

**MAINTENANCE DISTRICT 01 – HIDDEN LAKE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

FINANCIAL STATEMENTS

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



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**MAINTENANCE DISTRICT 01 – HIDDEN LAKE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

JUNE 30, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

Honorable Board of Supervisors
Madera County

Report on the Financial Statements

We have audited the accompanying financial statements of Maintenance District 01 – Hidden Lake (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 the Maintenance District 01 – Hidden Lake 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".**CliftonLarsonAllen LLP**

Roseville, California
February 12, 2020

BASIC FINANCIAL STATEMENTS

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**MAINTENANCE DISTRICT 01 – HIDDEN LAKE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

	2019	2018
Assets		
Current assets		
Cash	\$ 325,688	\$ 87,557
Accounts receivable	34,858	71,642
Interest receivable	1,375	689
Due from other funds - County of Madera	16	--
Due from other governments	168,436	44,423
Total current assets	530,373	204,311
Noncurrent assets		
Land	195,919	168,591
Construction in progress	400,380	218,550
Infrastructure	449,561	449,561
Accumulated Depreciation	(313,240)	(308,558)
Total noncurrent assets	732,620	528,144
Total assets	1,262,993	732,455
Liabilities		
Current liabilities		
Accounts payable	98,263	7,479
Interest payable	14,057	372
Deposits from others	750	450
Due to County of Madera	41,377	73,444
Unearned revenue	1,332	1,250
Short-term Note	350,000	--
Notes payable, current portion	17,557	16,369
Total current liabilities	523,336	99,364
Non-Current liabilities		
Notes payable, noncurrent portion	28,751	46,308
Advances from County of Madera	122,000	50,000
Total non-current liabilities	150,751	96,308
Total liabilities	674,087	195,672
Net Position		
Net investment in capital assets	500,542	465,467
Unrestricted	88,364	71,316
Total net position	\$ 588,906	\$ 536,783

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

**MAINTENANCE DISTRICT 01 – HIDDEN LAKE
(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	\$ 91,567	\$ 132,057
Other revenues	2	5,260
Total operating revenues	91,569	137,317
Operating Expenses:		
Services and supplies	111,750	55,030
Repairs and maintenance	120,880	158,085
Insurance	3,974	1,455
Utilities	11,956	13,028
Depreciation	4,682	4,683
Total operating expenses	253,242	232,281
Operating income (loss)	(161,673)	(94,964)
Nonoperating Revenue (Expenses):		
Taxes	32,551	32,154
Investment income	7,286	4,996
Interest and fiscal charges	(17,864)	(9,815)
Total nonoperating revenue	21,973	27,335
Income (loss) before capital contributions	(139,700)	(67,629)
Capital Contributions	191,823	101,969
Change in Net Position	52,123	34,340
Net position - beginning of year	536,783	502,443
Net position - end of year	\$ 588,906	\$ 536,783

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

**MAINTENANCE DISTRICT 01 – HIDDEN LAKE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

	2019	2018
Cash Flows From Operating Activities:		
Receipts from customers	\$ 128,719	\$ 127,454
Payments to suppliers	(189,843)	(272,256)
Net Cash Provided (Used) by Operating Activities	(61,124)	(144,802)
Cash Flows From Noncapital Financing Activities:		
Taxes received	32,551	32,154
Advance from County of Madera	72,000	50,000
Net Cash Provided by Noncapital Financing Activities	104,551	82,154
Cash Flows From Capital and Related Financing Activities:		
Capital grants	67,810	94,670
Short-term note from County of Madera	350,000	--
Acquisition and construction of capital assets	(209,158)	(64,915)
Principal payments on notes payable	(16,369)	(15,263)
Interest payments	(4,179)	(9,937)
Net Cash Provided by Capital and Related Financing Activities	188,104	4,555
Cash Flows From Investing Activities:		
Interest received	6,600	4,780
Net Cash Provided by Investing Activities	6,600	4,780
Net Increase in Cash and Cash Equivalents	238,131	(53,313)
Cash and Cash Equivalents, Beginning of Year	87,557	140,870
Cash and Cash Equivalents, End of Year	\$ 325,688	\$ 87,557

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

**MAINTENANCE DISTRICT 01 – HIDDEN LAKE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019 AND 2018**

	2019	2018
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (161,673)	\$ (94,964)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:		
Depreciation	4,682	4,683
Changes in assets and liabilities:		
Decrease/(increase) in accounts receivable	36,784	(10,444)
Decrease/(increase) in due from County of Madera	(16)	--
Increase/(decrease) in accounts payable	90,784	(26,139)
Increase/(decrease) in due to County of Madera	(32,067)	(18,519)
Increase/(decrease) in unearned revenues	82	281
Increase/(decrease) in deposits from others	300	300
	Net Cash Provided (Used) by Operating Activities	Net Cash Provided (Used) by Operating Activities
	\$ (61,124)	\$ (144,802)

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 01 – HIDDEN LAKE
(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 01 - Hidden Lake** (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 for a residential development encompassing approximately 166 acres. The District is located on the northwestern shore of Millerton Lake off of Road 216. The District was formed on August 13, 1963 by Resolution No. 63-338. The Hidden Lakes water system serves 49 improved units and 159 standby units. The system has an annual water allocation of 200 acres feet of surface water from Millerton Lake. Raw water is pumped from the lake bottom 2,350 linear feet and 247 vertical feet to a treatment plant by two stationary 150 gpm submersible pumps. The water is then treated by a conventional filtration package surface water treatment plant built in 1986. Treated water is pumped into a 110,000 gallon storage tank and from there; system pressure is maintained by gravity. In addition to the storage, the distribution system consists of two pressure zones, 19,715 feet of cement lined steel water mains, consumer service lines and meters. The current water rates for improved lots was set by Resolution No. 2011-195 and are based on a tiered structure with an annual Consumer Price Index adjustment. The base rate is billed annually and included within the property tax bill. The meters are read quarterly with any excess use charges billed separately in February.

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 derived from water sales to customers connected to the District's water system infrastructure. 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 01 – HIDDEN LAKE
(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)

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. 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 property taxes, fees charged for water services, special assessment for water services, 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. Special Assessments

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

G. Capital Assets

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

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

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

**MAINTENANCE DISTRICT 01 – HIDDEN LAKE
(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. 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.

I. Use of Estimates

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

NOTE 2: CASH AND INVESTMENTS

Cash and investments at June 30, 2019 and 2018 are as follows:

	2019	2018
Cash and Investments held in County Treasury	\$ 325,688	\$ 87,557

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.

**MAINTENANCE DISTRICT 01 – HIDDEN LAKE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

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, 2019, was as follows:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 24,015	\$ 27,328	\$ --	\$ 51,343
Land under roads	144,576	--	--	144,576
Construction in progress	218,550	181,830		400,380
Total capital assets, not being depreciated	387,141	209,158	--	596,299
Capital assets, being depreciated:				
Infrastructure	\$ 86,997	--	--	86,997
Water & sewer systems	362,564	--	--	362,564
Total capital assets, being depreciated	449,561	--	--	449,561
Less accumulated depreciation for:				
Infrastructure	(86,997)	--	--	(86,997)
Water & sewer systems	(221,561)	(4,682)	--	(226,243)
Total accumulated depreciation	(308,558)	(4,682)	--	(313,240)
Total capital assets, being depreciated, net	141,003	(4,682)	--	136,321
Total capital assets, net	\$ 528,144	\$ 204,476	\$ --	\$ 732,620

**MAINTENANCE DISTRICT 01 – HIDDEN LAKE
(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)

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

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 24,015	\$ --	\$ --	\$ 24,015
Land under roads	144,576	--	--	144,576
Construction in progress	153,635	64,915	--	218,550
Total capital assets, not being depreciated	322,226	64,915	--	387,141
Capital assets, being depreciated:				
Infrastructure	86,997			86,997
Water systems	362,564	--	--	362,564
Total capital assets, being depreciated	449,561	--	--	449,561
Less accumulated depreciation for:				
Infrastructure	(86,997)			(86,997)
Water & sewer systems	(216,878)	(4,683)	--	(221,561)
Total accumulated depreciation	(303,875)	(4,683)	--	(308,558)
Total capital assets, being depreciated, net	145,686	(4,683)	--	141,003
Total capital assets, net	\$ 467,912	\$ 60,232	\$ --	\$ 528,144

Depreciation expense charged by the district was \$4,682 and \$4,683 for the fiscal years 2019 and 2018, respectively

NOTE 4: RELATED PARTY TRANSACTIONS

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

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Amounts due to County of Madera	\$ 73,444	\$ 41,377	\$ (73,444)	\$ 41,377
	\$ 73,444	\$ 41,377	\$ (73,444)	\$ 41,377

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Amounts due to County of Madera	\$ 91,963	\$ 73,444	\$ (91,963)	\$ 73,444
	\$ 91,963	\$ 73,444	\$ (91,963)	\$ 73,444

**MAINTENANCE DISTRICT 01 – HIDDEN LAKE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 5: SHORT-TERM NOTES

The District obtained a \$350,000 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 for the potential replacement or expansion of the surface water treatment plant and storage tank. 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.

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Grant Anticipation Note	\$ -	\$ 350,000	\$ -	\$ 350,000
	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ 350,000</u>

NOTE 6: LONG-TERM LIABILITIES

The following is a summary of long-term liabilities transactions for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance July 1, 2019	Due within One Year
CSDA Note Payable	\$ 62,677	\$ -	\$ (16,369)	\$ 46,308	\$ 17,557
Advances from County	50,000	72,000	-	122,000	-
	<u>\$ 112,677</u>	<u>\$ 72,000</u>	<u>\$ (16,369)</u>	<u>\$ 168,308</u>	<u>\$ 17,557</u>

	Balance July 1, 2017	Additions	Deletions	Balance July 1, 2018	Due within One Year
CSDA Note Payable	\$ 77,940	\$ -	\$ (15,263)	\$ 62,677	\$ 16,369
Advances from County	--	50,000	--	50,000	--
	<u>\$ 77,940</u>	<u>\$ 50,000</u>	<u>\$ (15,263)</u>	<u>\$ 112,677</u>	<u>\$ 16,369</u>

California Statewide Communities Development Authority (CSCDA) Note Payable

On July 1, 1993 the District entered into a loan agreement with the California Statewide Communities Development Authority to refinance \$249,191 in a previously outstanding loan. The term of this loan is 28 years, maturing on January 1, 2021 with a stated interest rate of 7.125%. Semi-annual payments of \$10,274 are due on December 1st and June 1st of each year. As of June 30, 2019 the outstanding balance on this loan is \$46,308.

**MAINTENANCE DISTRICT 01 – HIDDEN LAKE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 6: LONG-TERM LIABILITIES (Continued)

The debt service requirements for the District's notes payable are as follows:

<u>Fiscal Year ending June 30, 2019</u>			<u>Fiscal Year ending June 30, 2018</u>		
Year ending June 30,	Principal	Interest	Year ending June 30,	Principal	Interest
2020	17,557	2,992	2019	16,369	4,179
2021	18,830	1,719	2020	17,557	2,992
2022	9,921	353	2021	18,830	1,719
	<u>\$ 46,308</u>	<u>\$ 5,064</u>	2022	9,921	353
				<u>\$ 62,677</u>	<u>\$ 9,243</u>

Advances from County of Madera

The District obtained a \$50,000 loan for the water 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 be accrued on the unpaid principal balance until loan is paid in full. As of June 30, 2019 the outstanding balance on this loan is \$50,000.

The District obtained a \$72,000 loan for the water division, from the County of Madera on June 20, 2019 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 be accrued on the unpaid principal balance until loan is paid in full. As of June 30, 2019 the outstanding balance on this loan is \$72,000.

NOTE 7: 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 8: 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

The District reported construction commitments of \$310,865 and 321,623 at June 30, 2019 and 2018, respectively.