

**SERVICE AREA 14 – CHUK-CHANSE  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**FINANCIAL STATEMENTS**

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

**SERVICE AREA 14 – CHUK-CHANSE  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**JUNE 30, 2019**

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## BASIC FINANCIAL STATEMENTS

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**SERVICE AREA 14 – CHUK-CHANSE  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

**ASSETS**

Current Assets:

Cash and investments	\$ 23,510
Accounts receivable	24,027
Interest receivable	90
Due from County of Madera	<u>2</u>
Total Current Assets	<u>47,629</u>

Non-Current Assets:

Capital assets:

Land	52,994
Depreciable assets	498,325
Accumulated depreciation	<u>(231,020)</u>
Total Non-Current Assets	<u>320,299</u>

Total Assets	<u>367,928</u>
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**LIABILITIES**

Current Liabilities:

Accounts payable	4,695
Interest payable	302
Deposits from others	750
Due to County of Madera	<u>24,522</u>
Total Current Liabilities	<u>30,269</u>

Non-Current Liabilities:

Advances from County of Madera	<u>82,099</u>
Total Non-Current Liabilities	<u>82,099</u>

Total Liabilities	<u>112,368</u>
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**NET POSITION**

Net Investment in capital assets	320,299
Unrestricted	<u>(64,739)</u>
Total Net Position	<u><u>\$ 255,560</u></u>

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

**SERVICE AREA 14 – CHUK-CHANSE  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

Operating Revenues:	
Charges for services	\$ 51,225
Total Operating Revenues	<u>51,225</u>
Operating Expenses:	
Services and supplies	27,137
Maintenance	58,591
Insurance	3,250
Utilities	6,450
Depreciation	<u>10,191</u>
Total Operating Expenses	<u>105,619</u>
Operating Income (Loss)	<u>(54,394)</u>
Non-Operating Revenue (Expenses):	
Investment income	534
Interest and fiscal charges	<u>(644)</u>
Total Non-Operating Revenue (Expenses)	<u>(110)</u>
Change in Net Position	(54,504)
Net Position, Beginning of Year	<u>310,064</u>
Net Position, End of Year	<u>\$ 255,560</u>

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

**SERVICE AREA 14 – CHUK-CHANSE  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

Cash flows from operating activities:	
Cash receipts from customers and users	\$ 47,626
Cash paid to suppliers	<u>(81,943)</u>
Net cash provided (used) by operating activities	<u>(34,317)</u>
Cash flows from noncapital financing activities:	
Advances from County of Madera	(4,000)
Interest paid on non-capital debt	<u>(1,988)</u>
Net cash provided (used) by noncapital financing activities	<u>(5,988)</u>
Cash flows from investing activities:	
Interest on investments	<u>827</u>
Net cash provided (used) by investing activities	<u>827</u>
Net increase (decrease) in cash and cash equivalents	(39,478)
Cash and cash equivalents, beginning of the year	<u>62,988</u>
Cash and cash equivalents, end of the year	<u>\$ 23,510</u>

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

Operating income (loss)	\$ (54,394)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	10,191
Changes in operating assets and liabilities:	
Decrease/(Increase) in accounts receivable	(3,764)
Decrease/(Increase) in due from County of Madera	(2)
Increase/(Decrease) in accounts payable	4,137
Increase/(Decrease) in due to County of Madera	9,348
Increase/(Decrease) in deposits from others	300
Increase/(Decrease) in unearned revenues	<u>(133)</u>
Net cash provided (used) by operating activities	<u>\$ (34,317)</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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**SERVICE AREA 14 – CHUK-CHANSE  
(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 **Service Area 14 – Chuk-Chanse** (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 31 residential improved units. The District provides sewer service to 34 improved units. There are four streetlights in the District in which PG&E performs the needed service and maintenance. The District pays the utility bills for the street lights. The District is located at County Road 28 ½ and Western Way in Madera County.

The District was formed on December 6, 1983 by Resolution No. 83-578. The funding for the water and sewer system operations is derived from charges for water and sewer services. The funding for the lighting system operation is from assessments. The rates for the water and sewer services for improved lots were set by Ordinance No. 607 on February 1, 2005 and included an annual Consumer Price Index adjustment.

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.

**SERVICE AREA 14 – CHUK-CHANSE  
(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)**

**D. Receivables**

Receivables consist of fees charged for water and sewer services, assessments, 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. Assessments**

Secured and unsecured and 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.

**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.

**SERVICE AREA 14 – CHUK-CHANSE  
(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. 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	\$23,510
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The District's cash and investments consisted of the following as of June 30, 2019:

Deposits held with County of Madera Investment Pool	\$23,510
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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.

**SERVICE AREA 14 – CHUK-CHANSE  
(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:

	<b>Total</b>			Balance June 30, 2019
	Balance July 1, 2018	Additions	Deletions	
Capital assets, not being depreciated:				
Land	\$ 52,994	\$ -	\$ -	\$ 52,994
Total capital assets, not being depreciated	<u>52,994</u>	<u>-</u>	<u>-</u>	<u>52,994</u>
Capital assets, being depreciated:				
Water and sewer systems	498,325	-	-	498,325
Total capital assets, being depreciated	<u>498,325</u>	<u>-</u>	<u>-</u>	<u>498,325</u>
Less accumulated depreciation for:				
Water and sewer systems	(220,829)	(10,191)	-	(231,020)
Total accumulated depreciation	<u>(220,829)</u>	<u>(10,191)</u>	<u>-</u>	<u>(231,020)</u>
Total capital assets being depreciated, net	<u>277,496</u>	<u>(10,191)</u>	<u>-</u>	<u>267,305</u>
Total capital assets, net	<u>\$ 330,490</u>	<u>\$ (10,191)</u>	<u>\$ -</u>	<u>\$ 320,299</u>

Depreciation expense of \$10,190 was charged to the District.

	<b>Water</b>			Balance June 30, 2019
	Balance July 1, 2018	Additions	Deletions	
Capital assets, not being depreciated:				
Land	\$ 52,994	\$ -	\$ -	\$ 52,994
Total capital assets, not being depreciated	<u>52,994</u>	<u>-</u>	<u>-</u>	<u>52,994</u>
Capital assets, being depreciated:				
Water systems	306,225	-	-	306,225
Total capital assets, being depreciated	<u>306,225</u>	<u>-</u>	<u>-</u>	<u>306,225</u>
Less accumulated depreciation for:				
Water systems	(99,518)	(7,438)	-	(106,956)
Total accumulated depreciation	<u>(99,518)</u>	<u>(7,438)</u>	<u>-</u>	<u>(106,956)</u>
Total capital assets being depreciated, net	<u>206,707</u>	<u>(7,438)</u>	<u>-</u>	<u>199,269</u>
Total capital assets, net	<u>\$ 259,701</u>	<u>\$ (7,438)</u>	<u>\$ -</u>	<u>\$ 252,263</u>

Depreciation expense of \$7,438 was charged to the water service function of the District.

**SERVICE AREA 14 – CHUK-CHANSE  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

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

	<b>Sewer</b>			Balance June 30, 2019
	Balance July 1, 2018	Additions	Deletions	
Capital assets, being depreciated:				
Sewer systems	\$ 192,100	\$ -	\$ -	\$ 192,100
Total capital assets, being depreciated	192,100	-	-	192,100
Less accumulated depreciation for:				
Sewer systems	(121,311)	(2,753)	-	(124,064)
Total accumulated depreciation	(121,311)	(2,753)	-	(124,064)
Total capital assets being depreciated, net	70,789	(2,753)	-	68,036
Total capital assets, net	<u>\$ 70,789</u>	<u>\$ (2,753)</u>	<u>\$ -</u>	<u>\$ 68,036</u>

Depreciation expense of \$2,753 was charged to the sewer service function of the District.

**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 amount due to the County of Madera as of June 30, 2019 is \$24,522.

**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			Balance June 30, 2019	Due Within One Year
	July 1, 2018	Additions	Deletions		
Advance from County of Madera	\$ 11,272	\$ -	\$ -	\$ 11,272	\$ -
Advance from County of Madera	24,827	-	-	24,827	-
Advance from County of Madera	50,000	-	(50,000)	-	-
Advance from County of Madera	-	46,000	-	46,000	-
Total	<u>\$ 86,099</u>	<u>\$ 46,000</u>	<u>\$ (50,000)</u>	<u>\$ 82,099</u>	<u>\$ -</u>

**SERVICE AREA 14 – CHUK-CHANSE  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

**NOTE 5: ADVANCES FROM COUNTY OF MADERA (Continued)**

The District has been advanced funds from the County in the amount of \$11,272. The advance is unsecured, noninterest bearing, and is due on demand. The County does not anticipate demanding repayment in the next fiscal year; therefore, the balance has been shown as a noncurrent liability on the statement of net position.

The County of Madera made a \$24,827 payment of expenses on behalf of the District in fiscal year 2005 due to the District having insufficient cash on hand at that time. The District has not reimbursed the County of Madera as of June 30, 2019 and the District does not plan to make a payment to the County of Madera in fiscal year 2019-20.

The District obtained a \$50,000 loan from the County of Madera on June 15, 2015 to help fund the well rehabilitation and temporary water supply project. The loan was paid in full on January 10, 2019.

The district obtained two new loans to help fund the District's water and sewer operations. One for \$8,000 on August 16, 2018, and one for \$38,000 on June 20, 2019. Both loans are 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 loans are paid in full. The outstanding balance of the loan advances as of June 30, 2019 was \$46,000.

The District intends to pay back these advances through future cash flow at the current established rate, however, future rate increases may be necessary in order to fulfill the obligation.

**NOTE 6: INSURANCE AND RISK OF LOSS**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and natural disasters. Because the District does not have employees, it is not exposed to injuries to employees. The District's officers are officials of the County, and therefore coverage for general liability and errors and omissions is provided under the County's program. This program is self-insured to a level of \$100,000, after which excess coverage is obtained through participation in the CSAC Excess Insurance Authority (EIA). Disclosure of complete information on risk management can be found in the County of Madera Comprehensive Annual Financial Report.

SUPPLEMENTARY INFORMATION



**SERVICE AREA 14 – CHUK-CHANSE  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

	<u>Water</u>	<u>Sewer</u>	<u>Lighting</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>					
Current Assets:					
Cash and investments	\$ 11,835	\$ -	\$ 11,675	\$ -	\$ 23,510
Accounts receivable	13,201	9,553	1,273	-	24,027
Interest receivable	55	31	4	-	90
Due from County of Madera	1	1	-	-	2
Due from Sewer division	<u>42,789</u>	<u>-</u>	<u>-</u>	<u>(42,789)</u>	<u>-</u>
Total Current Assets	<u>67,881</u>	<u>9,585</u>	<u>12,952</u>	<u>(42,789)</u>	<u>47,629</u>
Non-Current Assets:					
Capital assets:					
Land	52,994	-	-	-	52,994
Depreciable assets	306,225	192,100	-	-	498,325
Accumulated depreciation	<u>(106,956)</u>	<u>(124,064)</u>	<u>-</u>	<u>-</u>	<u>(231,020)</u>
Total Non-Current Assets	<u>252,263</u>	<u>68,036</u>	<u>-</u>	<u>-</u>	<u>320,299</u>
Total Assets	<u>320,144</u>	<u>77,621</u>	<u>12,952</u>	<u>(42,789)</u>	<u>367,928</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	4,083	612	-	-	4,695
Interest payable	38	264	-	-	302
Deposits from others	412	298	40	-	750
Due to County of Madera	10,267	14,209	46	-	24,522
Due to water division	<u>-</u>	<u>42,789</u>	<u>-</u>	<u>(42,789)</u>	<u>-</u>
Total Current Liabilities	<u>14,800</u>	<u>58,172</u>	<u>86</u>	<u>(42,789)</u>	<u>30,269</u>
Non-Current Liabilities:					
Advances from County of Madera	<u>61,925</u>	<u>19,407</u>	<u>767</u>	<u>-</u>	<u>82,099</u>
Total Non-Current Liabilities	<u>61,925</u>	<u>19,407</u>	<u>767</u>	<u>-</u>	<u>82,099</u>
Total Liabilities	<u>76,725</u>	<u>77,579</u>	<u>853</u>	<u>(42,789)</u>	<u>112,368</u>
<b>NET POSITION</b>					
Net Investment in capital assets	252,263	68,036	-	-	320,299
Unrestricted	<u>(8,844)</u>	<u>(67,994)</u>	<u>12,099</u>	<u>-</u>	<u>(64,739)</u>
Total Net Position	<u>\$ 243,419</u>	<u>\$ 42</u>	<u>\$ 12,099</u>	<u>\$ -</u>	<u>\$ 255,560</u>

**SERVICE AREA 14 – CHUK-CHANSE  
(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**

	<u>Water</u>	<u>Sewer</u>	<u>Lighting</u>	<u>Total</u>
Operating Revenues:				
Charges for services	\$ 28,494	\$ 19,929	\$ 2,802	\$ 51,225
Total Operating Revenues	<u>28,494</u>	<u>19,929</u>	<u>2,802</u>	<u>51,225</u>
Operating Expenses:				
Services and supplies	10,691	16,223	223	27,137
Maintenance	29,336	29,255	-	58,591
Insurance	1,625	1,625	-	3,250
Utilities	4,472	1,419	559	6,450
Depreciation	<u>7,438</u>	<u>2,753</u>	<u>-</u>	<u>10,191</u>
Total Operating Expenses	<u>53,562</u>	<u>51,275</u>	<u>782</u>	<u>105,619</u>
Operating Income (Loss)	<u>(25,068)</u>	<u>(31,346)</u>	<u>2,020</u>	<u>(54,394)</u>
Non-Operating Revenues (Expenses):				
Investment income	289	218	27	534
Interest and fiscal charges	<u>(380)</u>	<u>(264)</u>	<u>-</u>	<u>(644)</u>
Total Non-Operating Revenues (Expenses)	<u>(91)</u>	<u>(46)</u>	<u>27</u>	<u>(110)</u>
Change in Net Position	(25,159)	(31,392)	2,047	(54,504)
Net Position, Beginning of Year	<u>268,578</u>	<u>31,434</u>	<u>10,052</u>	<u>310,064</u>
Net Position, End of Year	<u>\$ 243,419</u>	<u>\$ 42</u>	<u>\$ 12,099</u>	<u>\$ 255,560</u>

**SERVICE AREA 14 – CHUK-CHANSE  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

	<b>Water</b>	<b>Sewer</b>	<b>Lighting</b>	<b>Total</b>
Cash flows from operating activities:				
Cash receipts from customers and users	\$ 27,239	\$ 17,739	\$ 2,648	\$ 47,626
Cash paid to suppliers	<u>(40,132)</u>	<u>(41,075)</u>	<u>(736)</u>	<u>(81,943)</u>
Net cash provided (used) by operating activities	<u>(12,893)</u>	<u>(23,336)</u>	<u>1,912</u>	<u>(34,317)</u>
Cash flows from noncapital financing activities:				
Advances from County of Madera	(12,000)	8,000	-	(4,000)
Inter-division loans	(15,050)	15,050	-	-
Interest paid on non-capital debt	<u>(1,988)</u>	<u>-</u>	<u>-</u>	<u>(1,988)</u>
Net cash provided (used) by noncapital financing activities	<u>(29,038)</u>	<u>23,050</u>	<u>-</u>	<u>(5,988)</u>
Cash flows from investing activities:				
Interest on investments	<u>503</u>	<u>286</u>	<u>38</u>	<u>827</u>
Net cash provided (used) by investing activities	<u>503</u>	<u>286</u>	<u>38</u>	<u>827</u>
Net increase (decrease) in cash and cash equivalents	(41,428)	-	1,950	(39,478)
Cash and cash equivalents, beginning of the year	<u>53,263</u>	<u>-</u>	<u>9,725</u>	<u>62,988</u>
Cash and cash equivalents, end of the year	<u>\$ 11,835</u>	<u>\$ -</u>	<u>\$ 11,675</u>	<u>\$ 23,510</u>

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

Operating income (loss)	\$ (25,068)	\$ (31,346)	\$ 2,020	\$ (54,394)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	7,438	2,753	-	10,191
Changes in operating assets and liabilities:				
Decrease/(Increase) in accounts receivable	(1,325)	(2,277)	(162)	(3,764)
Decrease/(Increase) in due from County of Madera	(1)	(1)	-	(2)
Increase/(Decrease) in accounts payable	3,600	537	-	4,137
Increase/(Decrease) in due to County of Madera	2,392	6,910	46	9,348
Increase/(Decrease) in deposits from others	149	136	15	300
Increase/(Decrease) in unearned revenues	<u>(78)</u>	<u>(48)</u>	<u>(7)</u>	<u>(133)</u>
Net cash provided (used) by operating activities	<u>\$ (12,893)</u>	<u>\$ (23,336)</u>	<u>\$ 1,912</u>	<u>\$ (34,317)</u>