

**Maintenance District 07– Marina View Heights
(A Component Unit of the County of Madera, California)**

**Financial Statements and Independent Auditor’s Report
For the Years Ended June 30, 2015, 2014 and 2013**

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**Maintenance District 07 – Marina View Heights
(A Component Unit of the County of Madera, California)**

Annual Financial Report
For the Years Ended June 30, 2015, 2014 and 2013

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INDEPENDENT AUDITOR'S REPORT

The Board of Supervisors and Grand Jury
Madera County
Madera, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Maintenance District 07 – Marina View Heights (District), a component unit of the County of Madera, California, as of and for the years ended June 30, 2015, 2014 and 2013 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2015, 2014 and 2013, and the changes in financial position, and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining segment financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Roseville, California
March 24, 2017

MAINTENANCE DISTRICT 07 - MARINA VIEW HEIGHTS
(a Component Unit of the County of Madera)

Statements of Net Position
June 30, 2015, 2014 and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Current assets:			
Cash and investments	\$ 265,125	\$ 303,370	381,322
Accounts receivable	3,543	3,376	4,933
Interest receivable	413	--	--
Taxes receivable	3,141	--	--
Due from County of Madera	--	1,404	1,293
Total current assets	<u>272,222</u>	<u>308,150</u>	<u>387,548</u>
Non-current assets:			
Land	155,941	155,941	69,786
Construction in progress	427,943	292,689	68,822
Depreciable assets	221,944	221,944	221,944
Accumulated depreciation	<u>(183,638)</u>	<u>(180,522)</u>	<u>(177,408)</u>
Total non-current assets	<u>622,190</u>	<u>490,052</u>	<u>183,144</u>
Total assets	<u>894,412</u>	<u>798,202</u>	<u>570,692</u>
LIABILITIES			
Current liabilities:			
Accounts payable	32,337	12,636	8,831
Due to County of Madera	12,940	1,890	3,494
Deposits from others	300	--	--
Unearned revenues	<u>1,385</u>	<u>3,668</u>	<u>629</u>
Total liabilities	<u>46,962</u>	<u>18,194</u>	<u>12,954</u>
NET POSITION			
Net investment in capital assets	622,190	490,052	183,144
Unrestricted	<u>225,260</u>	<u>289,956</u>	<u>374,594</u>
Total Net Position	<u>\$ 847,450</u>	<u>\$ 780,008</u>	<u>\$ 557,738</u>

The accompanying notes are an integral part of these financial statements

MAINTENANCE DISTRICT 07 - MARINA VIEW HEIGHTS
(a Component Unit of the County of Madera)

Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2015, 2014 and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating revenues:			
Charges for services	\$ 107,455	\$ 105,606	\$ 102,552
Total operating revenues	<u>107,455</u>	<u>105,606</u>	<u>102,552</u>
Operating Expenses:			
Services and supplies	97,905	95,749	133,627
Depreciation	3,116	3,114	3,114
Total operating expenses	<u>101,021</u>	<u>98,863</u>	<u>136,741</u>
Operating Income (Loss)	<u>6,434</u>	<u>6,743</u>	<u>(34,189)</u>
Non-operating revenues (expenses)			
Taxes	58,216	50,468	48,052
Investment income	2,221	1,030	1,431
Intergovernmental revenue	571	579	591
Total non-operating revenues (expenses)	<u>61,008</u>	<u>52,077</u>	<u>50,074</u>
Change in Net Position Before Capital Contributions	67,442	58,820	15,885
Capital Contributions	<u>--</u>	<u>163,450</u>	<u>30,416</u>
Change in Net Position	67,442	222,270	46,301
Net position - beginning	<u>780,008</u>	<u>557,738</u>	<u>511,437</u>
Net position - ending	<u>\$ 847,450</u>	<u>\$ 780,008</u>	<u>\$ 557,738</u>

The accompanying notes are an integral part of these financial statements

MAINTENANCE DISTRICT 07 - MARINA VIEW HEIGHTS
(a Component Unit of the County of Madera)

Statements of Cash Flows
For the Years Ended June 30, 2015, 2014 and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 103,268	\$ 110,091	\$ 103,970
Payments to suppliers and service providers	(66,853)	(93,548)	(125,720)
Net cash provided (used by) operating activities	<u>36,415</u>	<u>16,543</u>	<u>(21,750)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants	571	579	591
Taxes	58,216	50,468	48,052
Net cash provided (used by) noncapital financing activities	<u>58,787</u>	<u>51,047</u>	<u>48,643</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital grants	--	163,450	30,416
Acquisition and construction of capital assets	(135,254)	(310,022)	(68,822)
Net cash provided (used by) capital and related financing activities	<u>(135,254)</u>	<u>(146,572)</u>	<u>(38,406)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	1,807	1,030	1,431
Net cash provided (used by) investing activities	<u>1,807</u>	<u>1,030</u>	<u>1,431</u>
Net increase (decrease) in cash and cash equivalents	(38,245)	(77,952)	(10,082)
Cash and cash equivalents July 1	<u>303,370</u>	<u>381,322</u>	<u>391,404</u>
Cash and cash equivalents June 30	<u>\$ 265,125</u>	<u>\$ 303,370</u>	<u>\$ 381,322</u>

The accompanying notes are an integral part of these financial statements

MAINTENANCE DISTRICT 07 - MARINA VIEW HEIGHTS
(a Component Unit of the County of Madera)

Statements of Cash Flows - continued
For the Years Ended June 30, 2015, 2014 and 2013

	2015	2014	2013
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ 6,434	\$ 6,743	\$ (34,189)
Adjustments to reconcile operating income (loss) to net cash provided (used for) operating activities:			
Depreciation	3,116	3,114	3,114
(Increase) decrease in accounts receivable	(1,904)	1,557	732
(Increase) decrease in other receivables			
(Increase) decrease in due from other funds	--	(111)	1,284
Decrease (increase) in unearned revenue	(2,283)	3,039	(598)
Decrease (increase) in deposits payable	--	--	--
Decrease (increase) in accounts payable	31,052	3,805	7,529
Decrease (increase) in due to other funds	--	(1,604)	378
Net cash provided (used by) operating activities	\$ 36,415	\$ 16,543	\$ (21,750)

The accompanying notes are an integral part of these financial statements

**MD 07 Marina View Heights
(A Component Unit of the County of Madera, California)**

Notes to Basic Financial Statements
For the Years Ended June 30, 2015, 2014 and 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the MD 07 Marina View Heights (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District provides water service to 83 improved units and 9 standby units. The District provides sewer service to 83 improved and 9 standby units. The District provides road maintenance for approximately 94 parcels with 0.68 miles of paved roads. The District is located along Bass Lake's northeast shore and is accessed from County Road 274 in Madera County.

The Board of Supervisors is the governing body of the District. The District is considered a blended component unit of the County of Madera and is reported as an enterprise fund in the County of Madera financial statements. The financial statements included in this report are intended to present the financial position and results of operations of only the District. They are not intended to present the financial position or results of operations of the County of Madera taken as a whole.

B. Basis of Presentation and Method of Accounting

The District accounts for its activities as a single enterprise fund, and the financial statements are accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liability is incurred, regardless of the timing of related cash flows.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District are charges for services. Operating expenses for the District include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements and donations. In accordance with GASB No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

C. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased, and its equity in the County Treasurer's investment pool, to be cash equivalents.

D. Receivables

Receivables consist mostly of fees charged for water services. Accounts receivable represents amounts billed directly by the District. Management believes its receivables to be fully collectible, and accordingly, no allowance for doubtful accounts is required.

**MD 07 Marina View Heights
(A Component Unit of the County of Madera, California)**

Notes to Basic Financial Statements
For the Years Ended June 30, 2015, 2014 and 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Capital Assets

Capital assets, including public domain (infrastructure assets such as water, sewer, and similar items) are defined by the District as assets with a cost of more than \$5,000 for machinery and equipment and \$10,000 for the other categories of capital assets with an estimated useful life of more than one year. Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated assets are valued at their estimated fair market value on the date donated.

Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

<u>Depreciable Asset</u>	<u>Estimated Life</u>
Water and Sewer Systems	15-65 years
Buildings and Improvements	30-50 years
Machinery and Equipment	3-20 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities, or extend useful lives are capitalized. Interest accrued during capital assets construction, if any, is capitalized as part of the asset cost.

F. Interfund Transactions

Interfund transactions are reflected as loans, services provided or used, reimbursements or transfers.

Loans reported as receivables and payables are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenses. These services provide information on the net cost of each government function and therefore are not eliminated in the process of preparing the government-wide statement of activities.

Reimbursements occur when the funds responsible for particular expenses repay the funds that initially paid for them. Such reimbursements are reflected as expenses in the reimbursing fund and reductions to expenses in the reimbursed fund.

All other interfund transactions are treated as transfers. Transfers between segments are netted when reporting at the District-wide level.

G. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**MD 07 Marina View Heights
(A Component Unit of the County of Madera, California)**

Notes to Basic Financial Statements
For the Years Ended June 30, 2015, 2014 and 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Net Position

The District's financial statements utilize a net position presentation. Net position comprise the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components: net investment in capital assets, restricted and unrestricted.

- Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. For the District, this category represents restrictions for debt service and construction projects.
- Unrestricted – This category represents the net position of the District, not restricted for any project or other purpose.

When both restricted and unrestricted net position is available, unrestricted resources are used only after the restricted resources are depleted.

NOTE 2: CASH AND INVESTMENTS

Cash and investments shown in the statement of net position represent the District's share of the County of Madera's cash and investment pool. Interest earnings from this pool are transferred to the District on a quarterly basis based on the District's average daily balance. The County has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134.

Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County of Madera's basic financial statements and may be obtained by contacting the County Auditor-Controller's Office at 200 W. 4th Street – Madera, CA 93637.

The District's cash and investments consisted of the following:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Cash and investments - unrestricted	\$ 265,125	\$ 303,370	\$ 381,322

**MD 07 Marina View Heights
(A Component Unit of the County of Madera, California)**

Notes to Basic Financial Statements
For the Years Ended June 30, 2015, 2014 and 2013

NOTE 2: CASH AND INVESTMENTS (continued)

Required disclosures for the District's deposit and investment risks for the cash held in the County Treasury at June 30, 2015, were as follows:

Credit risk	Not rated
Custodial risk	Not applicable
Concentration of credit risk	Not applicable
Interest rate risk	Refer to County's financial statements

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Retirements /Adjustments	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 155,941	\$ --	\$ --	\$ 155,941
Construction-in-progress	292,689	147,890	(12,636)	427,943
Total capital assets, not being depreciated	448,630	147,890	(12,636)	583,884
Capital assets, being depreciated:				
Infrastructure (depreciable)	38,917	--	--	38,917
Structures and improvements	183,027	--	--	183,027
Total capital assets, being depreciated	221,944	--	--	221,944
Less accumulated depreciation:				
Infrastructure (depreciable)	(38,917)	--	--	(38,917)
Structures and improvements	(141,605)	(3,116)	--	(144,721)
Total accumulated depreciation	(180,522)	(3,116)	--	(183,638)
Total capital assets, being depreciated	41,422	(3,116)	--	38,306
Total capital assets	\$ 490,052	\$ 144,774	\$ (12,636)	\$ 622,190

**MD 07 Marina View Heights
(A Component Unit of the County of Madera, California)**

Notes to Basic Financial Statements
For the Years Ended June 30, 2015, 2014 and 2013

NOTE 3: CAPITAL ASSETS (continued)

Capital assets activity for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014
Capital assets, not being depreciated:				
Land	\$ 69,786	\$ 86,155	\$ --	\$ 155,941
Construction-in-progress	68,822	223,867	--	292,689
Total capital assets, not being depreciated	<u>138,608</u>	<u>310,022</u>	<u>--</u>	<u>448,630</u>
Capital assets, being depreciated:				
Infrastructure (depreciable)	38,917	--	--	38,917
Structures and improvements	183,027	--	--	183,027
Total capital assets, being depreciated	<u>221,944</u>	<u>--</u>	<u>--</u>	<u>221,944</u>
Less accumulated depreciation:				
Infrastructure (depreciable)	(38,917)	--	--	(38,917)
Structures and improvements	(138,491)	(3,114)	--	(141,605)
Total accumulated depreciation	<u>(177,408)</u>	<u>(3,114)</u>	<u>--</u>	<u>(180,522)</u>
Total capital assets, being depreciated	<u>44,536</u>	<u>(3,114)</u>	<u>--</u>	<u>41,422</u>
Total District capital assets	<u>\$ 183,144</u>	<u>\$ 306,908</u>	<u>\$ --</u>	<u>\$ 490,052</u>

Capital assets activity for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012.	Additions	Retirements	Balance June 30, 2013
Capital assets, not being depreciated:				
Land	\$ 69,786	\$ --	\$ --	\$ 69,786
Construction-in-progress	--	68,822	--	68,822
Total capital assets, not being depreciated	<u>69,786</u>	<u>68,822</u>	<u>--</u>	<u>138,608</u>
Capital assets, being depreciated:				
Infrastructure (depreciable)	38,917	--	--	38,917
Structures and improvements	183,027	--	--	183,027
Total capital assets, being depreciated	<u>221,944</u>	<u>--</u>	<u>--</u>	<u>221,944</u>
Less accumulated depreciation:				
Infrastructure (depreciable)	(38,916)	--	--	(38,916)
Structures and improvements	(135,378)	(3,114)	--	(138,492)
Total accumulated depreciation	<u>(174,294)</u>	<u>(3,114)</u>	<u>--</u>	<u>(177,408)</u>
Total capital assets, being depreciated	<u>47,650</u>	<u>(3,114)</u>	<u>--</u>	<u>44,536</u>
Total District capital assets	<u>\$ 117,436</u>	<u>\$ 65,708</u>	<u>\$ --</u>	<u>\$ 183,144</u>

**MD 07 Marina View Heights
(A Component Unit of the County of Madera, California)**

Notes to Basic Financial Statements
For the Years Ended June 30, 2015, 2014 and 2013

NOTE 4: DUE TO/FROM COUNTY OF MADERA

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. The following are due from and due to balances between the District and other funds of the County of Madera:

	2015	2014	2013
Due from County of Madera	\$ --	\$ 1,404	\$ 1,293
Due to County of Madera	\$ 12,940	\$ 1,890	\$ 3,494

NOTE 5: INSURANCE AND RISK OF LOSS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and natural disasters. Because the District does not have employees, it is not exposed to injuries to employees. The District's officers are officials of the County, and therefore coverage for general liability and errors and omissions is provided under the County's program. This program is self-insured to a level of \$100,000, after which excess coverage is obtained through participation in the CSAC Excess Insurance Authority (EIA). Disclosure of complete information on risk management can be found in the County of Madera financial statements.

SUPPLEMENTARY INFORMATION

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MAINTENANCE DISTRICT 07 - MARINA VIEW HEIGHTS
(a Component Unit of the County of Madera)

Combining Statements of Net Position
June 30, 2015

	<u>Water</u>	<u>Sewer</u>	<u>Roads</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and investments	\$ --	\$ 265,125	\$ --	\$ 265,125
Accounts receivable	1,205	2,338	--	3,543
Interest receivable	140	273	--	413
Taxes receivable	1,068	2,073	--	3,141
Due from water division	--	--	--	--
Total current assets	<u>2,413</u>	<u>269,809</u>	<u>--</u>	<u>272,222</u>
Non-current assets:				
Land	86,155	--	69,786	155,941
Construction in progress	427,943	--	--	427,943
Depreciable assets	93,087	89,940	38,917	221,944
Accumulated depreciation	(72,827)	(71,894)	(38,917)	(183,638)
Total non-current assets	<u>534,358</u>	<u>18,046</u>	<u>69,786</u>	<u>622,190</u>
Total assets	<u>536,771</u>	<u>287,855</u>	<u>69,786</u>	<u>894,412</u>
LIABILITIES				
Current liabilities:				
Accounts payable	19,507	12,830	--	32,337
Due to sewer division	--	--	--	--
Due to County of Madera	4,400	8,540	--	12,940
Deposits from others	102	198	--	300
Unearned revenues	471	914	--	1,385
Total current liabilities	<u>24,480</u>	<u>22,482</u>	<u>--</u>	<u>46,962</u>
NET POSITION				
Net investment in capital assets	534,358	18,046	69,786	622,190
Unrestricted	(29,745)	255,005	--	225,260
Total Net Position	<u>\$ 504,613</u>	<u>\$ 273,051</u>	<u>\$ 69,786</u>	<u>\$ 847,450</u>

MAINTENANCE DISTRICT 07 - MARINA VIEW HEIGHTS
(a Component Unit of the County of Madera)

Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

	<u>Water</u>	<u>Sewer</u>	<u>Roads</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 36,722	\$ 70,733	\$ --	\$ 107,455
Total operating revenues	<u>36,722</u>	<u>70,733</u>	<u>--</u>	<u>107,455</u>
Operating Expenses:				
Services and supplies	31,710	64,697	1,498	97,905
Depreciation	1,550	1,566	--	3,116
Total operating expenses	<u>33,260</u>	<u>66,263</u>	<u>1,498</u>	<u>101,021</u>
Operating Income (Loss)	<u>3,462</u>	<u>4,470</u>	<u>(1,498)</u>	<u>6,434</u>
Non-operating revenues (expenses)				
Taxes	18,371	38,347	1,498	58,216
Investment income	760	1,461	--	2,221
Intergovernmental revenue	195	376	--	571
Total non-operating revenues (expenses)	<u>19,326</u>	<u>40,184</u>	<u>1,498</u>	<u>61,008</u>
Change in Net Position	22,788	44,654	--	67,442
Net position - beginning	<u>481,825</u>	<u>228,397</u>	<u>69,786</u>	<u>780,008</u>
Net position - ending	<u>\$ 504,613</u>	<u>\$ 273,051</u>	<u>\$ 69,786</u>	<u>\$ 847,450</u>

MAINTENANCE DISTRICT 07 - MARINA VIEW HEIGHTS
(a Component Unit of the County of Madera)

Combining Statement of Cash Flows
For the Year Ended June 30, 2015

	<u>Water</u>	<u>Sewer</u>	<u>Roads</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 35,278	\$ 67,990	\$ --	\$ 103,268
Payments to suppliers and service providers	(21,083)	(44,272)	(1,498)	(66,853)
Net cash provided (used by) operating activities	<u>14,195</u>	<u>23,718</u>	<u>(1,498)</u>	<u>36,415</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating grants	195	376	--	571
Inter- division borrowing (lending)	7,678	(7,678)	--	--
Taxes	18,371	38,347	1,498	58,216
Net cash provided (used by) noncapital financing activities	<u>26,244</u>	<u>31,045</u>	<u>1,498</u>	<u>58,787</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(135,254)	--	--	(135,254)
Net cash provided (used by) capital and related financing activities	<u>(135,254)</u>	<u>--</u>	<u>--</u>	<u>(135,254)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	619	1,188	--	1,807
Net cash provided (used by) investing activities	<u>619</u>	<u>1,188</u>	<u>--</u>	<u>1,807</u>
Net increase (decrease) in cash and cash equivalents	(94,196)	55,951	--	(38,245)
Cash and cash equivalents July 1	94,196	209,174	--	303,370
Cash and cash equivalents June 30	<u>\$ --</u>	<u>\$ 265,125</u>	<u>\$ --</u>	<u>\$ 265,125</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ 3,462	\$ 4,470	\$ (1,498)	\$ 6,434
Adjustments to reconcile operating income (loss) to net cash provided (used for) operating activities:				
Depreciation	1,550	1,566	--	3,116
(Increase) decrease in accounts receivable	117	(2,021)	--	(1,904)
(Increase) decrease in due from other funds	--	--	--	--
Decrease (increase) in unearned revenue	(1,363)	(920)	--	(2,283)
Decrease (increase) in deposits payable	--	--	--	--
Decrease (increase) in accounts payable	10,429	20,623	--	31,052
Decrease (increase) in due to other funds	--	--	--	--
Net cash provided (used by) operating activities	<u>\$ 14,195</u>	<u>\$ 23,718</u>	<u>\$ (1,498)</u>	<u>\$ 36,415</u>

MAINTENANCE DISTRICT 07 - MARINA VIEW HEIGHTS
(a Component Unit of the County of Madera)

Combining Statement of Net Position
June 30, 2014

	<u>Water</u>	<u>Sewer</u>	<u>Roads</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and investments	\$ 94,196	\$ 209,174	\$ --	\$ 303,370
Accounts receivable	1,688	1,688	--	3,376
Due from water division	--	--	--	--
Due from County of Madera	702	702	--	1,404
Total current assets	<u>96,586</u>	<u>211,564</u>	<u>--</u>	<u>308,150</u>
Non-current assets:				
Land	86,155	--	69,786	155,941
Construction in progress	292,689	--	--	292,689
Depreciable assets	93,087	89,940	38,917	221,944
Accumulated depreciation	(71,277)	(70,328)	(38,917)	(180,522)
Total non-current assets	<u>400,654</u>	<u>19,612</u>	<u>69,786</u>	<u>490,052</u>
Total assets	<u>497,240</u>	<u>231,176</u>	<u>69,786</u>	<u>798,202</u>
LIABILITIES				
Current liabilities:				
Accounts payable	12,636	--	--	12,636
Due to sewer division	--	--	--	--
Due to County of Madera	945	945	--	1,890
Unearned revenues	1,834	1,834	--	3,668
Total liabilities	<u>15,415</u>	<u>2,779</u>	<u>--</u>	<u>18,194</u>
NET POSITION				
Net investment in capital assets	400,654	19,612	69,786	490,052
Unrestricted	81,171	208,785	--	289,956
Total Net Position	<u>\$ 481,825</u>	<u>\$ 228,397</u>	<u>\$ 69,786</u>	<u>\$ 780,008</u>

MAINTENANCE DISTRICT 07 - MARINA VIEW HEIGHTS
(a Component Unit of the County of Madera)

Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2014

	<u>Water</u>	<u>Sewer</u>	<u>Roads</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 52,803	\$ 52,803	\$ --	\$ 105,606
Total operating revenues	<u>52,803</u>	<u>52,803</u>	<u>--</u>	<u>105,606</u>
Operating Expenses:				
Services and supplies	43,498	51,906	345	95,749
Depreciation	1,548	1,566	--	3,114
Total operating expenses	<u>45,046</u>	<u>53,472</u>	<u>345</u>	<u>98,863</u>
Operating Income (Loss)	<u>7,757</u>	<u>(669)</u>	<u>(345)</u>	<u>6,743</u>
Non-operating revenues (expenses)				
Taxes	25,062	25,061	345	50,468
Investment income	517	513	--	1,030
Intergovernmental revenue	284	295	--	579
Total non-operating revenues (expenses)	<u>25,863</u>	<u>25,869</u>	<u>345</u>	<u>52,077</u>
Change in Net Position Before Capital Contributions	33,620	25,200	--	58,820
Capital Contributions	<u>163,450</u>	<u>--</u>	<u>--</u>	<u>163,450</u>
Change in Net Position	197,070	25,200	--	222,270
Net position - beginning	<u>284,755</u>	<u>203,197</u>	<u>69,786</u>	<u>557,738</u>
Net position - ending	<u>\$ 481,825</u>	<u>\$ 228,397</u>	<u>\$ 69,786</u>	<u>\$ 780,008</u>

MAINTENANCE DISTRICT 07 - MARINA VIEW HEIGHTS
(a Component Unit of the County of Madera)

Combining Statement of Cash Flows
For the Year Ended June 30, 2014

	<u>Water</u>	<u>Sewer</u>	<u>Roads</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 55,044	\$ 55,047	\$ --	\$ 110,091
Payments to suppliers and service providers	(37,243)	(55,960)	(345)	(93,548)
Net cash provided (used by) operating activities	<u>17,801</u>	<u>(913)</u>	<u>(345)</u>	<u>16,543</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating grants	284	295	--	579
Taxes	25,062	25,061	345	50,468
Net cash provided (used by) noncapital financing activities	<u>25,346</u>	<u>25,356</u>	<u>345</u>	<u>51,047</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital grants	163,450	--	--	163,450
Acquisition and construction of capital assets	(310,022)	--	--	(310,022)
Net cash provided (used by) capital and related financing activities	<u>(146,572)</u>	<u>--</u>	<u>--</u>	<u>(146,572)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest earnings	517	513	--	1,030
Net cash provided (used by) investing activities	<u>517</u>	<u>513</u>	<u>--</u>	<u>1,030</u>
Net increase (decrease) in cash and cash equivalents	(102,908)	24,956	--	(77,952)
Cash and cash equivalents July 1	197,104	184,218	--	381,322
Cash and cash equivalents June 30	<u>\$ 94,196</u>	<u>\$ 209,174</u>	<u>\$ --</u>	<u>\$ 303,370</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	<u>\$ 7,757</u>	<u>\$ (669)</u>	<u>\$ (345)</u>	<u>\$ 6,743</u>
Adjustments to reconcile operating income (loss) to net cash provided (used for) operating activities:				
Depreciation	1,548	1,566	--	3,114
(Increase) decrease in accounts receivable	778	779	--	1,557
(Increase) decrease in other receivables	--	--	--	--
(Increase) decrease in due from other funds	(56)	(55)	--	(111)
Decrease (increase) in unearned revenue	1,519	1,520	--	3,039
Decrease (increase) in deposits payable	--	--	--	--
Decrease (increase) in accounts payable	7,056	(3,251)	--	3,805
Decrease (increase) in due to other funds	(801)	(803)	--	(1,604)
Net cash provided (used by) operating activities	<u>\$ 17,801</u>	<u>\$ (913)</u>	<u>\$ (345)</u>	<u>\$ 16,543</u>

MAINTENANCE DISTRICT 07 - MARINA VIEW HEIGHTS
(a Component Unit of the County of Madera)

Combining Statement of Net Position
June 30, 2013

	<u>Water</u>	<u>Sewer</u>	<u>Roads</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and investments	\$ 197,104	\$ 184,218	\$ --	\$ 381,322
Accounts receivable	2,466	2,467	--	4,933
Due from County of Madera	646	647	--	1,293
Total current assets	<u>200,216</u>	<u>187,332</u>	<u>--</u>	<u>387,548</u>
Non-current assets:				
Land	--	--	69,786	69,786
Construction in progress	68,822	--	--	68,822
Depreciable assets	93,087	89,940	38,917	221,944
Accumulated depreciation	(69,729)	(68,762)	(38,917)	(177,408)
Total non-current assets	<u>92,180</u>	<u>21,178</u>	<u>69,786</u>	<u>183,144</u>
Total assets	<u>292,396</u>	<u>208,510</u>	<u>69,786</u>	<u>570,692</u>
LIABILITIES				
Current liabilities:				
Accounts payable	5,580	3,251	--	8,831
Due to County of Madera	1,747	1,747	--	3,494
Unearned revenues	314	315	--	629
Total liabilities	<u>7,641</u>	<u>5,313</u>	<u>--</u>	<u>12,954</u>
NET POSITION				
Net investment in capital assets	92,180	21,178	69,786	183,144
Unrestricted	192,575	182,019	--	374,594
Total Net Position	<u>\$ 284,755</u>	<u>\$ 203,197</u>	<u>\$ 69,786</u>	<u>\$ 557,738</u>

MAINTENANCE DISTRICT 07 - MARINA VIEW HEIGHTS
(a Component Unit of the County of Madera)

Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2013

	<u>Water</u>	<u>Sewer</u>	<u>Roads</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 51,276	\$ 51,276	\$ --	\$ 102,552
Total operating revenues	<u>51,276</u>	<u>51,276</u>	<u>--</u>	<u>102,552</u>
Operating Expenses:				
Services and supplies	58,346	72,465	2,816	133,627
Depreciation	1,548	1,566	--	3,114
Total operating expenses	<u>59,894</u>	<u>74,031</u>	<u>2,816</u>	<u>136,741</u>
Operating Income (Loss)	<u>(8,618)</u>	<u>(22,755)</u>	<u>(2,816)</u>	<u>(34,189)</u>
Non-operating revenues (expenses)				
Taxes	22,618	22,618	2,816	48,052
Investment income	715	716	--	1,431
Intergovernmental revenue	296	295	--	591
Total non-operating revenues (expenses)	<u>23,629</u>	<u>23,629</u>	<u>2,816</u>	<u>50,074</u>
Change in Net Position Before Capital Contributions	15,011	874	--	15,885
Capital Contributions	<u>30,416</u>	<u>--</u>	<u>--</u>	<u>30,416</u>
Change in Net Position	45,427	874	--	46,301
Net position - beginning	<u>239,328</u>	<u>202,323</u>	<u>69,786</u>	<u>511,437</u>
Net position - ending	<u>\$ 284,755</u>	<u>\$ 203,197</u>	<u>\$ 69,786</u>	<u>\$ 557,738</u>

MAINTENANCE DISTRICT 07 - MARINA VIEW HEIGHTS
(a Component Unit of the County of Madera)

Combining Statement of Cash Flows
For the Year Ended June 30, 2013

	<u>Water</u>	<u>Sewer</u>	<u>Roads</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 51,985	\$ 51,985	\$ --	\$ 103,970
Payments to suppliers and service providers	(53,226)	(69,678)	(2,816)	(125,720)
Net cash provided (used by) operating activities	<u>(1,241)</u>	<u>(17,693)</u>	<u>(2,816)</u>	<u>(21,750)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating grants	296	295	--	591
Taxes	22,618	22,618	2,816	48,052
Net cash provided (used by) noncapital financing activities	<u>22,914</u>	<u>22,913</u>	<u>2,816</u>	<u>48,643</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital grants	30,416	--	--	30,416
Acquisition and construction of capital assets	(68,822)	--	--	(68,822)
Net cash provided (used by) capital and related financing activities	<u>(38,406)</u>	<u>--</u>	<u>--</u>	<u>(38,406)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	711	720	--	1,431
Net cash provided (used by) investing activities	<u>711</u>	<u>720</u>	<u>--</u>	<u>1,431</u>
Net increase (decrease) in cash and cash equivalents	(16,022)	5,940	--	(10,082)
Cash and cash equivalents July 1	<u>213,126</u>	<u>178,278</u>	<u>--</u>	<u>391,404</u>
Cash and cash equivalents June 30	<u>\$ 197,104</u>	<u>\$ 184,218</u>	<u>\$ --</u>	<u>\$ 381,322</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	<u>\$ (8,618)</u>	<u>\$ (22,755)</u>	<u>\$ (2,816)</u>	<u>\$ (34,189)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used for) operating activities:				
Depreciation	1,548	1,566	--	3,114
(Increase) decrease in accounts receivable	366	366	--	732
(Increase) decrease in due from other funds	642	642	--	1,284
Decrease (increase) in unearned revenue	(299)	(299)	--	(598)
Decrease (increase) in accounts payable	4,931	2,598	--	7,529
Decrease (increase) in due to other funds	189	189	--	378
Net cash provided (used by) operating activities	<u>\$ (1,241)</u>	<u>\$ (17,693)</u>	<u>\$ (2,816)</u>	<u>\$ (21,750)</u>

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

The Board of Supervisors and Grand Jury
Madera County
Madera, California

We have audited the accompanying financial statements of the Maintenance District 07 – Marina View Heights (District), a component unit of the County of Madera, California, as of and for the years ended June 30, 2015, 2014 and 2013 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 24, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

The Board of Supervisors and Grand Jury
Madera County

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Roseville, California
March 24, 2017