

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2020**

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
County of Madera, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Maintenance District 19-Parkwood (the District), a component unit of the County of Madera, California as of and for the year ended June 30, 2020 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts. Those standards require that we plan and perform the audit 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 auditor's 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 auditor considers 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 respective financial position of the business-type activities of the District as of June 30, 2020, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

HUDSON HENDERSON & COMPANY, INC.

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Fresno, California
September 29, 2021

BASIC FINANCIAL STATEMENTS

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**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF NET POSITION
JUNE 30, 2020**

ASSETS

Current Assets:

Cash and investments	\$ 629,750
Cash and investments - restricted	65,336
Accounts receivable, net	76,714
Interest receivable	1,130
Due from other governments	8,672
Due from County of Madera	<u>127</u>

Total Current Assets 781,729

Non-Current Assets:

Capital assets:

Land	10,000
Construction in progress	184,364
Depreciable assets	1,961,476
Accumulated depreciation	<u>(1,369,585)</u>

Total Non-Current Assets 786,255

Total Assets 1,567,984

LIABILITIES

Current Liabilities:

Accounts payable	5,909
Interest payable	11,514
Deposits from others	14,905
Due to County of Madera	100,113
Unearned revenue	3,229
Short-term note	<u>250,000</u>

Total Current Liabilities 385,670

Non-current Liabilities:

Advances from County of Madera	<u>2,500</u>
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Total Non-Current Liabilities 2,500

Total Liabilities 388,170

NET POSITION

Net investment in capital assets	786,255
Restricted for debt service	65,336
Unrestricted	<u>328,223</u>

Total Net Position \$ 1,179,814

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

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

Operating Revenues:	
Charges for services	\$ 430,638
Other revenues	<u>37</u>
Total Operating Revenues	<u>430,675</u>
Operating Expenses:	
Services and supplies	207,048
Maintenance	257,788
Insurance	18,786
Utilities	73,685
Depreciation	<u>83,178</u>
Total Operating Expenses	<u>648,485</u>
Operating Income (Loss)	<u>(209,810)</u>
Non-Operating Revenue (Expenses):	
Taxes	9,236
Investment income	9,845
Capital grants	140,498
Interest and fiscal charges	<u>(11,420)</u>
Total Non-Operating Revenue (Expenses)	<u>148,159</u>
Change in Net Position	(61,651)
Net Position, Beginning of Year	<u>1,241,465</u>
Net Position, End of Year	<u>\$ 1,179,814</u>

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

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

Cash flows from operating activities:	
Cash receipts from customers and users	\$ 426,346
Cash paid to suppliers	<u>(596,142)</u>
Net cash provided by (used for) operating activities	<u>(169,796)</u>
Cash flows from noncapital financing activities:	
Taxes	9,236
Operating grants	151,080
Interest paid on non-capital debt	<u>(1)</u>
Net cash provided by (used for) noncapital financing activities	<u>160,315</u>
Cash flows from capital and related financing activities:	
Capital grants	131,826
Acquisition and construction of capital assets	<u>(113,964)</u>
Net cash provided by (used for) capital and related financing activities	<u>17,862</u>
Cash flows from investing activities:	
Investment income received	<u>11,045</u>
Net cash provided by (used for) investing activities	<u>11,045</u>
Net increase (decrease) in cash and investments	19,426
Cash and investments beginning of the year	<u>675,660</u>
Cash and investments, end of the year	<u><u>\$ 695,086</u></u>
 Reconciliation of Cash and Investments to the Statement of Net Position	
Cash and Investments per Statement of Net Position	\$ 629,750
Restricted Cash and Investments per Statement of Net Position	<u>65,336</u>
Total Cash and Investments per Statement of Net Position	<u><u>\$ 695,086</u></u>

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

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

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

Operating income (loss)	\$ (209,810)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	83,178
Changes in operating assets and liabilities:	
Decrease/(Increase) in accounts receivable	(5,263)
Decrease/(Increase) in due from County of Madera	(88)
Increase/(Decrease) in accounts payable	(62,316)
Increase/(Decrease) in due to County of Madera	23,481
Increase/(Decrease) in deposits from others	1,350
Increase/(Decrease) in unearned revenues	<u>(328)</u>
Net cash provided by (used for) operating activities	<u>\$ (169,796)</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 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the **MD 19 - Parkwood** (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 19A provides water, sewer and street light services for a residential community. The District is located in Madera County Supervisorial District 4 south of Madera city limits in the area of Hwy 145 and Avenue 13. The district was formed on July 18, 1978 by Resolution No. 78-427. The Parkwood Water System provides water service to MD 19A and MD 19B for a total of 632.6 improved units. The system consists of 3 wells (only 1 of which is active), hydro-pneumatic tanks and the distribution lines. The Parkwood Sewer System provides sewer service to zone A which consists of 287.6 improved units. There are 31 street lights within the District and they are maintained by County's personnel.

The primary funding for the water, sewer, and street light operations is derived from charges for water, sewer, and street light services. Water and sewer rates were last set on September 10, 2013 by Resolution 2013-141. Total monthly utility charge for an improved unit in MD 19A is \$80.93. The \$80.93 breakdown includes \$28.91 for water service, \$43.38 for sewer, \$1.08 for street lights and \$7.56 for Accumulated Capital Outlay (ACO) charge. All rates include an annual Consumer Price Index adjustment which began July 1, 2016.

The District also receives property taxes to cover operating expenses and grant funding from the USDA to cover the water system improvement expenses.

MD 19B provides water and street light services for a residential community. The District is located in Madera County Supervisorial District 4 south of Madera city limits adjacent to MD 19A. The district was formed on July 18, 1978 by Resolution No. 78-427. Water service is provided to the District by way of MD 19A. Additionally, there are 41 street lights included in this District which are maintained by PG&E.

The funding for the water and street light operations is derived from charges for water and street light services. Water rates were last set on September 10, 2013 by Resolution 2013-142. The rates for this District are \$37.77 per month which includes \$28.49 for water service, \$1.73 for street lights and a \$7.55 ACO charge. The improved water, street lights, and ACO rates include an annual Consumer Price Index which began July 1, 2016. Sewer services to MD 19B are provided by the City of Madera.

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, a Statement of Revenues, Expenses, and Change 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 Change 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.

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

D. Receivables

Receivables consist of fees charged for water, sewer and street light services, property taxes, and interest from the County of Madera. Due from other governments consist of grant revenue from the State of California Department of Public Health. 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. 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.

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Net Position

Net position is classified in the following three components:

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

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

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, 2020 are classified in the financial statements as follows:

Cash and investments – unrestricted	\$629,750
Cash and investments – restricted	<u>65,336</u>
Total cash and investments	<u>\$695,086</u>

The District’s cash and investments consisted of the following as of June 30, 2020:

Deposits held with County of Madera Investment Pool	\$695,086
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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, 2020, 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 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

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 and 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, 2020, was as follows:

	MD 19A Total			
	Balance			Balance
	July 1, 2019	Additions	Deletions	June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 3,000	\$ -	\$ -	\$ 3,000
Construction in progress	<u>70,400</u>	<u>113,964</u>	<u>-</u>	<u>184,364</u>
Total capital assets, not being depreciated	<u>73,400</u>	<u>113,964</u>	<u>-</u>	<u>187,364</u>
Capital assets, being depreciated:				
Water and sewer systems	<u>1,961,476</u>	<u>-</u>	<u>-</u>	<u>1,961,476</u>
Total capital assets, being depreciated	<u>1,961,476</u>	<u>-</u>	<u>-</u>	<u>1,961,476</u>
Less accumulated depreciation for:				
Water and sewer systems	<u>(1,286,407)</u>	<u>(83,178)</u>	<u>-</u>	<u>(1,369,585)</u>
Total accumulated depreciation	<u>(1,286,407)</u>	<u>(83,178)</u>	<u>-</u>	<u>(1,369,585)</u>
Total capital assets being depreciated, net	<u>675,069</u>	<u>(83,178)</u>	<u>-</u>	<u>591,891</u>
Total capital assets, net	<u>\$ 748,469</u>	<u>\$ 30,786</u>	<u>\$ -</u>	<u>\$ 779,255</u>

Depreciation expenses of \$80,421 and \$2,757 were charged to the water and sewer functions of the District, respectively.

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3: CAPITAL ASSETS (Continued)

	MD 19A (Water)			Balance June 30, 2020
	Balance		Deletions	
	July 1, 2019	Additions		
Capital assets, not being depreciated:				
Land	\$ 3,000	\$ -	\$ -	\$ 3,000
Construction in progress	70,400	113,964	-	184,364
Total capital assets, not being depreciated	73,400	113,964	-	187,364
Capital assets, being depreciated:				
Water systems	1,237,007	-	-	1,237,007
Total capital assets, being depreciated	1,237,007	-	-	1,237,007
Less accumulated depreciation for:				
Water systems	(616,542)	(80,421)	-	(696,963)
Total accumulated depreciation	(616,542)	(80,421)	-	(696,963)
Total capital assets being depreciated, net	620,465	(80,421)	-	540,044
Total capital assets, net	<u>\$ 693,865</u>	<u>\$ 33,543</u>	<u>\$ -</u>	<u>\$ 727,408</u>

Depreciation expense of \$80,421 was charged to the water service function of the District.

	MD 19A (Sewer)			Balance June 30, 2020
	Balance		Deletions	
	July 1, 2019	Additions		
Capital assets, being depreciated:				
Sewer systems	\$ 724,469	\$ -	\$ -	\$ 724,469
Total capital assets, being depreciated	724,469	-	-	724,469
Less accumulated depreciation for:				
Sewer systems	(669,865)	(2,757)	-	(672,622)
Total accumulated depreciation	(669,865)	(2,757)	-	(672,622)
Total capital assets being depreciated, net	54,604	(2,757)	-	51,847
Total capital assets, net	<u>\$ 54,604</u>	<u>\$ (2,757)</u>	<u>\$ -</u>	<u>\$ 51,847</u>

Depreciation expense of \$2,757 was charged to the sewer service function of the District.

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3: CAPITAL ASSETS (Continued)

	MD 19B (Water)			Balance June 30, 2020
	Balance July 1, 2019	Additions	Deletions	
	Capital assets, not being depreciated:			
Land	\$ 7,000	\$ -	\$ -	\$ 7,000
Total capital assets, not being depreciated	7,000	-	-	7,000
Total capital assets, net	<u>\$ 7,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,000</u>

NOTE 4: RELATED PARTY TRANSACTIONS

The District's property taxes and 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 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. Total expenses to the County of Madera for the year ended June 30, 2020 were \$451,908.

The amount due from the County of Madera as of June 30, 2020 is \$127.

The amount due to the County of Madera as of June 30, 2020 is \$100,113.

See additional information on advance from the County of Madera at Note 5 and short-term loan payable to the County of Madera at Note 6.

NOTE 5: LONG-TERM LIABILITIES

The following is a summary of long-term liabilities transactions for the year ended June 30, 2020:

	Balance	Additions	Deletions	Balance	Due Within
	July 1, 2019			June 30, 2020	One Year
Advances from County of Madera - Streetlights	\$ 2,500	\$ -	\$ -	\$ 2,500	\$ -
Total	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ -</u>

The District obtained a \$2,500 loan for the streetlights 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 accrue on the unpaid principal balance until loan is paid in full. Outstanding balance as of June 30, 2020 is \$2,500. Interest expense for the year ended June 30, 2020 was \$22.

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.

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6: SHORT-TERM LOAN

The District obtained a \$250,000 Grant Anticipation Note (the Note) from the County on August 7, 2018 to provide a short term cash advance for the District's planning and feasibility study pertaining to a new well and tank and new distribution main replacement. The Note is to be repaid with interest at the County of Madera treasury pool rate plus 50 basis points and matures on June 30, 2019. Principal and interest are due at maturity. On June, 11, 2019, Board of Supervisors of the County of Madera approved extension of the maturity date to June 30, 2020 and also a fixed interest rate of 2.33% from July 1, 2019 to the extended maturity date. On July 21, 2020, Board of Supervisors of the County of Madera approved extension of the maturity date to July 21, 2020. Outstanding note balance as of June 30, 2020 is \$250,000. Total interest expense for the year ended June 30, 2020 was \$11,398. The District paid off the Note on July 15, 2020.

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 \$26,030 for the water operations and maintenance fund at June 30, 2020.

NOTE 9: SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 29, 2021, which is the date the financial statements were available to be issued.

Coronavirus Disease (COVID-19)

On March 11, 2020 the World Health Organization declared the outbreak of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses and communities.

Specific to Maintenance District 19, COVID-19 may impact the timing of receipts for utility and assessment billings. Management believes MD19 is taking appropriate actions to mitigate the potential negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year end and are still developing.

SUPPLEMENTARY INFORMATION

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020**

	MD 19A				Total
	Water	Sewer	Lighting	Eliminations	
ASSETS					
Current Assets:					
Cash and investments	\$ 293,985	\$ 98,020	\$ 5,407	\$ -	\$ 397,412
Cash and investments - restricted	65,336	-	-	-	65,336
Accounts receivable, net	21,423	32,065	791	-	54,279
Interest receivable	614	131	3	-	748
Due from other governments	8,672	-	-	-	8,672
Due from County of Madera	-	127	-	-	127
Due from other divisions	27,460	-	-	-	27,460
Total Current Assets	<u>417,490</u>	<u>130,343</u>	<u>6,201</u>	<u>-</u>	<u>554,034</u>
Non-Current Assets:					
Capital assets:					
Land	3,000	-	-	-	3,000
Construction in progress	184,364	-	-	-	184,364
Depreciable assets	1,237,007	724,469	-	-	1,961,476
Accumulated depreciation	<u>(696,963)</u>	<u>(672,622)</u>	<u>-</u>	<u>-</u>	<u>(1,369,585)</u>
Total Non-Current Assets	<u>727,408</u>	<u>51,847</u>	<u>-</u>	<u>-</u>	<u>779,255</u>
Total Assets	<u>1,144,898</u>	<u>182,190</u>	<u>6,201</u>	<u>-</u>	<u>1,333,289</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	5,800	109	-	-	5,909
Interest payable	11,398	-	116	-	11,514
Deposits from others	3,271	5,001	123	-	8,395
Due to County of Madera	55,490	34,819	148	-	90,457
Due to other divisions	-	-	-	-	-
Unearned revenue	770	1,178	29	-	1,977
Short-term note	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>
Total Current Liabilities	<u>326,729</u>	<u>41,107</u>	<u>416</u>	<u>-</u>	<u>368,252</u>
Non-current Liabilities:					
Advances from County of Madera	-	-	2,500	-	2,500
Total Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total Liabilities	<u>326,729</u>	<u>41,107</u>	<u>2,916</u>	<u>-</u>	<u>370,752</u>
NET POSITION					
Net investment in capital assets	727,408	51,847	-	-	779,255
Restricted for debt service	65,336	-	-	-	65,336
Unrestricted	<u>25,425</u>	<u>89,236</u>	<u>3,285</u>	<u>-</u>	<u>117,946</u>
Total Net Position	<u>\$ 818,169</u>	<u>\$ 141,083</u>	<u>\$ 3,285</u>	<u>\$ -</u>	<u>\$ 962,537</u>

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2020**

	MD 19B			MD 19A/B		Total	
	Water	Lighting	Eliminations	Total	ACO		Eliminations
ASSETS							
Current Assets:							
Cash and investments	\$ 90,343	\$ -	\$ -	\$ 90,343	\$ 141,995	\$ -	\$ 629,750
Cash and investments - restricted	-	-	-	-	-	-	65,336
Accounts receivable, net	21,149	1,286	-	22,435	-	-	76,714
Interest receivable	155	9	-	164	218	-	1,130
Due from other governments	-	-	-	-	-	-	8,672
Due from County of Madera	-	-	-	-	-	-	127
Due from other divisions	2,744	-	(2,744)	-	-	(27,460)	-
Total Current Assets	114,391	1,295	(2,744)	112,942	142,213	(27,460)	781,729
Non-Current Assets:							
Capital assets:							
Land	7,000	-	-	7,000	-	-	10,000
Construction in progress	-	-	-	-	-	-	184,364
Depreciable assets	-	-	-	-	-	-	1,961,476
Accumulated depreciation	-	-	-	-	-	-	(1,369,585)
Total Non-Current Assets	7,000	-	-	7,000	-	-	786,255
Total Assets	121,391	1,295	(2,744)	119,942	142,213	(27,460)	1,567,984
LIABILITIES							
Current Liabilities:							
Accounts payable	-	-	-	-	-	-	5,909
Interest payable	-	-	-	-	-	-	11,514
Deposits from others	6,137	373	-	6,510	-	-	14,905
Due to County of Madera	9,656	-	-	9,656	-	-	100,113
Due to other divisions	27,460	2,744	(2,744)	27,460	-	(27,460)	-
Unearned revenue	1,180	72	-	1,252	-	-	3,229
Short-term note	-	-	-	-	-	-	250,000
Total Current Liabilities	44,433	3,189	(2,744)	44,878	-	(27,460)	385,670
Non-current Liabilities:							
Advances from County of Madera	-	-	-	-	-	-	2,500
Total Non-Current Liabilities	-	-	-	-	-	-	2,500
Total Liabilities	44,433	3,189	(2,744)	44,878	-	(27,460)	388,170
NET POSITION							
Net investment in capital assets	7,000	-	-	7,000	-	-	786,255
Restricted for debt service	-	-	-	-	-	-	65,336
Unrestricted	69,958	(1,894)	-	68,064	142,213	-	328,223
Total Net Position	\$ 76,958	\$ (1,894)	\$ -	\$ 75,064	\$ 142,213	\$ -	\$ 1,179,814

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

	MD 19A			
	Water	Sewer	Lighting	Total
Operating Revenues:				
Charges for services	\$ 99,485	\$ 147,351	\$ 5,016	\$ 251,852
Other revenues	-	-	-	-
	99,485	147,351	5,016	251,852
Total Operating Revenues	99,485	147,351	5,016	251,852
Operating Expenses:				
Services and supplies	112,390	44,239	-	156,629
Maintenance	79,750	102,222	495	182,467
Insurance	7,804	1,444	-	9,248
Utilities	24,034	13,310	932	38,276
Depreciation	80,421	2,757	-	83,178
	304,399	163,972	1,427	469,798
Total Operating Expenses	304,399	163,972	1,427	469,798
Operating Income (Loss)	(204,914)	(16,621)	3,589	(217,946)
Non-Operating Revenue (Expenses):				
Taxes	3,598	5,502	136	9,236
Investment income	4,299	1,076	27	5,402
Capital grants	140,498	-	-	140,498
Interest and fiscal charges	(11,398)	-	(22)	(11,420)
	136,997	6,578	141	143,716
Total Non-Operating Revenue (Expenses)	136,997	6,578	141	143,716
Income (Loss) Before Transfers	(67,917)	(10,043)	3,730	(74,230)
Transfers in	40,500	-	-	40,500
Transfers out	-	-	-	-
	-	-	-	-
Change in Net Position	(27,417)	(10,043)	3,730	(33,730)
Net Position, Beginning of Year	845,586	151,126	(445)	996,267
Net Position, End of Year	\$ 818,169	\$ 141,083	\$ 3,285	\$ 962,537

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	MD19B		MD 19A/B		Eliminations	Total
	Water	Lighting	Total	ACO		
Operating Revenues:						
Charges for services	\$ 120,133	\$ 7,001	\$ 127,134	\$ 51,652	\$ -	\$ 430,638
Other revenues	35	2	37	-	-	37
Total Operating Revenues	<u>120,168</u>	<u>7,003</u>	<u>127,171</u>	<u>51,652</u>	<u>-</u>	<u>430,675</u>
Operating Expenses:						
Services and supplies	50,419	-	50,419	-	-	207,048
Maintenance	75,321	-	75,321	-	-	257,788
Insurance	9,538	-	9,538	-	-	18,786
Utilities	29,374	6,035	35,409	-	-	73,685
Depreciation	-	-	-	-	-	83,178
Total Operating Expenses	<u>164,652</u>	<u>6,035</u>	<u>170,687</u>	<u>-</u>	<u>-</u>	<u>640,485</u>
Operating Income (Loss)	<u>(44,484)</u>	<u>968</u>	<u>(43,516)</u>	<u>51,652</u>	<u>-</u>	<u>(209,810)</u>
Non-Operating Revenue (Expenses):						
Taxes	-	-	-	-	-	9,236
Investment income	1,914	-	1,914	2,529	-	9,845
Capital grants	-	-	-	-	-	140,498
Interest and fiscal charges	-	-	-	-	-	(11,420)
Total Non-Operating Revenue (Expenses)	<u>1,914</u>	<u>-</u>	<u>1,914</u>	<u>2,529</u>	<u>-</u>	<u>148,159</u>
Income (Loss) Before Transfers	(42,570)	968	(41,602)	54,181	-	(61,651)
Transfers in	-	-	-	-	(40,500)	-
Transfers out	-	-	-	(40,500)	40,500	-
Change in Net Position	(42,570)	968	(41,602)	13,681	-	(61,651)
Net Position, Beginning of Year	<u>119,528</u>	<u>(2,862)</u>	<u>116,666</u>	<u>128,532</u>	<u>-</u>	<u>1,241,465</u>
Net Position, End of Year	<u>\$ 76,958</u>	<u>\$ (1,894)</u>	<u>\$ 75,064</u>	<u>\$ 142,213</u>	<u>\$ -</u>	<u>\$ 1,179,814</u>

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	MD 19A			Total
	Water	Sewer	Lighting	
Cash flows from operating activities:				
Cash receipts from customers and users	\$ 97,843	\$ 144,241	\$ 4,946	\$ 247,030
Cash paid to suppliers	<u>(273,228)</u>	<u>(150,080)</u>	<u>(1,333)</u>	<u>(424,641)</u>
Net cash provided by (used for) operating activities	<u>(175,385)</u>	<u>(5,839)</u>	<u>3,613</u>	<u>(177,611)</u>
Cash flows from noncapital financing activities:				
Taxes	3,598	5,502	136	9,236
Operating grants	151,080	-	-	151,080
Transfer from (to) other divisions	36,217	-	-	36,217
Interest paid on non-capital debt	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>
Net cash provided by (used for) noncapital financing activities	<u>190,895</u>	<u>5,502</u>	<u>135</u>	<u>196,532</u>
Cash flows from capital and related financing activities:				
Capital grants	131,826	-	-	131,826
Acquisition and construction of capital assets	<u>(113,964)</u>	<u>-</u>	<u>-</u>	<u>(113,964)</u>
Net cash provided by (used for) capital and related financing activities	<u>17,862</u>	<u>-</u>	<u>-</u>	<u>17,862</u>
Cash flows from investing activities:				
Investment income received	<u>4,883</u>	<u>1,211</u>	<u>31</u>	<u>6,125</u>
Net cash provided by (used for) investing activities	<u>4,883</u>	<u>1,211</u>	<u>31</u>	<u>6,125</u>
Net increase (decrease) in cash and investments	38,255	874	3,779	42,908
Cash and investments, beginning of the year	<u>321,066</u>	<u>97,146</u>	<u>1,628</u>	<u>419,840</u>
Cash and investments, end of the year	<u>\$ 359,321</u>	<u>\$ 98,020</u>	<u>\$ 5,407</u>	<u>\$ 462,748</u>
Reconciliation of Cash and Investments to the Statement of Net Position				
Cash and Investments per Statement of Net Position	\$ 293,985	\$ 98,020	\$ 5,407	\$ 397,412
Restricted Cash and Investments per Statement of Net Position	<u>65,336</u>	<u>-</u>	<u>-</u>	<u>65,336</u>
Total Cash and Investments per Statement of Net Position	<u>\$ 359,321</u>	<u>\$ 98,020</u>	<u>\$ 5,407</u>	<u>\$ 462,748</u>

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>MD 19B</u>		<u>MD 19A/B</u>		<u>Total</u>
	<u>Water</u>	<u>Lighting</u>	<u>Total</u>	<u>ACO</u>	
Cash flows from operating activities:					
Cash receipts from customers and users	\$ 120,636	\$ 7,028	\$ 127,664	\$ 51,652	\$ 426,346
Cash paid to suppliers	<u>(165,412)</u>	<u>(6,089)</u>	<u>(171,501)</u>	<u>-</u>	<u>(596,142)</u>
Net cash provided by (used for) operating activities	<u>(44,776)</u>	<u>939</u>	<u>(43,837)</u>	<u>51,652</u>	<u>(169,796)</u>
Cash flows from noncapital financing activities:					
Taxes	-	-	-	-	9,236
Operating grants	-	-	-	-	151,080
Transfer from (to) other divisions	4,952	(955)	3,997	(40,214)	-
Interest paid on non-capital debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
Net cash provided by (used for) noncapital financing activities	<u>4,952</u>	<u>(955)</u>	<u>3,997</u>	<u>(40,214)</u>	<u>160,315</u>
Cash flows from capital and related financing activities:					
Capital grants	-	-	-	-	131,826
Acquisition and construction of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(113,964)</u>
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,862</u>
Cash flows from investing activities:					
Investment income received	<u>2,168</u>	<u>16</u>	<u>2,184</u>	<u>2,736</u>	<u>11,045</u>
Net cash provided by (used for) investing activities	<u>2,168</u>	<u>16</u>	<u>2,184</u>	<u>2,736</u>	<u>11,045</u>
Net increase (decrease) in cash and investments	(37,656)	-	(37,656)	14,174	19,426
Cash and investments, beginning of the year	<u>127,999</u>	<u>-</u>	<u>127,999</u>	<u>127,821</u>	<u>675,660</u>
Cash and investments, end of the year	<u>\$ 90,343</u>	<u>\$ -</u>	<u>\$ 90,343</u>	<u>\$ 141,995</u>	<u>\$ 695,086</u>
Reconciliation of Cash and Investments to the Statement of Net Position					
Cash and Investments per Statement of Net Position	\$ 90,343	\$ -	\$ 90,343	\$ 141,995	\$ 629,750
Restricted Cash and Investments per Statement of Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,336</u>
Total Cash and Investments per Statement of Net Position	<u>\$ 90,343</u>	<u>\$ -</u>	<u>\$ 90,343</u>	<u>\$ 141,995</u>	<u>\$ 695,086</u>

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

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

	MD 19A			
	Water	Sewer	Lighting	Total
Operating income (loss)	\$ (204,914)	\$ (16,621)	\$ 3,589	\$ (217,946)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	80,421	2,757	-	83,178
Changes in operating assets and liabilities:				
Decrease/(Increase) in accounts receivable	(1,825)	(3,344)	(77)	(5,246)
Decrease/(Increase) in due from County of Madera	21	(127)	-	(106)
Increase/(Decrease) in accounts payable	(59,441)	(2,377)	-	(61,818)
Increase/(Decrease) in due to County of Madera	10,191	13,512	94	23,797
Increase/(Decrease) in deposits from others	376	659	15	1,050
Increase/(Decrease) in unearned revenues	(214)	(298)	(8)	(520)
Net cash provided by (used for) operating activities	<u>\$ (175,385)</u>	<u>\$ (5,839)</u>	<u>\$ 3,613</u>	<u>\$ (177,611)</u>

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>MD 19B</u>			<u>MD 19A/B</u>	<u>Total</u>
	<u>Water</u>	<u>Lighting</u>	<u>Total</u>	<u>ACO</u>	
Operating income (loss)	\$ (44,484)	\$ 968	\$ (43,516)	\$ 51,652	\$ (209,810)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	-	-	-	-	83,178
Changes in operating assets and liabilities:					
Decrease/(Increase) in accounts receivable	(13)	(4)	(17)	-	(5,263)
Decrease/(Increase) in due from County of Madera	18	-	18	-	(88)
Increase/(Decrease) in accounts payable	(498)	-	(498)	-	(62,316)
Increase/(Decrease) in due to County of Madera	(262)	(54)	(316)	-	23,481
Increase/(Decrease) in deposits from others	282	18	300	-	1,350
Increase/(Decrease) in unearned revenues	181	11	192	-	(328)
Net cash provided by (used for) operating activities	<u>\$ (44,776)</u>	<u>\$ 939</u>	<u>\$ (43,837)</u>	<u>\$ 51,652</u>	<u>\$ (169,796)</u>