

**MAINTENANCE DISTRICT 36 – EASTIN ARCOLA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2019 AND 2018**



CLAconnect.com

**WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING**

**MAINTENANCE DISTRICT 36 – EASTIN ARCOLA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

JUNE 30, 2019 AND 2018

TABLE OF CONTENTS

	<u>Page</u>
REPORT OF INDEPENDENT AUDITORS	1
BASIC FINANCIAL STATEMENTS	
Statements of Net Position	3
Statements of Revenues, Expenses, and Changes in Net Position	4
Statements of Cash Flows	5
Notes to the Basic Financial Statements	6
SUPPLEMENTARY INFORMATION	
Combining Statement of Net Position June 30, 2019.....	14
Combining Statement of Revenues, Expenses, and Changes in Net Position June 30, 2019	15
Combining Statement of Cash Flows for the Year Ended June 30, 2019.....	16
Combining Statement of Net Position June 30, 2018.....	17
Combining Statement of Revenues, Expenses, and Changes in Net Position June 30, 2018	18
Combining Statement of Cash Flows for the Year Ended June 30, 2018.....	19

THIS PAGE IS LEFT BLANK INTENTIONALLY.



INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Madera County

Report on the Financial Statements

We have audited the accompanying financial statements of Maintenance District 36 – Eastin Arcola (District), a component unit of the County of Madera, California as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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 auditors consider internal control relevant to the entity'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 entity'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 36 – Eastin Arcola as of June 30, 2019 and 2018, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic 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 14-19 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 prepared 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.



CliftonLarsonAllen LLP

Roseville, California
March 6, 2020

BASIC FINANCIAL STATEMENTS

**MAINTENANCE DISTRICT 36 – EASTIN ARCOLA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENTS OF NET POSITION
JUNE 30, 2019 AND 2018**

	2019	2018
Assets		
Current assets		
Cash	\$ 23,419	\$ 20,958
Accounts receivable	6,048	4,352
Interest receivable	79	92
Due from County of Madera	1	--
Total current assets	29,547	25,402
Noncurrent assets		
Land	1,000	1,000
Depreciable assets	220,823	220,823
Accumulated depreciation	(152,552)	(147,322)
Total noncurrent assets	69,271	74,501
Total assets	98,818	99,903
Liabilities		
Current liabilities		
Accounts payable	2,987	796
Interest payable	1,521	763
Deposits from others	300	300
Due to County of Madera	36,208	35,926
Unearned revenue	1	1
Total current liabilities	41,017	37,786
Non-Current liabilities		
Advances from County of Madera	43,441	43,441
Total non-current liabilities	43,441	43,441
Total liabilities	84,458	81,227
Net Position		
Investment in capital assets	69,271	74,501
Unrestricted	(54,911)	(55,825)
Total net position	\$ 14,360	\$ 18,676

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

**MAINTENANCE DISTRICT 36 – EASTIN ARCOLA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019 AND 2018**

	2019	2018
Operating Revenues:		
Charges for services	\$ 32,195	\$ 27,144
Total operating revenues	32,195	27,144
Operating Expenses:		
Services and supplies	8,930	8,422
Repairs and maintenance	17,765	23,953
Insurance	724	322
Utilities	3,504	7,650
Depreciation	5,230	5,230
Total operating expenses	36,153	45,577
Operating income (loss)	(3,958)	(18,433)
Nonoperating Revenue:		
Investment income	400	739
Interest and fiscal charges	(758)	(1,410)
Total nonoperating revenue	(358)	(671)
Income Before Contributions	(4,316)	(19,104)
Capital Contributions	-	2,408
Change in net position	(4,316)	(16,696)
Net position - beginning of year	18,676	35,372
Net position - end of year	\$ 14,360	\$ 18,676

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

**MAINTENANCE DISTRICT 36 – EASTIN ARCOLA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
Cash flows from operating activities:		
Receipts from customers	\$ 30,498	\$ 24,853
Payments to suppliers	(28,450)	(63,909)
Net cash provided (used) by operating activities	2,048	(39,056)
Cash flows from noncapital financing activities:		
Interest paid on noncapital debt	--	(751)
Net cash provided (used) by noncapital financing activities	--	(751)
Cash flows from capital & related financing activities:		
Capital grants	--	35,010
Acquisition and construction of capital assets	--	(2,458)
Payment of short-term loan	--	(41,055)
Net cash provided (used) by capital & related financing activities	--	(8,503)
Cash flows from investing activities:		
Interest received	413	894
Net cash provided (used) by investing activities	413	894
Net increase (decrease) in cash and cash equivalents	2,461	(47,416)
Cash and cash equivalents, beginning of year	20,958	68,374
Cash and cash equivalents, end of year	\$ 23,419	\$ 20,958
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (3,958)	\$ (18,433)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:		
Depreciation	5,230	5,230
Changes in assets and liabilities:		
Decrease/(increase) in accounts receivable	(1,696)	(2,280)
Decrease/(increase) in due from County of Madera	(1)	--
Increase/(decrease) in accounts payable	2,191	(30,886)
Increase/(decrease) in due to County of Madera	282	7,324
Increase/(decrease) in unearned revenues	--	(11)
Net Cash Provided (Used) by Operating Activities	\$ 2,048	\$ (39,056)

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 36 – EASTIN ARCOLA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the **MD 36 - Eastin Arcola** (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 and septic maintenance for residential lots and commercial property. The District is located about eight miles south of the City of Madera at Avenue 8 ½ and Road 29 ½. The District was formed on July 13, 1982 by Resolution No. 82-370. The Eastin Arcola Water System provides water service to 26.50 improved units and 2 standby units. The District also provides septic maintenance to 16 improved units and 2 standby units. The water rates and septic maintenance rates were last set on March 24, 2009 by Resolution No. 2009-087 and are based on a flat rate structure with an Annual Consumer Price Index adjustment. On October 10, 2017, water and sewer rates were increased by Resolution 2017-135 based on the result of the rate study.

The Board of Supervisors is the governing body of the District. The District is considered a blended component unit of the County of Madera and is reported as an enterprise fund in the County of Madera financial statements. The financial statements included in this report are intended to present the financial position and results of operations of only the District. They are not intended to present the financial position or results of operations of the County of Madera taken as a whole.

B. Basis of Presentation and Method of Accounting

Proprietary fund financial statements include a Statement of Net Position and a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

The District accounts for its activities as a single enterprise fund. Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. The principal operating revenues of the District are charges for services. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. Operating expenses for the District include the costs of sales and services, administrative expenses, and depreciation on capital assets. All other expenses are reported as non-operating expenses.

C. Cash and Investments

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

**MAINTENANCE DISTRICT 36 – EASTIN ARCOLA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers the cash held in the County Treasury, its only investments to be cash and cash equivalents.

E. Receivables

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

F. Capital Assets

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

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

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

G. Net Position

Net position is classified in the following three components:

- Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted – This category presents external restrictions imposed by creditors, grantors, contributors, laws, or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – This category represents all other net position of the District, that do not meet the definition of “net investment in capital assets” or “restricted net position.”

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

**MAINTENANCE DISTRICT 36 – EASTIN ARCOLA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019 AND 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, 2019 and 2018 are classified in the financial statements as follows:

	2019	2018
Cash and investments - unrescinded	\$ 23,419	\$ 20,958
Deposits held with County of Madera Investment Pool	\$ 23,419	\$ 20,958

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, 2019 and 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 36 – EASTIN ARCOLA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2019, was as follows:

	Total			Balance June 30, 2019
	Balance July 1, 2018	Additions	Retirements	
Capital assets, not being depreciated:				
Land	\$ 1,000	\$ --	\$ --	\$ 1,000
Total capital assets, not being depreciated	1,000	--	--	1,000
Capital assets, being depreciated:				
Water & sewer systems	220,823	--	--	220,823
Total capital assets, being depreciated	220,823	--	--	220,823
Less accumulated depreciation for:				
Water & sewer systems	(147,322)	(5,230)	--	(152,552)
Total accumulated depreciation	(147,322)	(5,230)	--	(152,552)
Total capital assets, being depreciated, net	73,501	(5,230)	--	68,271
Total capital assets, net	\$ 74,501	\$ (5,230)	\$ --	\$ 69,271

Depreciation expense of \$5,230 was charged to the District.

	Water			Balance June 30, 2019
	Balance July 1, 2018	Additions	Retirements	
Capital assets, not being depreciated:				
Land	\$ 1,000	\$ --	\$ --	\$ 1,000
Total capital assets, not being depreciated	1,000	--	--	1,000
Capital assets, being depreciated:				
Water systems	145,113	--	--	145,113
Total capital assets, being depreciated	145,113	--	--	145,113
Less accumulated depreciation for:				
Water systems	(71,612)	(5,230)	--	(76,842)
Total accumulated depreciation	(71,612)	(5,230)	--	(76,842)
Total capital assets, being depreciated, net	73,501	(5,230)	--	68,271
Total capital assets, net	\$ 74,501	\$ (5,230)	\$ --	\$ 69,271

Depreciation expense of \$5,230 was charged to the water service function of the District.

**MAINTENANCE DISTRICT 36 – EASTIN ARCOLA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 3: CAPITAL ASSETS (Continued)

	Sewer			
	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019
Capital assets, being depreciated:				
Sewer systems	\$ 75,710	\$ --	\$ --	\$ 75,710
Total capital assets, being depreciated	75,710	--	--	75,710
Less accumulated depreciation for:				
Sewer systems	(75,710)	--	--	(75,710)
Total accumulated depreciation	(75,710)	--	--	(75,710)
Total capital assets, being depreciated, net	--	--	--	--
Total capital assets, net	\$ --	\$ --	\$ --	\$ --

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

	Total			
	Balance July 1, 2017	Additions	Retirements and Transfers	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
Construction in progress	32,290	2,458	(34,748)	--
Total capital assets, not being depreciated	33,290	2,458	(34,748)	1,000
Capital assets, being depreciated:				
Water & sewer systems	186,075	--	34,748	220,823
Total capital assets, being depreciated	186,075	--	34,748	220,823
Less accumulated depreciation for:				
Water & sewer systems	(142,092)	(5,230)	--	(147,322)
Total accumulated depreciation	(142,092)	(5,230)	--	(147,322)
Total capital assets, being depreciated, net	43,983	(5,230)	34,748	73,501
Total capital assets, net	\$ 77,273	\$ (2,772)	\$ --	\$ 74,501

Depreciation expense of \$5,230 was charged to the District.

**MAINTENANCE DISTRICT 36 – EASTIN ARCOLA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 3: CAPITAL ASSETS (Continued)

	Water			
	Balance July 1, 2017	Additions	Retirements and Transfers	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 33,290	\$ 2,458	\$ (34,748)	\$ 1,000
Total capital assets, not being depreciated	33,290	2,458	(34,748)	1,000
Capital assets, being depreciated:				
Water systems	110,365	--	34,748	145,113
Total capital assets, being depreciated	110,365	--	34,748	145,113
Less accumulated depreciation for:				
Water systems	(66,382)	(5,230)	--	(71,612)
Total accumulated depreciation	(66,382)	(5,230)	--	(71,612)
Total capital assets, being depreciated, net	43,983	(5,230)	34,748	73,501
Total capital assets, net	\$ 77,273	\$ (2,772)	\$ --	\$ 74,501

Depreciation expense of \$5,230 was charged to the water service function of the District.

	Sewer			
	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018
Capital assets, being depreciated:				
Sewer systems	75,710	--	--	75,710
Total capital assets, being depreciated	75,710	--	--	75,710
Less accumulated depreciation for:				
Sewer systems	(75,710)	--	--	(75,710)
Total accumulated depreciation	(75,710)	--	--	(75,710)
Total capital assets, being depreciated, net	--	--	--	--
Total capital assets, net	\$ --	\$ --	\$ --	\$ --

**MAINTENANCE DISTRICT 36 – EASTIN ARCOLA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019 AND 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. The County of Madera charges the District for administrative costs incurred.

The amounts due to the County of Madera as of June 30, 2019 and 2018 are as follows:

	Balance July 1, 2018	Additions	Deletions	Balance July 1, 2019
Amounts due to County of Madera	\$ 35,926	\$ 36,208	\$ (35,926)	\$ 36,208
	<u>\$ 35,926</u>	<u>\$ 36,208</u>	<u>\$ (35,926)</u>	<u>\$ 36,208</u>

	Balance July 1, 2017	Additions	Deletions	Balance July 1, 2018
Amounts due to County of Madera	\$ 28,602	\$ 35,926	\$ (28,602)	\$ 35,926
	<u>\$ 28,602</u>	<u>\$ 35,926</u>	<u>\$ (28,602)</u>	<u>\$ 35,926</u>

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, 2019

	Balance July 1, 2018	Additions	Deletions	Balance July 1, 2019
Advance from County of Madera- water	\$ 20,000	\$ --	\$ --	\$ 20,000
Advance from County of Madera- water	17,811	--	--	17,811
Advance from County of Madera- sewer	5,630	--	--	5,630
Total	<u>\$ 43,441</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 43,441</u>

For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Advance from County of Madera- water	\$ 20,000	--	\$ --	\$ 20,000
Advance from County of Madera- water	17,811	--	--	17,811
Advance from County of Madera- sewer	5,630	--	--	5,630
Total	<u>\$ 43,441</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 43,441</u>

The District obtained a \$3,000 loan from the County on June 26, 2016 to help fund the District's water operation. The loan is to be repaid with interest at the County of Madera treasury pool rate plus 50 basis points as soon as funds are available from the District. Interest will be accrued on the unpaid principal balance until loan is paid in full.

In addition, the District also obtained a \$17,000 loan from the County on June 20, 2017 to help fund the District's operations. The loan is to be repaid with interest at the County of Madera treasury pool rate plus 50 basis points as soon as funds are available from the District. Interest will be accrued on the unpaid principal balance until loan is paid in full.

**MAINTENANCE DISTRICT 36 – EASTIN ARCOLA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 5: ADVANCES FROM COUNTY OF MADERA (Continued)

The District received advances from the County in the amounts of \$17,811 for water service function and \$5,630 for sewer service function. The advances are unsecured, noninterest bearing, and are due on demand. The County does not anticipate demanding repayment in the next fiscal year; therefore, the balances have been shown as noncurrent liabilities on the Statement of Net Position.

The District intends to pay back these advances through future cash flow at the new established rate approved on October 10, 2017 by Resolution 2017-135.

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.

THIS PAGE IS LEFT BLANK INTENTIONALLY.

SUPPLEMENTARY INFORMATION

**MAINTENANCE DISTRICT 36 – EASTIN ARCOLA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019**

	Water	Sewer	Total
Assets			
Current assets			
Cash	\$ 19,946	\$ 3,473	\$ 23,419
Accounts receivable	5,383	665	6,048
Interest receivable	70	9	79
Due from County of Madera	1	--	1
Total current assets	<u>25,400</u>	<u>4,147</u>	<u>29,547</u>
Noncurrent assets			
Land	1,000	--	1,000
Depreciable assets	145,113	75,710	220,823
Accumulated Depreciation	(76,842)	(75,710)	(152,552)
Total noncurrent assets	<u>69,271</u>	<u>--</u>	<u>69,271</u>
Total assets	<u>94,671</u>	<u>4,147</u>	<u>98,818</u>
Liabilities			
Current liabilities			
Accounts payable	682	2,305	2,987
Interest payable	1,521	--	1,521
Deposits from others	267	33	300
Due to County of Madera	35,065	1,143	36,208
Unearned revenue	1	--	1
Total current liabilities	<u>37,536</u>	<u>3,481</u>	<u>41,017</u>
Non-Current liabilities			
Advances from County of Madera	37,811	5,630	43,441
Total non-current liabilities	<u>37,811</u>	<u>5,630</u>	<u>43,441</u>
Total liabilities	<u>75,347</u>	<u>9,111</u>	<u>84,458</u>
Net Position			
Investment in capital assets	69,271	--	69,271
Unrestricted	(49,947)	(4,964)	(54,911)
Total net position	<u>\$ 19,324</u>	<u>\$ (4,964)</u>	<u>\$ 14,360</u>

**MAINTENANCE DISTRICT 36 – EASTIN ARCOLA
(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, 2019**

	Water	Sewer	Total
Operating Revenues:			
Charges for services	\$ 28,444	\$ 3,751	\$ 32,195
Total operating revenues	<u>28,444</u>	<u>3,751</u>	<u>32,195</u>
Operating Expenses:			
Services and supplies	6,504	2,426	8,930
Repairs and maintenance	15,582	2,183	17,765
Insurance	560	164	724
Utilities	3,504	--	3,504
Depreciation	5,230	--	5,230
Total operating expenses	<u>31,380</u>	<u>4,773</u>	<u>36,153</u>
Operating income (loss)	(2,936)	(1,022)	(3,958)
Nonoperating Revenue:			
Investment income	353	47	400
Interest and fiscal charges	(758)	--	(758)
Total nonoperating revenue	<u>(405)</u>	<u>47</u>	<u>(358)</u>
Change in net position	(3,341)	(975)	(4,316)
Net position - beginning of year	<u>22,665</u>	<u>(3,989)</u>	<u>18,676</u>
Net position - end of year	<u>\$ 19,324</u>	<u>\$ (4,964)</u>	<u>\$ 14,360</u>

**MAINTENANCE DISTRICT 36 – EASTIN ARCOLA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

	Water	Sewer	Total
Cash flows from operating activities:			
Receipts from customers	\$ 26,804	\$ 3,694	\$ 30,498
Payments to suppliers	(26,340)	(2,110)	(28,450)
Net cash provided (used) by operating activities	464	1,584	2,048
Cash flows from investing activities:			
Interest received	367	46	413
Net cash provided (used) by investing activities	367	46	413
Net increase in cash and cash equivalents	831	1,630	2,461
Cash and cash equivalents, beginning of year	19,115	1,843	20,958
Cash and cash equivalents, end of year	\$ 19,946	\$ 3,473	\$ 23,419
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (2,936)	\$ (1,022)	\$ (3,958)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	5,230	--	5,230
Changes in assets and liabilities:			
Decrease/(increase) in accounts receivable	(1,657)	(39)	(1,696)
Decrease/(increase) in due from County of Madera	(1)	--	(1)
Increase/(decrease) in accounts payable	(114)	2,305	2,191
Increase/(decrease) in due to County of Madera	(76)	358	282
Increase/(decrease) in unearned revenues	18	(18)	--
 Net Cash Provided (Used) by Operating Activities	\$ 464	\$ 1,584	\$ 2,048

**MAINTENANCE DISTRICT 36 – EASTIN ARCOLA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

	Water	Sewer	Total
Assets			
Current assets			
Cash	\$ 19,115	\$ 1,843	\$ 20,958
Accounts receivable	3,726	626	4,352
Interest receivable	84	8	92
Total current assets	<u>22,925</u>	<u>2,477</u>	<u>25,402</u>
Noncurrent assets			
Land	1,000	--	1,000
Depreciable assets	145,113	75,710	220,823
Accumulated Depreciation	(71,612)	(75,710)	(147,322)
Total noncurrent assets	<u>74,501</u>	<u>--</u>	<u>74,501</u>
Total assets	<u>97,426</u>	<u>2,477</u>	<u>99,903</u>
Liabilities			
Current liabilities			
Accounts payable	796	--	796
Interest payable	763	--	763
Deposits from others	249	51	300
Due to County of Madera	35,141	785	35,926
Unearned revenue	1	--	1
Total current liabilities	<u>36,950</u>	<u>836</u>	<u>37,786</u>
Non-Current liabilities			
Advances from County of Madera	37,811	5,630	43,441
Total non-current liabilities	<u>37,811</u>	<u>5,630</u>	<u>43,441</u>
Total liabilities	<u>74,761</u>	<u>6,466</u>	<u>81,227</u>
Net Position			
Investment in capital assets	74,501	--	74,501
Unrestricted	(51,836)	(3,989)	(55,825)
Total net position	<u>\$ 22,665</u>	<u>\$ (3,989)</u>	<u>\$ 18,676</u>

**MAINTENANCE DISTRICT 36 – EASTIN ARCOLA
(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**

	Water	Sewer	Total
Operating Revenues:			
Charges for services	\$ 23,513	\$ 3,631	\$ 27,144
Total operating revenues	<u>23,513</u>	<u>3,631</u>	<u>27,144</u>
Operating Expenses:			
Services and supplies	5,714	2,708	8,422
Repairs and maintenance	23,452	501	23,953
Insurance	160	162	322
Utilities	7,650	--	7,650
Depreciation	5,230	--	5,230
Total operating expenses	<u>42,206</u>	<u>3,371</u>	<u>45,577</u>
Operating income (loss)	(18,693)	260	(18,433)
Nonoperating Revenue:			
Investment income	618	121	739
Interest and fiscal charges	(1,410)	--	(1,410)
Total nonoperating revenue	<u>(792)</u>	<u>121</u>	<u>(671)</u>
Income (Loss) Before Contributions	<u>(19,485)</u>	<u>381</u>	<u>(19,104)</u>
Capital Contributions	<u>2,408</u>	<u>--</u>	<u>2,408</u>
Change in net position	(17,077)	381	(16,696)
Net position - beginning of year	<u>39,742</u>	<u>(4,370)</u>	<u>35,372</u>
Net position - end of year	<u>\$ 22,665</u>	<u>\$ (3,989)</u>	<u>\$ 18,676</u>

**MAINTENANCE DISTRICT 36 – EASTIN ARCOLA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

	Water	Sewer	Total
Cash flows from operating activities:			
Receipts from customers	\$ 21,491	\$ 3,362	\$ 24,853
Payments to suppliers	(60,364)	(3,545)	(63,909)
Net cash provided (used) by operating activities	(38,873)	(183)	(39,056)
Cash flows from noncapital financing activities:			
Interest paid on noncapital debt	(751)	--	(751)
Net cash provided (used) by noncapital financing activities	(751)	--	(751)
Cash flows from capital & related financing activities:			
Capital grants	35,010	--	35,010
Acquisition and construction of capital assets	(2,458)	--	(2,458)
Payment of short-term loan	(41,055)	--	(41,055)
Net cash provided (used) by capital & related financing activities	(8,503)	--	(8,503)
Cash flows from investing activities:			
Interest received	741	153	894
Net cash provided (used) by investing activities	741	153	894
Net increase (decrease) in cash and cash equivalents	(47,386)	(30)	(47,416)
Cash and cash equivalents, beginning of year	66,501	1,873	68,374
Cash and cash equivalents, end of year	\$ 19,115	\$ 1,843	\$ 20,958
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (18,693)	\$ 260	\$ (18,433)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	5,230	--	5,230
Changes in assets and liabilities:			
Decrease/(increase) in accounts receivable	(2,013)	(267)	(2,280)
Increase/(decrease) in accounts payable	(30,653)	(233)	(30,886)
Increase/(decrease) in due to County of Madera	7,265	59	7,324
Increase/(decrease) in unearned revenues	(9)	(2)	(11)
Net Cash Provided (Used) by Operating Activities	\$ (38,873)	\$ (183)	\$ (39,056)