

**MAINTENANCE DISTRICT 06 – LAKE SHORE PARK
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2018**

**MAINTENANCE DISTRICT 06 – LAKE SHORE PARK
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

JUNE 30, 2018

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BASIC FINANCIAL STATEMENTS

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**MAINTENANCE DISTRICT 06 – LAKE SHORE PARK
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF NET POSITION
JUNE 30, 2018**

ASSETS

Current Assets:

Cash and investments	\$ 849,925
Accounts receivable	3,378
Interest receivable	3,837
Total Current Assets	<u>857,140</u>

Non-Current Assets:

Capital assets:

Land	2,850
Depreciable assets	463,327
Accumulated depreciation	<u>(139,245)</u>
Total Non-Current Assets	<u>326,932</u>

Total Assets	<u>1,184,072</u>
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LIABILITIES

Current Liabilities:

Accounts payable	2,112
Deposits from others	1,200
Due to County of Madera	25,257
Unearned revenue	<u>1,544</u>
Total Current Liabilities	<u>30,113</u>

Total Liabilities	<u>30,113</u>
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NET POSITION

Net Investment in capital assets	326,932
Unrestricted	<u>827,027</u>

Total Net Position	<u>\$ 1,153,959</u>
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The notes to the basic financial statements are an integral part of this statement.

**MAINTENANCE DISTRICT 06 – LAKE SHORE PARK
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

Operating Revenues:	
Charges for services	\$ 76,504
Total Operating Revenues	<u>76,504</u>
Operating Expenses:	
Services and supplies	33,302
Maintenance	61,156
Insurance	752
Utilities	9,981
Depreciation	<u>21,187</u>
Total Operating Expenses	<u>126,378</u>
Operating Income (Loss)	<u>(49,874)</u>
Non-Operating Revenue (Expenses):	
Taxes	109,402
Investment income	11,938
Intergovernmental	<u>5,788</u>
Total Non-Operating Revenue (Expenses)	<u>127,128</u>
Change in Net Position	77,254
Net Position, Beginning of Year	<u>1,076,705</u>
Net Position, End of Year	<u>\$ 1,153,959</u>

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

**MAINTENANCE DISTRICT 06 – LAKE SHORE PARK
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

Cash flows from operating activities:	
Cash receipts from customers and users	\$ 77,159
Cash paid to suppliers	<u>(104,333)</u>
Net cash provided (used) by operating activities	<u>(27,174)</u>
Cash flows from noncapital financing activities:	
Taxes	109,402
Operating grants	<u>5,788</u>
Net cash provided (used) by noncapital financing activities	<u>115,190</u>
Cash flows from investing activities:	
Interest on investments	<u>10,244</u>
Net cash provided (used) by investing activities	<u>10,244</u>
Net increase (decrease) in cash and cash equivalents	98,260
Cash and cash equivalents, beginning of the year	<u>751,665</u>
Cash and cash equivalents, end of the year	<u>\$ 849,925</u>

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

Operating income (loss)	\$ (49,874)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	21,187
Changes in operating assets and liabilities:	
Decrease/(Increase) in accounts receivable	(2,281)
Decrease/(Increase) in due from other governments	1,979
Increase/(Decrease) in accounts payable	36
Increase/(Decrease) in due to County of Madera	822
Increase/(Decrease) in deposits from others	300
Increase/(Decrease) in unearned revenues	<u>657</u>
Net cash provided (used) by operating activities	<u>\$ (27,174)</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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**MAINTENANCE DISTRICT 06 – LAKE SHORE PARK
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the **MD 06 - Lake Shore Park** (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District provides water service to 46 improved units and 5 standby units. The District provides sewer service to 41 improved and 5 standby units. The District also provides road maintenance for approximately 40 parcels with 0.35 miles of paved roads. The District is located along Bass Lake's northeast shore and is accessed from County Road 274 in Madera County.

The District was formed on February 26, 1963 by Resolution No. 63-109. The funding for the water and sewer system operations is from a combination of charges for water and sewer services and property taxes. When the District incurs costs for road maintenance, the costs are covered from an allocation property tax, as needed.

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.

C. Cash and Investments

Cash and investments shown in the Statement of Net Position represent the District's share of the County of Madera's cash and investment pool. Interest earnings from this pool are transferred to the District on a quarterly basis based on the District's average daily balance. The County has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134.

**MAINTENANCE DISTRICT 06 – LAKE SHORE PARK
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Receivables

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

E. Property Taxes

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

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (such as roads and similar items), are reported in the Statement of Net Position. Capital assets are defined by the District as assets with a cost of more than \$5,000 for machinery and equipment and \$10,000 for the other categories of capital assets with an estimated useful life of more than one year. Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated assets are valued at their estimated fair market value on the date donated.

Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

<u>Depreciable Asset</u>	<u>Estimated Life</u>
Infrastructure	20-50 years
Water and Sewer Systems	15-65 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.

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.

**MAINTENANCE DISTRICT 06 – LAKE SHORE PARK
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2: CASH AND INVESTMENTS

Cash and investments at June 30, 2018 are classified in the financial statements as follows:

Cash and investments – unrestricted	\$849,925
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The District's cash and investments consisted of the following as of June 30, 2018:

Deposits held with County of Madera Investment Pool	\$849,925
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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, 2018, were as follows:

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

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

Fair Value Measurements

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

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

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

**MAINTENANCE DISTRICT 06 – LAKE SHORE PARK
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2018, was as follows:

	Total			Balance June 30, 2018
	Balance July 1, 2017	Additions	Deletions	
Capital assets, not being depreciated:				
Land	\$ 2,850	\$ -	\$ -	\$ 2,850
Total capital assets, not being depreciated	<u>2,850</u>	<u>-</u>	<u>-</u>	<u>2,850</u>
Capital assets, being depreciated:				
Water and sewer systems	440,350	-	-	440,350
Equipment	<u>22,977</u>	<u>-</u>	<u>-</u>	<u>22,977</u>
Total capital assets, being depreciated	<u>463,327</u>	<u>-</u>	<u>-</u>	<u>463,327</u>
Less accumulated depreciation for:				
Water and sewer systems	(106,635)	(18,889)	-	(125,524)
Equipment	<u>(11,423)</u>	<u>(2,298)</u>	<u>-</u>	<u>(13,721)</u>
Total accumulated depreciation	<u>(118,058)</u>	<u>(21,187)</u>	<u>-</u>	<u>(139,245)</u>
Total capital assets being depreciated, net	<u>345,269</u>	<u>(21,187)</u>	<u>-</u>	<u>324,082</u>
Total capital assets, net	<u>\$ 348,119</u>	<u>\$ (21,187)</u>	<u>\$ -</u>	<u>\$ 326,932</u>

Depreciation expense of \$21,187 was charged to the District.

**MAINTENANCE DISTRICT 06 – LAKE SHORE PARK
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3: CAPITAL ASSETS (Continued)

	Water			
	Balance	Additions	Deletions	Balance
	July 1, 2017			June 30, 2018
Capital assets, being depreciated:				
Water systems	\$ 375,040	\$ -	\$ -	\$ 375,040
Equipment	22,977	-	-	22,977
Total capital assets, being depreciated	398,017	-	-	398,017
Less accumulated depreciation for:				
Water systems	(67,507)	(17,076)	-	(84,583)
Equipment	(11,423)	(2,298)	-	(13,721)
Total accumulated depreciation	(78,930)	(19,374)	-	(98,304)
Total capital assets being depreciated, net	319,087	(19,374)	-	299,713
Total capital assets, net	\$ 319,087	\$ (19,374)	\$ -	\$ 299,713

Depreciation expense of \$19,374 was charged to the water service function of the District.

	Sewer			
	Balance	Additions	Deletions	Balance
	July 1, 2017			June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 2,850	\$ -	\$ -	\$ 2,850
Total capital assets, not being depreciated	2,850	-	-	2,850
Capital assets, being depreciated:				
Sewer systems	65,310	-	-	65,310
Total capital assets, being depreciated	65,310	-	-	65,310
Less accumulated depreciation for:				
Sewer systems	(39,128)	(1,813)	-	(40,941)
Total accumulated depreciation	(39,128)	(1,813)	-	(40,941)
Total capital assets being depreciated, net	26,182	(1,813)	-	24,369
Total capital assets, net	\$ 29,032	\$ (1,813)	\$ -	\$ 27,219

Depreciation expense of \$1,813 was charged to the sewer service function of the District.

**MAINTENANCE DISTRICT 06 – LAKE SHORE PARK
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4: RELATED PARTY TRANSACTIONS

The District's property taxes are levied and collected through County of Madera Assessor and Treasurer-Tax Collector departments. The District contracts with the County of Madera to provide certain maintenance services. The District's accounting and clerical functions are performed by County personnel. County of Madera charges the District for administrative costs incurred.

The amount due to the County of Madera as of June 30, 2018 is \$25,257.

NOTE 5: 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 6: 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.

SUPPLEMENTARY INFORMATION

**MAINTENANCE DISTRICT 06 – LAKE SHORE PARK
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018**

	Water	Sewer	Roads	Total
ASSETS				
Current Assets:				
Cash and investments	\$ 142,263	\$ 707,425	\$ 237	\$ 849,925
Accounts receivable	1,273	2,105	-	3,378
Interest receivable	1,446	2,391	-	3,837
Total Current Assets	144,982	711,921	237	857,140
Non-Current Assets:				
Capital assets:				
Land	-	2,850	-	2,850
Depreciable assets	398,017	65,310	-	463,327
Accumulated depreciation	(98,304)	(40,941)	-	(139,245)
Total Non-Current Assets	299,713	27,219	-	326,932
Total Assets	444,695	739,140	237	1,184,072
LIABILITIES				
Current Liabilities:				
Accounts payable	1,179	898	35	2,112
Deposits from others	452	748	-	1,200
Due to County of Madera	13,244	11,811	202	25,257
Unearned revenue	582	962	-	1,544
Total Current Liabilities	15,457	14,419	237	30,113
Total Liabilities	15,457	14,419	237	30,113
NET POSITION				
Net Investment in capital assets	299,713	27,219	-	326,932
Unrestricted	129,525	697,502	-	827,027
Total Net Position	\$ 429,238	\$ 724,721	\$ -	\$ 1,153,959

**MAINTENANCE DISTRICT 06 – LAKE SHORE PARK
(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, 2018**

	<u>Water</u>	<u>Sewer</u>	<u>Roads</u>	<u>Total</u>
Operating Revenues:				
Charges for services	\$ 28,888	\$ 47,616	\$ -	\$ 76,504
Total Operating Revenues	<u>28,888</u>	<u>47,616</u>	<u>-</u>	<u>76,504</u>
Operating Expenses:				
Services and supplies	18,522	14,543	237	33,302
Maintenance	27,444	33,335	377	61,156
Insurance	461	291	-	752
Utilities	4,197	5,784	-	9,981
Depreciation	<u>19,374</u>	<u>1,813</u>	<u>-</u>	<u>21,187</u>
Total Operating Expenses	<u>69,998</u>	<u>55,766</u>	<u>614</u>	<u>126,378</u>
Operating Income (Loss)	<u>(41,110)</u>	<u>(8,150)</u>	<u>(614)</u>	<u>(49,874)</u>
Non-Operating Revenue (Expenses):				
Taxes	40,991	67,797	614	109,402
Investment income	4,183	7,755	-	11,938
Intergovernmental	<u>5,788</u>	<u>-</u>	<u>-</u>	<u>5,788</u>
Total Non-Operating Revenue (Expenses)	<u>50,962</u>	<u>75,552</u>	<u>614</u>	<u>127,128</u>
Change in Net Position	9,852	67,402	-	77,254
Net Position, Beginning of Year	<u>419,386</u>	<u>657,319</u>	<u>-</u>	<u>1,076,705</u>
Net Position, End of Year	<u>\$ 429,238</u>	<u>\$ 724,721</u>	<u>\$ -</u>	<u>\$ 1,153,959</u>

**MAINTENANCE DISTRICT 06 – LAKE SHORE PARK
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

	Water	Sewer	Roads	Total
Cash flows from operating activities:				
Cash receipts from customers and users	\$ 30,263	\$ 46,896	\$ -	\$ 77,159
Cash paid to suppliers	<u>(47,715)</u>	<u>(56,211)</u>	<u>(407)</u>	<u>(104,333)</u>
Net cash provided (used) by operating activities	<u>(17,452)</u>	<u>(9,315)</u>	<u>(407)</u>	<u>(27,174)</u>
Cash flows from noncapital financing activities:				
Taxes	40,991	67,797	614	109,402
Operating grants	<u>5,788</u>	<u>-</u>	<u>-</u>	<u>5,788</u>
Net cash provided (used) by noncapital financing activities	<u>46,779</u>	<u>67,797</u>	<u>614</u>	<u>115,190</u>
Cash flows from investing activities:				
Interest on investments	<u>3,870</u>	<u>6,374</u>	<u>-</u>	<u>10,244</u>
Net cash provided (used) by investing activities	<u>3,870</u>	<u>6,374</u>	<u>-</u>	<u>10,244</u>
Net increase (decrease) in cash and cash equivalents	33,197	64,856	207	98,260
Cash and cash equivalents, beginning of the year	<u>109,066</u>	<u>642,569</u>	<u>30</u>	<u>751,665</u>
Cash and cash equivalents, end of the year	<u>\$ 142,263</u>	<u>\$ 707,425</u>	<u>\$ 237</u>	<u>\$ 849,925</u>

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

Operating income (loss)	\$ (41,110)	\$ (8,150)	\$ (614)	\$ (49,874)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	19,374	1,813	-	21,187
Changes in operating assets and liabilities:				
Decrease/(Increase) in accounts receivable	(693)	(1,588)	-	(2,281)
Decrease/(Increase) in due from other governments	1,979	-	-	1,979
Increase/(Decrease) in accounts payable	332	(301)	5	36
Increase/(Decrease) in due to County of Madera	2,577	(1,957)	202	822
Increase/(Decrease) in deposits from others	(24)	324	-	300
Increase/(Decrease) in unearned revenues	<u>113</u>	<u>544</u>	<u>-</u>	<u>657</u>
Net cash provided (used) by operating activities	<u>\$ (17,452)</u>	<u>\$ (9,315)</u>	<u>\$ (407)</u>	<u>\$ (27,174)</u>