

**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2016**

**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

JUNE 30, 2016

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Report of Independent Auditors

To the Board of Supervisors
Madera County

Report on the Financial Statements

We have audited the accompanying financial statements of the Service Area 03 – Parksdale (District), a component unit of the County of Madera, California as of and for the year then ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts. 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Service Area 03 – Parksdale as of June 30, 2016, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 25 – 27 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing

and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink, appearing to read "R. Allen" followed by a stylized flourish.

Fresno, California
December 4, 2017

BASIC FINANCIAL STATEMENTS

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**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF NET POSITION
JUNE 30, 2016**

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 267,680	\$ 493,591	\$ 761,271
Cash and investments - restricted	-	44,794	44,794
Accounts receivable	-	125,798	125,798
Interest receivable	628	1,264	1,892
Taxes receivable	3	74	77
Due from County of Madera	-	14,431	14,431
Long-term assessments receivable	-	29,166	29,166
Capital assets, not being depreciated			
Land	3,490	8,750	12,240
Land under roads	370,268	-	370,268
Capital assets being depreciated, net			
Water and sewer systems	-	1,850,571	1,850,571
Equipment	-	19,217	19,217
	<u>642,069</u>	<u>2,587,656</u>	<u>3,229,725</u>
LIABILITIES			
Accounts payable	-	12,622	12,622
Due to other governments	-	15,635	15,635
Interest payable	-	22,531	22,531
Deposits from others	-	7,420	7,420
Due to County of Madera	1,243	262,589	263,832
Unearned revenue	-	6,395	6,395
Noncurrent liabilities:			
Due within one year	-	21,000	21,000
Due in more than one year	-	242,000	242,000
	<u>1,243</u>	<u>590,192</u>	<u>591,435</u>
NET POSITION			
Net investment in capital assets	373,758	1,855,538	2,229,296
Restricted for:			
Road maintenance	267,068	-	267,068
Debt service	-	44,794	44,794
Unrestricted	-	97,132	97,132
	<u>640,826</u>	<u>1,997,464</u>	<u>2,638,290</u>
Total Net Position	<u>\$ 640,826</u>	<u>\$ 1,997,464</u>	<u>\$ 2,638,290</u>

The notes to the basic financial statements are an integral part of this statement.

**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Road maintenance	\$ 1,961	\$ 19,406	\$ -	\$ 17,445	\$ -	\$ 17,445
Total governmental activities	<u>1,961</u>	<u>19,406</u>	<u>-</u>	<u>17,445</u>	<u>-</u>	<u>17,445</u>
Business-Type Activities:						
Water	212,376	184,344	-	-	(28,032)	(28,032)
Sewer	333,726	176,399	14,431	-	(142,896)	(142,896)
Street Lights	11,621	-	-	-	(11,621)	(11,621)
SA 03B	82,755	183,912	-	-	101,157	101,157
Total business-type activities	<u>640,478</u>	<u>544,655</u>	<u>14,431</u>	<u>-</u>	<u>(81,392)</u>	<u>(81,392)</u>
Total primary government	<u>\$ 642,439</u>	<u>\$ 564,061</u>	<u>\$ 14,431</u>	<u>17,445</u>	<u>(81,392)</u>	<u>(63,947)</u>
General revenues:						
Property taxes				-	367	367
Investment earnings				1,757	3,266	5,023
Miscellaneous				-	875	875
Total general revenues				<u>1,757</u>	<u>4,508</u>	<u>6,265</u>
Changes in net position				19,202	(76,884)	(57,682)
Net position - beginning				<u>621,624</u>	<u>2,074,348</u>	<u>2,695,972</u>
Net position - ending				<u>\$ 640,826</u>	<u>\$ 1,997,464</u>	<u>\$ 2,638,290</u>

The notes to the basic financial statements are an integral part of this statement.

**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2016**

	<u>SA 03A</u>
ASSETS	
Cash and investments	\$ 267,680
Interest receivable	628
Taxes receivable	<u>3</u>
Total Assets	<u>\$ 268,311</u>
LIABILITIES	
Due to County of Madera	<u>\$ 1,243</u>
Total Liabilities	<u>1,243</u>
FUND BALANCES	
Restricted for:	
Road maintenance	<u>267,068</u>
Total Fund Balances	<u>267,068</u>
Total Liabilities and Fund Balances	<u>\$ 268,311</u>

The notes to the basic financial statements are an integral part of this statement.

**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016**

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - governmental funds	\$ 267,068
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>373,758</u>
Net position of governmental activities	<u>\$ 640,826</u>

The notes to the basic financial statements are an integral part of this statement.

**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>SA 03A</u>
REVENUES	
Assessments	\$ 19,406
Investment earnings	<u>1,757</u>
Total revenues	<u>21,163</u>
EXPENDITURES	
Current:	
Road maintenance:	
Maintenance - roads	<u>1,961</u>
Total Expenditures	<u>1,961</u>
Net change in fund balances	19,202
Fund balances - beginning	<u>247,866</u>
Fund balances - ending	<u>\$ 267,068</u>

The notes to the basic financial statements are an integral part of this statement.

**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

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

Net change in fund balance - governmental fund	\$ 19,202
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	<u>-</u>
Change in net position of governmental activities	<u>\$ 19,202</u>

The notes to the basic financial statements are an integral part of this statement.

**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2016**

	Enterprise Funds		
	SA 03	SA 03B	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 103,811	\$ 389,780	\$ 493,591
Cash and investments - restricted	44,794	-	44,794
Accounts receivable	118,045	7,753	125,798
Interest receivable	349	915	1,264
Taxes receivable	74	-	74
Due from County of Madera	14,431	-	14,431
Total Current Assets	281,504	398,448	679,952
Non-Current Assets:			
Long-term assessments receivable	29,166	-	29,166
Capital assets:			
Land	8,750	-	8,750
Depreciable assets	2,494,947	631,849	3,126,796
Accumulated depreciation	(1,224,099)	(32,909)	(1,257,008)
Total Non-Current Assets	1,308,764	598,940	1,907,704
Total Assets	1,590,268	997,388	2,587,656
LIABILITIES			
Current Liabilities:			
Accounts payable	12,381	241	12,622
Due to other governments	12,942	2,693	15,635
Interest payable	22,420	111	22,531
Deposits from others	5,320	2,100	7,420
Due to County of Madera	226,768	35,821	262,589
Unearned revenue	5,756	639	6,395
Bonds payable	21,000	-	21,000
Total Current Liabilities	306,587	41,605	348,192
Non-Current Liabilities:			
Advances from County of Madera	238,000	2,000	240,000
Bonds payable	2,000	-	2,000
Total Non-Current Liabilities	240,000	2,000	242,000
Total Liabilities	546,587	43,605	590,192
NET POSITION			
Net investment in capital assets	1,256,598	598,940	1,855,538
Restricted for debt service	44,794	-	44,794
Unrestricted	(257,711)	354,843	97,132
Total Net Position	\$ 1,043,681	\$ 953,783	\$ 1,997,464

The notes to the basic financial statements are an integral part of this statement.

**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Enterprise Funds		
	SA 03	SA 03B	Total
Operating Revenues:			
Charges for services	\$ 328,170	\$ 183,067	\$ 511,237
Other revenues	<u>32,573</u>	<u>845</u>	<u>33,418</u>
Total Operating Revenues	<u>360,743</u>	<u>183,912</u>	<u>544,655</u>
Operating Expenses:			
Services and supplies	89,558	61,261	150,819
Maintenance	151,850	5,645	157,495
Insurance	9,918	-	9,918
Utilities	256,079	-	256,079
Depreciation	<u>45,152</u>	<u>15,796</u>	<u>60,948</u>
Total Operating Expenses	<u>552,557</u>	<u>82,702</u>	<u>635,259</u>
Operating Income (Loss)	<u>(191,814)</u>	<u>101,210</u>	<u>(90,604)</u>
Non-Operating Revenue (Expenses):			
Taxes	367	-	367
Investment income	861	2,405	3,266
Intergovernmental	14,431	-	14,431
Interest and fiscal charges	(5,166)	(53)	(5,219)
Other non-operating revenues	<u>875</u>	<u>-</u>	<u>875</u>
Total Non-Operating Revenue (Expenses)	<u>11,368</u>	<u>2,352</u>	<u>13,720</u>
Change in Net Position	(180,446)	103,562	(76,884)
Net Position, Beginning of Year	<u>1,224,127</u>	<u>850,221</u>	<u>2,074,348</u>
Net Position, End of Year	<u>\$ 1,043,681</u>	<u>\$ 953,783</u>	<u>\$ 1,997,464</u>

The notes to the basic financial statements are an integral part of this statement.

**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Enterprise Funds		
	SA 03	SA 03B	Total
Cash flows from operating activities:			
Cash receipts from customers and users	\$ 379,950	\$ 187,245	\$ 567,195
Cash paid to suppliers	<u>(466,618)</u>	<u>(54,644)</u>	<u>(521,262)</u>
Net cash provided (used) by operating activities	<u>(86,668)</u>	<u>132,601</u>	<u>45,933</u>
Cash flows from non-capital financing activities:			
Taxes	411	1	412
Operating grants	14,431	-	14,431
Other receipts	875	-	875
Inter-division loans	17,311	(17,311)	-
Advances from County of Madera	100,000	-	100,000
Interest paid on non-capital debt	<u>(1,650)</u>	<u>-</u>	<u>(1,650)</u>
Net cash provided (used) by non-capital financing activities	<u>131,378</u>	<u>(17,310)</u>	<u>114,068</u>
Cash flows from capital and related financing activities:			
Principal paid on capital debt	<u>(20,000)</u>	<u>-</u>	<u>(20,000)</u>
Net cash provided (used) by capital and related financing activities	<u>(20,000)</u>	<u>-</u>	<u>(20,000)</u>
Cash flows from investing activities:			
Interest on investments	<u>704</u>	<u>1,914</u>	<u>2,618</u>
Net cash provided (used) by investing activities	<u>704</u>	<u>1,914</u>	<u>2,618</u>
Net increase (decrease) in cash and cash equivalents	25,414	117,205	142,619
Cash and cash equivalents, beginning of the year	<u>123,191</u>	<u>272,575</u>	<u>395,766</u>
Cash and cash equivalents, end of the year	<u>\$ 148,605</u>	<u>\$ 389,780</u>	<u>\$ 538,385</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position			
Cash and Investments per Statement of Net Position	\$ 103,811	\$ 389,780	\$ 493,591
Restricted Cash and Investments per Statement of Net Position	<u>44,794</u>	<u>-</u>	<u>44,794</u>
Total Cash and Investments per Statement of Net Position	<u>\$ 148,605</u>	<u>\$ 389,780</u>	<u>\$ 538,385</u>

The notes to the basic financial statements are an integral part of this statement.

**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Enterprise Funds		
	SA 03	SA 03B	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	\$ (191,814)	\$ 101,210	\$ (90,604)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	45,152	15,796	60,948
Changes in operating assets and liabilities:			
Decrease/(Increase) in accounts receivable	10,490	3,758	14,248
Decrease/(Increase) in due from County of Madera	(14,431)	-	(14,431)
Decrease/(Increase) in long-term assessments receivable	21,765	-	21,765
Increase/(Decrease) in accounts payable	3,249	177	3,426
Increase/(Decrease) in due to other governments	12,942	2,693	15,635
Increase/(Decrease) in due to County of Madera	24,596	9,392	33,988
Increase/(Decrease) in deposits from others	970	(450)	520
Increase/(Decrease) in unearned revenues	413	25	438
Net cash provided (used) by operating activities	<u>\$ (86,668)</u>	<u>\$ 132,601</u>	<u>\$ 45,933</u>

The notes to the basic financial statements are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the **SA 03 – Parksdale** (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

SA 03 Parksdale is located southeast of the Madera City limits. It encompasses the area between Road 28 on the west, Road 29 ½ on the east, Avenue 14 on the north, and Avenue 13 on the south. The District provides water, sewer and street light services to residential and commercial connections within the District's boundaries. The District was formed on December 19, 1972 by Resolution No. 72-536.

The Water System serves both SA 03 and SA 03B for a total of 666 improved units and 37 standby water units. The Sewer System provides wastewater collection service to 677.10 improved units and 37 standby units in SA 03 and SA 03B. The water and sewer rates are billed monthly and were last set on October 11, 2005 by Ordinance No. 611. There are also street lights in the system, but no current assessments for them.

SA 03B Parksdale is located on the northwest corner of the intersection of Avenue 13 1/3 and Road 29, which lies on the north side of SA 03's service boundary. This zone of benefit provides services for Self Help Enterprises residential subdivision. The assessed services in this zone of benefit include water, sewer, parks and landscaping, street light, storm drain, road maintenance, and fire protection. The rates for these services were set by Resolution No. 2010-063 on March 23, 2010 and include an annual Consumer Price Index adjustment. The monthly rates per improved single family unit are \$24.33 for water, \$12 for County sewer collection, \$19.92 for City sewer treatment, \$2.33 for lighting, \$16.33 for parks, \$5.3 for storm drain, \$9 for roads, \$7.37 for fire and \$12.33 for District administration. The standby rates for unimproved parcels are \$12.33. There are no property tax monies dedicated for this zone of benefit.

SA 03A Parksdale Estates Road Maintenance is located three and one half miles east of the City of Madera and accessed north from Avenue 13 by way of Road 28, 28 ½, and 29 ½. SA 03A was formed on July 17, 1990 by Resolution 90-161. SA 03A provides road maintenance to approximately 190 parcels served by 1.11 miles of paved roads (including curb and gutter). When the District was formed, a direct assessment of \$100 per parcel per year for road maintenance was approved.

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 a special revenue 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 accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation and Method of Accounting (Continued)

Government-Wide Financial Statements

The government-wide financial statements include a Statement of Net Position and a Statement of Activities. These financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all the District’s assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. An economic resource focus concentrates on an entity’s net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurement focus is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recognized in the period which they are earned, while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenue for the District in two categories:

- Charges for services
- Operating grants and contributions

Fund Financial Statements

The fund financial statements provide information about the District’s funds, separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as non-major funds.

The District reports the following major governmental funds:

- The SA 03A – *Road Maintenance* fund is used to account for all financial resources of the District relating to the maintenance of the paved roads within the District.

The District reports the following major proprietary funds:

- The SA 03 – *Water and Sewer Operations & Maintenance* fund is used to account for all financial resources of the District relating to water and sewer services provided to the residential development and commercial property of the District.
- The SA 03B – *Water, Sewer, Parks, Lighting, Drainage, Fire, and Road Operations & Maintenance* fund is used to account for all financial resources of the District relating to water, sewer, parks, lighting, drainage fire and road services provided to the Self Help Enterprises residential subdivision.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Change in Fund Balance. An accompanying schedule is presented to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the government-wide financial statements.

**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation and Method of Accounting (Continued)

Governmental Fund Financial Statements (Continued)

Governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Change in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual of accounting, revenues are recognized in the accounting period in which they become both measureable and available to finance expenditures of the current period.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded in the accounting period in which the liability is incurred.

Unavailable revenues arise when potential revenues do not meet both the “measureable” and “available” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unavailable revenue is removed from the Balance Sheet and revenue is recognized.

The District’s revenues consist of assessments and revenue from use of money and property. Program expenses are defined as those expenses directly related to providing road maintenance services.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, reconciliation is necessary to explain the adjustments needed to transform the fund-based financial statements into the government-wide presentation.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position and a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. The principal operating revenues of the District are charges for services. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. Operating expenses for the District include the costs of sales and services, administrative expenses, and depreciation on capital assets. All other expenses are reported as non-operating expenses.

**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Investments

Cash and investments shown in the Statement of Net Position and in the Balance Sheet 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.

D. Receivables

Receivables consist of interest and assessments from the County of Madera and fees charged for water and sewer services. Management believes its receivables to be fully collectible, and accordingly, no allowance for doubtful accounts is required.

E. Assessments

Secured and unsecured assessments are levied in July each year. Assessments become a lien against the property as of January 1 of each year. Secured assessments are payable in two installments which are due November 1 and February 1. Unsecured assessments are due on August 31. All assessments receivable are due from property owners within the District.

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (such as roads and similar items), are reported in the Statement of Net Position. Capital assets 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>
Infrastructure	20-50 years
Water and Sewer Systems	16-65 years
Structures and Improvements	30-50 years
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.

**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Budget

The District's budget is prepared on the modified accrual basis of accounting consistent with GAAP. The proposed budget is the spending authority from July until budget hearings are held the end of August and the County of Madera Board of Supervisors formally adopts the budget in early September. Once approved, the Board of Supervisors may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. Unencumbered appropriation for annual budgeted funds lapses at fiscal year-end.

Revenues are budgeted by source. Expenditures are budgeted by objects as follows: services and supplies, other charges, and capital outlay. This constitutes the legal level of control. Expenditures may not exceed appropriations for travel, transportation and education. Budget revisions between object levels, for travel, transportation, and education, or specific capital outlays are subject to final approval by Board of Supervisors. Revisions less than \$5,000 within the object levels (excluding transportation, travel & education and specific capital outlays) can be approved by the County Administrative Officer. There were no revisions to the budget made throughout the year.

For the year ended June 30, 2016, no instances existed in which expenditures exceeded appropriations.

H. Net Position and Fund Balances

Government-Wide Financial Statements

In the government-wide financial statements, net position is classified in the following:

- 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.
- Unrestricted – This category represents all other net position of the District, that do not meet the definition of “net investment in capital assets” or “restricted net position.”

**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Net Position and Fund Balances (Continued)

Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in governmental fund financial statements are as follows:

- Nonspendable Fund Balance – includes amounts that are not in a spendable form (such as inventories or prepaid amounts, and long-term loans and notes receivable) or are legally or contractually required to be maintained intact (such as principal of a permanent fund).
- Restricted Fund Balance – includes amounts that can be spent only for specific purposes stipulated by external parties (such as creditor, grant providers, or contributors) or by law.
- Committed Fund Balance – includes amounts that can be used only for the specific purpose determined by the County of Madera Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action. The formal action must occur prior to the end of the reporting period. The amount which will be subject to the constraint may be determined in the subsequent period.
- Assigned Fund Balance – is comprised of amounts intended to be used by the governmental entity for specific purposes that are neither restricted nor committed. Intent can be expressed by the Board of Supervisors or by an official or body to which the Board delegates the authority. Assigned fund balance can be used to eliminate a projected budgetary deficit in the subsequent year's budget.
- Unassigned Fund Balance - is the residual classification for the District and includes all amounts not contained in the other classification. Unassigned amounts are technically available for any purposes.

The Board of Supervisor establishes, modifies or rescinds fund balance commitments and assignments by passage of a resolution or an ordinance. This can be done through the adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, followed by committed, assigned and unassigned resources as they are needed.

I. Use of 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.

**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2: CASH AND INVESTMENTS

Cash and investments at June 30, 2016 are classified in the financial statements as follows:

Cash and investments – unrestricted	\$761,271
Cash and investments – restricted	<u>44,794</u>
Total cash and investments	<u>\$806,065</u>

The District's cash and investments consisted of the following as of June 30, 2016:

Deposits held with County of Madera Investment Pool	\$806,065
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Risk Disclosure

Required disclosures for the District's deposit and investment risks for the cash held in the County of Madera Treasury at June 30, 2016, were as follows:

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

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

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

The District's cash investments in the County of Madera Investment Pool are carried at fair value. County of Madera invests in numerous types of investments ranging all levels in the fair value hierarchy. Accordingly, County of Madera Investment Pool is not an investment type that can be categorized in any particular level in the fair value hierarchy.

**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016, was as follows:

Governmental Activities

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 3,490	\$ -	\$ -	\$ 3,490
Land under roads	370,268	-	-	370,268
Total capital assets, not being depreciated	373,758	-	-	373,758
Capital assets, being depreciated:				
Infrastructure	109,399	-	-	109,399
Total capital assets, being depreciated	109,399	-	-	109,399
Less accumulated depreciation for:				
Infrastructure	(109,399)	-	-	(109,399)
Total accumulated depreciation	(109,399)	-	-	(109,399)
Total capital assets being depreciated, net	-	-	-	-
Total capital assets, net	<u>\$ 373,758</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 373,758</u>

Business-Type Activities

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 8,750	\$ -	\$ -	\$ 8,750
Total capital assets, not being depreciated	8,750	-	-	8,750
Capital assets, being depreciated:				
Water and sewer systems	3,049,616	-	-	3,049,616
Equipment	77,180	-	-	77,180
Total capital assets, being depreciated	3,126,796	-	-	3,126,796
Less accumulated depreciation for:				
Water and sewer systems	(1,141,110)	(57,935)	-	(1,199,045)
Equipment	(54,950)	(3,013)	-	(57,963)
Total accumulated depreciation	(1,196,060)	(60,948)	-	(1,257,008)
Total capital assets being depreciated, net	1,930,736	(60,948)	-	1,869,788
Total capital assets, net	<u>\$ 1,939,486</u>	<u>\$ (60,948)</u>	<u>\$ -</u>	<u>\$ 1,878,538</u>

Depreciation expense of \$25,159, \$19,993, and \$15,796 was charged to the water function of SA 03, sewer function of SA 03, and SA 03B of the business-type activities, respectively.

**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4: DUE FROM/TO COUNTY OF MADERA

The amount due from the County of Madera as of June 30, 2016 is \$14,431 which consists of reimbursement from County of Madera related to the hydroflushing expenses incurred by SA 03 Sewer division.

The District contracts with the County of Madera to provide certain services to the District. The District's accounting and clerical functions are performed by County personnel. The County of Madera charges the District for administrative costs incurred. The amount due to the County of Madera as of June 30, 2016 is \$263,832. The District intends to pay back this amount through future cash flow at the current established rate, however, future rate increases may be necessary in order to fulfill the obligation.

NOTE 5: LONG-TERM LIABILITIES

The following is a summary of long-term liabilities transactions for the year-ended June 30, 2016:

	Balance			Balance	
	July 1, 2015	Additions	Deletions	June 30, 2016	Due Within One Year
Advance from County of Madera (SA 03 Water)	\$ -	\$ 100,000	\$ -	\$ 100,000	\$ -
Advance from County of Madera (SA 03 Sewer)	100,000	-	-	100,000	-
Advance from County of Madera (SA 03 Sewer)	38,000	-	-	38,000	-
Advance from County of Madera (SA 03B Sewer)	2,000	-	-	2,000	-
Drought Emergency Relief Installment Improvement Bond Payable (SA 03 Water)	43,000	-	(20,000)	23,000	21,000
Total	\$ 183,000	\$ 100,000	\$ (20,000)	\$ 263,000	\$ 21,000

Advance from the County of Madera (SA 03 Water)

The District has obtained a \$100,000 loan from the County of Madera on June 29, 2016 to assist with cash flow need in operation for water. The loan is to be repaid with interest at the pool rate plus 50 basis points as soon as funds are available from the District. Interest will accrue on the unpaid principal balance until the loan is paid in full. The outstanding balance of the loan advance as of June 30, 2016 was \$100,000.

Advances from the County of Madera (SA 03 Sewer)

The District has obtained a \$100,000 loan from the County of Madera on November 30, 2009 to assist with cash flow need for the I&I study related to the waste water system. The loan is to be repaid with approximately three percent (3%) interest per annum. This loan is to be repaid in total with interest by November 30, 2019. The outstanding balance of the loan advance as of June 30, 2016 was \$100,000.

The District has obtained a \$38,000 loan from the County of Madera on June 5, 2014 to assist with the payment to the City of Madera for sewer fees for the period from February of 2013 to May 20, 2014. Interest is at the rate earned by funds invested by the Madera County Treasurer in the "pooled investment account" on the last quarter calculated plus 50 basis points, (.50%) of 1 percent. The loan will be paid through revenue generated by a future rate increase for services. The outstanding balance of the loan advance as of June 30, 2016 was \$38,000.

**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5: LONG-TERM LIABILITIES (Continued)

Advance from County of Madera (SA 03B Sewer)

The District has obtained a \$2,000 loan from the County of Madera on June 5, 2014 to assist with the payment to the City of Madera for sewer fees for the period from February of 2013 to May 20, 2014. Interest is at the rate earned by funds invested by the Madera County Treasurer in the "pooled investment account" on the last quarter calculated plus 50 basis points, (.50%) of 1 percent. The loan will be paid through revenue generated by a future rate increase for services. The outstanding balance of the loan advance as of June 30, 2016 was \$2,000.

The District intends to pay back these advances through future cash flow at the current established rate, however, future rate increases may be necessary in order to fulfill the obligation.

Drought Emergency Relief Installment Improvement Bond Payable (SA 03 Water)

On May 23, 1978, the District issued \$398,800 Drought Emergency Relief Installment Improvement Bond for the purpose of financing the purchase and improvement of the water system of its Parksdale Water Assessment District. These bonds will be repaid from amounts levied against the property owners benefited by this water improvement. Those amounts, including interest, are 100 percent pledged to pay the scheduled principal and interest payments on the bond. The term of this bond is 40 years, maturing on July 2, 2017 with a stated interest rate of 5%. Annual principal installments range from \$800 to \$21,000 through July 2, 2017. Semi-annual payments are due on January 2nd and July 2nd of each year. As of June 30, 2016 the outstanding balance on this bond is \$23,000.

As of June 30, 2016, annual debt service requirements of the bonds payable to maturity is as follow:

Year ending June 30,	Principal	Interest	Total
2017	\$ 21,000	\$ 575	\$ 21,575
2018	2,000	50	2,050
	<u>\$ 23,000</u>	<u>\$ 625</u>	<u>\$ 23,625</u>

NOTE 6: 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 Comprehensive Annual Financial Report.

NOTE 7: SUBSEQUENT EVENTS

The District had obtained two loans, a \$15,000 loan for the water division and a \$13,000 loan for the sewer division, from the County of Madera on June 20, 2017 to help fund the District's operation. The loan is to be repaid with interest at the County of Madera treasury pool rate plus 50 basis points as soon as funds are available from the District. Interest will be accrued on the unpaid principal balance until loan is paid in full.

REQUIRED SUPPLEMENTARY INFORMATION

**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**SA 03A PARKSDALE ESTATES ROAD MAINTENANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Assessments	\$ 19,275	\$ 19,275	\$ 19,406	\$ 131
Investment earnings	1,025	1,025	1,757	732
Total revenues	<u>20,300</u>	<u>20,300</u>	<u>21,163</u>	<u>863</u>
Expenditures:				
Road maintenance:				
Maintenance - roads	200,000	200,000	1,961	198,039
Utilities	500	500	-	500
Appropriation for contingency	<u>65,969</u>	<u>65,969</u>	<u>-</u>	<u>65,969</u>
Total expenditures	<u>266,469</u>	<u>266,469</u>	<u>1,961</u>	<u>264,508</u>
Net change in fund balance	(246,169)	(246,169)	19,202	265,371
Fund balance - beginning of year	<u>247,866</u>	<u>247,866</u>	<u>247,866</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,697</u>	<u>\$ 1,697</u>	<u>\$ 267,068</u>	<u>\$ 265,371</u>

SUPPLEMENTARY INFORMATION

**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016**

	SA 03 Street				Total
	Water	Sewer	Lights	Eliminations	
ASSETS					
Current Assets:					
Cash and investments	\$ 103,811	\$ -	\$ -	\$ -	\$ 103,811
Cash and investments - restricted	44,794	-	-	-	44,794
Accounts receivable	70,406	47,639	-	-	118,045
Interest receivable	349	-	-	-	349
Taxes receivable	69	5	-	-	74
Due from other divisions	161,578	-	-	(161,578)	-
Due from County of Madera	-	14,431	-	-	14,431
Total Current Assets	381,007	62,075	-	(161,578)	281,504
Non-Current Assets:					
Long-term assessments receivable	29,166	-	-	-	29,166
Capital assets:					
Land	8,750	-	-	-	8,750
Depreciable assets	1,461,815	1,033,132	-	-	2,494,947
Accumulated depreciation	(753,696)	(470,403)	-	-	(1,224,099)
Total Non-Current Assets	746,035	562,729	-	-	1,308,764
Total Assets	1,127,042	624,804	-	(161,578)	1,590,268
LIABILITIES					
Current Liabilities:					
Accounts payable	8,260	3,242	879	-	12,381
Due to other governments	-	12,942	-	-	12,942
Interest payable	562	21,858	-	-	22,420
Deposits from others	5,320	-	-	-	5,320
Due to County of Madera	117,291	108,906	571	-	226,768
Due to other divisions	-	161,578	-	(161,578)	-
Unearned revenue	2,705	3,051	-	-	5,756
Bonds payable	21,000	-	-	-	21,000
Total Current Liabilities	155,138	311,577	1,450	(161,578)	306,587
Non-Current Liabilities:					
Advances from County of Madera	100,000	138,000	-	-	238,000
Bonds payable	2,000	-	-	-	2,000
Total Non-Current Liabilities	102,000	138,000	-	-	240,000
Total Liabilities	257,138	449,577	1,450	(161,578)	546,587
NET POSITION					
Net investment in capital assets	693,869	562,729	-	-	1,256,598
Restricted for debt service	44,794	-	-	-	44,794
Unrestricted	131,241	(387,502)	(1,450)	-	(257,711)
Total Net Position	\$ 869,904	\$ 175,227	\$ (1,450)	\$ -	\$ 1,043,681

**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

	SA 03			Total
	Water	Sewer	Street Lights	
Operating Revenues:				
Charges for services	\$ 153,413	\$ 174,757	\$ -	\$ 328,170
Other revenues	<u>30,931</u>	<u>1,642</u>	<u>-</u>	<u>32,573</u>
Total Operating Revenues	<u>184,344</u>	<u>176,399</u>	<u>-</u>	<u>360,743</u>
Operating Expenses:				
Services and supplies	41,989	47,569	-	89,558
Maintenance	82,992	67,566	1,292	151,850
Insurance	4,959	4,959	-	9,918
Utilities	56,116	189,634	10,329	256,079
Depreciation	<u>25,159</u>	<u>19,993</u>	<u>-</u>	<u>45,152</u>
Total Operating Expenses	<u>211,215</u>	<u>329,721</u>	<u>11,621</u>	<u>552,557</u>
Operating Income (Loss)	<u>(26,871)</u>	<u>(153,322)</u>	<u>(11,621)</u>	<u>(191,814)</u>
Non-Operating Revenue (Expenses):				
Taxes	367	-	-	367
Investment income	856	5	-	861
Intergovernmental	-	14,431	-	14,431
Interest and fiscal charges	(1,161)	(4,005)	-	(5,166)
Other non-operating revenues	<u>875</u>	<u>-</u>	<u>-</u>	<u>875</u>
Total Non-Operating Revenue (Expenses)	<u>937</u>	<u>10,431</u>	<u>-</u>	<u>11,368</u>
Income (Loss) Before Contributions	(25,934)	(142,891)	(11,621)	(180,446)
Transfers in	-	-	11,201	11,201
Transfers out	<u>(11,201)</u>	<u>-</u>	<u>-</u>	<u>(11,201)</u>
Change in Net Position	(37,135)	(142,891)	(420)	(180,446)
Net Position, Beginning of Year	<u>907,039</u>	<u>318,118</u>	<u>(1,030)</u>	<u>1,224,127</u>
Net Position, End of Year	<u>\$ 869,904</u>	<u>\$ 175,227</u>	<u>\$ (1,450)</u>	<u>\$ 1,043,681</u>

**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

	SA 03			Total
	Water	Sewer	Street Lights	
Cash flows from operating activities:				
Cash receipts from customers and users	\$ 215,538	\$ 164,412	\$ -	\$ 379,950
Cash paid to suppliers	<u>(171,070)</u>	<u>(284,347)</u>	<u>(11,201)</u>	<u>(466,618)</u>
Net cash provided (used) by operating activities	<u>44,468</u>	<u>(119,935)</u>	<u>(11,201)</u>	<u>(86,668)</u>
Cash flows from non-capital financing activities:				
Taxes	400	11	-	411
Operating grants	-	14,431	-	14,431
Other receipts	875	-	-	875
Transfer from (to) other divisions	(11,201)	-	11,201	-
Inter-division loans	(88,177)	105,488	-	17,311
Advances from County of Madera	100,000	-	-	100,000
Interest paid on non-capital debt	<u>(1,650)</u>	<u>-</u>	<u>-</u>	<u>(1,650)</u>
Net cash provided (used) by non-capital financing activities	<u>247</u>	<u>119,930</u>	<u>11,201</u>	<u>131,378</u>
Cash flows from capital and related financing activities:				
Principal paid on capital debt	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>
Net cash provided (used) by capital and related financing activities	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>
Cash flows from investing activities:				
Interest on investments	<u>699</u>	<u>5</u>	<u>-</u>	<u>704</u>
Net cash provided (used) by investing activities	<u>699</u>	<u>5</u>	<u>-</u>	<u>704</u>
Net increase (decrease) in cash and cash equivalents	25,414	-	-	25,414
Cash and cash equivalents, beginning of the year	<u>123,191</u>	<u>-</u>	<u>-</u>	<u>123,191</u>
Cash and cash equivalents, end of the year	<u>\$ 148,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,605</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position				
Cash and Investments per Statement of Net Position	\$ 103,811	\$ -	\$ -	\$ 103,811
Restricted Cash and Investments per Statement of Net Position	<u>44,794</u>	<u>-</u>	<u>-</u>	<u>44,794</u>
Total Cash and Investments per Statement of Net Position	<u>\$ 148,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,605</u>

**SERVICE AREA 03 – PARKSDALE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

	SA 03			
	Water	Sewer	Street Lights	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ (26,871)	\$ (153,322)	\$ (11,621)	\$ (191,814)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	25,159	19,993	-	45,152
Changes in operating assets and liabilities:				
Decrease/(Increase) in accounts receivable	8,586	1,904	-	10,490
Decrease/(Increase) in due from County of Madera	-	(14,431)	-	(14,431)
Decrease/(Increase) in long-term assessments receivable	21,765	-	-	21,765
Increase/(Decrease) in accounts payable	415	2,809	25	3,249
Increase/(Decrease) in due to other governments	-	12,942	-	12,942
Increase/(Decrease) in due to County of Madera	14,571	9,630	395	24,596
Increase/(Decrease) in deposits from others	970	-	-	970
Increase/(Decrease) in unearned revenues	(127)	540	-	413
Net cash provided (used) by operating activities	<u>\$ 44,468</u>	<u>\$ (119,935)</u>	<u>\$ (11,201)</u>	<u>\$ (86,668)</u>