

**MAINTENANCE DISTRICT 33 – FAIRMEAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**FINANCIAL STATEMENTS**

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





**MAINTENANCE DISTRICT 33 – FAIRMEAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**JUNE 30, 2016**

TABLE OF CONTENTS

	<u>Page</u>
REPORT OF INDEPENDENT AUDITORS .....	1
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Position .....	3
Statement of Revenues, Expenses, and Changes in Net Position .....	4
Statement of Cash Flows .....	5
Notes to the Basic Financial Statements .....	6
<b>SUPPLEMENTARY INFORMATION</b>	
Combining Statement of Net Position .....	13
Combining Statement of Revenues, Expenses, and Changes in Net Position .....	14
Combining Statement of Cash Flows .....	15

## 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 33 – Fairmead (District), a component unit of the County of Madera, California as of and for the year then ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District’s financial statements as listed in the table of contents.

### ***Management’s Responsibility for the Financial Statements***

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

### ***Auditor’s Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the California Code of Regulations, Title 2, Section 1131.2, State Controller’s *Minimum Audit Requirements* for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maintenance District 33 – Fairmead as of June 30, 2016, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 8 to the financial statements, a prior period adjustment was recorded for understating due from other governments. Our opinion is not modified with respect to this matter.

***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 13-15 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  
December 4, 2017

## BASIC FINANCIAL STATEMENTS

*THIS PAGE IS LEFT BLANK INTENTIONALLY.*

**MAINTENANCE DISTRICT 33 – FAIRMEAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

**ASSETS**

Current Assets:

Cash and investments	\$ 575,904
Accounts receivable	50,634
Interest receivable	1,352
Taxes receivable	59
Due from other governments	<u>31,261</u>

Total Current Assets 659,210

Non-Current Assets:

Capital assets:

Land	4,430
Land under roads	2,087
Construction in progress	432,716
Depreciable assets	1,329,987
Accumulated depreciation	<u>(395,375)</u>

Total Non-Current Assets 1,373,845

Total Assets 2,033,055

**LIABILITIES**

Current Liabilities:

Accounts payable	56,948
Interest payable	1,139
Deposits from others	1,200
Due to County of Madera	104,400
Unearned revenue	3,567
Advances from County of Madera	<u>490,000</u>

Total Current Liabilities 657,254

Total Liabilities 657,254

**NET POSITION**

Net Investment in capital assets	923,845
Unrestricted	<u>451,956</u>

Total Net Position \$ 1,375,801

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

**MAINTENANCE DISTRICT 33 – FAIRMEAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

Operating Revenues:	
Charges for services	\$ 93,877
Other revenues	<u>876</u>
Total Operating Revenues	<u>94,753</u>
Operating Expenses:	
Services and supplies	155,884
Maintenance	53,227
Insurance	1,701
Utilities	36,924
Depreciation	<u>38,121</u>
Total Operating Expenses	<u>285,857</u>
Operating Income (Loss)	<u>(191,104)</u>
Non-Operating Revenue (Expenses):	
Taxes	11,045
Investment income	3,935
Intergovernmental	159,745
Interest and fiscal charges	<u>(1,139)</u>
Total Non-Operating Revenue (Expenses)	<u>173,586</u>
Income (Loss) Before Contributions	(17,518)
Capital contributions	<u>56,953</u>
Change in Net Position	39,435
Net Position, Beginning of Year	1,147,881
Prior period adjustments	<u>188,485</u>
Net Position, Beginning of Year, Restated	<u>1,336,366</u>
Net Position, End of Year	<u><u>\$ 1,375,801</u></u>

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

**MAINTENANCE DISTRICT 33 – FAIRMEAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

Cash flows from operating activities:	
Cash receipts from customers and users	\$ 102,662
Cash paid to suppliers	<u>(530,048)</u>
Net cash provided (used) by operating activities	<u>(427,386)</u>
Cash flows from noncapital financing activities:	
Taxes	11,017
Operating grants	<u>275,513</u>
Net cash provided (used) by noncapital financing activities	<u>286,530</u>
Cash flows from capital and related financing activities:	
Capital grants	292,892
Advances from County of Madera	450,000
Acquisition and construction of capital assets	<u>(59,401)</u>
Net cash provided (used) by capital and related financing activities	<u>683,491</u>
Cash flows from investing activities:	
Interest on investments	<u>2,631</u>
Net cash provided (used) by investing activities	<u>2,631</u>
Net increase (decrease) in cash and cash equivalents	545,266
Cash and cash equivalents, beginning of the year	<u>30,638</u>
Cash and cash equivalents, end of the year	<u><u>\$ 575,904</u></u>

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

Operating income (loss)	\$ (191,104)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	38,121
Changes in operating assets and liabilities:	
Decrease/(Increase) in accounts receivable	4,504
Increase/(Decrease) in accounts payable	(157,907)
Increase/(Decrease) in due to County of Madera	(124,405)
Increase/(Decrease) in deposits from others	600
Increase/(Decrease) in unearned revenues	<u>2,805</u>
Net cash provided (used) by operating activities	<u><u>\$ (427,386)</u></u>

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 33 – FAIRMEAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the **MD 33 - Fairmead** (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 33** provides water and street light services for a residential community. The District is located in Madera County Supervisorial District 2 midway between the cities of Madera and Chowchilla at Avenue 19 ½ and State Route 99. The district was formed on July 12, 1977 by Resolution No. 77-438. The Fairmead Water System provides water service to 178.15 improved units and 63 standby units. The water rates were last set on August 31, 2010 by Resolution No. 2010-211 and are based on a flat rate structure with an annual Consumer Price Index adjustment.

There are 25 street lights within the District; however, there is not a current assessment for street lights. The District allocates water charges to cover the costs of operating the 25 street lights.

**MD 33A** provides road maintenance to approximately 32 parcels served by 0.13 miles of paved road including curb and gutter, and 0.22 miles of unpaved road. MD 33A is located in the community of Fairmead and is accessed northeast from Fairmead Boulevard. The District was formed on November 10, 1992 by Resolution 92-356 and is approximately 9 acres in size. When MD 33A was formed there was a direct assessment of \$100 per parcel, per year for road maintenance was approved.

The Board of Supervisors is the governing body of the District. The District is considered a blended component unit of the County of Madera and is reported as 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.

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.

**MAINTENANCE DISTRICT 33 – FAIRMEAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Cash and Investments**

Cash and investments shown in the Statement of Net Position 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 services, property taxes, 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 33 – FAIRMEAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. 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, 2016 are classified in the financial statements as follows:

Cash and investments – unrestricted	\$575,904
-------------------------------------	-----------

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

Deposits held with County of Madera Investment Pool	\$575,904
---	-----------

**Risk Disclosure**

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

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

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

**MAINTENANCE DISTRICT 33 – FAIRMEAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

**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, 2016, was as follows:

	<b>Total</b>			
	Balance July 1, 2015 (Restated)	Additions	Deletions	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 4,430	\$ -	\$ -	\$ 4,430
Land under roads	2,087	-	-	2,087
Construction in progress	<u>373,315</u>	<u>59,401</u>	<u>-</u>	<u>432,716</u>
Total capital assets, not being depreciated	<u>379,832</u>	<u>59,401</u>	<u>-</u>	<u>439,233</u>
Capital assets, being depreciated:				
Water systems	<u>1,329,987</u>	<u>-</u>	<u>-</u>	<u>1,329,987</u>
Total capital assets, being depreciated	<u>1,329,987</u>	<u>-</u>	<u>-</u>	<u>1,329,987</u>
Less accumulated depreciation for:				
Water systems	<u>(357,254)</u>	<u>(38,121)</u>	<u>-</u>	<u>(395,375)</u>
Total accumulated depreciation	<u>(357,254)</u>	<u>(38,121)</u>	<u>-</u>	<u>(395,375)</u>
Total capital assets being depreciated, net	<u>972,733</u>	<u>(38,121)</u>	<u>-</u>	<u>934,612</u>
Total capital assets, net	<u>\$ 1,352,565</u>	<u>\$ 21,280</u>	<u>\$ -</u>	<u>\$ 1,373,845</u>

Depreciation expense of \$38,121 was charged to the District.

**MAINTENANCE DISTRICT 33 – FAIRMEAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

**NOTE 3: CAPITAL ASSETS (Continued)**

	<b>Water</b>			Balance June 30, 2016
	Balance July 1, 2015	Additions	Deletions	
Capital assets, not being depreciated:				
Land	\$ 3,800	\$ -	\$ -	\$ 3,800
Construction in progress	373,315	59,401	-	432,716
Total capital assets, not being depreciated	377,115	59,401	-	436,516
Capital assets, being depreciated:				
Water systems	1,329,987	-	-	1,329,987
Total capital assets, being depreciated	1,329,987	-	-	1,329,987
Less accumulated depreciation for:				
Water systems	(357,254)	(38,121)	-	(395,375)
Total accumulated depreciation	(357,254)	(38,121)	-	(395,375)
Total capital assets being depreciated, net	972,733	(38,121)	-	934,612
Total capital assets, net	\$ 1,349,848	\$ 21,280	\$ -	\$ 1,371,128

Depreciation expense of \$38,121 was charged to the water service function of the District.

	<b>Roads</b>			Balance June 30, 2016
	Balance July 1, 2015	Additions	Deletions	
Capital assets, not being depreciated:				
Land	\$ 630	\$ -	\$ -	\$ 630
Land under roads	2,087	-	-	2,087
Total capital assets, not being depreciated	2,717	-	-	2,717
Total capital assets, net	\$ 2,717	\$ -	\$ -	\$ 2,717

**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, 2016 is \$104,400. The District intends to pay back this amount through future cash flow at the current established rate, however, future rate increases may be necessary in order to fulfill the obligation.

**MAINTENANCE DISTRICT 33 – FAIRMEAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

**NOTE 5: ADVANCES FROM COUNTY OF MADERA**

The following is a summary of the advances from the County of Madera for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
County of Madera Loan - 2014	\$ 40,000	\$ -	\$ -	\$ 40,000	\$ 40,000
County of Madera Loan - 2015	450,000	-	-	450,000	450,000
<b>Total</b>	<b>\$ 490,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 490,000</b>	<b>\$ 490,000</b>

On July 1, 2013, the County of Madera approved an advance to the District not to exceed \$150,000, of which the District drew \$40,000, to assist with cash flow needs related to the payment of a feasibility study on well water drinking standards, well production, and well storage. The loan bears interest at the rate earned by funds invested by the Madera County Treasurer in the “pooled investment account” on the last quarter calculated plus 50 basis points, (0.50%) of 1 percent and was to be repaid on January 31, 2015. The outstanding balance of the loan advance as of June 30, 2016 was \$40,000. Refer to Note 9 for additional information.

On July 15, 2015, the County approved an additional \$450,000 advance to be repaid over 18 months with no interest. The loan is to assist cash flow needs related to multiple capital projects within the District. The District received the approved advance of \$450,000 from the County of Madera on August 31, 2015, and was due on January 31, 2017. The outstanding balance of the loan advance as of June 30, 2016 was \$450,000. Refer to Note 9 for additional information.

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.

Construction Commitments

At June 30, 2016, the District had one commitment for the hydrological services associated with the design and construction of a production well. The remaining construction committed totaled \$82,858.

**MAINTENANCE DISTRICT 33 – FAIRMEAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

**NOTE 8: RESTATEMENT OF BEGINNING NET POSITION**

Adjustments resulting from errors are treated as adjustments to prior periods. The beginning net position of the District was understated by \$188,485 as a result of the following items:

- The beginning net position of the water function was understated by \$187,855 due to the District did not recognize grant revenue in the fiscal year 2014-15 for four grant reimbursements related to fiscal year 2014-15 which were received after the year-end.
- The beginning net position was understated by \$630 in the road maintenance function of the District due to a piece of land with a cost of \$630 was not recorded in the prior year financial statements.

**NOTE 9: SUBSEQUENT EVENTS**

On July 1, 2013, the County of Madera approved an advance to the District not to exceed \$150,000, of which the District drew \$40,000, to assist with cash flow needs related to the payment of a feasibility study on well water drinking standards, well production, and well storage. The District repaid the loan advance of \$40,000 to the County on October 18, 2016.

On July 15, 2015, the County approved an additional \$450,000 advance to be repaid over 18 months with no interest. The loan is to assist cash flow needs related to multiple capital projects within the District. The District received the approved advance of \$450,000 from the County of Madera on August 31, 2015. The District repaid the loan advance of \$450,000 to the County on June 6, 2017.

SUPPLEMENTARY INFORMATION

**MAINTENANCE DISTRICT 33 – FAIRMEAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

	<u>Water</u>	<u>Lighting</u>	<u>Roads</u>	<u>Total</u>
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ 537,867	\$ -	\$ 38,037	\$ 575,904
Accounts receivable	50,621	-	13	50,634
Interest receivable	1,263	-	89	1,352
Taxes receivable	59	-	-	59
Due from other governments	31,261	-	-	31,261
Total Current Assets	621,071	-	38,139	659,210
Non-Current Assets:				
Capital assets:				
Land	3,800	-	630	4,430
Land under roads	-	-	2,087	2,087
Construction in progress	432,716	-	-	432,716
Depreciable assets	1,329,987	-	-	1,329,987
Accumulated depreciation	(395,375)	-	-	(395,375)
Total Non-Current Assets	1,371,128	-	2,717	1,373,845
Total Assets	1,992,199	-	40,856	2,033,055
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	56,948	-	-	56,948
Interest payable	1,139	-	-	1,139
Deposits from others	1,200	-	-	1,200
Due to County of Madera	104,400	-	-	104,400
Unearned revenue	3,567	-	-	3,567
Advances from County of Madera	490,000	-	-	490,000
Total Current Liabilities	657,254	-	-	657,254
Total Liabilities	657,254	-	-	657,254
<b>NET POSITION</b>				
Net Investment in capital assets	921,128	-	2,717	923,845
Unrestricted	413,817	-	38,139	451,956
Total Net Position	\$ 1,334,945	\$ -	\$ 40,856	\$ 1,375,801

**MAINTENANCE DISTRICT 33 – FAIRMEAD  
(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, 2016**

	<u>Water</u>	<u>Lighting</u>	<u>Roads</u>	<u>Total</u>
Operating Revenues:				
Charges for services	\$ 82,876	\$ 3,712	\$ 7,289	\$ 93,877
Other revenues	<u>876</u>	<u>-</u>	<u>-</u>	<u>876</u>
 Total Operating Revenues	 <u>83,752</u>	 <u>3,712</u>	 <u>7,289</u>	 <u>94,753</u>
Operating Expenses:				
Services and supplies	155,884	-	-	155,884
Maintenance	53,131	-	96	53,227
Insurance	1,701	-	-	1,701
Utilities	33,212	3,712	-	36,924
Depreciation	<u>38,121</u>	<u>-</u>	<u>-</u>	<u>38,121</u>
 Total Operating Expenses	 <u>282,049</u>	 <u>3,712</u>	 <u>96</u>	 <u>285,857</u>
 Operating Income (Loss)	 <u>(198,297)</u>	 <u>-</u>	 <u>7,193</u>	 <u>(191,104)</u>
Non-Operating Revenue (Expenses):				
Taxes	11,045	-	-	11,045
Investment income	3,691	-	244	3,935
Intergovernmental	159,745	-	-	159,745
Interest and fiscal charges	<u>(1,139)</u>	<u>-</u>	<u>-</u>	<u>(1,139)</u>
 Total Non-Operating Revenue (Expenses)	 <u>173,342</u>	 <u>-</u>	 <u>244</u>	 <u>173,586</u>
 Income (Loss) Before Contributions	 <u>(24,955)</u>	 <u>-</u>	 <u>7,437</u>	 <u>(17,518)</u>
 Capital contributions	 <u>56,953</u>	 <u>-</u>	 <u>-</u>	 <u>56,953</u>
 Change in Net Position	 <u>31,998</u>	 <u>-</u>	 <u>7,437</u>	 <u>39,435</u>
 Net Position, Beginning of Year	 1,115,092	 -	 32,789	 1,147,881
Prior period adjustments	<u>187,855</u>	<u>-</u>	<u>630</u>	<u>188,485</u>
Net Position, Beginning of Year, Restated	<u>1,302,947</u>	<u>-</u>	<u>33,419</u>	<u>1,336,366</u>
 Net Positions, End of Year	 <u>\$ 1,334,945</u>	 <u>\$ -</u>	 <u>\$ 40,856</u>	 <u>\$ 1,375,801</u>

**MAINTENANCE DISTRICT 33 – FAIRMEAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

	<u>Water</u>	<u>Lighting</u>	<u>Roads</u>	<u>Total</u>
Cash flows from operating activities:				
Cash receipts from customers and users	\$ 91,658	\$ 3,712	\$ 7,292	\$ 102,662
Cash paid to suppliers	<u>(526,240)</u>	<u>(3,712)</u>	<u>(96)</u>	<u>(530,048)</u>
Net cash provided (used) by operating activities	<u>(434,582)</u>	<u>-</u>	<u>7,196</u>	<u>(427,386)</u>
Cash flows from noncapital financing activities:				
Taxes	11,017	-	-	11,017
Operating grants	<u>275,513</u>	<u>-</u>	<u>-</u>	<u>275,513</u>
Net cash provided (used) by noncapital financing activities	<u>286,530</u>	<u>-</u>	<u>-</u>	<u>286,530</u>
Cash flows from capital and related financing activities:				
Capital grants	292,892	-	-	292,892
Advances from County of Madera	450,000	-	-	450,000
Acquisition and construction of capital assets	<u>(59,401)</u>	<u>-</u>	<u>-</u>	<u>(59,401)</u>
Net cash provided (used) by capital and related financing activities	<u>683,491</u>	<u>-</u>	<u>-</u>	<u>683,491</u>
Cash flows from investing activities:				
Interest on investments	<u>2,428</u>	<u>-</u>	<u>203</u>	<u>2,631</u>
Net cash provided (used) by investing activities	<u>2,428</u>	<u>-</u>	<u>203</u>	<u>2,631</u>
Net increase (decrease) in cash and cash equivalents	537,867	-	7,399	545,266
Cash and cash equivalents, beginning of the year	<u>-</u>	<u>-</u>	<u>30,638</u>	<u>30,638</u>
Cash and cash equivalents, end of the year	<u>\$ 537,867</u>	<u>\$ -</u>	<u>\$ 38,037</u>	<u>\$ 575,904</u>

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

Operating income (loss)	\$ (198,297)	\$ -	\$ 7,193	\$ (191,104)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	38,121	-	-	38,121
Changes in operating assets and liabilities:				
Decrease/(Increase) in accounts receivable	4,501	-	3	4,504
Increase/(Decrease) in accounts payable	(157,907)	-	-	(157,907)
Increase/(Decrease) in due to County of Madera	(124,405)	-	-	(124,405)
Increase/(Decrease) in deposits from others	600	-	-	600
Increase/(Decrease) in unearned revenues	<u>2,805</u>	<u>-</u>	<u>-</u>	<u>2,805</u>
Net cash provided (used) by operating activities	<u>\$ (434,582)</u>	<u>\$ -</u>	<u>\$ 7,196</u>	<u>\$ (427,386)</u>