

**MAINTENANCE DISTRICT 32 – WEST ROAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
JUNE 30, 2019**

**MAINTENANCE DISTRICT 32 – WEST ROAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**JUNE 30, 2019**

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## BASIC FINANCIAL STATEMENTS

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**MAINTENANCE DISTRICT 32 – WEST ROAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION  
JUNE 30, 2019**

	Balance Sheet	Adjustments	Statement of Net Position
<b>ASSETS</b>			
Cash and investments - unrestricted	\$ 86,217	\$ -	\$ 86,217
Cash and investments - restricted	34,815	-	34,815
Accounts receivable	1,870	-	1,870
Interest receivable	450	-	450
Capital assets not being depreciated:			
Land	-	24,840	24,840
Land under roads	-	402,397	402,397
Capital assets, net of accumulated depreciation:			
Infrastructure	-	24,260	24,260
	-	24,260	24,260
 Total Assets	 \$ 123,352	 \$ 451,497	 \$ 574,849
 <b>LIABILITIES</b>			
Accounts payable	410	-	410
Due to County of Madera	760	-	760
	-	-	-
 Total Liabilities	 1,170	 -	 1,170
 <b>FUND BALANCE/NET POSITION</b>			
Fund Balance:			
Restricted for road maintenance	122,182	(122,182)	-
	-	-	-
 Total Fund Balance	 122,182	 (122,182)	 -
 Total Liabilities and Fund Balance	 \$ 123,352		
 Net Position:			
Net investment in capital assets		451,497	451,497
Restricted for road maintenance		122,182	122,182
		-	-
 Total Net Position		 \$ 573,679	 \$ 573,679

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

**MAINTENANCE DISTRICT 32 – WEST ROAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2019**

Amounts reported for governmental activities in the statement of net position are different because:

Fund balance - governmental fund	\$ 122,182
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	<u>451,497</u>
Net position of governmental activities	<u>\$ 573,679</u>

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

**MAINTENANCE DISTRICT 32 – WEST ROAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGE IN FUND  
BALANCE/STATE OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

	Statement of Governmental Fund Revenues, Expenditures, and Change in Fund		Statement of
	Balance	Adjustments	Activities
	<u>          </u>	<u>          </u>	<u>          </u>
Expenditures/expenses:			
Road maintenance:			
General and administrative	\$ 1,643	\$ -	\$ 1,643
Maintenance - roads	1,736	-	1,736
Insurance	1,457	-	1,457
Depreciation	-	15,015	15,015
Debt service:			
Principal	8,671	(8,671)	-
Interest	223	(74)	149
	<u>13,730</u>	<u>6,270</u>	<u>20,000</u>
Total expenditures/expenses			
Program revenues:			
Assessments	<u>33,751</u>	<u>-</u>	<u>33,751</u>
Total program revenues	<u>33,751</u>	<u>-</u>	<u>33,751</u>
Net program (expenses) revenues		<u>(6,270)</u>	<u>13,751</u>
General revenues:			
Investment earnings	<u>1,837</u>	<u>-</u>	<u>1,837</u>
Total general revenues	<u>1,837</u>	<u>-</u>	<u>1,837</u>
Excess (deficiency) of revenues over expenditures	21,858	(21,858)	-
Change in net position		15,588	15,588
Fund balance/net position:			
Beginning of the year	<u>100,324</u>	<u>-</u>	<u>558,091</u>
End of year	<u>\$ 122,182</u>	<u>\$ -</u>	<u>\$ 573,679</u>

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

**MAINTENANCE DISTRICT 32 – WEST ROAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - governmental fund	\$ 21,858
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This amount is the depreciation expense in the current period.	(15,015)
Repayment of debt principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.	8,671
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore not reported as expenditures in governmental funds.	<u>74</u>
Change in net position of governmental activities	<u>\$ 15,588</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 32 – WEST ROAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

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

The basic financial statements of the **MD 32 – West Road** (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 32 provides road maintenance to approximately 159 parcels with 8.21 miles of paved roads and 0.20 miles of unpaved/un-named roads. The District is located two miles east of Oakhurst and is accessed north from Road 426 on John West Road.

MD 32 was formed on March 01, 1977 by Resolution No. 77-136 and is approximately 297 acres in size. A direct assessment of \$100.00 per parcel, per year was approved July 2, 1985 by Resolution No. 85-274.

MD 32 Zone A was formed on August 19, 1997 by Resolution No. 97-202 at which time a direct annual assessment of \$200.00 per parcel 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 a special revenue 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**

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**Government-Wide Financial Statements**

The government-wide financial statements include a Statement of Net Position and a Statement of Activities. These financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all the District's assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. An economic resource focus concentrates on an entity's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurement focus is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recognized in the period which they are earned, while expenses are recognized in the period in which the liability is incurred.

**MAINTENANCE DISTRICT 32 – WEST ROAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

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

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

*Governmental Fund Financial Statements*

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Change in Fund Balance. An accompanying schedule is presented to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the government-wide financial statements.

Governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Change in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual of accounting, revenues are recognized in the accounting period in which they become both measureable and available to finance expenditures of the current period.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded in the accounting period in which the liability is incurred.

Unavailable revenues arise when potential revenues do not meet both the “measureable” and “available” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unavailable revenue is removed from the Balance Sheet and revenue is recognized.

The District’s revenues consist of assessments and revenue from use of money and property. Program expenses are defined as those expenses directly related to providing road maintenance services.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, reconciliation is necessary to explain the adjustments needed to transform the fund-based financial statements into the government-wide presentation.

**C. Cash and Investments**

Cash and investments shown in the Statement of Net Position and in the Balance Sheet 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 interest from the County of Madera. Management believes its receivables to be fully collectible, and accordingly, no allowance for doubtful accounts is required.

**E. Assessments**

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

**MAINTENANCE DISTRICT 32 – WEST ROAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

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

**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 in the government-wide financial statements. 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 System	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.

**G. Budget**

The District's budget is prepared on the modified accrual basis of accounting consistent with GAAP. The proposed budget is the spending authority from July until budget hearings are held the end of August and the County of Madera Board of Supervisors formally adopts the budget in early September. Once approved, the Board of Supervisors may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. Unencumbered appropriation for annual budgeted funds lapses at fiscal year-end.

Revenues are budgeted by source. Expenditures are budgeted by objects as follows: services and supplies, other charges, and capital outlay. This constitutes the legal level of control. Expenditures may not exceed appropriations for travel, transportation and education. Budget revisions between object levels, for travel, transportation, and education, or specific capital outlays are subject to final approval by Board of Supervisors. Revisions less than \$5,000 within the object levels (excluding transportation, travel & education and specific capital outlays) can be approved by the County Administrative Officer.

**MAINTENANCE DISTRICT 32 – WEST ROAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

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

**H. Net Position and Fund Balances**

**Government-Wide Financial Statements**

In the government-wide financial statements, net position is classified in the following:

- 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.”

**Fund Financial Statements**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in governmental fund financial statements are as follows:

- Nonspendable Fund Balance – includes amounts that are not in a spendable form (such as inventories or prepaid amounts, and long-term loans and notes receivable) or are legally or contractually required to be maintained intact (such as principal of a permanent fund).
- Restricted Fund Balance – includes amounts that can be spent only for specific purposes stipulated by external parties (such as creditor, grant providers, or contributors) or by law.
- Committed Fund Balance – includes amounts that can be used only for the specific purpose determined by the County of Madera Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action. The formal action must occur prior to the end of the reporting period. The amount which will be subject to the constraint may be determined in the subsequent period.
- Assigned Fund Balance – is comprised of amounts intended to be used by the governmental entity for specific purposes that are neither restricted nor committed. Intent can be expressed by the Board of Supervisors or by an official or body to which the Board delegates the authority. Assigned fund balance can be used to eliminate a projected budgetary deficit in the subsequent year’s budget.
- Unassigned Fund Balance - is the residual classification for the District and includes all amounts not contained in the other classification. Unassigned amounts are technically available for any purposes.

The Board of Supervisor establishes, modifies or rescinds fund balance commitments and assignments by passage of a resolution or an ordinance. This can be done through the adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, followed by committed, assigned and unassigned resources as they are needed.

**MAINTENANCE DISTRICT 32 – WEST ROAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

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

**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 are classified in the financial statements as follows:

Cash and investments – unrestricted	\$ 86,217
Cash and investments – restricted	<u>34,815</u>
Total cash and investments	<u>\$121,032</u>

The District's cash and investments consisted of the following as of June 30, 2019:

Deposits held with County of Madera Investment Pool	\$121,032
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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, 2019, 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 32 – WEST ROAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

**NOTE 3: CAPITAL ASSETS**

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

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 24,840	\$ -	\$ -	\$ 24,840
Land under roads	402,397	-	-	402,397
Total capital assets, not being depreciated	<u>427,237</u>	<u>-</u>	<u>-</u>	<u>427,237</u>
Capital assets, being depreciated:				
Infrastructure	296,253	-	-	296,253
Total capital assets, being depreciated	<u>296,253</u>	<u>-</u>	<u>-</u>	<u>296,253</u>
Less accumulated depreciation for:				
Infrastructure	(256,978)	(15,015)	-	(271,993)
Total accumulated depreciation	<u>(256,978)</u>	<u>(15,015)</u>	<u>-</u>	<u>(271,993)</u>
Total capital assets being depreciated, net	<u>39,275</u>	<u>(15,015)</u>	<u>-</u>	<u>24,260</u>
Total capital assets, net	<u>\$ 466,512</u>	<u>\$ (15,015)</u>	<u>\$ -</u>	<u>\$ 451,497</u>

Depreciation expense of \$15,015 was charged to the road maintenance function of the governmental activities.

**NOTE 4: RELATED PARTY TRANSACTIONS**

The District's 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 road 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 amount due to the County of Madera as of June 30, 2019 is \$760.

**NOTE 5: 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 June 30, 2019	Due Within One Year
USDA-Rural Development Note Payable	\$ 8,671	\$ -	\$ (8,671)	\$ -	\$ -
Total	<u>\$ 8,671</u>	<u>\$ -</u>	<u>\$ (8,671)</u>	<u>\$ -</u>	<u>\$ -</u>

**MAINTENANCE DISTRICT 32 – WEST ROAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

**NOTE 5: LONG-TERM LIABILITIES (Continued)**

United States Department of Agriculture Rural Development Note Payable

On October 24, 2000 the District borrowed \$344,445 from the United States Department of Agriculture Rural Development for road paving in the District. The term of this loan is 40 years at a stated interest rate of 5.125%. Payments are due semi-annually on October 24<sup>th</sup> and April 24<sup>th</sup> of each year. The repayment period commenced on April 24, 2002. The note payable is paid off during fiscal year 2019.

**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.

REQUIRED SUPPLEMENTARY INFORMATION

**MAINTENANCE DISTRICT 32 – WEST ROAD  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -  
BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Assessments	\$ 33,050	\$ 33,050	\$ 33,751	\$ 701
Investment earnings	550	550	1,837	1,287
Total revenues	<u>33,600</u>	<u>33,600</u>	<u>35,588</u>	<u>1,988</u>
Expenditures:				
Road maintenance:				
General and administrative	2,439	3,436	1,643	1,793
Maintenance - roads	74,000	74,000	1,736	72,264
Insurance	1,457	1,457	1,457	-
Appropriation for contingency	29,904	29,904	-	29,904
Debt service:				
Principal	20,000	20,000	8,671	11,329
Interest	800	800	223	577
Total expenditures	<u>128,600</u>	<u>129,597</u>	<u>13,730</u>	<u>115,867</u>
Net change in fund balance	(95,000)	(95,997)	21,858	117,855
Fund balance - beginning of year	<u>100,324</u>	<u>100,324</u>	<u>100,324</u>	<u>-</u>
Fund balance - end of year	<u>\$ 5,324</u>	<u>\$ 4,327</u>	<u>\$ 122,182</u>	<u>\$ 117,855</u>