\$ -	\$ 52,825
Other Income	790	-	790
Interest Income	28	10	38
Total Revenues	<u>53,643</u>	<u>10</u>	<u>53,653</u>
<u>EXPENSES</u>			
Accounting	-	-	-
Bank Charge	12	-	12
Copying & Printing	644	-	644
Corporation Regulatory Fees/Taxes	60	-	60
Electricity	1,533	-	1,533
Gardening Extras-Supplies	1,385	-	1,385
Insurance	2,185	-	2,185
Landscape Maintenance	10,520	-	10,520
Landscape Repairs	301	-	301
Legal	50	-	50
Management	6,830	759	7,589
Office Supplies & Expense	6,034	-	6,034
Outside Services	200	-	200
Postage & Shipping	277	-	277
Reserve Study	1,260	-	1,260
Street Lighting Maintenance	414	-	414
Telephone	149	-	149
Water	4,955	-	4,955
Website Fees	405	-	405
Total Expenses	<u>37,214</u>	<u>759</u>	<u>37,973</u>
EXCESS or (DEFICIENCY) OF REVENUES OVER EXPENSES	16,429	(749)	15,680
Transfers between funds	(759)	759	-
INCREASE (DECREASE) IN FUND BALANCES	15,670	10	15,680
BEGINNING FUND BALANCES (DEFICIT)	129,218	126,622	255,840
ENDING FUND BALANCES (DEFICIT)	<u>\$ 144,888</u>	<u>\$ 126,632</u>	<u>\$ 271,520</u>

SEE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT

RIO VISTA COMMUNITY ASSOCIATION
STATEMENT OF CASH FLOWS
Year ended December 31, 2017

	Operating Fund	Replacement Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess (deficiency) of revenues over expenses	\$ 16,429	\$ (749)	\$ 15,680
(Increase) decrease in:			
Accounts receivable	736	-	736
Increase (decrease) in:			
Accounts payable	(456)	-	(456)
Increase (decrease) in:			
Prepaid income	-	-	-
	<u>16,709</u>	<u>(749)</u>	<u>15,960</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	16,709	(749)	15,960
Transfers between funds	<u>(759)</u>	<u>759</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	15,950	10	15,960
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>129,951</u>	<u>126,622</u>	<u>256,573</u>
CASH & CASH EQUIVALENTS AT END OF YEAR	<u>\$ 145,901</u>	<u>\$ 126,632</u>	<u>\$ 272,533</u>

SEE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT

**RIO VISTA COMMUNITY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2017**

NOTE A – NATURE OF ORGANIZATION

The Rio Vista Community Association, an owners' association, is a California Corporation organized for maintaining and preserving common property of the Rio Vista Community Association complex. The complex consists of forty-four residential units located in Bakersfield, California. The Association began its operations in October 2005.

NOTE B – DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through August 23, 2018, the date that the financial statements were available to be issued.

NOTE C – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund-This fund is used to account for financial resources available for the general operations of the Association.

Replacement Fund-This fund is used to accumulate financial resources designated for future major repairs and replacements.

Basis of Presentation

The accompanying financial statements, and the Association's corporate income tax returns, have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all short-term investments with a maturity at date of purchase of three months or less to be cash equivalents. Cash equivalents are classified with cash in the balance sheet.

Member Assessments

Association members are subject to monthly assessments of \$100.00 per unit. All assessments were designated to expenses, future capital acquisitions, and major repairs and replacements. Accounts receivable at the balance sheet date represent fees due from unit owners. The Association retains any excess assessments at year-end for use in the succeeding year.

The organization's funding policy is to fund near term future major repairs and replacements from the regular monthly assessments and through special assessments annually. Each year the board of directors evaluates the funding requirements for the next few years and determines how much should be transferred from the operating fund to the replacement fund. In the current year the amount was \$0.

RIO VISTA COMMUNITY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2017

Income Taxes

Homeowners' associations may be taxed either as homeowners' association or as regular corporations. For the year ended December 31, 2017, the Association elected to be taxed as homeowners' association. Under that election, the Association is taxed on its nonexempt function income, such as interest earnings, at a flat rate of 30%. Exempt function income, which consists primarily of member assessments, is not taxable.

As of December 31, 2017, the tax years that remain subject to examination by taxing authorities begin with 2015.

Concentrations of Credit Risk

Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of cash, cash equivalents and investments. The Association maintains its financial instruments with what management believes to be high credit quality financial institutions and limits the amount of credit exposure to any one particular institution.

Interest Income

Interest income is allocated to the replacement funds, which carries the interest-bearing deposits of the Association.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments

Investments consist of a certificate of deposit with an original maturity of more than ninety days. It is considered to be a held-to-maturity investment and is carried at cost, which approximates its fair market value.

Bad Debts

The Association uses the direct write-off method of recording bad debts. Although generally accepted accounting principles dictate the allowance method, the Association's minimal bad debt experience indicates the direct write-off method closely approximates the allowance method. There were no of bad debts written off during the fiscal year ended December 31, 2017.

Capitalization Policy and Depreciation

In accordance with industry standards, the Association does not capitalize the common area real property, as all beneficial rights of ownership belong to the unit owners. Replacements and improvements to the real property are charged to the operating fund in the period incurred. Personal property not directly associated with the units, such as office equipment, is capitalized and depreciated over their estimated useful lives on the straight-line basis.

**RIO VISTA COMMUNITY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2017**

NOTE D – FUTURE MAJOR REPAIRS AND REPLACEMENTS

Major repairs and maintenance of the common areas are funded from the replacement fund. The Association currently funds anticipated future repair and replacement costs through the accumulation of homeowner capital assessments and earnings on such funds.

Replacement funds are amounts to be spent on future repair and replacement of selected Association common areas. A long-term formal funding program is one that is based on a study that identifies specific common area components such as lights, street, landscaping, etc, the expected replacement costs and expected remaining service lives of each and provide plans for accumulating over time the funds that will be needed to replace each major item at the time that replacement becomes necessary.

A study to determine the adequacy of the current funding program for the replacement of Association common areas was prepared by Barrera and Company on December 20, 2017. The board is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of current replacement costs and considering amounts previously accumulated in the replacement fund.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

SUPPLEMENTARY INFORMATION

RIO VISTA COMMUNITY ASSOCIATION
SCHEDULE OF FUNDS REVENUES AND EXPENSES
BUDGET vs. ACTUAL
Year ended December 31, 2017

	Budget	Actual	Variances Favorable (Unfavorable)
REVENUES			
Member Assessments	\$ 52,800	\$ 52,825	\$ 25
Cost Sharing Reimbursement	5,580	0	(5,580)
Other Income	1,536	790	(746)
Interest Income	660	38	(622)
Total Revenues	<u>60,576</u>	<u>53,653</u>	<u>(6,923)</u>
EXPENSES			
Accounting	2,100	-	2,100
Bank Charge	60	12	48
Copying & Printing	1,380	644	736
Corporation Regulatory Fees/Taxes	60	60	-
Corporation Taxes	144	-	144
Cost Sharing	8,520	-	8,520
Electricity	1,260	1,533	(273)
Facility Rentals	1,400	-	1,400
Gardening Extras-Supplies	3,000	1,385	1,615
Insurance	2,040	2,185	(145)
Landscape Maintenance	9,600	10,520	(920)
Landscape Repairs	720	301	419
Legal	5,496	50	5,446
Management	9,200	7,589	1,611
Office Supplies & Expenses	4,376	6,034	(1,658)
Outside Services	3,000	200	2,800
Postage & Shipping	420	277	143
Property Records Subscription	60	-	60
Repairs & Maintenance	1,848	-	1,848
Reserve Study	1,020	1,260	(240)
Street Lighting Maintenance	492	-	492
Street Repairs	300	414	(114)
Street Sweeping	360	-	360
Telephone	120	149	(29)
Water	3,000	4,955	(1,955)
Website Fees	600	405	195
Total Expenses	<u>60,576</u>	<u>37,973</u>	<u>22,603</u>
EXCESS or (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ -</u>	<u>\$ 15,680</u>	<u>\$ 15,680</u>

SEE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT

RIO VISTA COMMUNITY ASSOCIATION
SCHEDULE OF FUND REVENUES AND EXPENSES - VARIANCE
Year ended December 31, 2017

	Total all Funds		Variances	% Variances
	12/31/16	12/31/17	Favorable (Unfavorable)	Favorable (Unfavorable)
REVENUES				
Member Assessments	\$ 52,832	\$ 52,825	\$ (7)	- %
Other Income	4,158	790	(3,368)	(81.0)
Interest Income	740	38	(702)	(94.9)
	<u>57,730</u>	<u>53,653</u>	<u>(4,077)</u>	<u>(7.1)</u>
EXPENSES				
Accounting	934	-	934	100.0
Asphalt Overlay	15,474	-	15,474	100.0
Bank Charge	233	12	221	94.8
Copying & Printing	776	644	132	17.0
Electricity	1,469	1,533	(64)	(4.4)
Facility Rentals	890	-	890	100.0
Corporation Regulatory Fees/Taxes	35	60	(25)	(71.4)
Fraudulent Charges	(833)	-	(833)	100.0
Gardening Extras-Supplies	7,215	1,385	5,830	80.8
Insurance	2,082	2,185	(103)	(4.9)
Landscape Maintenance	13,785	10,520	3,265	23.7
Landscape Repairs	1,244	301	943	75.8
Legal	12,648	50	12,598	99.6
Management	8,237	7,589	648	7.9
Office Supplies & Expense	4,005	6,034	(2,029)	(50.7)
Outside Services	450	200	250	55.6
Postage & Shipping	429	277	152	35.4
Repairs & Maintenance	2,000	-	2,000	100.0
Reserve Study	-	1,260	(1,260)	-
Street Ligting Maintenance	225	414	(189)	(84.0)
Street Maintenance	650	-	650	100.0
Street Sweeping	1,200	-	1,200	100.0
Telephone	141	149	(8)	(5.7)
Tree Maintenance	1,313	-	1,313	100.0
Water	6,512	4,955	1,557	23.9
Website Fees	467	405	62	13.3
	<u>81,581</u>	<u>37,973</u>	<u>43,608</u>	<u>53.5</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ (23,851)</u>	<u>\$ 15,680</u>	<u>\$ 39,531</u>	<u>165.7 %</u>

SEE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT

**RIO VISTA COMMUNITY ASSOCIATION
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS
AND REPLACEMENTS (COMPILED)**

December 31, 2017

The Association's board of directors conducted a study on December 20, 2017 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were obtained from Barrera and Company based upon a site visit to the project. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs have not been revised since that date and do not take into account the effects of inflation between the date of the study and the date that the components will require repair or replacement. Estimated future replacement costs consider an estimated after-tax annual interest earning rate of .50% on replacement fund cash and investment balances, and an annual inflation rate of 3.0% on major component replacement costs.

COMPONENTS	ESTIMATED REMAINING USEFUL LIFE (Years)	ESTIMATED CURRENT REPLACEMENT COST	ESTIMATED FUTURE REPLACEMENT COST
ASPHALT & CONCRETE			
Asphalt Overlay	17	\$ 195,195	\$ 297,012
Asphalt - Reseal/Stripe & Repair	3	21,175	22,803
Concrete - Repair	0	1,148	1,148
LANDSCAPING			
Backflow Valve	9	1,372	1,713
Electrical Meter Enclosures	17	1,722	2,620
Landscape Upgrades (Entry) I	11	3,667	4,811
Landscape Upgrades (Entry) II	2	2,071	2,176
Timer Clock Enclosures	17	1,722	2,620
Timer Clocks (Rainbird)	0	918	918
Tree Removal/Replacement	0	4,918	4,918
LIGHTING			
Pole Lights	17	30,550	46,485
MISCELLANEOUS			
Mailboxes	9	6,213	7,759
SIGNAGE			
Entry Monuments - Refurbish	12	4,590	6,173
Estimated replacement liability		275,261	401,156
Less replacement fund cash balance		126,632	
Unfunded replacement liability		\$ 42,947	

SEE ACCOMPANYING NOTES AND ACCOUNTANT'S REPORT