

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2017**

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

JUNE 30, 2017

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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 Maintenance District 19 – Parkwood (District), a component unit of the County of Madera, California as of and for the year ended June 30, 2017, 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 Maintenance District 19 – Parkwood as of June 30, 2017, 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

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 13-18 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.



Fresno, California
September 25, 2019

BASIC FINANCIAL STATEMENTS

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**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF NET POSITION
JUNE 30, 2017**

	Enterprise Funds			
	MD 19A/B			Total
	MD 19A	MD 19B	ACO	
ASSETS				
Current Assets:				
Cash and investments	\$ 175,379	\$ 184,099	\$ 92,741	\$ 452,219
Cash and investments - restricted	60,551	-	-	60,551
Accounts receivable, net	39,619	16,934	-	56,553
Interest receivable	724	516	256	1,496
Due from other governments	9,875	-	-	9,875
Due from other divisions	48,955	-	-	48,955
Total Current Assets	335,103	201,549	92,997	629,649
Non-Current Assets:				
Capital assets:				
Land	3,000	8,000	-	11,000
Depreciable assets	1,961,476	-	-	1,961,476
Accumulated depreciation	(1,114,437)	-	-	(1,114,437)
Total Non-Current Assets	850,039	8,000	-	858,039
Total Assets	1,185,142	209,549	92,997	1,487,688
LIABILITIES				
Current Liabilities:				
Accounts payable	2,990	593	-	3,583
Deposits from others	4,716	4,560	-	9,276
Due to County of Madera	102,867	20,474	-	123,341
Due to other divisions	-	48,955	-	48,955
Unearned revenue	954	1,748	-	2,702
Total Current Liabilities	111,527	76,330	-	187,857
Non-current Liabilities:				
Advances from County of Madera	70,296	-	-	70,296
Total Non-Current Liabilities	70,296	-	-	70,296
Total Liabilities	181,823	76,330	-	258,153
NET POSITION				
Net investment in capital assets	850,039	8,000	-	858,039
Restricted for debt service	60,551	-	-	60,551
Unrestricted	92,729	125,219	92,997	310,945
Total Net Position	\$ 1,003,319	\$ 133,219	\$ 92,997	\$ 1,229,535

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

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

	Enterprise Funds			Total
	MD 19A	MD 19B	MD 19A/B ACO	
Operating Revenues:				
Charges for services	\$ 254,686	\$ 122,986	\$ 50,933	\$ 428,605
Other revenues	1,377	167	-	1,544
Total Operating Revenues	<u>256,063</u>	<u>123,153</u>	<u>50,933</u>	<u>430,149</u>
Operating Expenses:				
Services and supplies	88,815	43,149	-	131,964
Maintenance	119,753	21,041	-	140,794
Insurance	4,037	1,516	-	5,553
Utilities	41,624	33,274	-	74,898
Depreciation	92,225	-	-	92,225
Total Operating Expenses	<u>346,454</u>	<u>98,980</u>	<u>-</u>	<u>445,434</u>
Operating Income (Loss)	<u>(90,391)</u>	<u>24,173</u>	<u>50,933</u>	<u>(15,285)</u>
Non-Operating Revenue (Expenses):				
Taxes	7,724	-	-	7,724
Investment income	2,241	1,745	830	4,816
Intergovernmental	9,875	-	-	9,875
Interest and fiscal charges	(425)	-	-	(425)
Other non-operating revenues	35	-	-	35
Total Non-Operating Revenue (Expenses)	<u>19,450</u>	<u>1,745</u>	<u>830</u>	<u>22,025</u>
Change in Net Position	(70,941)	25,918	51,763	6,740
Net Position, Beginning of Year	<u>1,074,260</u>	<u>107,301</u>	<u>41,234</u>	<u>1,222,795</u>
Net Position, End of Year	<u>\$ 1,003,319</u>	<u>\$ 133,219</u>	<u>\$ 92,997</u>	<u>\$ 1,229,535</u>

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

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017**

	Enterprise Funds			
	MD 19A	MD 19B	MD19A/B ACO	Total
Cash flows from operating activities:				
Cash receipts from customers and users	\$ 282,337	\$ 125,904	\$ 50,933	\$ 459,174
Cash paid to suppliers	<u>(347,518)</u>	<u>(94,292)</u>	<u>-</u>	<u>(441,810)</u>
Net cash provided (used) by operating activities	<u>(65,181)</u>	<u>31,612</u>	<u>50,933</u>	<u>17,364</u>
Cash flows from noncapital financing activities:				
Taxes	7,724	-	-	7,724
Transfer from (to) other divisions	<u>(40,228)</u>	<u>40,378</u>	<u>(150)</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>(32,504)</u>	<u>40,378</u>	<u>(150)</u>	<u>7,724</u>
Cash flows from capital and related financing activities:				
Principal paid on capital debt	(17,000)	-	-	(17,000)
Interest paid on capital debt	<u>(507)</u>	<u>-</u>	<u>-</u>	<u>(507)</u>
Net cash provided (used) by capital and related financing activities	<u>(17,507)</u>	<u>-</u>	<u>-</u>	<u>(17,507)</u>
Cash flows from investing activities:				
Interest on investments	<u>2,397</u>	<u>1,490</u>	<u>671</u>	<u>4,558</u>
Net cash provided (used) by investing activities	<u>2,397</u>	<u>1,490</u>	<u>671</u>	<u>4,558</u>
Net increase (decrease) in cash and cash equivalents	(112,795)	73,480	51,454	12,139
Cash and cash equivalents, beginning of the year	<u>348,725</u>	<u>110,619</u>	<u>41,287</u>	<u>500,631</u>
Cash and cash equivalents, end of the year	<u>\$ 235,930</u>	<u>\$ 184,099</u>	<u>\$ 92,741</u>	<u>\$ 512,770</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position				
Cash and Investments per Statement of Net Position	\$ 175,379	\$ 184,099	\$ 92,741	\$ 452,219
Restricted Cash and Investments per Statement of Net Position	<u>60,551</u>	<u>-</u>	<u>-</u>	<u>60,551</u>
Total Cash and Investments per Statement of Net Position	<u>\$ 235,930</u>	<u>\$ 184,099</u>	<u>\$ 92,741</u>	<u>\$ 512,770</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ (90,391)	\$ 24,173	\$ 50,933	\$ (15,285)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	92,225	-	-	92,225
Changes in operating assets and liabilities:				
Decrease/(Increase) in accounts receivable	(2,152)	1,064	-	(1,088)
Decrease/(Increase) in due from County of Madera	7,403	-	-	7,403
Decrease/(Increase) in long-term assessment receivable	20,543	-	-	20,543
Increase/(Decrease) in accounts payable	(128,018)	(367)	-	(128,385)
Increase/(Decrease) in due to County of Madera	34,729	5,055	-	39,784
Increase/(Decrease) in deposits from others	1,500	900	-	2,400
Increase/(Decrease) in unearned revenues	<u>(1,020)</u>	<u>787</u>	<u>-</u>	<u>(233)</u>
Net cash provided (used) by operating activities	<u>\$ (65,181)</u>	<u>\$ 31,612</u>	<u>\$ 50,933</u>	<u>\$ 17,364</u>
Schedule of non-cash noncapital financing activities:				
Reclassification from Due to County of Madera to Advances				
From County of Madera	\$ 45,840	\$ 24,456	\$ -	\$ 70,296

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the **MD 19 - Parkwood** (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

MD 19A provides water, sewer and street light services for a residential community. The District is located in Madera County Supervisorial District 4 south of Madera city limits in the area of Hwy 145 and Avenue 13. The district was formed on July 18, 1978 by Resolution No. 78-427. The Parkwood Water System provides water service to MD 19A and MD 19B for a total of 632.6 improved units. The system consists of 3 wells (only 1 of which is active), hydro-pneumatic tanks and the distribution lines. The Parkwood Sewer System provides sewer service to zone A which consists of 287.6 improved units. There are 31 street lights within the District and they are maintained by County's personnel.

The primary funding for the water, sewer, and street light operations is derived from charges for water, sewer, and street light services. Water and sewer rates were last set on September 10, 2013 by Resolution 2013-141. Total monthly utility charge for an improved unit in MD 19A is \$76.21. The \$76.21 breakdown includes \$27.06 for water service, \$41.15 for sewer, \$1.00 for street lights and \$7.00 for Accumulated Capital Outlay (ACO) charge. All rates include an annual Consumer Price Index adjustment which began July 1, 2016. The District accumulates ACO charges for future non-routine operating expenses (i.e. emergencies or planned expenses).

The District also receives property taxes to cover operating expenses and grant funding from the USDA to cover the water system improvement expenses.

MD 19B provides water and street light services for a residential community. The District is located in Madera County Supervisorial District 4 south of Madera city limits adjacent to MD 19A. The district was formed on July 18, 1978 by Resolution No. 78-427. Water service is provided to the District by way of MD 19A. Additionally, there are 41 street lights included in this District which are maintained by PG&E.

The funding for the water and street light operations is derived from charges for water and street light services. Water rates were last set on September 10, 2013 by Resolution 2013-142. The rates for this District are \$35.47 per month which includes \$26.87 for water service, \$1.60 for street lights and a \$7.00 ACO charge. The improved water, street lights, and ACO rates include an annual Consumer Price Index which began July 1, 2016. Sewer services to MD 19B are provided by the City of Madera.

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.

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.

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

D. Receivables

Receivables consist of fees charged for water and sewer services and interest from the County of Madera. Due from other governments consist of grant revenue from the State of California Department of Public Health. Management believes its receivables to be fully collectible, and accordingly, no allowance for doubtful accounts is required.

E. Property Taxes/Assessments

Secured and unsecured property taxes and assessments are levied in July each year. Property taxes and assessments become a lien against the property as of January 1 of each year. Secured property taxes and assessments are payable in two installments which are due November 1 and February 1. Unsecured property taxes and assessments are due on August 31. All property taxes and 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 Systems	15-65 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.

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.”

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

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, 2017 are classified in the financial statements as follows:

Cash and investments – unrestricted	\$452,219
Cash and investments – restricted	<u>60,551</u>
Total cash and investments	<u>\$512,770</u>

The District’s cash and investments consisted of the following as of June 30, 2017:

Deposits held with County of Madera Investment Pool	\$512,770
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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, 2017, 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.

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 2: CASH AND INVESTMENTS (Continued)

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.

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017, was as follows:

	MD 19A Total			Balance June 30, 2017
	Balance July 1, 2016	Additions	Deletions	
Capital assets, not being depreciated:				
Land	\$ 3,000	\$ -	\$ -	\$ 3,000
Total capital assets, not being depreciated	3,000	-	-	3,000
Capital assets, being depreciated:				
Water and sewer systems	1,961,476	-	-	1,961,476
Total capital assets, being depreciated	1,961,476	-	-	1,961,476
Less accumulated depreciation for:				
Water and sewer systems	(1,022,212)	(92,225)	-	(1,114,437)
Total accumulated depreciation	(1,022,212)	(92,225)	-	(1,114,437)
Total capital assets being depreciated, net	939,264	(92,225)	-	847,039
Total capital assets, net	<u>\$ 942,264</u>	<u>\$ (92,225)</u>	<u>\$ -</u>	<u>\$ 850,039</u>

Depreciation expenses of \$80,420 and \$11,805 were charged to the water and sewer functions of the District, respectively.

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3: CAPITAL ASSETS (Continued)

	MD 19A (Water)			Balance June 30, 2017
	Balance July 1, 2016	Additions	Deletions	
Capital assets, not being depreciated:				
Land	\$ 3,000	\$ -	\$ -	\$ 3,000
Total capital assets, not being depreciated	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
Capital assets, being depreciated:				
Water systems	<u>1,237,007</u>	<u>-</u>	<u>-</u>	<u>1,237,007</u>
Total capital assets, being depreciated	<u>1,237,007</u>	<u>-</u>	<u>-</u>	<u>1,237,007</u>
Less accumulated depreciation for:				
Water systems	<u>(375,282)</u>	<u>(80,420)</u>	<u>-</u>	<u>(455,702)</u>
Total accumulated depreciation	<u>(375,282)</u>	<u>(80,420)</u>	<u>-</u>	<u>(455,702)</u>
Total capital assets being depreciated, net	<u>861,725</u>	<u>(80,420)</u>	<u>-</u>	<u>781,305</u>
Total capital assets, net	<u>\$ 864,725</u>	<u>\$ (80,420)</u>	<u>\$ -</u>	<u>\$ 784,305</u>

Depreciation expense of \$80,420 was charged to the water service function of the District.

	MD 19A (Sewer)			Balance June 30, 2017
	Balance July 1, 2016	Additions	Deletions	
Capital assets, being depreciated:				
Sewer systems	\$ 724,469	\$ -	\$ -	\$ 724,469
Total capital assets, being depreciated	<u>724,469</u>	<u>-</u>	<u>-</u>	<u>724,469</u>
Less accumulated depreciation for:				
Sewer systems	<u>(646,930)</u>	<u>(11,805)</u>	<u>-</u>	<u>(658,735)</u>
Total accumulated depreciation	<u>(646,930)</u>	<u>(11,805)</u>	<u>-</u>	<u>(658,735)</u>
Total capital assets being depreciated, net	<u>77,539</u>	<u>(11,805)</u>	<u>-</u>	<u>65,734</u>
Total capital assets, net	<u>\$ 77,539</u>	<u>\$ (11,805)</u>	<u>\$ -</u>	<u>\$ 65,734</u>

Depreciation expense of \$11,805 was charged to the sewer service function of the District.

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3: CAPITAL ASSETS (Continued)

	MD 19B (Water)			Balance June 30, 2017
	Balance July 1, 2016	Additions	Deletions	
	Capital assets, not being depreciated:			
Land	\$ 8,000	\$ -	\$ -	\$ 8,000
Total capital assets, not being depreciated	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>8,000</u>
Total capital assets, net	<u>\$ 8,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,000</u>

NOTE 4: RELATED PARTY TRANSACTIONS

The District's property taxes and 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.

The amount due to the County of Madera as of June 30, 2017 is \$123,341.

NOTE 5: LONG-TERM LIABILITIES

The following is a summary of long-term liabilities transactions for the year ended June 30, 2017:

	Balance	Additions/ Reclassifications		Deletions	Balance	Due Within
	July 1, 2016				June 30, 2017	One Year
Advances from County of Madera - Water	\$ -	\$ 45,840		\$ -	\$ 45,840	\$ -
Advances from County of Madera - Sewer	-	24,456		-	24,456	-
Parkwood Water Assessment District Improvement Bond, Series 1978-1	<u>17,000</u>	<u>-</u>		<u>17,000</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 17,000</u>	<u>\$ 70,296</u>		<u>\$ 17,000</u>	<u>\$ 70,296</u>	<u>\$ -</u>

Parkwood Water Assessment District Improvement Bond, Series 1978-1

On February 9, 1978, the District issued \$378,800 Improvement Bond, Series 1978-1 for the purpose of financing the construction and acquisition of certain public water improvements within the Parkwood Water Assessment District. This bond 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 bonds. The term of this bond is 38 years, maturing on July 2, 2016 with stated interest rate of 5%. Annual principal installments range from \$3,000 to \$17,000 through July 2, 2016. Semi-annual payments are due on July 2nd and January 2nd of each year. The District repaid the bond payable in full during the fiscal year.

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 5: LONG-TERM LIABILITIES (Continued)

The District has been advanced funds from the County in the amounts of \$45,840 for water service function and \$24,456 for sewer service function. 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 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.

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: 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 EVENTS

The District obtained a \$2,500 loan for the streetlights division from the County of Madera on June 26, 2018 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 accrue on the unpaid principal balance until loan is paid in full.

The District obtained a \$500,000 Grant Anticipation Note (the Note) from the County on November 14, 2017 to provide a short term cash advance for the District's planning and feasibility study pertaining to a new well and tank and new distribution main replacement. The Note is to be repaid with interest at the County of Madera treasury pool rate plus 50 basis points and matures one year after the issuance date. Principal and interest are due at maturity. The District repaid the Note to the County on June 28, 2018.

The District obtained a \$250,000 Grant Anticipation Note (the Note) from the County on August 10, 2018 to provide a short term cash advance for the District's planning and feasibility study pertaining to a new well and tank and new distribution main replacement. The Note is to be repaid with interest at the County of Madera treasury pool rate plus 50 basis points and matures one year after the issuance date. Principal and interest are due at maturity.

SUPPLEMENTARY INFORMATION

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017**

	MD 19A				Total
	Water	Sewer	Lighting	Eliminations	
ASSETS					
Current Assets:					
Cash and investments	\$ 95,747	\$ 79,632	\$ -	\$ -	\$ 175,379
Cash and investments - restricted	60,551	-	-	-	60,551
Accounts receivable, net	16,444	22,627	548	-	39,619
Interest receivable	509	210	5	-	724
Due from other governments	9,875	-	-	-	9,875
Due from other divisions	49,024	-	-	(69)	48,955
Total Current Assets	232,150	102,469	553	(69)	335,103
Non-Current Assets:					
Capital assets:					
Land	3,000	-	-	-	3,000
Depreciable assets	1,237,007	724,469	-	-	1,961,476
Accumulated depreciation	(455,702)	(658,735)	-	-	(1,114,437)
Total Non-Current Assets	784,305	65,734	-	-	850,039
Total Assets	1,016,455	168,203	553	(69)	1,185,142
LIABILITIES					
Current Liabilities:					
Accounts payable	2,034	956	-	-	2,990
Deposits from others	1,844	2,804	68	-	4,716
Due to County of Madera	58,445	44,198	224	-	102,867
Due to other divisions	-	-	69	(69)	-
Unearned revenue	373	567	14	-	954
Total Current Liabilities	62,696	48,525	375	(69)	111,527
Non-current Liabilities:					
Advances from County of Madera	45,840	24,456	-	-	70,296
Total Non-Current Liabilities	45,840	24,456	-	-	70,296
Total Liabilities	108,536	72,981	375	(69)	181,823
NET POSITION					
Net investment in capital assets	784,305	65,734	-	-	850,039
Restricted for debt service	60,551	-	-	-	60,551
Unrestricted	63,063	29,488	178	-	92,729
Total Net Position	\$ 907,919	\$ 95,222	\$ 178	\$ -	\$ 1,003,319

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2017**

	MD 19B			MD 19A/B		Total
	Water	Lighting	Eliminations	Total	ACO	
ASSETS						
Current Assets:						
Cash and investments	\$ 184,099	\$ -	\$ -	\$ 184,099	\$ 92,741	\$ 452,219
Cash and investments - restricted	-	-	-	-	-	60,551
Accounts receivable, net	15,982	952	-	16,934	-	56,553
Interest receivable	487	29	-	516	256	1,496
Due from other governments	-	-	-	-	-	9,875
Due from other divisions	1,141	-	(1,141)	-	-	48,955
Total Current Assets	<u>201,709</u>	<u>981</u>	<u>(1,141)</u>	<u>201,549</u>	<u>92,997</u>	<u>629,649</u>
Non-Current Assets:						
Capital assets:						
Land	8,000	-	-	8,000	-	11,000
Depreciable assets	-	-	-	-	-	1,961,476
Accumulated depreciation	-	-	-	-	-	(1,114,437)
Total Non-Current Assets	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>858,039</u>
Total Assets	<u>209,709</u>	<u>981</u>	<u>(1,141)</u>	<u>209,549</u>	<u>92,997</u>	<u>1,487,688</u>
LIABILITIES						
Current Liabilities:						
Accounts payable	593	-	-	593	-	3,583
Deposits from others	4,304	256	-	4,560	-	9,276
Due to County of Madera	20,474	-	-	20,474	-	123,341
Due to other divisions	48,955	1,141	(1,141)	48,955	-	48,955
Unearned revenue	1,650	98	-	1,748	-	2,702
Total Current Liabilities	<u>75,976</u>	<u>1,495</u>	<u>(1,141)</u>	<u>76,330</u>	<u>-</u>	<u>187,857</u>
Non-current Liabilities:						
Advances from County of Madera	-	-	-	-	-	70,296
Total Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,296</u>
Total Liabilities	<u>75,976</u>	<u>1,495</u>	<u>(1,141)</u>	<u>76,330</u>	<u>-</u>	<u>258,153</u>
NET POSITION						
Net investment in capital assets	8,000	-	-	8,000	-	858,039
Restricted for debt service	-	-	-	-	-	60,551
Unrestricted	125,733	(514)	-	125,219	92,997	310,945
Total Net Position	<u>\$ 133,733</u>	<u>\$ (514)</u>	<u>\$ -</u>	<u>\$ 133,219</u>	<u>\$ 92,997</u>	<u>\$ 1,229,535</u>

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

	MD 19A			Total
	Water	Sewer	Lighting	
Operating Revenues:				
Charges for services	\$ 101,229	\$ 149,836	\$ 3,621	\$ 254,686
Other revenues	960	407	10	1,377
Total Operating Revenues	<u>102,189</u>	<u>150,243</u>	<u>3,631</u>	<u>256,063</u>
Operating Expenses:				
Services and supplies	39,797	49,018	-	88,815
Maintenance	66,739	52,790	224	119,753
Insurance	1,260	2,777	-	4,037
Utilities	21,263	17,005	3,356	41,624
Depreciation	80,420	11,805	-	92,225
Total Operating Expenses	<u>209,479</u>	<u>133,395</u>	<u>3,580</u>	<u>346,454</u>
Operating Income (Loss)	<u>(107,290)</u>	<u>16,848</u>	<u>51</u>	<u>(90,391)</u>
Non-Operating Revenue (Expenses):				
Taxes	3,020	4,593	111	7,724
Investment income	1,554	671	16	2,241
Intergovernmental	9,875	-	-	9,875
Interest and fiscal charges	(425)	-	-	(425)
Other non-operating revenues	14	21	-	35
Total Non-Operating Revenue (Expenses)	<u>14,038</u>	<u>5,285</u>	<u>127</u>	<u>19,450</u>
Change in Net Position	<u>(93,252)</u>	<u>22,133</u>	<u>178</u>	<u>(70,941)</u>
Net Position, Beginning of Year	<u>1,001,171</u>	<u>73,089</u>	<u>-</u>	<u>1,074,260</u>
Net Position, End of Year	<u>\$ 907,919</u>	<u>\$ 95,222</u>	<u>\$ 178</u>	<u>\$ 1,003,319</u>

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	MD19B			MD 19A/B	Total
	Water	Lighting	Total	ACO	
Operating Revenues:					
Charges for services	\$ 116,090	\$ 6,896	\$ 122,986	\$ 50,933	\$ 428,605
Other revenues	166	1	167	-	1,544
Total Operating Revenues	<u>116,256</u>	<u>6,897</u>	<u>123,153</u>	<u>50,933</u>	<u>430,149</u>
Operating Expenses:					
Services and supplies	43,149	-	43,149	-	131,964
Maintenance	21,041	-	21,041	-	140,794
Insurance	1,516	-	1,516	-	5,553
Utilities	25,863	7,411	33,274	-	74,898
Depreciation	-	-	-	-	92,225
Total Operating Expenses	<u>91,569</u>	<u>7,411</u>	<u>98,980</u>	<u>-</u>	<u>445,434</u>
Operating Income (Loss)	<u>24,687</u>	<u>(514)</u>	<u>24,173</u>	<u>50,933</u>	<u>(15,285)</u>
Non-Operating Revenue (Expenses):					
Taxes	-	-	-	-	7,724
Investment income	1,745	-	1,745	830	4,816
Intergovernmental	-	-	-	-	9,875
Interest and fiscal charges	-	-	-	-	(425)
Other non-operating revenues	-	-	-	-	35
Total Non-Operating Revenue (Expenses)	<u>1,745</u>	<u>-</u>	<u>1,745</u>	<u>830</u>	<u>22,025</u>
Change in Net Position	<u>26,432</u>	<u>(514)</u>	<u>25,918</u>	<u>51,763</u>	<u>6,740</u>
Net Position, Beginning of Year	<u>107,301</u>	<u>-</u>	<u>107,301</u>	<u>41,234</u>	<u>1,222,795</u>
Net Position, End of Year	<u>\$ 133,733</u>	<u>\$ (514)</u>	<u>\$ 133,219</u>	<u>\$ 92,997</u>	<u>\$ 1,229,535</u>

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017**

	MD 19A			Total
	Water	Sewer	Lighting	
Cash flows from operating activities:				
Cash receipts from customers and users	\$ 124,400	\$ 154,772	\$ 3,165	\$ 282,337
Cash paid to suppliers	<u>(243,200)</u>	<u>(100,684)</u>	<u>(3,634)</u>	<u>(347,518)</u>
Net cash provided (used) by operating activities	<u>(118,800)</u>	<u>54,088</u>	<u>(469)</u>	<u>(65,181)</u>
Cash flows from noncapital financing activities:				
Taxes	3,020	4,593	111	7,724
Transfer from (to) other divisions	<u>(40,387)</u>	<u>90</u>	<u>69</u>	<u>(40,228)</u>
Net cash provided (used) by noncapital financing activities	<u>(37,367)</u>	<u>4,683</u>	<u>180</u>	<u>(32,504)</u>
Cash flows from capital and related financing activities:				
Principal paid on capital debt	(17,000)	-	-	(17,000)
Interest paid on capital debt	<u>(507)</u>	<u>-</u>	<u>-</u>	<u>(507)</u>
Net cash provided (used) by capital and related financing activities	<u>(17,507)</u>	<u>-</u>	<u>-</u>	<u>(17,507)</u>
Cash flows from investing activities:				
Interest on investments	<u>1,895</u>	<u>491</u>	<u>11</u>	<u>2,397</u>
Net cash provided (used) by investing activities	<u>1,895</u>	<u>491</u>	<u>11</u>	<u>2,397</u>
Net increase (decrease) in cash and cash equivalents	(171,779)	59,262	(278)	(112,795)
Cash and cash equivalents, beginning of the year	<u>328,077</u>	<u>20,370</u>	<u>278</u>	<u>348,725</u>
Cash and cash equivalents, end of the year	<u>\$ 156,298</u>	<u>\$ 79,632</u>	<u>\$ -</u>	<u>\$ 235,930</u>

Reconciliation of Cash and Cash Equivalents to the Statement of Net Position

Cash and Investments per Statement of Net Position	\$ 95,747	\$ 79,632	\$ -	\$ 175,379
Restricted Cash and Investments per Statement of Net Position	<u>60,551</u>	<u>-</u>	<u>-</u>	<u>60,551</u>
Total Cash and Investments per Statement of Net Position	<u>\$ 156,298</u>	<u>\$ 79,632</u>	<u>\$ -</u>	<u>\$ 235,930</u>

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

Operating income (loss)	\$ (107,290)	\$ 16,848	\$ 51	\$ (90,391)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	80,420	11,805	-	92,225
Changes in operating assets and liabilities:				
Decrease/(Increase) in accounts receivable	3,187	(4,791)	(548)	(2,152)
Decrease/(Increase) in due from County of Madera	467	6,936	-	7,403
Decrease/(Increase) in long-term assessment receivable	20,543	-	-	20,543
Increase/(Decrease) in accounts payable	(126,390)	(1,350)	(278)	(128,018)
Increase/(Decrease) in due to County of Madera	12,249	22,256	224	34,729
Increase/(Decrease) in deposits from others	(1,372)	2,804	68	1,500
Increase/(Decrease) in unearned revenues	<u>(614)</u>	<u>(420)</u>	<u>14</u>	<u>(1,020)</u>
Net cash provided (used) by operating activities	<u>\$ (118,800)</u>	<u>\$ 54,088</u>	<u>\$ (469)</u>	<u>\$ (65,181)</u>

Schedule of non-cash noncapital financing activities:

Reclassification from Due to County of Madera to Advances From County of Madera	\$ 45,840	\$ -	\$ -	\$ 45,840
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**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Water</u>	<u>MD 19B Lighting</u>	<u>Total</u>	<u>MD 19A/B ACO</u>	<u>Total</u>
Cash flows from operating activities:					
Cash receipts from customers and users	\$ 119,605	\$ 6,299	\$ 125,904	\$ 50,933	\$ 459,174
Cash paid to suppliers	(86,881)	(7,411)	(94,292)	-	(441,810)
Net cash provided (used) by operating activities	<u>32,724</u>	<u>(1,112)</u>	<u>31,612</u>	<u>50,933</u>	<u>17,364</u>
Cash flows from noncapital financing activities:					
Taxes	-	-	-	-	7,724
Transfer from (to) other divisions	39,237	1,141	40,378	(150)	-
Net cash provided (used) by noncapital financing activities	<u>39,237</u>	<u>1,141</u>	<u>40,378</u>	<u>(150)</u>	<u>7,724</u>
Cash flows from capital and related financing activities:					
Principal paid on capital debt	-	-	-	-	(17,000)
Interest paid on capital debt	-	-	-	-	(507)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,507)</u>
Cash flows from investing activities:					
Interest on investments	1,519	(29)	1,490	671	4,558
Net cash provided (used) by investing activities	<u>1,519</u>	<u>(29)</u>	<u>1,490</u>	<u>671</u>	<u>4,558</u>
Net increase (decrease) in cash and cash equivalents	73,480	-	73,480	51,454	12,139
Cash and cash equivalents, beginning of the year	110,619	-	110,619	41,287	500,631
Cash and cash equivalents, end of the year	<u>\$ 184,099</u>	<u>\$ -</u>	<u>\$ 184,099</u>	<u>\$ 92,741</u>	<u>\$ 512,770</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position					
Cash and Investments per Statement of Net Position	\$ 184,099	\$ -	\$ 184,099	\$ 92,741	\$ 452,219
Restricted Cash and Investments per Statement of Net Position	-	-	-	-	60,551
Total Cash and Investments per Statement of Net Position	<u>\$ 184,099</u>	<u>\$ -</u>	<u>\$ 184,099</u>	<u>\$ 92,741</u>	<u>\$ 512,770</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating income (loss)	\$ 24,687	\$ (514)	\$ 24,173	\$ 50,933	\$ (15,285)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	-	-	-	-	92,225
Changes in operating assets and liabilities:					
Decrease/(Increase) in accounts receivable	2,016	(952)	1,064	-	(1,088)
Decrease/(Increase) in due from County of Madera	-	-	-	-	7,403
Decrease/(Increase) in long-term assessment receivable	-	-	-	-	20,543
Increase/(Decrease) in accounts payable	(367)	-	(367)	-	(128,385)
Increase/(Decrease) in due to County of Madera	5,055	-	5,055	-	39,784
Increase/(Decrease) in deposits from others	644	256	900	-	2,400
Increase/(Decrease) in unearned revenues	689	98	787	-	(233)
Net cash provided (used) by operating activities	<u>\$ 32,724</u>	<u>\$ (1,112)</u>	<u>\$ 31,612</u>	<u>\$ 50,933</u>	<u>\$ 17,364</u>
Schedule of non-cash noncapital financing activities:					
Reclassification from Due to County of Madera to Advances From County of Madera					
	\$ 24,456	\$ -	\$ 24,456	\$ -	\$ 70,296