

**SERVICE AREA 05 – EASTSIDE ACRES VILLAGE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

FINANCIAL STATEMENTS

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

**SERVICE AREA 05 – EASTSIDE ACRES VILLAGE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

JUNE 30, 2020

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BASIC FINANCIAL STATEMENTS

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**SERVICE AREA 05 – EASTSIDE ACRES VILLAGE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

	Governmental Activities
ASSETS	
Cash and investments	\$ 20,373
Cash and investments - restricted	8,881
Accounts receivable	812
Assessments receivable	10,000
Interest receivable	66
Capital assets, net of accumulated depreciation	19,018
Total Assets	59,150
LIABILITIES	
Accounts payable	1,000
Interest payable	350
Due to County of Madera	43
Noncurrent liabilities:	
Due within one year	7,000
Due in more than one year	7,000
Total Liabilities	15,393
NET POSITION	
Net investment in capital assets	5,018
Restricted for:	
Road and lighting maintenance	20,373
Debt service	18,366
Total Net Position	\$ 43,757

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

**SERVICE AREA 05 – EASTSIDE ACRES VILLAGE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	Expenses	Charges for Services	Net (Expense) Revenue and Changes in Net Position
			Governmental Activities
Governmental Activities:			
Road and lighting maintenance	\$ 13,406	\$ -	\$ (13,406)
Sewer services	9,737	1,738	(7,999)
Interest and fiscal charges	700	-	(700)
Total governmental activities	\$ 23,843	\$ 1,738	(22,105)
Total primary government	\$ 23,843	\$ 1,738	(22,105)
General Revenues:			
Property taxes			7,964
Investment earnings			573
Total general revenues			8,537
Changes in net position			(13,568)
Net position - beginning, as restated			57,325
Net position - ending			\$ 43,757

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

**SERVICE AREA 05 – EASTSIDE ACRES VILLAGE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2020**

	Road & Lighting Maintenance	Sewer Debt Service	Total Governmental Funds
ASSETS			
Cash and investments	\$ 20,373	\$ -	\$ 20,373
Cash and investments - restricted	-	8,881	8,881
Accounts receivable	-	812	812
Interest receivable	43	23	66
 Total Assets	 \$ 20,416	 \$ 9,716	 \$ 30,132
LIABILITIES			
Accounts payable	\$ -	\$ 1,000	\$ 1,000
Due to County of Madera	43	-	43
 Total Liabilities	 43	 1,000	 1,043
FUND BALANCE			
Restricted for:			
Road and lighting maintenance	20,373	-	29,089
Debt service	-	8,716	-
 Total Fund Balance	 20,373	 8,716	 29,089
 Total Liabilities and Fund Balance	 \$ 20,416	 \$ 9,716	 \$ 30,132

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

**SERVICE AREA 05 – EASTSIDE ACRES VILLAGE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2020**

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

Fund balance - governmental fund	\$ 29,089
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	19,018
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the fund.	10,000
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(14,000)
Accrued interest on long-term debt.	<u>(350)</u>
Net position of governmental activities	<u>\$ 43,757</u>

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

**SERVICE AREA 05 – EASTSIDE ACRES VILLAGE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Road & Lighting Maintenance	Sewer Debt Service	Total Governmental Funds
REVENUES			
Property taxes	\$ 7,964	\$ -	\$ 7,964
Assessments	-	7,737	7,737
Investment earnings	413	161	574
 Total revenues	 8,377	 7,898	 16,275
EXPENDITURES			
Current:			
General and administrative	318	7,500	7,818
Maintenance - roads and lightling maintenance	8,323	-	8,323
Insurance	2,349	-	2,349
Utilities	2,416	-	2,416
Debt service:			
Principal	-	6,000	6,000
Interest	-	850	850
 Total Expenditures	 13,406	 14,350	 27,756
 Net change in fund balances	 (5,029)	 (6,452)	 (11,481)
 Fund balance - beginning, as restated	 25,402	 15,168	 40,570
 Fund balance - ending	 \$ 20,373	 \$ 8,716	 \$ 29,089

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

**SERVICE AREA 05 – EASTSIDE ACRES VILLAGE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCE OF GOVERNMENTAL FUND TO THE GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

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

Net change in fund balance - governmental fund	\$ (11,481)
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This amount is depreciation expense in the current period.	
Less: Current Year Depreciation	(2,238)
Repayment of long-term liabilities are expenditures and other financing uses in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	6,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(6,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>151</u>
Change in net position of governmental activities	<u>\$ (13,568)</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 05 – EASTSIDE ACRES VILLAGE
(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 **SA 05 – Eastside Acres Village** (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 sewer service, road maintenance and street lighting for a residential development. SA 05 is located on the west side of Madera County adjacent to the City of Firebaugh. The district was formed on February 11, 1980 by Resolution No. 80-97. The district provides sewer service to the residential development, and all aspects of budgeting, operations and maintenance are handled by the City of Firebaugh under a agreement with the County of Madera. Under the agreement, the City of Firebaugh provides service limited to 100 connections or an average daily flow of 70,000 gallons, whichever is greater. Resolution No. 80-47 specifies fees to be paid to the City for each connection. These fees are directly invoiced to the District's customer by the City of Firebaugh, based upon the City's current service rate, and are recorded as service revenue by the City of Firebaugh.

There are 19 street lights in SA 05 with maintenance and servicing performed by PG & E. There is no assessment for the street lights and costs of operations are met by using property tax revenue.

The District provides road maintenance to 83 parcels with 1.77 miles of paved roads. The majority of the road ways are concrete rolled-back type curbs and gutters. This District receives a percentage of property tax to assist in road maintenance.

The Board of Supervisors is the governing body of the District. The District is considered a blended component unit of the County of Madera and is reported as a special revenue fund in the County of Madera financial statements. The financial statements included in this report are intended to present the financial position and results of operations of only the District. They are not intended to present the financial position or results of operations of the County of Madera taken as a whole.

B. Basis of Presentation and Method of Accounting

The District accounts for its activities as a single governmental fund. The District's accounting records are maintained on the modified accrual basis of accounting but the basic financial statements are presented at both the government-wide and fund financial level, on a full accrual and modified accrual basis, respectively.

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded.

Government-Wide Financial Statements

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

**SERVICE AREA 05 – EASTSIDE ACRES VILLAGE
(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)

Certain types of transactions are reported as program revenue for the District in charges for services category.

Fund Financial Statements

The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental are separately aggregated and reported as non-major funds.

The District reports the following major governmental funds:

- The SA 05 – *Lighting and Road maintenance* special revenue fund is used to account for all financial resources of the District relating to the maintenance of the paved roads and the street lights within the District.
- The SA 05 – *Sewer Bond* debt service fund is used to account for all financial resources of the District relating to sewer bond repayment.

Governmental Fund Financial Statements

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

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

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

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

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

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

**SERVICE AREA 05 – EASTSIDE ACRES VILLAGE
(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)

C. Cash and Investments

Cash and investments shown in the Statement of Net Position and in the Balance Sheet represent the District's share of the County of Madera's cash and investment pool. Interest earnings from this pool are transferred to the District on a quarterly basis based on the District's average daily balance. The County has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134.

D. Receivables

Receivables consist of 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

Secured and unsecured property taxes are levied in July each year. Property taxes become a lien against the property as of January 1 of each year. Secured property taxes are payable in two installments which are due November 1 and February 1. Unsecured property taxes are due on August 31. All property taxes 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 in the government-wide financial statements. Capital assets are defined by the District as assets with a cost of more than \$5,000 for machinery and equipment and \$10,000 for the other categories of capital assets with an estimated useful life of more than one year. Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated assets are valued at their estimated acquisition 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
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.

G. Long-Term Debt

Government-Wide Financial Statements

Long-term debt and other financed obligations are reported as liabilities in the government-wide financial statements.

Fund Financial Statements

The governmental fund financial statements do not present long-term debt. As such, long-term debt is shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

**SERVICE AREA 05 – EASTSIDE ACRES VILLAGE
(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. Budget

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

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

I. Net Position and Fund Balances

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

- Nonspendable Fund Balance – includes amounts that are not in a spendable form (such as inventories or prepaid amounts, and long-term loans and notes receivable) or are legally or contractually required to be maintained intact (such as principal of a permanent fund).
- Restricted Fund Balance – includes amounts that can be spent only for specific purposes stipulated by external parties (such as creditor, grant providers, or contributors) or by law.
- Committed Fund Balance – includes amounts that can be used only for the specific purpose determined by the County of Madera Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action. The formal action must occur prior to the end of the reporting period. The amount which will be subject to the constraint may be determined in the subsequent period.

**SERVICE AREA 05 – EASTSIDE ACRES VILLAGE
(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)

Fund Financial Statements (Continued)

- Assigned Fund Balance – is comprised of amounts intended to be used by the governmental entity for specific purposes that are neither restricted nor committed. Intent can be expressed by the Board of Supervisors or by an official or body to which the Board delegates the authority. Assigned fund balance can be used to eliminate a projected budgetary deficit in the subsequent year’s budget.
- Unassigned Fund Balance - is the residual classification for the District and includes all amounts not contained in the other classification. Unassigned amounts are technically available for any purposes.

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

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

J. 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	\$ 20,373
Cash and investments – restricted	<u>8,881</u>
Total cash and investments	<u>\$ 29,254</u>

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

Deposits held with County of Madera Investment Pool	\$ 29,254
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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

**SERVICE AREA 05 – EASTSIDE ACRES VILLAGE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

NOTE 2: CASH AND INVESTMENTS (Continued)

Risk Disclosure (Continued)

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.

NOTE 3: CAPITAL ASSETS

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

Governmental Activities:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets, being depreciated:				
Sewer systems	\$ 143,836	\$ -	\$ -	\$ 143,836
Total capital assets, being depreciated	<u>143,836</u>	<u>-</u>	<u>-</u>	<u>143,836</u>
Less accumulated depreciation for:				
Sewer systems	<u>(122,580)</u>	<u>(2,238)</u>	<u>-</u>	<u>(124,818)</u>
Total accumulated depreciation	<u>(122,580)</u>	<u>(2,238)</u>	<u>-</u>	<u>(124,818)</u>
Total capital assets being depreciated, net	<u>21,256</u>	<u>(2,238)</u>	<u>-</u>	<u>19,018</u>
Total capital assets, net	<u>\$ 21,256</u>	<u>\$ (2,238)</u>	<u>\$ -</u>	<u>\$ 19,018</u>

Depreciation expense of \$2,238 was charged to the sewer function of the governmental activities.

**SERVICE AREA 05 – EASTSIDE ACRES VILLAGE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

NOTE 4: RELATED PARTY TRANSACTIONS

The District's property taxes are levied and collected through County of Madera Assessor and Treasurer-Tax Collector departments. The District contracts with the County of Madera to provide certain maintenance services. The District's accounting and clerical functions are performed by County personnel. The County of Madera charges the District for administrative costs incurred.

The amount due to the County of Madera as of June 30, 2020 is \$43.

NOTE 5: LONG-TERM LIABILITIES

The following is 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
USDA Loan	\$ 20,000	\$ -	\$ (6,000)	\$ 14,000	\$ 7,000
Total	\$ 20,000	\$ -	\$ (6,000)	\$ 14,000	\$ 7,000

USDA Loan

On March 3, 1982, the District issued \$125,200 in direct placement bonds ("Improvement Bond, County of Madera, Eastside Acres Sewer Assessment District, Series 1982-1) and used the proceeds for improvement projects within the District. These bonds will be repaid from amounts levied against the property owners benefited by this sewer improvement. Those amounts, including interest, are pledged to pay the scheduled principal and interest payments on the bonds. 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.

The term of this bond is 39 years maturing on July 2, 2021 with a stated interest rate of 5%. Annual principal installments range from \$200 to \$7,000. Semi-annual interest payments are due on July 1st and January 1st of each year. As of June 30, 2020 the outstanding balance on these bonds is \$14,000.

As of June 30, 2020, annual debt service requirements of the loan payable to maturity is as follows:

Year ending	USDA Loan		
June 30,	Principal	Interest	Total
2021	\$ 7,000	\$ 525	\$ 7,525
2022	7,000	175	7,175
	\$ 14,000	\$ 700	\$ 14,700

Total interest expense for the year ended June 30, 2020 was \$700.

**SERVICE AREA 05 – EASTSIDE ACRES VILLAGE
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

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 : RESTATEMENT OF BEGINNING NET POSITION/ FUND BALANCE

The beginning net position was understated by \$31,923 due to Sewer debt service activities were recorded in Business-type Activities in fiscal year 2019.

<u>Governmental Activities</u>	Net investment in capital assets	Restricted for Roads & Lighting	Restricted for Debt Service	Total
Net position at June 30, 2019, as previously stated	\$ -	\$ 25,402	\$ -	\$ 25,402
Sewer debt service activities were reported in business-type activities	1,256	-	30,667	31,923
Net position at June 30, 2019, as restated	<u>\$ 1,256</u>	<u>\$ 25,402</u>	<u>\$ 30,667</u>	<u>\$ 57,325</u>

The beginning fund balance of sewer debt services fund was understated by \$15,168 due to sewer debt service activities were recorded in proprietary fund in fiscal year 2019.

<u>Governmental Funds</u>	Restricted for Roads & Lighting	Restricted for Debt Service	Total
Net position at June 30, 2019, as previously stated	\$ 25,402	\$ -	\$ 25,402
Sewer debt service activities were reported in enterprise fund	-	15,168	15,168
Net position at June 30, 2019, as restated	<u>\$ 25,402</u>	<u>\$ 15,168</u>	<u>\$ 40,570</u>

NOTE 8: SUBSEQUENT EVENTS

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 Service Area 05, COVID-19 may impact the timing of receipts for utility and assessment billings. Management believes SA05 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.

REQUIRED SUPPLEMENTARY INFORMATION

**SERVICE AREA 05 – EASTSIDE ACRES VILLAGE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET TO ACTUAL
ROADS AND LIGHTING MAINTENANCE
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 7,285	\$ 7,285	\$ 7,964	\$ 679
Investment earnings	600	600	413	(187)
	7,885	7,885	8,377	492
Total revenues				
Expenditures:				
Road maintenance:				
General and administrative	4,730	4,730	318	4,412
Maintenance - roads and lighting maintenance	23,759	23,759	8,323	15,436
Insurance	2,051	2,051	2,349	(298)
Utilities	3,500	3,500	2,416	1,084
	34,040	34,040	13,406	20,634
Total expenditures				
Net change in fund balance	(26,155)	(26,155)	(5,029)	21,126
Fund balance - beginning of year	25,402	25,402	25,402	-
Fund balance - end of year	\$ (753)	\$ (753)	\$ 20,373	\$ 21,126