

**SERVICE AREA 02 – BASS LAKE / WISHON COVE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

FINANCIAL STATEMENTS

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

**SERVICE AREA 02 – BASS LAKE / WISHON COVE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

JUNE 30, 2021

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BASIC FINANCIAL STATEMENTS

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**SERVICE AREA 02 – BASS LAKE / WISHON COVE
(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	\$ 142,038	\$ 565,181	\$ 707,219
Cash and investments - restricted	-	2,892,111	2,892,111
Accounts receivable, net	875	46,849	47,724
Interest receivable	150	3,961	4,111
Capital assets, not being depreciated			
Land	3,600	42,117	45,717
Land under roads	121,361	-	121,361
Capital assets being depreciated, net			
Water and sewer systems	-	11,000,113	11,000,113
Equipment	-	2,534	2,534
	<u>268,024</u>	<u>14,552,866</u>	<u>14,820,890</u>
Total Assets	<u>268,024</u>	<u>14,552,866</u>	<u>14,820,890</u>
LIABILITIES			
Accounts payable	-	85,783	85,783
Interest payable	-	65,780	65,780
Deposits from others	-	1,050	1,050
Due to County of Madera	333	197,534	197,867
Unearned revenue	-	1,387	1,387
Noncurrent liabilities:			
Due within one year	-	350,000	350,000
Due in more than one year	-	5,292,500	5,292,500
	<u>333</u>	<u>5,994,034</u>	<u>5,994,367</u>
Total Liabilities	<u>333</u>	<u>5,994,034</u>	<u>5,994,367</u>
NET POSITION			
Net investment in capital assets	124,961	5,357,024	5,481,985
Restricted for:			
Road maintenance	142,730	-	142,730
Capital improvements	-	1,446	1,446
Debt service	-	2,890,704	2,890,704
Unrestricted	-	309,658	309,658
	<u>267,691</u>	<u>8,558,832</u>	<u>8,826,523</u>
Total Net Position	<u>\$ 267,691</u>	<u>\$ 8,558,832</u>	<u>\$ 8,826,523</u>

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

**SERVICE AREA 02 – BASS LAKE / WISHON COVE
(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		Total
		Charges for Services	Governmental Activities	Business-Type Activities	
Governmental Activities:					
Road maintenance	\$ 3,141	\$ 9,414	\$ 6,273	\$ -	\$ 6,273
Total governmental activities	<u>3,141</u>	<u>9,414</u>	<u>6,273</u>	<u>-</u>	<u>6,273</u>
Business-Type Activities:					
Sewer	1,516,608	631,185	-	(63,569)	(63,569)
Water	<u>65,065</u>	<u>64,867</u>	<u>-</u>	<u>(198)</u>	<u>(198)</u>
Total business-type activities	<u>1,581,673</u>	<u>696,052</u>	<u>-</u>	<u>(63,767)</u>	<u>(63,767)</u>
Total primary government	<u>\$ 1,584,814</u>	<u>\$ 705,466</u>	<u>6,273</u>	<u>(63,767)</u>	<u>(57,494)</u>
General revenues:					
Investment earnings			<u>551</u>	<u>12,991</u>	<u>13,542</u>
Total general revenues			<u>551</u>	<u>12,991</u>	<u>13,542</u>
Changes in net position			6,824	(50,776)	(43,952)
Net position - beginning			<u>260,867</u>	<u>8,609,608</u>	<u>8,870,475</u>
Net position - ending			<u>\$ 267,691</u>	<u>\$ 8,558,832</u>	<u>\$ 8,826,523</u>

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

**SERVICE AREA 02 – BASS LAKE / WISHON COVE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

	SA 2B & 2D Road Maintenance
ASSETS	
Cash and investments	\$ 142,038
Accounts receivable	875
Interest receivable	<u>150</u>
 Total Assets	 <u>\$ 143,063</u>
 LIABILITIES	
Due to County of Madera	\$ <u>333</u>
 Total Liabilities	 <u>333</u>
 FUND BALANCE	
Restricted for road maintenance	\$ <u>142,730</u>
 Total Fund Balance	 <u>142,730</u>
 Total Liabilities and Fund Balance	 <u>\$ 143,063</u>

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

**SERVICE AREA 02 – BASS LAKE / WISHON COVE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

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

Fund balance - governmental fund	\$ 142,730
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>124,961</u>
Net position of governmental activities	<u>\$ 267,691</u>

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

**SERVICE AREA 02 – BASS LAKE / WISHON COVE
(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, 2021**

	SA 2B & 2D Road Maintenance
REVENUES	
Assessments	\$ 9,414
Investment earnings	551
Total revenues	<u>9,965</u>
EXPENDITURES	
Current:	
Road maintenance:	
General and administrative	313
Maintenance - roads	2,183
Insurance	645
Total Expenditures	<u>3,141</u>
Net change in fund balances	6,824
Fund balance - beginning	<u>135,906</u>
Fund balance - ending	<u>\$ 142,730</u>

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

**SERVICE AREA 02 – BASS LAKE / WISHON COVE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUND TO THE 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 balance - governmental fund	\$ 6,824
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>\$ 6,824</u>

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

**SERVICE AREA 02 – BASS LAKE / WISHON COVE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

	Enterprise Funds		
	SA 2A	SA 2B & 2C	Total
	Sewer	Water	
ASSETS			
Current Assets:			
Cash and investments	\$ 544,329	\$ 20,852	\$ 565,181
Cash and investments - restricted	2,892,111	-	2,892,111
Accounts receivable, net	45,382	1,467	46,849
Interest receivable	3,939	22	3,961
Total Current Assets	3,485,761	22,341	3,508,102
Non-Current Assets:			
Capital assets:			
Land	42,117	-	42,117
Depreciable assets	16,924,949	75,728	17,000,677
Accumulated depreciation	(5,936,833)	(61,197)	(5,998,030)
Total Non-Current Assets	11,030,233	14,531	11,044,764
Total Assets	14,515,994	36,872	14,552,866
LIABILITIES			
Current Liabilities:			
Accounts payable	84,546	1,237	85,783
Interest payable	65,683	97	65,780
Deposits from others	-	1,050	1,050
Due to County of Madera	186,355	11,179	197,534
Unearned revenue	-	1,387	1,387
Bonds payable, current	350,000	-	350,000
Total Current Liabilities	686,584	14,950	701,534
Non-current Liabilities:			
Advances from County of Madera	-	12,500	12,500
Bonds payable	5,280,000	-	5,280,000
Total Non-Current Liabilities	5,280,000	12,500	5,292,500
Total Liabilities	5,966,584	27,450	5,994,034
NET POSITION			
Net investment in capital assets	5,342,493	14,531	5,357,024
Restricted for:			
Capital improvements	1,446	-	1,446
Debt service	2,890,704	-	2,890,704
Unrestricted	314,767	(5,109)	309,658
Total Net Position	\$ 8,549,410	\$ 9,422	\$ 8,558,832

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

**SERVICE AREA 02 – BASS LAKE / WISHON COVE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

	Enterprise Funds		
	SA 2A	SA 2B & 2C	Total
	Sewer	Water	
Operating Revenues:			
Charges for services	\$ 631,035	\$ 64,867	\$ 695,902
Other revenues	150	-	150
Total Operating Revenues	<u>631,185</u>	<u>64,867</u>	<u>696,052</u>
Operating Expenses:			
Services and supplies	219,779	10,783	230,562
Maintenance	488,955	44,329	533,284
Insurance	31,321	500	31,821
Utilities	152,658	7,705	160,363
Depreciation	424,794	1,748	426,542
Total Operating Expenses	<u>1,317,507</u>	<u>65,065</u>	<u>1,382,572</u>
Operating Income (Loss)	<u>(686,322)</u>	<u>(198)</u>	<u>(686,520)</u>
Non-Operating Revenue (Expenses):			
Assessments	821,854	-	821,854
Investment income	12,909	82	12,991
Interest and fiscal charges	<u>(199,004)</u>	<u>(97)</u>	<u>(199,101)</u>
Total Non-Operating Revenue (Expenses)	<u>635,759</u>	<u>(15)</u>	<u>635,744</u>
Change in Net Position	(50,563)	(213)	(50,776)
Net Position, Beginning of Year	<u>8,599,973</u>	<u>9,635</u>	<u>8,609,608</u>
Net Position, End of Year	<u>\$ 8,549,410</u>	<u>\$ 9,422</u>	<u>\$ 8,558,832</u>

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

**SERVICE AREA 02 – BASS LAKE / WISHON COVE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

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

	Enterprise Funds		
	SA 2A	SA 2B & 2C	
	Sewer	Water	Total
Cash flows from operating activities:			
Cash receipts from customers and users	\$ 632,762	\$ 67,945	\$ 700,707
Cash paid to suppliers	<u>(862,296)</u>	<u>(67,955)</u>	<u>(930,251)</u>
Net cash provided by (used for) operating activities	<u>(229,534)</u>	<u>(10)</u>	<u>(229,544)</u>
Cash flows from noncapital financing activities:			
Advances from County of Madera	<u>-</u>	<u>12,500</u>	<u>12,500</u>
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>12,500</u>	<u>12,500</u>
Cash flows from capital and related financing activities:			
Assessments received from property owners	821,854	-	821,854
Principal paid on capital debt	(335,000)	-	(335,000)
Interest paid on capital debt	<u>(202,913)</u>	<u>-</u>	<u>(202,913)</u>
Net cash provided by (used for) capital and related financing activities	<u>283,941</u>	<u>-</u>	<u>283,941</u>
Cash flows from investing activities:			
Interest on investments	<u>16,342</u>	<u>73</u>	<u>16,415</u>
Net cash provided by (used for) investing activities	<u>16,342</u>	<u>73</u>	<u>16,415</u>
Net increase (decrease) in cash and cash equivalents	70,749	12,563	83,312
Cash and cash equivalents, beginning of the year	<u>3,365,691</u>	<u>8,289</u>	<u>3,373,980</u>
Cash and cash equivalents, end of the year	<u>\$ 3,436,440</u>	<u>\$ 20,852</u>	<u>\$ 3,457,292</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position			
Cash and Investments per Statement of Net Position	\$ 544,329	\$ 20,852	\$ 565,181
Restricted Cash and Investments per Statement of Net Position	<u>2,892,111</u>	<u>-</u>	<u>2,892,111</u>
Total Cash and Investments per Statement of Net Position	<u>\$ 3,436,440</u>	<u>\$ 20,852</u>	<u>\$ 3,457,292</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	\$ (686,322)	\$ (198)	\$ (686,520)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	424,794	1,748	426,542
Changes in operating assets and liabilities:			
Decrease/(Increase) in accounts receivable	1,577	2,748	4,325
Increase/(Decrease) in accounts payable	22,577	903	23,480
Increase/(Decrease) in due to County of Madera	7,840	(5,541)	2,299
Increase/(Decrease) in unearned revenues	<u>-</u>	<u>330</u>	<u>330</u>
Net cash provided by (used for) operating activities	<u>\$ (229,534)</u>	<u>\$ (10)</u>	<u>\$ (229,544)</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 02 – BASS LAKE / WISHON COVE
(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 **SA 02 – Bass Lake / Wishon Cove** (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

SA 2A (Bass Lake) provides sewer service for a resort area including both residential and commercial connections. SA 2A is located along Bass Lake's northeast and southeast shores in Madera County. The sewer district was formed on October 21, 1975 by Resolution No. 75-004. The funding for the sewer system operations comes from charges for sewer services and assessments. The sewer rates were last set on December 8, 2009 by Resolution No. 2009-363 and include an annual Consumer Price Index adjustment. An additional Accumulated Capital Outlay (ACO) assessment charge per sewer unit for both improved and standby units was approved on September 10, 2013 by Resolution 2013-140.

SA 2B & 2C (Wishon Cove) provides water service for PG&E's campground and private residents on Emory Lane and at SA 2C. SA 2B & 2C are located along Bass Lake's South Shore at County Road 222 and Emory Lane in Madera County. The water district was formed on April 12, 1994 by Resolution No. 94-155. The monthly rates for the water system were set in 1996.

SA 2B also provides road maintenance to approximately 30 parcels served by 0.70 miles of paved roads. The District is approximately 48 acres in size. When the District was formed a direct assessment of \$100 per parcel per year for road maintenance was approved.

SA 2D (Bass Lake Estates) provides road maintenance to approximately 60 parcels served by 0.80 miles of paved roads. The District was formed on January 3, 1995 by Resolution No. 95-5 and is approximately 20.39 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 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 02 – BASS LAKE / WISHON COVE
(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)

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

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 SA 2B & 2D – *Road Maintenance* fund is used to account for all financial resources of the District relating to the maintenance of the paved roads and the drainage lot within the District.

The District reports the following major proprietary funds:

- The SA 2A – *Sewer Operations & Maintenance* fund is used to account for all financial resources of the District relating to sewer services provided to the residential development of the District
- The SA 2B & 2C – *Water Operations & Maintenance* fund is used to account for all financial resources of the District relating to water services provided to the residential development of the District.

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.

**SERVICE AREA 02 – BASS LAKE / WISHON COVE
(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 “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 assessments and revenue from use of money and property. Program expenses are defined as those expenses directly related to providing road 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 and a Statement of Revenues, Expenses, and Changes 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 Changes 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 sewer and water services.

**SERVICE AREA 02 – BASS LAKE / WISHON COVE
(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. Restricted Cash and Investments

Restricted cash and investments of \$2,892,111 consists of prepayments and assessments collected from property owners for debt service payments.

F. 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.

G. 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
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.

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.

**SERVICE AREA 02 – BASS LAKE / WISHON COVE
(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. Budget (Continued)

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.
- 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.

**SERVICE AREA 02 – BASS LAKE / WISHON COVE
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Net Position and Fund Balances (Continued)

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, 2021 are classified in the financial statements as follows:

Cash and investments – unrestricted	\$ 707,219
Cash and investments – restricted	<u>2,892,111</u>
Total cash and investments	<u>\$ 3,599,330</u>

The District's cash and investments consisted of the following as of June 30, 2021:

Deposits held with County of Madera Investment Pool	\$ 3,599,330
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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.

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

NOTE 2: CASH AND INVESTMENTS (Continued)

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

The District's cash 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: RECEIVABLES

At June 30, 2021, receivables of the District's major individual funds taken in aggregate, including the applicable allowance for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
	<u>SA 2B & 2D</u>		
	<u>Road Maintenance</u>	<u>SA 2A Sewer</u>	<u>SA 2B & 2C Water</u>
Accounts	\$ -	\$ 995,514	\$ 1,467
Assessments	875	38,367	-
Less: allowance for uncollectibles	<u>-</u>	<u>(988,499)</u>	<u>-</u>
Total receivables, net	<u>\$ 875</u>	<u>\$ 45,382</u>	<u>\$ 1,467</u>

**SERVICE AREA 02 – BASS LAKE / WISHON COVE
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4: 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	\$ 3,600	\$ -	\$ -	\$ 3,600
Land under roads	121,361	-	-	121,361
Total capital assets, not being depreciated	124,961	-	-	124,961
Capital assets, being depreciated:				
Infrastructure	64,578	-	-	64,578
Total capital assets, being depreciated	64,578	-	-	64,578
Less accumulated depreciation for:				
Infrastructure	(64,578)	-	-	(64,578)
Total accumulated depreciation	(64,578)	-	-	(64,578)
Total capital assets, net	<u>\$ 124,961</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,961</u>

Business-Type Activities

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 42,117	\$ -	\$ -	\$ 42,117
Total capital assets, not being depreciated	42,117	-	-	42,117
Capital assets, being depreciated:				
Water and sewer systems	16,846,571	-	-	16,846,571
Equipment	154,106	-	-	154,106
Total capital assets, being depreciated	17,000,677	-	-	17,000,677
Less accumulated depreciation for:				
Water and sewer systems	(5,421,712)	(424,746)	-	(5,846,458)
Equipment	(149,776)	(1,796)	-	(151,572)
Total accumulated depreciation	(5,571,488)	(426,542)	-	(5,998,030)
Total capital assets being depreciated, net	11,429,189	(426,542)	-	11,002,647
Total capital assets, net	<u>\$ 11,471,306</u>	<u>\$ (426,542)</u>	<u>\$ -</u>	<u>\$ 11,044,764</u>

Depreciation expenses of \$424,794 and \$1,748 were charged to the sewer and water functions of the business-type activities, respectively.

**SERVICE AREA 02 – BASS LAKE / WISHON COVE
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5: 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 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. Total expenses to the County of Madera for the year ended June 30, 2021 were \$598,875.

The amount due to the County of Madera as of June 30, 2021 is \$197,867.

NOTE 6: LONG TERM LIABILITIES

The following is a summary of the long-term liabilities transactions for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June30, 2021	Amounts Due Within One Year
Business-Type Activities					
County Service Area 2A/2B					
Wastewater Revenue Bonds	\$ 5,965,000	\$ -	\$ (335,000)	\$ 5,630,000	\$ 350,000
Advance from County of Madera	-	12,500	-	12,500	-
	<u>5,965,000</u>	<u>12,500</u>	<u>(335,000)</u>	<u>5,642,500</u>	<u>350,000</u>
Long-Term Liabilities	<u>\$ 5,965,000</u>	<u>\$ 12,500</u>	<u>\$ (335,000)</u>	<u>\$ 5,642,500</u>	<u>\$ 350,000</u>

Revenue Bonds

The District issued the County Service Area 2A/2B Wastewater Revenue Bonds on April 5, 2017 to finance the Bass Lake wastewater treatment plant and lift system construction costs and to pay costs of issuing such Bonds. County of Madera Treasurer purchased the bonds for its investment pool in a direct placement by the Authority. The bonds 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 bonds document, County of Madera Treasurer may declare the entire principal amount then outstanding and accrued interest immediately due and payable. County Service Area 2A/2B has pledged a portion of special assessments revenue to repay the bonds

The original issue amount is \$6,780,000, with annual principal installments ranging from \$175,000 to \$530,000. The bonds mature September 1, 2033 and carry and interest rate of 3.5%. The District has pledged a portion of special assessments revenue to repay the County Service Area 2A/2B Revenue Bonds.

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

NOTE 6: LONG TERM LIABILITIES (Continued)

As of June 30, 2021 annual debt service requirements of business-type activities to maturity are as follows:

Revenue Bonds		
Year Ending		
June 30,	Principal	Interest
2022	\$ 350,000	\$ 190,925
2023	360,000	178,500
2024	375,000	165,637
2025	385,000	152,338
2026	400,000	138,600
2027 - 2031	2,225,000	468,562
2032 - 2034	1,535,000	81,813
Total	<u>\$ 5,630,000</u>	<u>\$ 1,376,375</u>

Total interest expense for the year ended June 30, 2021 was \$199,101.

NOTE 7: INSURANCE AND RISK OF LOSS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and natural disasters. Because the District does not have employees, it is not exposed to injuries to employees. The District's officers are officials of the County, and therefore coverage for general liability and errors and omissions is provided under the County's program. This program is self-insured to a level of \$100,000, after which excess coverage is obtained through participation in the 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

**SERVICE AREA 02 – BASS LAKE / WISHON COVE
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Assessments	\$ 9,400	\$ 9,400	\$ 9,414	\$ 14
Investment earnings	1,850	1,850	551	(1,299)
Total revenues	11,250	11,250	9,965	(1,285)
Expenditures:				
Road maintenance:				
General and administrative	500	500	313	187
Maintenance - roads	120,000	120,000	2,183	117,817
Insurance	645	645	645	-
Appropriation for contingency	13,468	13,468	-	13,468
Total expenditures	134,613	134,613	3,141	131,472
Net change in fund balance	(123,363)	(123,363)	6,824	130,187
Fund balance - beginning of year	135,906	135,906	135,906	-
Fund balance - end of year	\$ 12,543	\$ 12,543	\$ 142,730	\$ 130,187