

**MAINTENANCE DISTRICT 28 – RIPPERDAN
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2021**

**MAINTENANCE DISTRICT 28 – RIPPERDAN
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

JUNE 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	1
Statement of Revenues, Expenses, and Changes in Net Position	2
Statement of Cash Flows	3
Notes to the Basic Financial Statements	4

BASIC FINANCIAL STATEMENTS

THIS PAGE IS LEFT BLANK INTENTIONALLY.

**MAINTENANCE DISTRICT 28 – RIPPERDAN
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF NET POSITION
JUNE 30, 2021**

ASSETS

Current Assets:

Cash and investments	\$ 353,253
Accounts receivable	12,385
Interest receivable	368
Due from other governments	<u>26,206</u>

Total Current Assets 392,212

Non-Current Assets:

Capital assets:

Land	1,000
Depreciable assets	56,207
Accumulated depreciation	<u>(53,860)</u>

Total Non-Current Assets 3,347

Total Assets 395,559

LIABILITIES

Current Liabilities:

Accounts payable	2,599
Interest payable	1,907
Deposits from others	300
Due to County of Madera	57,817
Unearned revenue	<u>330</u>

Total Current Liabilities 62,953

Non-current Liabilities:

Advance from County of Madera	<u>438,137</u>
-------------------------------	----------------

Total Non-Current Liabilities 438,137

Total Liabilities 501,090

NET POSITION

Net investment in capital assets	3,347
Unrestricted	<u>(108,878)</u>

Total Net Position \$ (105,531)

**MAINTENANCE DISTRICT 28 – RIPPERDAN
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

Operating Revenues:	
Charges for services	\$ 32,732
Other revenues	25
Total Operating Revenues	32,757
Operating Expenses:	
Services and supplies	35,401
Maintenance	44,260
Insurance	957
Utilities	9,935
Depreciation	151
Total Operating Expenses	90,704
Operating Income (Loss)	(57,947)
Non-Operating Revenue (Expenses):	
Taxes	4,919
Investment income	604
Intergovernmental	26,206
Interest and fiscal charges	(1,246)
Total Non-Operating Revenue (Expenses)	30,483
Change in Net Position	(27,464)
Net Position, Beginning of Year	(78,067)
Net Position, End of Year	\$ (105,531)

**MAINTENANCE DISTRICT 28 – RIPPERDAN
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

Cash flows from operating activities:	
Cash receipts from customers and users	\$ 27,912
Cash paid to suppliers	<u>(51,834)</u>
Net cash provided by (used for) operating activities	<u>(23,922)</u>
Cash flows from noncapital financing activities:	
Taxes	4,919
Advances from County of Madera	<u>365,000</u>
Net cash provided by (used for) noncapital financing activities	<u>369,919</u>
Cash flows from investing activities:	
Interest on investments	<u>256</u>
Net cash provided by (used for) investing activities	<u>256</u>
Net increase (decrease) in cash and cash equivalents	346,253
Cash and cash equivalents, beginning of the year	<u>7,000</u>
Cash and cash equivalents, end of the year	<u>\$ 353,253</u>

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities

Operating income (loss)	\$ (57,947)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	151
Changes in operating assets and liabilities:	
Decrease/(Increase) in accounts receivable	(4,055)
Increase/(Decrease) in accounts payable	1,773
Increase/(Decrease) in due to County of Madera	36,946
Increase/(Decrease) in unearned revenues	<u>(790)</u>
Net cash provided by (used for) operating activities	<u>\$ (23,922)</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS LEFT BLANK INTENTIONALLY.

**MAINTENANCE DISTRICT 28 – RIPPERDAN
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the **MD 28 - Ripperdan** (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 and sewer service to a small community. The District is located seven miles south of Madera on State Highway 145. The District was formed on March 23, 1972 by Board Resolution 72-267.

The Ripperdan Water System provides residential water service to 17 improved units. There is one fire hydrant which is located at the well site. The Ripperdan Sewer System provides sewer service for 16 improved units. The funding for the water and sewer operations is derived from charges for water and sewer services. The water and sewer rates were last set on January 13, 2009 by Resolution No. 2009-014 and are based on a flat rate structure with an annual Consumer Price Index adjustment. On May 22, 2018, water and sewer rates were increased by Resolution No. 2018-072 based on the result of the rate study. In addition, the District receives property taxes to cover the District's expenses.

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

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.

The District accounts for its activities as a single enterprise fund. 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.

C. 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.

**MAINTENANCE DISTRICT 28 – RIPPERDAN
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Receivables

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

E. Taxes

Secured and unsecured taxes are levied in July each year. Taxes become a lien against the property as of January 1 of each year. Secured taxes are payable in two installments which are due November 1 and February 1. Unsecured taxes are due on August 31. All taxes 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 acquisition 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.

G. Net Position

Net position is classified in the following three components:

- 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, 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.”

When both restricted and unrestricted resources are available for use, unrestricted resources are used only after the restricted resources are depleted.

**MAINTENANCE DISTRICT 28 – RIPPERDAN
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. 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.

NOTE 2: CASH AND INVESTMENTS

Cash and investments at June 30, 2021 are classified in the financial statements as follows:

Cash and investments – unrestricted	\$353,253
-------------------------------------	-----------

The District's cash and investments consisted of the following as of June 30, 2021:

Deposits held with County of Madera Investment Pool	\$353,253
---	-----------

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, 2021, 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 Annual Comprehensive 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 and 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.

**MAINTENANCE DISTRICT 28 – RIPPERDAN
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
Total capital assets, not being depreciated	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Capital assets, being depreciated:				
Water and sewer systems	56,207	-	-	56,207
Total capital assets, being depreciated	<u>56,207</u>	<u>-</u>	<u>-</u>	<u>56,207</u>
Less accumulated depreciation for:				
Water and sewer systems	(53,709)	(151)	-	(53,860)
Total accumulated depreciation	<u>(53,709)</u>	<u>(151)</u>	<u>-</u>	<u>(53,860)</u>
Total capital assets being depreciated, net	<u>2,498</u>	<u>(151)</u>	<u>-</u>	<u>2,347</u>
Total capital assets, net	<u>\$ 3,498</u>	<u>\$ (151)</u>	<u>\$ -</u>	<u>\$ 3,347</u>

Depreciation expense of \$151 was charged to the water and sewer service functions of the District.

NOTE 4: RELATED PARTY TRANSACTIONS

The District's taxes are levied and collected through County of Madera Assessor and Treasurer-Tax Collector departments. The District contracts with the County of Madera to provide certain services. The District's accounting and clerical functions are performed by County personnel. County of Madera charges the District for administrative costs incurred. Total expenses to the County of Madera for the year ended June 30, 2021 is \$50,010.

The amount due to the County of Madera as of June 30, 2021 is \$57,817.

**MAINTENANCE DISTRICT 28 – RIPPERDAN
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5: ADVANCE FROM COUNTY OF MADERA

The following is a summary of advance from the County of Madera for the year-ended June 30, 2021.

	Balance			Balance		Due Within
	July 1, 2020	Additions	Deletions	June 30, 2021	One Year	
Advance from County of Madera	\$ 43,137	\$ -	\$ -	\$ 43,137	\$ -	-
Advance from County of Madera 2019	15,000	-	-	15,000	-	-
Advance from County of Madera 2020	15,000	-	-	15,000	-	-
Advance from County of Madera 2021	<u>-</u>	<u>365,000</u>	<u>-</u>	<u>365,000</u>	<u>-</u>	<u>-</u>
 Total	 <u>\$ 73,137</u>	 <u>\$ 365,000</u>	 <u>\$ -</u>	 <u>\$ 438,137</u>	 <u>\$ -</u>	 <u>-</u>

The District has been advanced funds from the County in the amount of \$43,137. The advance is unsecured, noninterest bearing, and is due on demand. The County does not anticipate demanding repayment in the next fiscal year; therefore, the balance has been shown as a noncurrent liability on the statement of net position.

The District obtained a \$15,000 loan for the sewer division, from the County of Madera on June 20, 2019 to help fund the District’s daily operations. 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.

The District obtained a \$15,000 loan for the water division, from the County of Madera on August 19, 2019 to help fund the District’s daily operations. 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.

The District obtained a \$15,000 loan for the water division, from the County of Madera on August 24, 2020 to help fund the District’s daily operations. 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.

The District obtained a \$350,000 loan for the water division, from the County of Madera on March 3, 2021 to help pay for major repairs on the water system due to a car accident at the MD28 well site. 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.

The District intends to pay back this amount through future cash flow at the new established rate approved on May 22, 2018 by Resolution No. 2018-072.

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 Public Risk Innovation, Solutions, and Management (PRISM). Disclosure of complete information on risk management can be found in the County of Madera Annual Comprehensive Financial Report.

**MAINTENANCE DISTRICT 28 – RIPPERDAN
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7: COMMITMENTS AND CONTINGENCIES

Grants

The District participates in a State grant program subject to financial and compliance audits by the grantor or their representatives. The amount, if any, of expenses which may be disallowed by the granting agency cannot be determined at this time. However, management does not believe that audit disallowances, if any, would have a significant effect on the financial position of the District.

NOTE 8: SUBSEQUENT EVENT

The District obtained a \$35,000 loan for the sewer division, from the County of Madera on July 13, 2021 to help fund the District's daily operations. The loan is to be repaid with interest at 1% within a period of 60 months. Interest will be accrued on the unpaid principal balance until loan is paid in full.