

**MAINTENANCE DISTRICT 37 – LA VINA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

FINANCIAL STATEMENTS

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

**MAINTENANCE DISTRICT 37 – LA VINA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

JUNE 30, 2021

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INSERT REPORT OF INDEPENDENT AUDITORS

BASIC FINANCIAL STATEMENTS

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**MAINTENANCE DISTRICT 37 – LA VINA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 161,688	\$ 591,499	\$ 753,187
Accounts receivable	-	8,745	8,745
Interest receivable	35	121	156
Capital assets, not being depreciated			
Land	164,690	1,693	166,383
Capital assets being depreciated, net			
Water and sewer systems	-	192,455	192,455
Total Assets	326,413	794,513	1,120,926
LIABILITIES			
Accounts payable	-	161	161
Deposits from others	-	770	770
Due to County of Madera	1,044	28,542	29,586
Unearned revenue	-	1,124	1,124
Total Liabilities	1,044	30,597	31,641
NET POSITION			
Net investment in capital assets	164,690	194,148	358,838
Restricted for:			
Drainage maintenance	2,462	-	2,462
Road maintenance	158,217	-	158,217
Unrestricted	-	569,768	569,768
Total Net Position	\$ 325,369	\$ 763,916	\$ 1,089,285

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

**MAINTENANCE DISTRICT 37 – LA VINA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Governmental Activities	Business-Type Activities	Total
Governmental Activities:					
Drainage maintenance	\$ 4,521	\$ 1,702	\$ (2,819)	\$ -	\$ (2,819)
Road maintenance	221	6,808	6,587	-	6,587
Total governmental activities	<u>4,742</u>	<u>8,510</u>	<u>3,768</u>	<u>-</u>	<u>3,768</u>
Business-Type Activities:					
Water	96,352	37,864	-	(58,488)	(58,488)
Sewer	105,247	59,130	-	(46,117)	(46,117)
Lighting	419	-	-	(419)	(419)
ACO	<u>1,380</u>	<u>-</u>	<u>-</u>	<u>(1,380)</u>	<u>(1,380)</u>
Total business-type activities	<u>203,398</u>	<u>96,994</u>	<u>-</u>	<u>(106,404)</u>	<u>(106,404)</u>
Total primary government	<u>\$ 208,140</u>	<u>\$ 105,504</u>	<u>3,768</u>	<u>(106,404)</u>	<u>(102,636)</u>
General revenues:					
Investment earnings			<u>497</u>	<u>2,019</u>	<u>2,516</u>
Total general revenues			<u>497</u>	<u>2,019</u>	<u>2,516</u>
Changes in net position			4,265	(104,385)	(100,120)
Net position - beginning			<u>321,104</u>	<u>868,301</u>	<u>1,189,405</u>
Net position - ending			<u>\$ 325,369</u>	<u>\$ 763,916</u>	<u>\$ 1,089,285</u>

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

**MAINTENANCE DISTRICT 37 – LA VINA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	MD 37A	MD 37B	
	Drainage	Road	
	Maintenance	Maintenance	Total
ASSETS			
Cash and investments	\$ 3,284	\$ 158,404	\$ 161,688
Interest receivable	<u>1</u>	<u>34</u>	<u>35</u>
Total Assets	<u>\$ 3,285</u>	<u>\$ 158,438</u>	<u>\$ 161,723</u>
LIABILITIES			
Due to County of Madera	<u>\$ 823</u>	<u>\$ 221</u>	<u>\$ 1,044</u>
Total Liabilities	<u>823</u>	<u>221</u>	<u>1,044</u>
FUND BALANCES			
Restricted for:			
Drainage maintenance	2,462	-	2,462
Road maintenance	<u>-</u>	<u>158,217</u>	<u>158,217</u>
Total Fund Balances	<u>2,462</u>	<u>158,217</u>	<u>160,679</u>
Total Liabilities and Fund Balances	<u>\$ 3,285</u>	<u>\$ 158,438</u>	<u>\$ 161,723</u>

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

**MAINTENANCE DISTRICT 37 – LA VINA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2021**

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

Fund balances - governmental funds	\$ 160,679
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>164,690</u>
Net position of governmental activities	<u>\$ 325,369</u>

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

**MAINTENANCE DISTRICT 37 – LA VINA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	MD 37A	MD 37B	
	Drainage	Road	
	Maintenance	Maintenance	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Assessments	\$ 1,702	\$ 6,808	\$ 8,510
Investment earnings	<u>15</u>	<u>482</u>	<u>497</u>
 Total revenues	 <u>1,717</u>	 <u>7,290</u>	 <u>9,007</u>
 EXPENDITURES			
Drainage maintenance:			
General and administrative	115	-	115
Maintenance - drainage	1,107	-	1,107
Insurance	<u>3,299</u>	<u>-</u>	<u>3,299</u>
 Total expenditures	 <u>4,521</u>	 <u>221</u>	 <u>4,742</u>
 Net change in fund balances	 (2,804)	 7,069	 4,265
 Fund balances - beginning	 <u>5,266</u>	 <u>151,148</u>	 <u>156,414</u>
 Fund balances - ending	 <u>\$ 2,462</u>	 <u>\$ 158,217</u>	 <u>\$ 160,679</u>

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

**MAINTENANCE DISTRICT 37 – LA VINA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

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

Net change in fund balances - governmental funds	\$	4,265
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.		<u>-</u>
Change in net position of governmental activities	\$	<u>4,265</u>

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

**MAINTENANCE DISTRICT 37 – LA VINA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2021**

	Enterprise Fund
	MD 37
ASSETS	
Current Assets:	
Cash and investments	\$ 591,499
Accounts receivable	8,745
Interest receivable	121
Total Current Assets	600,365
Non-Current Assets:	
Capital assets:	
Land	1,693
Depreciable assets	730,104
Accumulated depreciation	(537,649)
Total Non-Current Assets	194,148
Total Assets	794,513
LIABILITIES	
Current Liabilities:	
Accounts payable	161
Deposits from others	770
Due to County of Madera	28,542
Unearned revenue	1,124
Total Current Liabilities	30,597
Total Liabilities	30,597
NET POSITION	
Net investment in capital assets	194,148
Unrestricted	569,768
Total Net Position	\$ 763,916

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

**MAINTENANCE DISTRICT 37 – LA VINA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

	Enterprise Fund
	MD 37
Operating Revenues:	
Charges for services	\$ 96,874
Other revenues	120
Total Operating Revenues	96,994
Operating Expenses:	
Services and supplies	50,324
Maintenance	110,163
Insurance	7,550
Utilities	24,005
Depreciation	11,356
Total Operating Expenses	203,398
Operating Income (Loss)	(106,404)
Non-Operating Revenue (Expenses):	
Investment income	2,019
Total Non-Operating Revenue (Expenses)	2,019
Change in Net Position	(104,385)
Net Position, Beginning of Year	868,301
Net Position, End of Year	\$ 763,916

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

**MAINTENANCE DISTRICT 37 – LA VINA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

	Enterprise Fund
	MD 37
Cash flows from operating activities:	
Cash receipts from customers and users	\$ 99,717
Cash paid to suppliers	(228,286)
Net cash provided by (used for) operating activities	(128,569)
Cash flows from investing activities:	
Investment income received	3,007
Net cash provided by (used for) investing activities	3,007
Net increase (decrease) in cash and investments	(125,562)
Cash and investments, beginning of the year	717,061
Cash and investments, end of the year	\$ 591,499

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

Operating income (loss)	\$ (106,404)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	11,356
Changes in operating assets and liabilities:	
Decrease/(Increase) in accounts receivable	2,565
Increase/(Decrease) in accounts payable	(7,209)
Increase/(Decrease) in due to County of Madera	(29,035)
Increase/(Decrease) in unearned revenues	158
Net cash provided by (used for) operating activities	\$ (128,569)

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 37 – LA VINA
(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 37 – La Vina** (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 37 La Vina is located seven miles southwest of the City of Madera at Avenue 9 and Road 23½. The District provides water, sewer and street light service for a small residential development and a commercial property. The District was formed on July 13, 1982 by Resolution No. 82-371.

The La Vina Water System serves 177.6 improved units and 2 standby units. The Sewer System provides sewer service to 176.6 improved units and 2 standby units. The water and sewer rates are billed monthly and were last set in 1995.

MD 37A La Vina Drainage Maintenance and **MD 37B La Vina Zone B** are located seven miles southwest of Madera and accessed south from Avenue 9 and west from Road 24. Both MD 37A and MD 37B were formed on September 27, 1994 by Resolution 94-325 and Resolution 94-331, respectively.

MD 37A is comprised of the drainage pond facility for MD 37B. The facility is 6 acres in size. A direct assessment of \$25 per living unit, per year, for drainage pond maintenance was approved. Assessment charges were billed for the first time in Fiscal year 18-19.

MD 37B provides road maintenance to approximately 68 parcels served by 0.57 miles of paved roads (including curb and gutter) that delivers water run off to a drainage pond facility (MD 37A). MD 37B is approximately 13 acres in size. When the District was formed, a direct assessment of \$100 per parcel, per year, for road maintenance was approved.

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 accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The District resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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 of 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.

**MAINTENANCE DISTRICT 37 – LA VINA
(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)

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

Government-Wide Financial Statements (Continued)

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.

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

Fund Financial Statements

The fund financial statements provide information about the District's funds, separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as non-major funds.

The District reports the following major governmental funds:

- The *MD 37A – Drainage Maintenance* fund is used to account for all financial resources of the District relating to the maintenance of the drainage pond within the District.
- The *MD 37B – Road Maintenance* fund is used to account for all financial resources of the District relating to the maintenance of the paved roads that delivers water run off to the drainage pond facility within the District.

The District reports the following major proprietary fund:

- The *MD 37 – Water and Sewer Operations & Maintenance* fund is used to account for all financial resources of the District relating to water and sewer services provided to the residential development and commercial property of the District.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes 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 Changes 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 basis of accounting, revenues are recognized in the accounting period in which they become both measurable 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.

**MAINTENANCE DISTRICT 37 – LA VINA
(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)

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

Governmental Fund Financial Statements (Continued)

Unavailable revenues arise when potential revenues do not meet both the “measurable” 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 assessments and revenue from use of money and property. Program expenses are defined as those expenses directly related to providing road and drainage 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.

Proprietary Fund Financial Statements

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 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 interest and assessments from the County of Madera and fees charged for water and sewer services. Management believes its receivables to be fully collectible, and accordingly, no allowance for doubtful accounts is required.

**MAINTENANCE DISTRICT 37 – LA VINA
(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)

E. Assessments

Secured and unsecured assessments are levied in July each year. Assessments become a lien against the property as of January 1 of each year. Secured assessments are payable in two installments which are due November 1 and February 1. Unsecured assessments are due on August 31. All 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 and Sewer Systems	16-65 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. 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 at 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 the Board of Supervisors. Revisions of less than \$5,000 within the object levels (excluding transportation, travel, and education, and specific capital outlays) can be approved by the County Administrative Officer. There were no revisions to the budget made throughout the year.

**MAINTENANCE DISTRICT 37 – LA VINA
(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. 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, 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.
- 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 Supervisors 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.

**MAINTENANCE DISTRICT 37 – LA VINA
(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)

I. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2: CASH AND INVESTMENTS

Cash and investments at June 30, 2021 are classified in the financial statements as follows:

Cash and investments – unrestricted	\$753,187
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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	\$753,187
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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 37 – LA VINA
(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:

Governmental Activities

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 164,690	\$ -	\$ -	\$ 164,690
Total capital assets, not being depreciated	<u>164,690</u>	<u>-</u>	<u>-</u>	<u>164,690</u>
Capital assets, being depreciated:				
Infrastructure (depreciable)	38,701	-	-	38,701
Total capital assets, being depreciated	<u>38,701</u>	<u>-</u>	<u>-</u>	<u>38,701</u>
Less accumulated depreciation for:				
Infrastructure (depreciable)	(38,701)	-	-	(38,701)
Total accumulated depreciation	<u>(38,701)</u>	<u>-</u>	<u>-</u>	<u>(38,701)</u>
Total capital assets being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, net	<u>\$ 164,690</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,690</u>

Business-Type Activities

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 1,693	\$ -	\$ -	\$ 1,693
Total capital assets, not being depreciated	<u>1,693</u>	<u>-</u>	<u>-</u>	<u>1,693</u>
Capital assets, being depreciated:				
Water and sewer systems	703,104	-	-	703,104
Equipment	27,000	-	-	27,000
Total capital assets, being depreciated	<u>730,104</u>	<u>-</u>	<u>-</u>	<u>730,104</u>
Less accumulated depreciation for:				
Water and sewer systems	(499,293)	(11,356)	-	(510,649)
Equipment	(27,000)	-	-	(27,000)
Total accumulated depreciation	<u>(526,293)</u>	<u>(11,356)</u>	<u>-</u>	<u>(537,649)</u>
Total capital assets being depreciated, net	<u>203,811</u>	<u>(11,356)</u>	<u>-</u>	<u>192,455</u>
Total capital assets, net	<u>\$ 205,504</u>	<u>\$ (11,356)</u>	<u>\$ -</u>	<u>\$ 194,148</u>

Depreciation expense of \$3,860 and \$7,496 was charged to the water and sewer function of the business-type activities, respectively.

**MAINTENANCE DISTRICT 37 – LA VINA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

NOTE 4: RELATED PARTY TRANSACTIONS

The District's 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. County of Madera charges the District for administrative costs incurred. Total expenses to the County of Madera for the year ended June 30, 2021 were \$148,147.

The amount due to the County of Madera as of June 30, 2021 is \$29,586.

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.

REQUIRED SUPPLEMENTARY INFORMATION

**MAINTENANCE DISTRICT 37 – LA VINA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**MD 37A LA VINA DRAINAGE MAINTENANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Assessments	\$ 1,500	\$ 1,500	\$ 1,702	\$ 202
Investment earnings	<u>225</u>	<u>225</u>	<u>15</u>	<u>(210)</u>
Total revenues	<u>1,725</u>	<u>1,725</u>	<u>1,717</u>	<u>(8)</u>
Expenditures:				
Drainage maintenance:				
General and administrative	100	100	115	(15)
Maintenance - drainage	3,000	3,000	1,107	1,893
Insurance	3,300	3,300	3,299	1
Appropriation for contingency	<u>1,394</u>	<u>1,394</u>	<u>-</u>	<u>1,394</u>
Total expenditures	<u>7,794</u>	<u>7,794</u>	<u>4,521</u>	<u>3,273</u>
Net change in fund balance	(6,069)	(6,069)	(2,804)	3,265
Fund balance - beginning of year	<u>5,266</u>	<u>5,266</u>	<u>5,266</u>	<u>-</u>
Fund balance - end of year	<u>\$ (803)</u>	<u>\$ (803)</u>	<u>\$ 2,462</u>	<u>\$ 3,265</u>

**MAINTENANCE DISTRICT 37 – LA VINA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**MD 37B LA VINA ROAD MAINTENANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Assessments	\$ 6,800	\$ 6,800	\$ 6,808	\$ 8
Investment earnings	3,000	3,000	482	(2,518)
Total revenues	9,800	9,800	7,290	(2,510)
Expenditures:				
Road maintenance:				
General and administrative	75	75	-	75
Maintenance - roads	75,000	75,000	221	74,779
Appropriation for contingency	45,616	45,616	-	45,616
Total expenditures	120,691	120,691	221	120,470
Net change in fund balance	(110,891)	(110,891)	7,069	117,960
Fund balance - beginning of year	151,148	151,148	151,148	-
Fund balance - end of year	\$ 40,257	\$ 40,257	\$ 158,217	\$ 117,960

SUPPLEMENTARY INFORMATION

**MAINTENANCE DISTRICT 37 – LA VINA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021**

	Enterprise Funds					Total
	Water	Sewer	ACO	Lighting	Eliminations	
ASSETS						
Current Assets:						
Cash and investments	\$ 120,578	\$ 69,497	\$ 401,424	\$ -	\$ -	\$ 591,499
Accounts receivable	3,498	5,247	-	-	-	8,745
Interest receivable	16	24	81	-	-	121
Total Current Assets	<u>124,092</u>	<u>74,768</u>	<u>401,505</u>	<u>-</u>	<u>-</u>	<u>600,365</u>
Non-Current Assets:						
Capital assets:						
Land	1,693	-	-	-	-	1,693
Depreciable assets	295,093	435,011	-	-	-	730,104
Accumulated depreciation	<u>(221,869)</u>	<u>(315,780)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(537,649)</u>
Total Non-Current Assets	<u>74,917</u>	<u>119,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,148</u>
Total Assets	<u>199,009</u>	<u>193,999</u>	<u>401,505</u>	<u>-</u>	<u>-</u>	<u>794,513</u>
LIABILITIES						
Current Liabilities:						
Accounts payable	36	125	-	-	-	161
Deposits from others	308	462	-	-	-	770
Due to County of Madera	11,657	15,505	1,380	-	-	28,542
Unearned revenue	<u>450</u>	<u>674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,124</u>
Total Current Liabilities	<u>12,451</u>	<u>16,766</u>	<u>1,380</u>	<u>-</u>	<u>-</u>	<u>30,597</u>
Total Liabilities	<u>12,451</u>	<u>16,766</u>	<u>1,380</u>	<u>-</u>	<u>-</u>	<u>30,597</u>
NET POSITION						
Net investment in capital assets	74,917	119,231	-	-	-	194,148
Unrestricted	<u>111,641</u>	<u>58,002</u>	<u>400,125</u>	<u>-</u>	<u>-</u>	<u>569,768</u>
Total Net Position (Deficit)	<u>\$ 186,558</u>	<u>\$ 177,233</u>	<u>\$ 400,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 763,916</u>

**MAINTENANCE DISTRICT 37 – LA VINA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

	Enterprise Funds					Total
	Water	Sewer	ACO	Lighting	Eliminations	
Operating Revenues:						
Charges for services	\$ 37,764	\$ 59,110	\$ -	\$ -	\$ -	\$ 96,874
Other revenues	100	20	-	-	-	120
Total Operating Revenues	<u>37,864</u>	<u>59,130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,994</u>
Operating Expenses:						
Services and supplies	20,137	28,807	1,380	-	-	50,324
Maintenance	46,309	63,854	-	-	-	110,163
Insurance	3,775	3,775	-	-	-	7,550
Utilities	22,271	1,315	-	419	-	24,005
Depreciation	3,860	7,496	-	-	-	11,356
Total Operating Expenses	<u>96,352</u>	<u>105,247</u>	<u>1,380</u>	<u>419</u>	<u>-</u>	<u>203,398</u>
Operating Income (Loss)	<u>(58,488)</u>	<u>(46,117)</u>	<u>(1,380)</u>	<u>(419)</u>	<u>-</u>	<u>(106,404)</u>
Non-Operating Revenue (Expenses):						
Investment income	266	400	1,353	-	-	2,019
Total Non-Operating Revenue (Expenses)	<u>266</u>	<u>400</u>	<u>1,353</u>	<u>-</u>	<u>-</u>	<u>2,019</u>
Income (Loss) Before Transfers	(58,222)	(45,717)	(27)	(419)	-	(104,385)
Transfers in	265,000	-	-	567	(265,567)	-
Transfers out	<u>(227)</u>	<u>(340)</u>	<u>(265,000)</u>	<u>-</u>	<u>265,567</u>	<u>-</u>
Change in Net Position	206,551	(46,057)	(265,027)	148	-	(104,385)
Net Position, Beginning of Year	<u>(19,993)</u>	<u>223,290</u>	<u>665,152</u>	<u>(148)</u>	<u>-</u>	<u>868,301</u>
Net Position (Deficit), End of Year	<u>\$ 186,558</u>	<u>\$ 177,233</u>	<u>\$ 400,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 763,916</u>

**MAINTENANCE DISTRICT 37 – LA VINA
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

	Enterprise Funds				
	Water	Sewer	ACO	Lighting	Total
Cash flows from operating activities:					
Cash receipts from customers and users	\$ 38,954	\$ 60,763	\$ -	\$ -	\$ 99,717
Cash paid to suppliers	<u>(102,376)</u>	<u>(125,343)</u>	<u>-</u>	<u>(567)</u>	<u>(228,286)</u>
Net cash provided by (used for) operating activities	<u>(63,422)</u>	<u>(64,580)</u>	<u>-</u>	<u>(567)</u>	<u>(128,569)</u>
Cash flows from noncapital financing activities:					
Transfer from (to) other divisions	<u>183,718</u>	<u>(340)</u>	<u>(183,945)</u>	<u>567</u>	<u>-</u>
Net cash provided by (used for) noncapital financing activities	<u>183,718</u>	<u>(340)</u>	<u>(183,945)</u>	<u>567</u>	<u>-</u>
Cash flows from investing activities:					
Investment income received	<u>282</u>	<u>424</u>	<u>2,301</u>	<u>-</u>	<u>3,007</u>
Net cash provided by (used for) investing activities	<u>282</u>	<u>424</u>	<u>2,301</u>	<u>-</u>	<u>3,007</u>
Net increase (decrease) in cash and investments	120,578	(64,496)	(181,644)	-	(125,562)
Cash and investments, beginning of the year	<u>-</u>	<u>133,993</u>	<u>583,068</u>	<u>-</u>	<u>717,061</u>
Cash and investments, end of the year	<u>\$ 120,578</u>	<u>\$ 69,497</u>	<u>\$ 401,424</u>	<u>\$ -</u>	<u>\$ 591,499</u>

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

Operating income (loss)	\$ (58,488)	\$ (46,117)	\$ (1,380)	\$ (419)	\$ (106,404)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	3,860	7,496	-	-	11,356
Changes in operating assets and liabilities:					
Decrease/(Increase) in accounts receivable	1,026	1,539	-	-	2,565
Increase/(Decrease) in accounts payable	(2,297)	(4,912)	-	-	(7,209)
Increase/(Decrease) in due to County of Madera	(7,587)	(22,680)	1,380	(148)	(29,035)
Increase/(Decrease) in unearned revenues	<u>64</u>	<u>94</u>	<u>-</u>	<u>-</u>	<u>158</u>
Net cash provided by (used for) operating activities	<u>\$ (63,422)</u>	<u>\$ (64,580)</u>	<u>\$ -</u>	<u>\$ (567)</u>	<u>\$ (128,569)</u>