

**MAINTENANCE DISTRICT 05 – MOUNTAIN RANCHES
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2021**

**MAINTENANCE DISTRICT 05 – MOUNTAIN RANCHES
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

June 30, 2021

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BASIC FINANCIAL STATEMENTS

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**MAINTENANCE DISTRICT 05 – MOUNTAIN RANCHES
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF NET POSITION
June 30, 2021**

ASSETS

Current Assets:

Cash and investments	\$ 84,255
Accounts receivable	17,736
Interest receivable	21
Total Current Assets	<u>102,012</u>

Non-Current Assets:

Capital assets:

Depreciable assets	87,092
Accumulated depreciation	<u>(76,819)</u>
Total Non-Current Assets	<u>10,273</u>

Total Assets	<u>112,285</u>
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LIABILITIES

Current Liabilities:

Accounts payable	169
Deposits from others	300
Due to County of Madera	7,235
Unearned revenue	<u>455</u>
Total Current Liabilities	<u>8,159</u>

NET POSITION

Net investment in capital assets	10,273
Unrestricted	<u>93,853</u>
Total Net Position	<u>\$ 104,126</u>

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

**MAINTENANCE DISTRICT 05 – MOUNTAIN RANCHES
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

Operating Revenues:	
Charges for services	\$ 45,891
Other revenues	<u>23</u>
Total Operating Revenues	<u>45,914</u>
Operating Expenses:	
Services and supplies	3,645
Maintenance	33,146
Insurance	1,222
Utilities	3,531
Depreciation	<u>1,679</u>
Total Operating Expenses	<u>43,223</u>
Operating Income (Loss)	<u>2,691</u>
Non-Operating Revenue (Expenses):	
Taxes	10,705
Investment income	<u>255</u>
Total Non-Operating Revenue (Expenses)	<u>10,960</u>
Change in Net Position	13,651
Net Position, Beginning of Year	<u>90,475</u>
Net Position, End of Year	<u>\$ 104,126</u>

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

**MAINTENANCE DISTRICT 05 – MOUNTAIN RANCHES
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

Cash flows from operating activities:	
Cash receipts from customers and users	\$ 43,919
Cash paid to suppliers	<u>(49,830)</u>
Net cash provided by (used for) operating activities	<u>(5,911)</u>
Cash flows from noncapital financing activities:	
Taxes	<u>10,705</u>
Net cash provided by (used for) noncapital financing activities	<u>10,705</u>
Cash flows from investing activities:	
Investment income received	<u>426</u>
Net cash provided by (used for) investing activities	<u>426</u>
Net increase (decrease) in cash and cash equivalents	5,220
Cash and cash equivalents, beginning of the year	<u>79,035</u>
Cash and cash equivalents, end of the year	<u>\$ 84,255</u>

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

Operating income (loss)	\$ 2,691
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	1,679
Changes in operating assets and liabilities:	
Decrease/(Increase) in accounts receivable	(2,290)
Increase/(Decrease) in accounts payable	(333)
Increase/(Decrease) in due to County of Madera	(7,953)
Increase/(Decrease) in unearned revenue	<u>295</u>
Net cash provided by (used for) operating activities	<u>\$ (5,911)</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 05 – MOUNTAIN RANCHES
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the **MD 05 - Mountain Ranches** (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District provides water service to a residential community with 50 lots encompassing approximately 80 acres. The District is located on Road 400, approximately one mile northeast of Hensley Lake. The District was formed on November 27, 1962 by Resolution No. 62-395. The funding for the water system operations is derived from charges for water services. The water rates were last set by Resolution No. 2009-346 and are based on a tiered rate structure with an annual Consumer Price Index adjustment. On October 23, 2018, water rates were increased by Resolution 2018-145 based on the result of the rate study. In addition to the charges for water services, the District receives property taxes to cover operating expenses of the District.

The District also provides road maintenance to 50 parcels served by 0.63 miles of paved roads. There is no direct assessment for road maintenance. The District is pre Proposition 13 funded by a percentage of the property taxes and included in the MD 05 Water budget.

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

B. Basis of Presentation and Method of Accounting

Proprietary fund financial statements include a Statement of Net Position and a Statement of Revenues, Expenses, and 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 05 – MOUNTAIN RANCHES
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Receivables

Receivables consist of fees charged for water services, property taxes, assessments, and interest from the County of Madera. 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 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 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
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.

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 05 – MOUNTAIN RANCHES
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021 are classified in the financial statements as follows:

Cash and investments – unrestricted	\$84,255
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The District's cash and investments consisted of the following as of June 30, 2021:

Deposits held with County of Madera Investment Pool	\$84,255
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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, 2021, 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 Annual Comprehensive 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 05 – MOUNTAIN RANCHES
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, being depreciated:				
Water systems	87,092	-	-	87,092
Total capital assets, being depreciated	87,092	-	-	87,092
Less accumulated depreciation for:				
Water systems	(75,140)	(1,679)	-	(76,819)
Total accumulated depreciation	(75,140)	(1,679)	-	(76,819)
Total capital assets being depreciated, net	11,952	(1,679)	-	10,273
Total capital assets, net	\$ 11,952	\$ (1,679)	\$ -	\$ 10,273

Depreciation expense of \$1,679 was charged to the water service function of the District.

NOTE 4: RELATED PARTY TRANSACTIONS

The District's property taxes are levied and collected through County of Madera Assessor and Treasurer-Tax Collector departments. The District contracts with the County of Madera to provide certain maintenance services. The District's accounting and clerical functions are performed by County personnel. County of Madera charges the District for administrative costs incurred. Total expenses to the County of Madera for the fiscal year ended June 30, 2021 were \$35,234.

The amount due to the County of Madera as of June 30, 2021 is \$7,235.

NOTE 5: 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 Public Risk Innovation, Solutions, and Management (PRISM). Disclosure of complete information on risk management can be found in the County of Madera Annual Comprehensive Financial Report.

SUPPLEMENTARY INFORMATION

**MAINTENANCE DISTRICT 05 – MOUNTAIN RANCHES
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF NET POSITION
June 30, 2021**

	Water	Roads	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 84,255	\$ -	\$ 84,255
Accounts receivable	17,736	-	17,736
Interest receivable	21	-	21
Total Current Assets	102,012	-	102,012
Non-Current Assets:			
Capital assets:			
Depreciable assets	87,092	-	87,092
Accumulated depreciation	(76,819)	-	(76,819)
Total Non-Current Assets	10,273	-	10,273
Total Assets	112,285	-	112,285
LIABILITIES			
Current Liabilities:			
Accounts payable	169	-	169
Deposits from others	300	-	300
Due to County of Madera	7,235	-	7,235
Unearned revenue	455	-	455
Total Current Liabilities	8,159	-	8,159
Total Liabilities	8,159	-	8,159
NET POSITION			
Net investment in capital assets	10,273	-	10,273
Unrestricted	93,853	-	93,853
Total Net Position	\$ 104,126	\$ -	\$ 104,126

**MAINTENANCE DISTRICT 05 – MOUNTAIN RANCHES
(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, 2021**

	Water	Roads	Total
Operating Revenues:			
Charges for services	\$ 45,891	\$ -	\$ 45,891
Other revenues	23	-	23
Total Operating Revenues	45,914	-	45,914
Operating Expenses:			
Services and supplies	3,645	-	3,645
Maintenance	33,146	-	33,146
Insurance	697	525	1,222
Utilities	3,531	-	3,531
Depreciation	1,679	-	1,679
Total Operating Expenses	42,698	525	43,223
Operating Income (Loss)	3,216	(525)	2,691
Non-Operating Revenue (Expenses):			
Taxes	10,180	525	10,705
Investment income	255	-	255
Total Non-Operating Revenue (Expenses)	10,435	525	10,960
Change in Net Position	13,651	-	13,651
Net Position, Beginning of Year	90,475	-	90,475
Net Position, End of Year	\$ 104,126	\$ -	\$ 104,126

**MAINTENANCE DISTRICT 05 – MOUNTAIN RANCHES
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED June 30, 2021**

	Water	Roads	Total
Cash flows from operating activities:			
Cash receipts from customers and users	\$ 43,919	\$ -	\$ 43,919
Cash paid to suppliers	<u>(49,305)</u>	<u>(525)</u>	<u>(49,830)</u>
Net cash provided by (used for) operating activities	<u>(5,386)</u>	<u>(525)</u>	<u>(5,911)</u>
Cash flows from noncapital financing activities:			
Taxes	<u>10,180</u>	<u>525</u>	<u>10,705</u>
Net cash provided by (used for) noncapital financing activities	<u>10,180</u>	<u>525</u>	<u>10,705</u>
Cash flows from investing activities:			
Investment income received	<u>426</u>	<u>-</u>	<u>426</u>
Net cash provided by (used for) investing activities	<u>426</u>	<u>-</u>	<u>426</u>
Net increase (decrease) in cash and cash equivalents	5,220	-	5,220
Cash and cash equivalents, beginning of the year	<u>79,035</u>	<u>-</u>	<u>79,035</u>
Cash and cash equivalents, end of the year	<u>\$ 84,255</u>	<u>\$ -</u>	<u>\$ 84,255</u>

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

Operating income (loss)	\$ 3,216	\$ (525)	\$ 2,691
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	1,679	-	1,679
Changes in operating assets and liabilities:			
Decrease/(Increase) in accounts receivable	(2,290)	-	(2,290)
Increase/(Decrease) in accounts payable	(333)	-	(333)
Increase/(Decrease) in due to County of Madera	(7,953)	-	(7,953)
Increase/(Decrease) in unearned revenue	<u>295</u>	<u>-</u>	<u>295</u>
Net cash provided by (used for) operating activities	<u>\$ (5,386)</u>	<u>\$ (525)</u>	<u>\$ (5,911)</u>