

**MAINTENANCE DISTRICT 95 – RANCHOS WEST
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

FINANCIAL STATEMENTS

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

**MAINTENANCE DISTRICT 95 – RANCHOS WEST
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

JUNE 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet – Governmental Fund	3
Reconciliation of the Balance Sheet – Governmental Funds to the Government-wide Statement of Net Position	4
Statement of Revenues, Expenditures, and Change in Fund Balance – Governmental Fund	5
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance - Governmental Fund to the Government-wide Statement of Activities	6
Statement of Net Position – Proprietary Fund	7
Statement of Revenues, Expenses, and Change in Net Position – Proprietary Fund	8
Statement of Cash Flows – Proprietary Fund	9
Notes to the Basic Financial Statements	10
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Change in Fund Balance – Budget to Actual	18

BASIC FINANCIAL STATEMENTS

THIS PAGE IS LEFT BLANK INTENTIONALLY.

**MAINTENANCE DISTRICT 95 – RANCHOS WEST
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 19,442	\$ 10,636	\$ 30,078
Accounts receivable	110	4,203	4,313
Interest receivable	21	11	32
Capital assets, not being depreciated			
Land	2,490	1,058	3,548
Land under roads	320,369	-	320,369
Capital assets being depreciated, net			
Water systems	-	386,981	386,981
Total Assets	342,432	402,889	745,321
LIABILITIES			
Accounts payable	-	60	60
Deposits from others	-	900	900
Due to County of Madera	104	15,418	15,522
Unearned revenue	-	124	124
Total Liabilities	104	16,502	16,606
NET POSITION			
Net investment in capital assets	322,859	388,039	710,898
Restricted for road maintenance	19,469	-	19,469
Unrestricted	-	(1,652)	(1,652)
Total Net Position	\$ 342,328	\$ 386,387	\$ 728,715

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

**MAINTENANCE DISTRICT 95 – RANCHOS WEST
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Governmental Activities	Business-Type Activities	Total
Governmental Activities:					
Road maintenance	\$ 1,476	\$ 2,910	\$ 1,434	\$ -	\$ 1,434
Total governmental activities	<u>1,476</u>	<u>2,910</u>	<u>1,434</u>	<u>-</u>	<u>1,434</u>
Business-Type Activities:					
Water	<u>139,520</u>	<u>67,630</u>	<u>-</u>	<u>52,120</u>	<u>52,120</u>
Total business-type activities	<u>139,520</u>	<u>67,630</u>	<u>-</u>	<u>52,120</u>	<u>52,120</u>
Total primary government	<u>\$ 140,996</u>	<u>\$ 70,540</u>	<u>1,434</u>	<u>52,120</u>	<u>53,554</u>
General revenues:					
Investment earnings			<u>75</u>	<u>79</u>	<u>154</u>
Total general revenues			<u>75</u>	<u>79</u>	<u>154</u>
Changes in net position			1,509	52,199	53,708
Net position - beginning			<u>340,819</u>	<u>334,188</u>	<u>675,007</u>
Net position - ending			<u>\$ 342,328</u>	<u>\$ 386,387</u>	<u>\$ 728,715</u>

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

**MAINTENANCE DISTRICT 95 – RANCHOS WEST
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2021**

	<u>Road Maintenance</u>
ASSETS	
Cash and investments	\$ 19,442
Accounts receivable	110
Interest receivable	<u>21</u>
Total Assets	<u>\$ 19,573</u>
LIABILITIES	
Due to County of Madera	<u>\$ 104</u>
Total Liabilities	<u>104</u>
FUND BALANCE	
Restricted for road maintenance	<u>19,469</u>
Total Fund Balance	<u>19,469</u>
Total Liabilities and Fund Balance	<u>\$ 19,573</u>

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

**MAINTENANCE DISTRICT 95 – RANCHOS WEST
(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, 2021**

Fund balance - governmental fund	\$ 19,469
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>322,859</u>
Net position of governmental activities	<u>\$ 342,328</u>

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

**MAINTENANCE DISTRICT 95 – RANCHOS WEST
(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, 2021**

	Road Maintenance
REVENUES	
Assessments	\$ 2,910
Investment earnings	<u>75</u>
Total revenues	<u>2,985</u>
EXPENDITURES	
Current:	
Road maintenance:	
General and administrative	165
Maintenance - roads	636
Insurance	<u>675</u>
Total Expenditures	<u>1,476</u>
Net change in fund balances	1,509
Fund balance - beginning	<u>17,960</u>
Fund balance - ending	<u><u>\$ 19,469</u></u>

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

**MAINTENANCE DISTRICT 95 – RANCHOS WEST
(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, 2021**

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

Net change in fund balance - governmental fund	\$ 1,509
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>\$ 1,509</u>

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

**MAINTENANCE DISTRICT 95 – RANCHOS WEST
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

	Enterprise Fund
	Water
ASSETS	
Current Assets:	
Cash and investments	\$ 10,636
Accounts receivable	4,203
Interest receivable	11
Total Current Assets	14,850
Non-Current Assets:	
Capital assets:	
Land	1,058
Depreciable assets	896,013
Accumulated depreciation	(509,032)
Total Non-Current Assets	388,039
Total Assets	402,889
LIABILITIES	
Current Liabilities:	
Accounts payable	60
Deposits from others	900
Due to County of Madera	15,418
Unearned revenue	124
Total Current Liabilities	16,502
Total Liabilities	16,502
NET POSITION	
Net investment in capital assets	388,039
Unrestricted	(1,652)
Total Net Position	\$ 386,387

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

**MAINTENANCE DISTRICT 95 – RANCHOS WEST
(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, 2021**

	Enterprise Fund
	Water
Operating Revenues:	
Charges for services	\$ 67,630
Total Operating Revenues	67,630
Operating Expenses:	
Services and supplies	3,674
Maintenance	27,782
Insurance	1,813
Utilities	33,899
Depreciation	72,352
Total Operating Expenses	139,520
Operating Income (Loss)	(71,890)
Non-Operating Revenue (Expenses):	
Investment income	79
Other non-operating revenues	124,010
Total Non-Operating Revenue (Expenses)	124,089
Change in Net Position	52,199
Net Position, Beginning of Year	334,188
Net Position, End of Year	\$ 386,387

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

**MAINTENANCE DISTRICT 95 – RANCHOS WEST
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

	Enterprise Fund
	Water
Cash flows from operating activities:	
Cash receipts from customers and users	\$ 109,718
Cash paid to suppliers	(91,492)
Net cash provided (used) by operating activities	18,226
Cash flows from noncapital financing activities:	
Advance from County of Madera	31,500
Payment of Advances from County of Madera	(45,000)
Net cash provided (used) by noncapital financing activities	(13,500)
Cash flows from investing activities:	
Interest on investments	77
Net cash provided (used) by investing activities	77
Net increase (decrease) in cash and cash equivalents	4,803
Cash and cash equivalents, beginning of the year	5,833
Cash and cash equivalents, end of the year	\$ 10,636
 Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities	
Operating income (loss)	\$ (71,890)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	72,352
Changes in operating assets and liabilities:	
Decrease/(Increase) in accounts receivable	42,302
Increase/(Decrease) in accounts payable	(12,917)
Increase/(Decrease) in due to County of Madera	(11,407)
Increase/(Decrease) in unearned revenues	(214)
Net cash provided (used) by operating activities	\$ 18,226

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS LEFT BLANK INTENTIONALLY.

**MAINTENANCE DISTRICT 95 – RANCHOS WEST
(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 95 – Ranchos West** (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 is located one-half of a mile north of Avenue 12 and accessed from Road 35. The District was formed on June 20, 1995 by Resolution No. 95-157 and is approximately 39 acres in size.

The District provides road maintenance to approximately 29 parcels excluding two out lots (one for drainage and a water well site) served by 0.83 miles of paved roads with curb and gutter. When the District was formed, a direct assessment of \$100 per parcel per year for road maintenance was approved.

The District also provides water service to a small residential development. The Ranchos West water system serves 27 improved units and 2 standby units. The system consists of two active wells with a combined production of approximately 350 gpm. These wells pump and deliver water to a 139,200 gallon storage tank, with boost pumps to supply a pressurized system. The distribution system is looped and primarily consists of 8 inch C-900 PVC mains. The system also contains fire hydrants and consumer meters. The funding for the water operations is derived from charges for water services. On June 9, 2020, water rates were increased by Resolution No. 2020-061 based on the result of the rate study.

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.

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.

**MAINTENANCE DISTRICT 95 – RANCHOS WEST
(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)

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

Government-Wide Financial Statements (Continued)

Certain types of transactions are reported as program revenue for the District charges for services

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 *MD 95 – Road Maintenance* fund is used to account for all financial resources of the District relating to the maintenance of the paved roads and the drainage lot within the District.

The District reports the following major proprietary funds:

- The *MD 95 – Water Operations & Maintenance* fund is used to account for all financial resources of the District relating to water services provided to the residential development of the District.

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.

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.

**MAINTENANCE DISTRICT 95 – RANCHOS WEST
(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)

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

Governmental Fund Financial Statements (Continued)

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.

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 from the County of Madera. 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.

**MAINTENANCE DISTRICT 95 – RANCHOS WEST
(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)

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 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. 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 the 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.

**MAINTENANCE DISTRICT 95 – RANCHOS WEST
(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. 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.”

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.

**MAINTENANCE DISTRICT 95 – RANCHOS WEST
(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)

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.

NOTE 2: CASH AND INVESTMENTS

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

Cash and investments – unrestricted	\$30,078
-------------------------------------	----------

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

Deposits held with County of Madera Investment Pool	\$30,078
---	----------

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 95 – RANCHOS WEST
(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:

Governmental Activities

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 2,490	\$ -	\$ -	\$ 2,490
Land under roads	<u>320,369</u>	<u>-</u>	<u>-</u>	<u>320,369</u>
Total capital assets, not being depreciated	<u>322,859</u>	<u>-</u>	<u>-</u>	<u>322,859</u>
Capital assets, being depreciated:				
Infrastructure	<u>80,092</u>	<u>-</u>	<u>-</u>	<u>80,092</u>
Total capital assets, being depreciated	<u>80,092</u>	<u>-</u>	<u>-</u>	<u>80,092</u>
Less accumulated depreciation for:				
Infrastructure	<u>(80,092)</u>	<u>-</u>	<u>-</u>	<u>(80,092)</u>
Total accumulated depreciation	<u>(80,092)</u>	<u>-</u>	<u>-</u>	<u>(80,092)</u>
Total capital assets being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, net	<u>\$ 322,859</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 322,859</u>

Business-Type Activities

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 1,058	\$ -	\$ -	\$ 1,058
Total capital assets, not being depreciated	<u>1,058</u>	<u>-</u>	<u>-</u>	<u>1,058</u>
Capital assets, being depreciated:				
Water systems	<u>896,013</u>	<u>-</u>	<u>-</u>	<u>896,013</u>
Total capital assets, being depreciated	<u>896,013</u>	<u>-</u>	<u>-</u>	<u>896,013</u>
Less accumulated depreciation for:				
Water systems	<u>(436,680)</u>	<u>(72,352)</u>	<u>-</u>	<u>(509,032)</u>
Total accumulated depreciation	<u>(436,680)</u>	<u>(72,352)</u>	<u>-</u>	<u>(509,032)</u>
Total capital assets being depreciated, net	<u>459,333</u>	<u>(72,352)</u>	<u>-</u>	<u>386,981</u>
Total capital assets, net	<u>\$ 460,391</u>	<u>\$ (72,352)</u>	<u>\$ -</u>	<u>\$ 388,039</u>

Depreciation expense of \$72,352 was charged to the water function of the business-type activities.

**MAINTENANCE DISTRICT 95 – RANCHOS WEST
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

NOTE 4: RELATED PARTY TRANSACTIONS

The District’s assessments 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 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. Total expenses to the County of Madera for the year ended June 30, 2021 were \$32,276.

The amount due to the County of Madera as of June 30, 2021 is \$15,522.

NOTE 5: ADVANCE FROM COUNTY OF MADERA

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

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
Advance from County of Madera	\$ 132,239	\$ 31,500	\$ (163,739)	\$ -	\$ -
Total	<u>\$ 132,239</u>	<u>\$ 31,500</u>	<u>\$ (163,739)</u>	<u>\$ -</u>	<u>\$ -</u>

The County of Madera made a \$25,239 payment of expenses on behalf of the District in fiscal year 2005 due to the District having insufficient cash on hand at that time.

The District obtained a \$21,000 loan from the County of Madera on June 26, 2016, a \$24,000 loan on June 20, 2017, a \$25,000 loan on June 29, 2018 and another \$37,000 loan on June 21, 2019 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.

The District obtained a \$31,500 loan from the County of Madera on August 19, 2020 to help fund the District’s operation and this loan was paid off on August 26, 2020.

The MD 95 residents and the MD 95 entered into a Mutual General Release and Settlement Agreement on June 9, 2020. Within twenty business day after execution of the Settlement Agreement by all parties and their counsel, the MD 95 residents will pay MD 95 the sum of \$45,000 (Settlement Amount). The parties agree that as of the date the Settlement Amount is paid, the County will deem the MD 95 debt to have been paid in full. The MD 95 residents and the MD 95 also agree a series of five annual water rate increases. The rate increase that the residents have voted to approve by signing the Settlement Agreement along with careful control of maintenance costs, will general sufficient revenue to prevent the MD 95 from returning to historical deficits in the future. There was no outstanding advance from County of Madera balance as of June 30, 2021.

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.

REQUIRED SUPPLEMENTARY INFORMATION

**MAINTENANCE DISTRICT 95 – RANCHOS WEST
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Assessments	\$ 2,900	\$ 2,900	\$ 2,910	\$ 10
Investment earnings	<u>200</u>	<u>200</u>	<u>75</u>	<u>(125)</u>
Total revenues	<u>3,100</u>	<u>3,100</u>	<u>2,985</u>	<u>(115)</u>
Expenditures:				
Road maintenance:				
General and administrative	150	150	165	(15)
Maintenance - roads	15,000	15,000	636	14,364
Insurance	675	675	675	-
Appropriation for contingency	<u>4,313</u>	<u>4,313</u>	<u>-</u>	<u>4,313</u>
Total expenditures	<u>20,138</u>	<u>20,138</u>	<u>1,476</u>	<u>18,662</u>
Net change in fund balance	(17,038)	(17,038)	1,509	18,547
Fund balance - beginning of year	<u>17,960</u>	<u>17,960</u>	<u>17,960</u>	<u>-</u>
Fund balance - end of year	<u>\$ 922</u>	<u>\$ 922</u>	<u>\$ 19,469</u>	<u>\$ 18,547</u>