

**SERVICE AREA 19 – ROLLING HILLS  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**FINANCIAL STATEMENTS**

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

**SERVICE AREA 19 – ROLLING HILLS  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**JUNE 30, 2019**

TABLE OF CONTENTS

	<u>Page</u>
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Position .....	1
Statement of Revenues, Expenses, and Changes in Net Position .....	2
Statement of Cash Flows .....	3
Notes to the Basic Financial Statements .....	5
<b>SUPPLEMENTARY INFORMATION</b>	
Combining Statement of Net Position .....	12
Combining Statement of Revenues, Expenses, and Changes in Net Position .....	13
Combining Statement of Cash Flows .....	14

## BASIC FINANCIAL STATEMENTS

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**SERVICE AREA 19 – ROLLING HILLS  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

**ASSETS**

Current Assets:

Cash and investments	\$ 211,294
Cash and investments - restricted	293,549
Accounts receivable	67,817
Interest receivable	<u>4,476</u>
Total Current Assets	<u>577,136</u>

Non-Current Assets:

Long-term receivables	<u>2,845,952</u>
Total Non-Current Assets	<u>2,845,952</u>
Total Assets	<u>3,423,088</u>

**LIABILITIES**

Current Liabilities:

Accounts payable	8,104
Interest payable	59,937
Due to County of Madera	2,161
Advance from County of Madera	183,000
Bonds payable - current	<u>95,000</u>
Total Current Liabilities	<u>348,202</u>

Non-Current Liabilities:

Advances from County of Madera	106,603
Bonds payable	<u>2,615,000</u>
Total Non-Current Liabilities	<u>2,721,603</u>
Total Liabilities	<u>3,069,805</u>

**NET POSITION**

Restricted for debt service	459,360
Unrestricted	<u>(106,077)</u>
Total Net Position	<u>\$ 353,283</u>

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

**SERVICE AREA 19 – ROLLING HILLS  
(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	\$ 172,408
Other revenues	<u>1,719</u>
Total Operating Revenues	<u>174,127</u>
Operating Expenses:	
Services and supplies	112,936
Maintenance	68,293
Insurance	10,668
Utilities	66,225
Depreciation	<u>90,895</u>
Total Operating Expenses	<u>349,017</u>
Operating Income (Loss)	<u>(174,890)</u>
Non-Operating Revenue (Expenses):	
Taxes	31,160
Assessments	178,122
Investment income	11,188
Interest and fiscal charges	(220,963)
Debt issuance costs	(143,783)
Other non-operating revenues	<u>38,537</u>
Total Non-Operating Revenue (Expenses)	<u>(105,739)</u>
Income (Loss) Before Special Items	(280,629)
Special item - loss on sale of water system	<u>(2,062,781)</u>
Change in Net Position	(2,343,410)
Net Position, Beginning of Year	<u>2,696,693</u>
Net Position, End of Year	<u>\$ 353,283</u>

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

**SERVICE AREA 19 – ROLLING HILLS  
(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	\$ 264,125
Cash paid to suppliers	<u>(295,907)</u>
Net cash provided (used) by operating activities	<u>(31,782)</u>
Cash flows from noncapital financing activities:	
Taxes	<u>31,160</u>
Net cash provided (used) by noncapital financing activities	<u>31,160</u>
Cash flows from capital and related financing activities:	
Assessments received from property owners	178,122
Proceeds from bonds refunding	2,710,000
Principal paid on capital debt	(2,845,000)
Interest paid on capital debt	(263,107)
Proceeds from sales of capital assets	<u>83,453</u>
Net cash provided (used) by capital and related financing activities	<u>(136,532)</u>
Cash flows from investing activities:	
Interest on investments	<u>8,714</u>
Net cash provided (used) by investing activities	<u>8,714</u>
Net increase (decrease) in cash and cash equivalents	(128,440)
Cash and cash equivalents, beginning of the year	<u>633,283</u>
Cash and cash equivalents, end of the year	<u>\$ 504,843</u>
 <b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</b>	
Cash and Investments per Statement of Net Position	\$ 211,294
Restricted Cash and Investments per Statement of Net Position	<u>293,549</u>
Total Cash and Investments per Statement of Net Position	<u>\$ 504,843</u>

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

**SERVICE AREA 19 – ROLLING HILLS  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

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

Operating income (loss)	\$ (174,890)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	90,895
Changes in operating assets and liabilities:	
Decrease/(Increase) in accounts receivable	19,323
Decrease/(Increase) in long-term receivables	73,325
Increase/(Decrease) in accounts payable	(36)
Increase/(Decrease) in due to County of Madera	(37,749)
Increase/(Decrease) in deposits from others	750
Increase/(Decrease) in unearned revenues	<u>(3,400)</u>
Net cash provided (used) by operating activities	<u>\$ (31,782)</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 19 – ROLLING HILLS  
(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 **SA 19 - Rolling Hills** (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 335 improved units and 28 standby units. The District has approximately 364 parcels with 5.30 miles of paved road and 0.95 miles of chip sealed road. These roads are minor rural County roads which are included in the County's maintained road system. The District is located between Avenue 11 and Business Route 41.

The District was formed on September 11, 1984 by Resolution No. 84-408 and is approximately 311 acres in size. The funding for the water system operations is derived from charges for water services. The water rates were last set by Resolution No. 2014-047 on April 1, 2014 and included an annual Consumer Price Index adjustment. In addition to the charges for water services, the District receives property taxes to cover operating expenses of the District.

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 19 – ROLLING HILLS  
(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 services, property taxes, assessments, and interest from the County of Madera. In addition, it also consist of receivable from Bakman Water Company related to the sale of the CSA19 water system. Management believes its receivables to be fully collectible, and accordingly, no allowance for doubtful accounts is required.

**E. Property Taxes/Assessments**

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

**F. Long-term Assessment Receivable**

Long term receivables consists of special assessments which have been levied but not yet due. In future years when the assessments are paid the receivable will be reduced until all is paid.

**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 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 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. Interest accrued during capital assets construction, if any, is capitalized as part of the asset cost.

**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 or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

**SERVICE AREA 19 – ROLLING HILLS  
(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** (Continued)

- 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 are classified in the financial statements as follows:

Cash and investments – unrestricted	\$ 211,294
Cash and investments – restricted	<u>293,549</u>
Total cash and investments	<u>\$ 504,843</u>

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

Deposits held with County of Madera Investment Pool	\$ 504,843
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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.

**SERVICE AREA 19 – ROLLING HILLS  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

**NOTE 2: CASH AND INVESTMENTS (Continued)**

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: LONG-TERM RECEIVABLES**

The District had issued capital improvement special assessment debts and the County is obligated in some manner for these debts. These special assessment debts and corresponding special assessment receivables are recorded in the Special District - Water/Sewer fund. Long-term assessment receivable as of June 30, 2019 is \$2,722,801.

There is a \$164,201 receivable from Bakman Water Company as a result of the Purchase and Sale Agreement of the CSA 19, Rolling Hills water system. Based on the payment schedule, \$123,151 of the total receivable from Bakman Water Company is not expected to be collected within the next year.

**NOTE 4: CAPITAL ASSETS**

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

	<b>Water</b>			Balance June 30, 2019
	Balance July 1, 2018	Additions	Deletions	
Capital assets, not being depreciated:				
Land	\$ 35,955	\$ -	\$ (35,955)	\$ -
Total capital assets, not being depreciated	35,955	-	(35,955)	-
Capital assets, being depreciated:				
Water systems	3,918,628	-	(3,918,628)	-
Total capital assets, being depreciated	3,918,628	-	(3,918,628)	-
Less accumulated depreciation for:				
Water systems	(1,546,353)	(90,895)	1,637,248	-
Total accumulated depreciation	(1,546,353)	(90,895)	1,637,248	-
Total capital assets being depreciated, net	2,372,275	(90,895)	(2,281,380)	-
Total capital assets, net	<u>\$ 2,408,230</u>	<u>\$ (90,895)</u>	<u>\$ (2,317,335)</u>	<u>\$ -</u>

Depreciation expenses of \$90,895 was charged to the water service function of the District.

**SERVICE AREA 19 – ROLLING HILLS  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

**NOTE 5: 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 services to the District. 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 \$2,161.

**NOTE 6: LONG-TERM LIABILITIES**

Changes in the District's long-term liabilities for the year ended June 30, 2019 are as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Advances from County of Madera	\$ 219,700	\$ -	\$ -	\$ 219,700	\$ 183,000
Advances from County of Madera	69,903	-	-	69,903	-
Limited Obligation Improvement Bonds, Series 2008	2,845,000	-	(2,845,000)	-	-
Unamortized bonds discount	(62,344)	-	62,344	-	-
Limited Obligation Improvement Bonds, Series 2019 from Direct Placement	-	2,710,000	-	2,710,000	95,000
<b>Total</b>	<b>\$ 3,072,259</b>	<b>\$ 2,710,000</b>	<b>\$ (2,782,656)</b>	<b>\$ 2,999,603</b>	<b>\$ 278,000</b>

**Advance from the County of Madera**

The District has obtained a \$183,000 loan from the County of Madera on June 29, 2016 to assist with cash flow need for emergency water well replacement and repair. The loan is to be repaid with interest at a rate equal to the State quarterly pooled interest rate, not to exceed three percent (3%). The outstanding balance of the loan advance as of June 30, 2019 was \$183,000.

The District obtained a \$36,700 loan from the County of Madera on June 20, 2017 to help fund the District's 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.

The District has been advanced funds from the County in the amount of \$69,903. 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 District intends to pay back these advances through future payments receive from Bakman Water Company.

**SERVICE AREA 19 – ROLLING HILLS  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

**NOTE 6: LONG-TERM LIABILITIES (Continued)**

Limited Obligation Improvement Bonds, Series 2008

On September 4, 2008, the District issued \$3,410,677.43 Limited Obligation Improvement Bonds, Series 2008 for the purpose of financing the construction and acquisition of certain public improvements within Assessment District No. 2007-1 (CSA No. 19, Rolling Hills Water Improvements). These bonds will be repaid from amounts levied against the property owners benefited by this water improvement. Those amounts, including interest, are 100 percent pledged to pay the scheduled principal and interest payments on the bonds. The term of this bond is 30 years, maturing on September 2, 2038 with stated interest rates ranging from 3.00% to 5.875%. Annual principal installments range from \$50,667.43 to \$220,000 through September 2, 2038. Semi-annual payments are due on March 2<sup>nd</sup> and September 2<sup>nd</sup> of each year. The District issued Taxable Limited Obligation Improvement Refunding Bonds, Series 2019 on January 30, 2019 to refund the outstanding balance of the Limited Obligation Improvement Bonds, Series 2008.

Limited Obligation Refunding Improvement Bonds, Series 2019

On January 30, 2019, the District issued \$2,710,000 of direct placement Taxable Limited Obligation Improvement Refunding Bonds, Series 2019, at interest rate of 3.75%, and used the proceeds to advance refund the Limited Obligation Improvement Bonds, Series 2008. The net proceeds of \$2,787,087 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. County of Madera Treasurer purchased the bonds for its investment pool in a direct placement by the County. These bonds will be repaid from amounts levied against the property owners benefited by this water improvement. Those amounts, including interest, are 100 percent pledged to pay the scheduled principal and interest payments on the bonds. Annual principal installments range from \$95,000 to \$190,000 through September 2, 2038. Semi-annual payments are due on March 2<sup>nd</sup> and September 2<sup>nd</sup> of each year. As of June 30, 2019 the outstanding balance on these bonds is \$2,710,000.

As of June 30, 2019, annual debt service requirements of the bonds payable to maturity is as follow:

Year ending June 30,	Principal	Interest	Total
2020	\$ 95,000	\$ 108,877	\$ 203,877
2021	95,000	96,281	191,281
2022	100,000	92,625	192,625
2023	105,000	88,781	193,781
2024	110,000	84,750	194,750
2025-2029	605,000	358,219	963,219
2030-2034	725,000	233,906	958,906
2035-2039	875,000	84,657	959,657
<b>Total</b>	<b>\$ 2,710,000</b>	<b>\$ 1,148,096</b>	<b>\$ 3,858,096</b>



**SERVICE AREA 19 – ROLLING HILLS  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

**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: SPECIAL ITEMS**

Disposal of Operations

In more recent years water problems have been prevalent and the most prominent concern within the District. Due to its proximity to the Fresno River, sand has been an issue as well as arsenic. In the summer of 2016 there were catastrophic failures with both the arsenic treatment plant and well #3, which was the newest well, which required rehabilitation. The rehabilitation work required the district to use all of its cash on hand as well as to obtain a cash flow loan of from the County of Madera. Rate increase for CSA 19 is necessary if the District is to continue to operate the CSA 19 Rolling Hills water system and bring the system up to standards. In culmination with financial constraints, residents of the district believe selling their water system to a private water company that operates under the jurisdiction of the California Public Utilities Commission (CPUC) is the most feasible and best option for the district.

On October 23, 2018 the Board approved a Purchase and Sale Agreement for the CSA 19, Rolling Hills water system to Bakman Water Company. The Purchase and Sale Agreement details all of the terms and conditions of the sale of the water system. As of March 1, 2019, Bakman Water Company became the sole provider of portable water service for CSA19.

As a result of the sale of the water system, the District recognized a loss of \$2,062,781 on the sale of the CSA 19 water system as special item. The District's fiscal year 2018/19 expense related to its water service operations totaled \$347,389. Fiscal year 2018/19 revenues associated with CSA 19 water service, consist of \$352,249 operating revenue and \$79,257 non-operating revenue.

SUPPLEMENTARY INFORMATION

**SERVICE AREA 19 – ROLLING HILLS  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

	<b>Water</b>	<b>Roads</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 211,294	\$ -	\$ 211,294
Cash and investments - restricted	293,549	-	293,549
Accounts receivable	67,817	-	67,817
Interest receivable	4,476	-	4,476
Total Current Assets	577,136	-	577,136
Non-Current Assets:			
Long-term receivables	2,845,952	-	2,845,952
Total Non-Current Assets	2,845,952	-	2,845,952
Total Assets	3,423,088	-	3,423,088
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	8,104	-	8,104
Interest payable	59,937	-	59,937
Due to County of Madera	2,161	-	2,161
Advance from County of Madera	183,000	-	183,000
Bonds payable - current	95,000	-	95,000
Total Current Liabilities	348,202	-	348,202
Non-Current Liabilities:			
Advances from County of Madera	106,603	-	106,603
Bonds payable	2,615,000	-	2,615,000
Total Non-Current Liabilities	2,721,603	-	2,721,603
Total Liabilities	3,069,805	-	3,069,805
<b>NET POSITION</b>			
Restricted for debt service	459,360	-	459,360
Unrestricted	(106,077)	-	(106,077)
Total Net Position	\$ 353,283	\$ -	\$ 353,283

**SERVICE AREA 19 – ROLLING HILLS  
(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>Roads</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 172,408	\$ -	\$ 172,408
Other revenues	<u>1,719</u>	<u>-</u>	<u>1,719</u>
 Total Operating Revenues	 <u>174,127</u>	 <u>-</u>	 <u>174,127</u>
 Operating Expenses:			
Services and supplies	112,078	858	112,936
Maintenance	67,523	770	68,293
Insurance	10,668	-	10,668
Utilities	66,225	-	66,225
Depreciation	<u>90,895</u>	<u>-</u>	<u>90,895</u>
 Total Operating Expenses	 <u>347,389</u>	 <u>1,628</u>	 <u>349,017</u>
 Operating Income (Loss)	 <u>(173,262)</u>	 <u>(1,628)</u>	 <u>(174,890)</u>
 Non-Operating Revenue (Expenses):			
Taxes	29,532	1,628	31,160
Assessments	178,122	-	178,122
Investment income	11,188	-	11,188
Interest and fiscal charges	(220,963)	-	(220,963)
Debt issuance costs	(143,783)	-	(143,783)
Other non-operating revenues	<u>38,537</u>	<u>-</u>	<u>38,537</u>
 Total Non-Operating Revenue (Expenses)	 <u>(107,367)</u>	 <u>1,628</u>	 <u>(105,739)</u>
 Income (Loss) Before Special Items	 (280,629)	 -	 (280,629)
Special item - loss on sale of water system	<u>(2,062,781)</u>	<u>-</u>	<u>(2,062,781)</u>
 Change in Net Position	 (2,343,410)	 -	 (2,343,410)
Net Position, Beginning of Year	<u>2,696,693</u>	<u>-</u>	<u>2,696,693</u>
 Net Position, End of Year	 <u>\$ 353,283</u>	 <u>\$ -</u>	 <u>\$ 353,283</u>

**SERVICE AREA 19 – ROLLING HILLS  
(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>Roads</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Cash receipts from customers and users	\$ 264,125	\$ -	\$ 264,125
Cash paid to suppliers	<u>(294,279)</u>	<u>(1,628)</u>	<u>(295,907)</u>
Net cash provided (used) by operating activities	<u>(30,154)</u>	<u>(1,628)</u>	<u>(31,782)</u>
<b>Cash flows from noncapital financing activities:</b>			
Taxes	<u>29,532</u>	<u>1,628</u>	<u>31,160</u>
Net cash provided (used) by noncapital financing activities	<u>29,532</u>	<u>1,628</u>	<u>31,160</u>
<b>Cash flows from capital and related financing activities:</b>			
Assessments received from property owners	178,122	-	178,122
Proceeds from bonds refunding	2,710,000	-	2,710,000
Principal paid on capital debt	(2,845,000)	-	(2,845,000)
Interest paid on capital debt	(263,107)	-	(263,107)
Proceeds from sales of capital assets	<u>83,453</u>	<u>-</u>	<u>83,453</u>
Net cash provided (used) by capital and related financing activities	<u>(136,532)</u>	<u>-</u>	<u>(136,532)</u>
<b>Cash flows from investing activities:</b>			
Interest on investments	<u>8,714</u>	<u>-</u>	<u>8,714</u>
Net cash provided (used) by investing activities	<u>8,714</u>	<u>-</u>	<u>8,714</u>
Net increase (decrease) in cash and cash equivalents	(128,440)	-	(128,440)
Cash and cash equivalents, beginning of the year	<u>633,283</u>	<u>-</u>	<u>633,283</u>
Cash and cash equivalents, end of the year	<u>\$ 504,843</u>	<u>\$ -</u>	<u>\$ 504,843</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</b>			
Cash and Investments per Statement of Net Position	\$ 211,294	\$ -	\$ 211,294
Restricted Cash and Investments per Statement of Net Position	<u>293,549</u>	<u>-</u>	<u>293,549</u>
Total Cash and Investments per Statement of Net Position	<u>\$ 504,843</u>	<u>\$ -</u>	<u>\$ 504,843</u>

**SERVICE AREA 19 – ROLLING HILLS  
(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>Roads</b>	<b>Total</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>			
Operating income (loss)	\$ (173,262)	\$ (1,628)	\$ (174,890)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	90,895	-	90,895
Changes in operating assets and liabilities:			
Decrease/(Increase) in accounts receivable	19,323	-	19,323
Decrease/(Increase) in long-term receivables	73,325	-	73,325
Increase/(Decrease) in accounts payable	(36)	-	(36)
Increase/(Decrease) in due to County of Madera	(37,749)	-	(37,749)
Increase/(Decrease) in deposits from others	750	-	750
Increase/(Decrease) in unearned revenues	(3,400)	-	(3,400)
Net cash provided (used) by operating activities	\$ (30,154)	\$ (1,628)	\$ (31,782)