

**MAINTENANCE DISTRICT 22 – OAKHURST & SUNNYDALE  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**FINANCIAL STATEMENTS**

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

**MAINTENANCE DISTRICT 22 – OAKHURST & SUNNYDALE  
(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 22-Oakhurst & Sunnydale (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.

*Other Information*

The financial statements of the District as of and for the year ended June 30, 2019, were audited by predecessor auditors, and they expressed an unmodified opinion in their report dated May 18, 2020, but they have not performed any auditing procedures since that date.

HUDSON HENDERSON & COMPANY, INC.

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Fresno, California  
May 5, 2021

## BASIC FINANCIAL STATEMENTS

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**MAINTENANCE DISTRICT 22 – OAKHURST & SUNNYDALE  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

**ASSETS**

Current Assets:

Cash and investments	\$	1,627,964
Cash and investments - restricted		1,069,292
Accounts receivable		184,432
Interest receivable		5,553
Due from other governments		5,192
Due from County of Madera		41,008
Total Current Assets		2,933,441

Non-Current Assets:

Long term receivables		6,570,296
Capital assets:		
Land		840,944
Construction in progress		3,389,586
Depreciable assets		30,079,061
Accumulated depreciation		(10,317,612)
Total Non-Current Assets		30,562,275

Total Assets		33,495,716
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**LIABILITIES**

Current Liabilities:

Accounts payable		441,403
Interest payable		126,428
Retention payable		158,905
Deposits from others		11,496
Due to County of Madera		236,928
Due to other governments		5,835
Unearned revenue		7,648
Bonds payable, current portion		147,300
Certificates of participation, current portion		111,000
Total Current Liabilities		1,246,943

Non-Current Liabilities:

Bonds payable		5,994,400
Certificates of participation		4,450,830
Total Non-Current Liabilities		10,445,230

Total Liabilities		11,692,173
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**NET POSITION**

Net investment in capital assets		13,129,544
Restricted for debt service		1,069,292
Unrestricted		7,604,707

Total Net Position		\$ 21,803,543
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The notes to the basic financial statements are an integral part of this statement.

**MAINTENANCE DISTRICT 22 – OAKHURST & SUNNYDALE  
(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	\$ 1,145,004
Other revenues	<u>9,753</u>
Total Operating Revenues	<u>1,154,757</u>
Operating Expenses:	
Services and supplies	262,188
Maintenance	625,779
Insurance	34,158
Utilities	202,895
Depreciation	<u>646,339</u>
Total Operating Expenses	<u>1,771,359</u>
Operating Income (Loss)	<u>(616,602)</u>
Non-Operating Revenue (Expenses):	
Taxes	88,485
Assessments	347,503
Investment income	77,947
Rental income	41,008
Capital grants	20,705
Interest and fiscal charges	<u>(425,691)</u>
Total Non-Operating Revenue (Expenses)	<u>149,957</u>
Change in Net Position	(466,645)
Net Position, Beginning of Year	<u>22,270,188</u>
Net Position, End of Year	<u>\$ 21,803,543</u>

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



**MAINTENANCE DISTRICT 22 – OAKHURST & SUNNYDALE  
(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	\$ 1,137,800
Cash paid to suppliers	<u>(636,396)</u>
Net cash provided by (used for) operating activities	<u>501,404</u>
Cash flows from noncapital financing activities:	
Taxes received	<u>88,485</u>
Net cash provided by (used for) noncapital financing activities	<u>88,485</u>
Cash flows from capital and related financing activities:	
Capital grants	20,705
Assessments received	498,400
Acquisition and construction of capital assets	(3,230,681)
Principal paid on capital debt	(248,400)
Interest paid on capital debt	<u>(428,748)</u>
Net cash provided by (used for) capital and related financing activities	<u>(3,388,724)</u>
Cash flows from investing activities:	
Investment income received	90,772
Rental payment received	<u>41,008</u>
Net cash provided by (used for) investing activities	<u>131,780</u>
Net increase (decrease) in cash and investments	(2,667,055)
Cash and investments, beginning of the year	<u>5,364,311</u>
Cash and investments, end of the year	<u>\$ 2,697,256</u>
 <b>Reconciliation of Cash and Investments to the Statement of Net Position</b>	
Cash and Investments per Statement of Net Position	\$ 1,627,964
Restricted Cash and Investments per Statement of Net Position	<u>1,069,292</u>
Total Cash and Investments per Statement of Net Position	<u>\$ 2,697,256</u>

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

**MAINTENANCE DISTRICT 22 – OAKHURST & SUNNYDALE  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

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

Operating income (loss)	\$ (616,602)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	646,339
Changes in operating assets and liabilities:	
Decrease/(Increase) in accounts receivable	23,980
Decrease/(Increase) in due from other governments	(5,192)
Decrease/(Increase) in due from County of Madera	(39,250)
Increase/(Decrease) in accounts payable	383,056
Increase/(Decrease) in due to County of Madera	99,733
Increase/(Decrease) in due to other governments	5,835
Increase/(Decrease) in deposits from others	1,349
Increase/(Decrease) in unearned revenues	<u>2,156</u>
Net cash provided by (used for) operating activities	<u>\$ 501,404</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 22 – OAKHURST & SUNNYDALE  
(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 22 - Oakhurst & Sunnydale** (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 is located in Madera County Supervisorial District 5 in the community of Oakhurst. The district was formed on April 5, 1966 by Resolution No. 66-74 and provides sewer services for 1,604.4 improved units and 469.3 standby units. The funding for the sewer system operations is derived from charges for sewer services. In addition to the charges for sewer services, the District receives property taxes to cover operating expenses of the District. The District also receives assessments to cover debt service payments.

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.

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.

**MAINTENANCE DISTRICT 22 – OAKHURST & SUNNYDALE  
(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)**

**D. Receivables**

Receivables consist of fees charged for sewer services, property taxes, 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. 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>
Sewer Systems	15-65 years
Equipment	3-20 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities, or extend useful lives are capitalized. Interest accrued during capital assets construction, if any, is capitalized as part of the asset cost.

**G. 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.

**MAINTENANCE DISTRICT 22 – OAKHURST & SUNNYDALE  
(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)**

**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	\$ 1,627,964
Cash and investments – restricted	<u>1,069,292</u>
Total cash and investments	<u>\$ 2,697,256</u>

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

Deposits held with County of Madera Investment Pool	<u>\$ 2,697,256</u>
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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.

**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.

**MAINTENANCE DISTRICT 22 – OAKHURST & SUNNYDALE  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

**NOTE 3: CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 840,944	\$ -	\$ -	\$ 840,944
Construction in progress	-	3,389,586	-	3,389,586
Total capital assets, not being depreciated	<u>840,944</u>	<u>3,389,586</u>	<u>-</u>	<u>4,230,530</u>
Capital assets, being depreciated:				
Sewer systems	29,439,334	-	-	29,439,334
Equipment	639,727	-	-	639,727
Total capital assets, being depreciated	<u>30,079,061</u>	<u>-</u>	<u>-</u>	<u>30,079,061</u>
Less accumulated depreciation for:				
Sewer systems	(9,250,008)	(603,538)	-	(9,853,546)
Equipment	(421,265)	(42,801)	-	(464,066)
Total accumulated depreciation	<u>(9,671,273)</u>	<u>(646,339)</u>	<u>-</u>	<u>(10,317,612)</u>
Total capital assets being depreciated, net	<u>20,407,788</u>	<u>(646,339)</u>	<u>-</u>	<u>19,761,449</u>
Total capital assets, net	<u>\$ 21,248,732</u>	<u>\$ 2,743,247</u>	<u>\$ -</u>	<u>\$ 23,991,979</u>

Depreciation expense of \$646,339 was charged to the sewer function of the District.

**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 maintenance services. The District's accounting and clerical functions are performed by County personnel. 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 \$711,092.

The amount due from the County of Madera as of June 30, 2020 is \$41,008.

The amount due to the County of Madera as of June 30, 2020 is \$236,928.



**MAINTENANCE DISTRICT 22 – OAKHURST & SUNNYDALE  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

**NOTE 5: LONG-TERM LIABILITIES**

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

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Limited Obligation Improvement Bonds, Series 2004 A & B	\$ 6,282,700	\$ -	\$ (141,000)	\$ 6,141,700	\$ 147,300
Certificate of Participation Series, 2004-C - Oakhurst Wastewater Facility Project	2,018,230	-	(56,400)	1,961,830	59,000
Certificate of Participation - 2014 Wastewater System Improvement Project	<u>2,651,000</u>	<u>-</u>	<u>(51,000)</u>	<u>2,600,000</u>	<u>52,000</u>
Total	<u>\$ 10,951,930</u>	<u>\$ -</u>	<u>\$ (248,400)</u>	<u>\$ 10,703,530</u>	<u>\$ 258,300</u>

Limited Obligation Improvement Bonds, Series 2004 A & B

The District issued in direct placement limited obligation improvement bonds, Series 2004 A & B on March 24, 2004 for the Oakhurst Wastewater Facilities Project. The original issue amount was \$8,471,064. The bonds mature in year 2044. The interest rate is 4.5%. Annual principal installments range from \$141,000 to \$423,500. The District pledged a portion of special assessments revenue to repay the bonds. The outstanding principal balance at June 30, 2020 is \$6,141,700.

Improvement bonds are supported by assessments for principal, interest, and handling charges placed as direct charges on current secured tax bills for property within the assessment/improvement area. The bonds contain a provision that, in the event of default, the outstanding principal balance and accrued interests shall become due and payable immediately. The bonds also contain a subjective acceleration clause that allows the USDA to accelerate payment of the entire principal amount to become immediately due if the County fails to perform any of the covenants, agreements or conditions on its part contained in the loan agreement.

Certificate of Participation Series, 2004-C (Oakhurst Wastewater Facility Project)

On March 24, 2004, the District entered into a \$3,091,782 direct borrowing contract with the United States Department of Agriculture Rural Development (USDA) for the Oakhurst Wastewater Facilities project within its district. The Certificate of Participation matures in year 2044. The interest rate is 4.5%. Annual principal installments range from \$54,000 to \$91,600. The outstanding principal balance at June 30, 2020 is \$1,961,830.

The loan document contains a provision which include acceleration clause that, upon default in the payments of any principal and accrued interest on the loan or in the performance of any covenant or agreement contained in the loan agreement, USDA may declare the entire principal amount then outstanding and accrued interest immediately due and payable. Principal and interest are repaid by charging property owners within the geographical boundaries of the district.

**MAINTENANCE DISTRICT 22 – OAKHURST & SUNNYDALE  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

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

Certificate of Participation - 2014 Wastewater System Improvement Project

On June 17, 2014, the District entered into a \$2,886,000 direct borrowing contract with the United States Department of Agriculture Rural Development (USDA) for the Wastewater System Improvement project within its district. The Certificate of Participation matures on June 1, 2054. The interest rate is 2.25%. Annual principal installments range from \$49,000 to \$108,000. The outstanding principal balance at June 30, 2020 is \$2,600,000.

The loan document contains a provision which include acceleration clause that, upon default in the payments of any principal and accrued interest on the loan or in the performance of any covenant or agreement contained in the loan agreement, USDA may declare the entire principal amount then outstanding and accrued interest immediately due and payable. Principal and interest are repaid by charging property owners within the geographical boundaries of the district.

As of June 30, 2020, annual debt service requirements of the District to maturity are as follows:

Year ending June 30,	Limited Obligation Improvement Bonds, Series 2004 A & B	
	Principal	Interest
2021	\$ 147,300	\$ 273,062
2022	154,000	266,283
2023	160,900	259,198
2024	168,100	251,794
2025	175,800	244,058
2026-2030	1,004,400	1,091,498
2031-2035	1,237,300	839,554
2036-2040	1,574,100	523,946
2041-2045	1,519,800	140,526
	<u>\$ 6,141,700</u>	<u>\$ 3,889,919</u>

Total interest expense for the year ended June 30, 2020 was \$277,434.

Year ending June 30,	Certificate of Participation Series, 2004-C Oakhurst Wastewater Facility Project	
	Principal	Interest
2021	\$ 59,000	\$ 86,955
2022	61,600	84,241
2023	64,400	81,406
2024	67,300	78,443
2025	70,300	75,347
2026-2030	402,100	325,179
2031-2035	501,000	223,972
2036-2040	624,300	97,866
2041-2045	111,830	2,516
	<u>\$ 1,961,830</u>	<u>\$ 1,055,925</u>

Total interest expense for the year ended June 30, 2020 was \$88,705.

**MAINTENANCE DISTRICT 22 – OAKHURST & SUNNYDALE  
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

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

Year ending June 30,	Certificate of Participation - 2014	
	<u>Wastewater System Improvement Project</u>	
	Principal	Interest
2021	\$ 52,000	\$ 58,500
2022	53,000	57,330
2023	54,000	56,137
2024	55,000	54,922
2025	57,000	53,685
2026-2030	302,000	248,715
2031-2035	339,000	213,120
2036-2040	378,000	173,273
2041-2045	422,000	128,768
2046-2050	471,000	79,200
2051-2055	417,000	23,715
	\$ 2,600,000	\$ 1,147,365

Total interest expense for the year ended June 30, 2020 was \$59,551.87.

**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.

**NOTE 7: SUBSEQUENT EVENTS**

Subsequent events have been evaluated through May 5, 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 22, COVID-19 may impact the timing of receipts for utility and assessment billings. Management believes MD22 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 are still developing.