

**BEL MARIN KEYS
COMMUNITY SERVICES DISTRICT
NOVATO, CALIFORNIA**

BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Bel Marin Keys Community
Services District
Novato, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Bel Marin Keys Community Services District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Bel Marin Keys Community Services District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Bel Marin Keys Community Services District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bel Marin Keys Community Services District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Bel Marin Keys Community Services District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information on pages 3-8 and page 25-27, listed as required supplementary information in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

R. J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
February 23, 2022

Bel Marin Keys Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

This section of Bel Marin Keys Community Services District's (the District's) basic financial statements presents management's overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. The information presented in this section should be considered in conjunction with that presented in the letter of transmittal and the notes to the financial statements.

Financial Highlights

The District's assets exceeded its liabilities by \$5,378,465 at June 30, 2021; this amount is identified as the District's net position.

The District's net position increased by \$726,918 from 2020 and this increase is the Change in Net Position of \$726,918 reflected in the Governmental Activities column of the Statement of Activities shown in Table 2.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

Government-wide financial statements are designed to give users a broad overview of the District's finances, in a manner similar to that of a private-sector business and are prepared on the full accrual basis, which means they measure the flow of all economic resources of the District as a whole. They provide a longer-term view of the District's activities and comprise of the Statement of Net Position and the Statement of Activities. The Statement of Net Position presents information on all of the District's assets and liabilities, with the net difference between the two reported as net position. The Statement of Activities provides information about all of the District's revenues and all of its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of the District's programs. The Statement of Activities explains in detail the change in Net Position for the year.

The Statement of Net Position and the Statement of Activities presents information about the following:

Governmental Activities - The District's basic services are considered to be governmental activities. Its primary purpose, as a Community Services District established pursuant to the Government Code 61600, includes, but is not limited to: providing improvements and maintenance to the lagoons and perimeter levees, landscaping in the parks, vista areas and ends of cul-de-sacs, the water quality within the lagoons, the navigational locks, the fish screens and other waterway related assets located within the District service area. The District is primarily funded by taxes imposed on District residents and through Bond issues that have been approved by the residents.

Fund Financial Statements

The Fund Financial Statements report the District's operations in more detail than the Government-wide statements and focus primarily on the short-term activities of the District's General Fund. The Fund Financial Statements measure only current revenues and expenditures and fund balances. The Fund Financial Statements provide detailed information about the District's General Fund and each major fund.

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

Bel Marin Keys Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 15 of this report.

Required Supplementary Information

On page 25-27, the budget to actual comparison for the general fund and special fund is presented as required supplementary information.

Financial Analysis of the District as a Whole

The District's net position at June 30, 2021 is \$5,378,465. The following table provides a summary of the District's net position:

Table 1 - Summary of Net Position
 June 30, 2021
Governmental Activities

	2021		2020	
	Amount	Percentage of Total	Amount	Percentage of Total
<u>Assets</u>				
Current assets	\$ 2,969,941	46%	\$ 2,684,403	42%
Capital assets, net	<u>3,498,659</u>	<u>54%</u>	<u>3,690,248</u>	<u>58%</u>
Total assets	<u>6,468,600</u>	<u>100%</u>	<u>6,374,651</u>	<u>100%</u>
<u>Liabilities</u>				
Current liabilities	772,787	71%	786,614	46%
Long-term debt obligations, net	<u>317,348</u>	<u>29%</u>	<u>936,490</u>	<u>54%</u>
Total liabilities	<u>1,090,135</u>	<u>100%</u>	<u>1,723,104</u>	<u>100%</u>
<u>Net Position</u>				
Net investment in capital assets	2,562,363	48%	2,150,954	46%
Restricted	1,798,994	33%	1,723,853	37%
Unrestricted	<u>1,017,108</u>	<u>19%</u>	<u>776,740</u>	<u>17%</u>
Total net position	<u>\$ 5,378,465</u>	<u>100%</u>	<u>\$ 4,651,547</u>	<u>100%</u>

The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The District maintains a current ratio of 3.8 to 1 at June 30, 2021 and 3.4 to 1 at June 30, 2020. These ratios illustrate the District's positive ability to pay its current obligations with current resources.

The District also reported positive balances in net position for the current year. Total net position increased by \$726,918 or 14% during the year.

In 2021, approximately 48% of the District's assets are invested in capital. The District uses these capital assets to provide services to its citizens in providing maintenance of waterway, levee, locks, parks and other facilities within Bel Marin Keys. The portion of total assets that is capital has decreased slightly, from 58% to 54% from 2020 to 2021 as capital assets will continue to be depreciated over their expected lives.

Bel Marin Keys Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

The Statement of Activities presents general revenues, program revenues and expenses in detail. All of these are elements in the Change in Net Position of Governmental Activities summarized below.

Table 2 – Summary of Change in Net Position
 For the Year Ended June 30, 2021
Governmental Activities

	2021		2020	
	Amount	Percentage of Total	Amount	Percentage of Total
<u>Program Expenses</u>				
Operating	\$ 562,373	49.0%	\$ 588,267	48.9%
Measure A	29,043	2.5%	10,503	0.9%
Measure D	488,392	42.3%	492,211	40.9%
Measure E and F	<u>70,066</u>	<u>6.2%</u>	<u>113,249</u>	<u>9.4%</u>
Total program expenses	<u>1,149,874</u>	<u>100%</u>	<u>1,204,230</u>	<u>100%</u>
<u>Program Revenues</u>				
Operating	<u>3,500</u>	<u>100%</u>	<u>14,990</u>	<u>100%</u>
Total program revenues	<u>3,500</u>	<u>100%</u>	<u>14,990</u>	<u>100%</u>
<u>General Revenues</u>				
Operating	615,622	33%	595,288	32%
Measure A	62,656	3%	58,674	3%
Measure D	511,465	27%	501,595	27%
Measure E and F	<u>683,549</u>	<u>36%</u>	<u>696,073</u>	<u>38%</u>
Total general revenues	<u>1,873,292</u>	<u>100%</u>	<u>1,851,630</u>	<u>100%</u>
Change in Net Position	<u>\$ 726,918</u>		<u>\$ 662,390</u>	

As Table 2 above shows, total Operating expense was \$562,373 in fiscal year 2021, which decreased by \$25,894 compared to \$588,267 in fiscal year 2020. The decrease in the Operating expense was due mainly to the decrease in maintenance, fees and other expenses.

Total Measure A expense was \$29,043 in fiscal year 2021, which increased by \$18,540 compared to \$10,503 in fiscal year 2020. Measure A expense increased because of depreciation expense.

Total Measure D expense was \$488,392 in fiscal year 2021, which decreased by \$3,819 compared to \$492,211 in fiscal year 2020. The decrease in the Measure D expense was due mainly to the decrease in waterway management and locks.

Total Measure E and F project expense was \$70,066 in fiscal year 2021, which decreased by \$43,183 compared to \$113,249 in fiscal year 2020. The decrease in the Measure E and F project expense was due mainly to the decrease in other project expenses.

Also as Table 2 above shows, program revenue was \$3,500 in fiscal year 2021 compared to \$14,990 in fiscal year 2020.

In fiscal year 2021, \$615,622 of the District's Operating general revenues came from property tax revenue, interest income and other income which increased by \$20,334 compared to \$595,288 in fiscal year 2020.

Bel Marin Keys Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

Measure A's general revenues come from sales tax revenue of \$62,656 in fiscal year 2021, which increased by \$3,982 compared to \$58,674 in fiscal year 2020. Measure A's general revenues are restricted for Measure A's parks and open space expenditures.

Measure D's general revenues consist of parcel taxes, interest income, investment income and other income of \$511,465 in fiscal year 2021, which increased by \$9,870 compared to \$501,595 in fiscal year 2020. Measure D's general revenues are restricted for Measure D expenditures

Measure E and F's general revenues consist of special tax revenue and interest income of \$683,549 in fiscal year 2021, which decreased by \$12,524 compared to \$696,073 in fiscal year 2020 and are restricted for debt service and project expenditures.

Analysis of the Governmental Funds

Table 3
Statement of Revenues, Expenditures, and Changes in Fund Balance

	2021	2020
<u>Revenues</u>		
Operating	\$ 619,122	\$ 610,278
Measure A	62,656	58,674
Measure D	511,465	501,595
Measure E and F	<u>683,549</u>	<u>696,073</u>
Total revenues	<u>1,876,792</u>	<u>1,866,620</u>
 <u>Expenditures</u>		
Operating	375,119	425,482
Measure A	42,279	165,278
Measure D	<u>470,821</u>	<u>504,252</u>
Total expenditures	<u>888,219</u>	<u>1,095,012</u>
 <u>Debt service and project costs</u>	<u>(673,064)</u>	<u>(674,220)</u>
 <u>Other financing sources</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ 315,509</u>	<u>\$ 97,388</u>

Operating revenues totaled \$619,122 in 2021, an increase of \$8,844 in comparison with \$610,278 in fiscal year 2020 due primarily to the increase in taxes and charges for services.

Measure A revenues were \$62,656 in 2021, an increase of \$3,982 in comparison with \$58,674 in fiscal year 2020 due mainly to the increase in Measure A revenue from sales tax.

Measure D revenues were \$511,465 in 2021, an increase of \$9,870 in comparison with \$501,595 in fiscal year 2020 due mainly to the increase in parcel tax income.

Bel Marin Keys Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

Measure E and F revenues were \$683,549 in 2021, a decrease of \$12,524 in comparison of \$696,073 received in fiscal year 2020. Measure E and F revenues were special tax income received to pay for measure E and F bonds and projects costs.

On September 1, 2014, the District refinanced Measure E and Measure F existing Special tax bonds related to CFD No 2001-1 (Marine Facilities Improvements) and CFD No. 2001-2 (Dredging and Marine Improvements) with two commercial term loans from Bank of Marin; loan 2014-1 in the amount of \$1,449,490 and loan 2014-2 in the amount of \$3,100,510. The loan terms are 8-year fixed and maturity is on September 1, 2022. The interest rate on these loans is at the tax-exempt rate of 2.64% (tax equivalent of 4%) and interest is accrued daily on the simple interest basis of a 365/360 day year.

Principal and interest payments will be payable in semi-annual installments in the approximate amount of \$101,325 on loan 2014-1 and \$216,738 on loan 2014-2 based on an 8-year amortization at 2.64% with all accrued interest and unpaid principal payable at maturity.

These loans are collateral with first pledge of revenue related to CFD No. 2001-1 (Marine Facilities Improvements) and CFD No. 2001-2 (Dredging and Marine Improvements) and first pledge of Reserve Fund related to CFD No. 2001-1 (Marine Facilities Improvements) and CFD No. 2001-2 (Dredging and Marine Improvements). Loan activities will continue to be reported to the State annually via NBS Government Finance Group, Inc.

General Fund expenditures were \$375,119 in 2021, a decrease of \$50,363 in comparison with \$425,482 in fiscal year 2020 due mainly to the decrease maintenance and capital outlay.

Measure A expenditures were \$42,279 in 2021, a decrease of \$122,999 in comparison with \$165,278 in fiscal year 2020 due mainly to a significant decrease in capital outlay expense for the District's landscape improvements and playground in 2021.

Measure D expenditures were \$470,821 in 2021, a decrease of \$33,431 in comparison with \$504,252 in fiscal year 2020 due mainly to the increase of capital outlay.

Debt service and project E and F expenditures were \$669,429 in 2021, a decrease of \$4,791 in comparison of \$674,220 paid in fiscal year 2020. The decrease in debt service expenditures was due to the District's payment of Measure E and F commercial term loans with Bank of Marin plus the allocation of payroll expenses to these projects.

Other financing source was \$0 in 2021 and 2020. The only amount of other financing source in 2021 and 2020 was the PG&E loan payment and transfer of \$3,635 from the General Fund to the PG&E debt service fund.

Budgetary Highlights

Comparisons of Budget and Actual financial information are presented for the General Fund (including Measure A) and the Special Fund (Measure D) in these financial statements. In the General Fund (including Measure A), actual revenue was \$117,173 higher than the budgeted amount. Total expenditures were \$85,102 lower than budgeted amounts. This was primarily due to less personnel costs and less maintenance expenses than budgeted.

In the Special Fund (Measure D), actual revenue was \$10,130 higher than the budgeted amount due to more parcel taxes and investment income received in fiscal year 2021. Total Special Fund (Measure D) expenditures were \$66,871 higher than budgeted amounts. This was primarily due to an increase of expenditures for licenses, permit, and survey, water circulation and water management than budgeted.

Bel Marin Keys Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

Capital Assets and Debt Administration

Capital Assets

The District's capital assets, net of accumulated depreciation decreased this year by \$191,589 to \$3,498,659 compared to \$3,690,248 in 2020. Most of the District's capital assets are projects completed and transferred from Measure D, E and F. The decrease is the net effect of capital asset additions of \$149,391 net with depreciation expense of \$340,980. While capital assets additions are the capital outlay expenditures in the Fund financial statements, they are recorded as an increase in the District's capital assets in the Government-wide financial statements. On the contrary, depreciation expenses are non-cash expenditures in the Government-wide financial statements that reduce the District's capital assets; they are not recorded as expenditures in the Fund financial statements. The composition of the District's capital assets is described in detail in Note 4 to the financial statements.

Debt Administration

The District's long-term obligations consist of a lease-finance agreement between the District and PG&E and two commercial term loans with Bank of Marin in the District's name to finance Measure E and Measure F Special tax bonds for the District's marine facilities No. 2014-1 and 2014-2.

The PG&E loan balance was \$8,179 in 2021 and \$11,814 in 2020. The commercial term loans with Bank of Marin balance was \$928,117 in 2021 and \$1,527,480 in 2020.

The District's long-term debts decreased this year by \$602,998 due to a \$3,635 payment on the PG&E loan and a \$599,363 payment on the commercial term loans with Bank of Marin.

The District made all scheduled repayments of existing debt. The District's debt issues are discussed in detail in Note 6 to the financial statements

Adopting the California Uniform Public Construction Cost Accounting Act

The Bel Marin Keys Community Services District subscribes to the California Uniform Public Construction Cost Accounting Act whereas, The Uniform Public Construction Cost Accounting Act (Act), enacted in 1983 under Public Contract Code section 22000 et seq., allows local agencies to perform public project work of up to \$60,000 with their own workforces if the agencies elect to follow the cost accounting procedures set forth in the Cost Accounting Policies and Procedures Manual by the California Uniform Construction Cost Accounting Commission. Public projects of sixty thousand dollars (\$60,000) or less may be performed by the employees of a public agency by force account, by negotiated contract, or by purchase order and public projects of two hundred thousand dollars (\$200,000) or less may be let to contract by informal procedures as set forth in this article.

Economic Outlook

The economic condition of the District as it appears on the balance sheet reflects financial stability. District management remains committed to sound fiscal management practices in its delivery of excellent service to the residents of the District.

Contacting the District's Financial Management

This Annual Financial Report is intended to provide District residents, granting agencies and the general public with a general overview of the District's finances. Questions about this report should be directed to Bel Marin Keys Community Services District, at 4 Montego Key, Novato, CA 94949.

Bel Marin Keys Community Services District

STATEMENT OF NET POSITION

June 30, 2021

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 965,519
Restricted cash and cash equivalents	1,245,976
Restricted short-term investments	654,140
Accounts receivable, net	52,179
Prepaid expenses	<u>52,127</u>
Total current assets	<u>2,969,941</u>
Non-current assets:	
Capital assets, net	<u>3,498,659</u>
Total non-current assets	<u>3,498,659</u>
Total assets	<u>6,468,600</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	135,464
Compensated absences	9,600
Other liabilities	8,775
Long-term debt obligations, current portion	<u>618,948</u>
Total current liabilities	<u>772,787</u>
Non-current liabilities:	
Long-term debt obligations, net of current portion	<u>317,348</u>
Total non-current liabilities	<u>317,348</u>
Total liabilities	<u>1,090,135</u>
<u>NET POSITION</u>	
Net investment in capital assets	2,562,363
Restricted for:	
Debt service	924,926
Measures and project costs	874,068
Unrestricted	<u>1,017,108</u>
Total net position	<u>\$ 5,378,465</u>

The accompanying notes are an integral part of these financial statements.

Bel Marin Keys Community Services District
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

<u>Functions/Programs</u>	<u>Expenditures</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Total Governmental Activities</u>
Governmental activities:			
Service and supplies - Operating	\$ 519,976	\$ 3,500	\$ (516,476)
Service and supplies - Measure A	29,043	-	(29,043)
Service and supplies - Measure D	488,392	-	(488,392)
Service and supplies - Project Fund I	27,944	-	(27,944)
Service and supplies - Project Fund II	42,122	-	(42,122)
Community service center	<u>42,397</u>	<u>-</u>	<u>(42,397)</u>
 Total governmental activities	 <u>\$ 1,149,874</u>	 <u>\$ 3,500</u>	 <u>(1,146,374)</u>
General revenues:			
Taxes:			
Measure income			1,800,229
ERAF income			66,297
HOPTR tax income			2,236
Investment earnings (losses)			367
Other revenue			<u>4,163</u>
 Total general revenues			 <u>1,873,292</u>
 Change in net position			 <u>726,918</u>
 Net position, beginning of period			 <u>4,651,547</u>
 Net position, end of period			 <u>\$ 5,378,465</u>

The accompanying notes are an integral part of these financial statements.

Bel Marin Keys Community Services District
GOVERNMENTAL FUNDS BALANCE SHEET

June 30, 2021

	General Fund		Special Fund	Debt Service			Total
	Operating	Measure A	Measure D	PG&E Loan	Project	Project	
					Fund I	Fund II	
				(Loan 2014-1)	(Loan 2014-2)		
<u>ASSETS</u>							
Cash and cash equivalents	\$ 965,519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 965,519
Restricted cash and cash equivalents	-	91,431	476,278	-	241,999	436,268	1,245,976
Short-term investments	-	-	412,070	-	-	242,070	654,140
Accounts receivable, net	11,564	31,035	4,091	-	1,822	3,667	52,179
Due (to) from other funds	24,828	31,761	(55,689)	-	(6,686)	5,786	-
Prepaid expenses	52,127	-	-	-	-	-	52,127
Total assets	\$ 1,054,038	\$ 154,227	\$ 836,750	\$ -	\$ 237,135	\$ 687,791	\$ 2,969,941
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	\$ 18,555	\$ 46,630	\$ 70,279	\$ -	\$ -	\$ -	\$ 135,464
Compensated absences	9,600	-	-	-	-	-	9,600
Other liabilities	8,775	-	-	-	-	-	8,775
Total liabilities	36,930	46,630	70,279	-	-	-	153,839
Fund balances:							
Assigned for debt service	-	-	-	-	237,135	687,791	924,926
Assigned for measures and project costs	-	107,597	766,471	-	-	-	874,068
Unassigned	1,017,108	-	-	-	-	-	1,017,108
Total fund balances	1,017,108	107,597	766,471	-	237,135	687,791	2,816,102
Total liabilities and fund balances	\$ 1,054,038	\$ 154,227	\$ 836,750	\$ -	\$ 237,135	\$ 687,791	\$ 2,969,941

The accompanying notes are an integral part of these financial statements.

Bel Marin Keys Community Services District
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
WITH THE GOVERNMENTAL ACTIVITIES STATEMENT OF NET POSITION
June 30, 2021

Total Governmental Funds Fund Balances \$ 2,816,102

Amounts reported in the Statement of Net Position are different because:

Long-term assets are not available to pay for current period expenditures,
and long-term liabilities are not due and payable in the current period
and, therefore, are not reported in the governmental fund:

Capital assets, net	3,498,659
Long-term debt obligations	<u>(936,296)</u>

Net Position of Governmental Activities \$ 5,378,465

The accompanying notes are an integral part of these financial statements.

Bel Marin Keys Community Services District
GOVERNMENTAL STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2021

	General Fund		Special Fund	Debt Service			Total
	Operating	Measure A	Measure D	PG&E Loan	Project Fund I (Loan 2014-1)	Project Fund II (Loan 2014-2)	
Revenues:							
Taxes	\$ 612,681	\$ 62,656	\$ 509,933	\$ -	\$ 226,348	\$ 457,144	\$ 1,868,762
Investment earnings (losses)	383	-	(73)	-	64	(7)	367
Charges for services	3,500	-	-	-	-	-	3,500
Other revenue	2,558	-	1,605	-	-	-	4,163
Total revenues	<u>619,122</u>	<u>62,656</u>	<u>511,465</u>	<u>-</u>	<u>226,412</u>	<u>457,137</u>	<u>1,876,792</u>
Expenditures:							
Personnel costs	75,849	-	35,286	-	5,881	5,881	122,897
Professional fees	46,538	-	65,277	-	-	-	111,815
Community service center	42,397	-	-	-	-	-	42,397
Professional dues	2,795	-	4,247	-	-	-	7,042
Fees	420	-	-	-	8	-	428
Administrative expenses	6,070	-	21,465	-	-	-	27,535
Office expenses	14,081	-	53	-	-	-	14,134
Phone and information technology	4,598	-	6,849	-	-	-	11,447
Insurance	39,341	-	1,000	-	-	-	40,341
Licenses, permits and surveys	1,321	-	13,564	-	-	-	14,885
Maintenance	115,010	-	1,570	-	-	-	116,580
Marketing and outreach	506	-	-	-	-	-	506
Bonds expenses	947	-	1,175	-	10,343	11,190	23,655
Capital outlay	25,246	42,279	81,866	-	-	-	149,391
Measure D:							
Water circulation	-	-	129,185	-	-	-	129,185
Waterway management	-	-	51,908	-	-	-	51,908
Locks, lagoon, creek and moat maintenance	-	-	57,376	-	-	-	57,376
Debt service:							
Loan principal repayment	-	-	-	3,635	190,938	408,425	602,998
Loan interest expense	-	-	-	-	11,712	25,051	36,763
Total expenditures	<u>375,119</u>	<u>42,279</u>	<u>470,821</u>	<u>3,635</u>	<u>218,882</u>	<u>450,547</u>	<u>1,561,283</u>
Other financing sources (uses):							
Transfers in	-	-	-	3,635	-	-	3,635
Transfers out	(3,635)	-	-	-	-	-	(3,635)
Total other financing sources (uses)	<u>(3,635)</u>	<u>-</u>	<u>-</u>	<u>3,635</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	240,368	20,377	40,644	-	7,530	6,590	315,509
Fund balances, beginning of period	<u>776,740</u>	<u>87,220</u>	<u>725,827</u>	<u>-</u>	<u>229,605</u>	<u>681,201</u>	<u>2,500,593</u>
Fund balances, end of period	<u>\$ 1,017,108</u>	<u>\$ 107,597</u>	<u>\$ 766,471</u>	<u>\$ -</u>	<u>\$ 237,135</u>	<u>\$ 687,791</u>	<u>\$ 2,816,102</u>

The accompanying notes are an integral part of these financial statements.

Bel Marin Keys Community Services District
RECONCILIATION OF THE NET CHANGE IN FUND BALANCES
WITH THE CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES
For the Year Ended June 30, 2021

Net Change in Fund Balances	\$	315,509
<p>Amounts reported in the Statement of Activities are different because:</p> <p>Change in long-term portion of assets and liabilities do not provide or require the use of current financial resources and therefore are not reported in the governmental fund:</p>		
Depreciation expense		(340,980)
Capital outlay expenditures		149,391
Loan principal repayment		<u>602,998</u>
Change in Net Position of Governmental Activities	\$	<u>726,918</u>

The accompanying notes are an integral part of these financial statements.

Bel Marin Keys Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - DESCRIPTION OF BEL MARIN KEYS COMMUNITY SERVICES DISTRICT

Bel Marin Keys Community Services District (the District) is a separate governmental unit established in 1961 under California Government Code 61600 and covers 3,200 acres of Bel Marin Keys, an unincorporated residential community in northern Marin County, adjacent to the City of Novato. The District maintains the parks and public areas, contracts for street lighting and controls and maintains the lagoons, levee and navigational locks. The District maintains a full-time manager and is governed by a five-person Board of Directors, elected by the citizens of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's basic financial statements are prepared in conformity with U.S. generally accepted accounting principles (GAAP). GAAP statements require the application of all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A. The financial statements have incorporated all applicable GASB pronouncements.

A. Reporting Entity

The District is governed by an elected Board of Directors that exercises the powers allowed by state statutes. For financial reporting purposes, the District has included only the District's funds in its basic financial statements. The District has no component units for which the District is financially accountable. The District has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by, or dependent on, the District.

B. Basis Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level.

Government-wide Financial Statements

The District's financial statements reflect only its own activities; it has no component units (other government units overseen by the District). The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The governmental activities of the District are primarily financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include grants and contributions that are restricted to meeting the operational needs of a particular program. Revenues that are not classified as program revenues, including all tax revenue, are presented as general revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be 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. Governmental 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.

Bel Marin Keys Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Major Funds

GASB Statement No. 34 defines major funds and requires that the District's major governmental type funds be identified and presented separately in the fund financial statements. Major funds are defined as funds that have assets, liabilities, revenues, or expenditures equal to ten percent of their fund-type total and five percent of the grand total.

The District reported the following major governmental funds in the accompanying financial statements:

The District has the General Fund, which accounts for the District activities; Measure D Special Revenue Fund which accounts for the waterway's activities; Measure A which accounts for parks and open space activities and Debt Service Funds for PG&E Loan, Measure E and F which account for the marine facilities of the Community Facilities District No. 2014-1 and 2014-2.

D. Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when "measurable and available." The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Those revenues susceptible to accrual are property tax, certain charges for services and interest revenue. The District may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The District's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

E. Budgets

The District's budget, as included in these financial statements, represents the budget approved by the Board of Directors. The adopted budget is made for the organization as a whole. The District uses the same basis of accounting for budget and financial statement purposes. All appropriations lapse at year-end. Measure A's actual revenue and expenditures were included in the General Fund. The District did not adopt a separate budget for Measure A.

Bel Marin Keys Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgets (concluded)

Special Fund (Measure D) expenditures exceeded appropriations for the Special Fund (Measure D) by \$66,871, which was mainly due to under budget of personnel costs, water circulation, waterway management, information technology, and licenses, permits and survey expenditures.

F. Restricted Assets

Cash and investments that may only be used for construction of capital assets, special projects or debt service principal and interest payments in accordance with applicable laws and regulations have been reported as restricted cash and investments on the government-wide Statement of Net Position.

G. Capital Assets

Expenditures from governmental funds for the acquisition or replacement of equipment are charged to current operations in the period acquired. On an entity-wide basis, capital assets are capitalized and depreciated over their useful lives. The useful life of District capital assets ranges from 3 to 40 years. Depreciation is calculated on a straight-line basis. District policy has set the capitalization threshold for reporting capital assets at \$5,000.

H. Compensated Absences

Beginning October 2004, with the revision of the Employee Handbook, the District provided its employees with 10 days of vacation per year for the first 2 years of employment and 15 days per year after 2 years of employment. The employee is allowed to accrue a maximum of 160 hours of vacation time. In addition, the employees accrue 6 days of sick leave per year with no maximum on the amount that may be accrued.

I. Net Position

The Statement of Net Position breaks out net position as follows:

Restricted describes the portion of Net Position that is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions that the District cannot unilaterally alter.

Unrestricted describes the portion of Net Position that is not restricted from use.

Invested in Capital Assets, net of related debt, describes the portion of Net Position that is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

Net Position represents the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net Position is reported as restricted when there are limitations imposed on use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Bel Marin Keys Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Fund Balance

The accompanying financial statements reflect certain changes that have been made with respect to the reporting of the components of fund balances for governmental funds. In previous years, fund balances for governmental funds were reported in accordance with previous standards that included components for reserved fund balance, unreserved fund balance, designated fund balance, and undesignated fund balance. Due to the implementation of GASB Statement No. 54, the components of the fund balances of governmental funds now reflect the component classifications described below. In the fund financial statements, governmental fund balances are reported in the following classifications:

Nonspendable fund balance includes amounts that are not in a spendable form, such as prepaid items or supplies inventories, or that are legally or contractually required to remain intact, such as principal endowments.

Restricted fund balance includes amounts that are subject to externally enforceable legal restrictions imposed by outside parties (i.e., creditors, grantors, contributors) or that are imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts where use is constrained by specific limitations that the government imposes upon itself, as determined by a formal action of the highest level of decision-making authority. The Board of Directors serves as the District's highest level of decision-making authority and has the authority to establish, modify or rescind a fund balance commitment via minutes action.

Assigned fund balance includes amounts intended to be used by the District for specific purposes, subject to change, as established either directly by the Board of Directors or by management officials to whom assignment authority has been delegated by the Board of Directors.

Unassigned fund balance is the residual classification that includes spendable amounts in the General Fund that are available for any purpose.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, the District specifies that restricted revenues will be applied first. When expenditures are incurred for purposes for which committed, assigned or unassigned fund balances are available, the District's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

The Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Directors through adoption or amendment of the budget as intended for a specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

K. Property Taxes

The County of Marin levies taxes and places liens on real property as of January 1 on behalf of the District. Secured property taxes are due the following November 1 and March 1 and become delinquent April 10 and December 10, for the first and second installments, respectively. Unsecured property taxes are levied throughout the year.

Bel Marin Keys Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

L. Sales Taxes

The District received an allocation of sales tax from the County of Marin to be used for pet stations, parks and open space improvements, playgrounds and picnic areas improvements. The District maintains Measure A funds in a separate bank account and restricted Measure A funds are to be used for the above specific projects only.

M. Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that will affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

N. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters for which the District carries commercial insurance.

NOTE 3 - CASH AND INVESTMENTS

The District has a written investment policy, approved by the Board of Directors. The District also has an investment committee, which performs regulatory oversight for its investments as required by California Government Code Section 27134.

The District's investment policy authorizes the District Manager to invest in:

- Obligations of the U.S. Treasury, its agencies and instrumentalities;
- Certificates of deposit;
- Commercial paper rated in the highest short-term rating category by any Rating Agency, bankers' acceptances, obligations issued by any corporation organized and operating within the United States of America having assets in excess of \$500,000,000 and rated A or better by any Rating Agency;
- Money market funds;
- Investment Agreements.

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

Bel Marin Keys Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 3 - CASH AND INVESTMENTS (continued)

Cash and investments as of June 30 consist of the following:

Governmental Funds:

	2021	2020
Cash and cash equivalents:		
Cash - Operating	\$ 965,519	\$ 755,785
Total governmental funds cash and cash equivalents	965,519	755,785
Restricted cash and cash equivalents:		
Cash restricted for Measure A	91,431	132,768
Cash restricted for Measure D	476,278	410,864
Cash restricted for Measure E and F	678,267	668,387
Total governmental funds restricted cash	1,245,976	1,212,019
Restricted Short-term investments:		
Investments restricted for Measure D	412,070	419,636
Investments restricted for Measure E and F projects	242,070	246,513
Total restricted short-term investments	654,140	666,149
Total governmental funds cash and investments	\$ 2,865,635	\$ 2,633,953

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for deposits and investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

California Law requires banks and savings and loan associations to pledge government securities with a market value of 110% of the District's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law, this collateral is held in the District's name and places the District ahead of general creditors of the institution.

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that in the event of the failure of a counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Bel Marin Keys Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 3 - CASH AND INVESTMENTS (continued)

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity at June 30, 2021 and 2020:

Investment Type	Carrying Amount	2021 Remaining Maturity (in Months)			
		12 Months or Less	13-24 Months	25-60 Months	More than 60 Months
Held by a bank:					
Money market accounts	\$ 644,140	\$ 644,140	\$ -	\$ -	\$ -
Total	\$ 644,140	\$ 644,140	\$ -	\$ -	\$ -

Investment Type	Carrying Amount	2020 Remaining Maturity (in Months)			
		12 Months or Less	13-24 Months	25-60 Months	More than 60 Months
Held by a bank:					
Money market accounts	\$ 402,424	\$ 402,424	\$ -	\$ -	\$ -
State & municipal bonds	128,639	71,469	-	57,170	-
Non-government obligations	135,086	113,648	-	21,438	-
Total	\$ 666,149	\$ 587,541	\$ -	\$ 78,608	\$ -

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. That is measured by the assignment of rating by a nationally recognized rating organization. Presented below is the minimum rating required by the California Government Code, and the actual rating as of fiscal year-end for each investment type at June 30, 2021 and 2020:

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	Other	Not Rated
<u>Fiscal year 2020-2021</u>						
Held by a bank:						
Money market	\$ 644,140	N/A	\$ -	\$ -	\$ -	\$ 644,140
Total	\$ 644,140		\$ -	\$ -	\$ -	\$ 644,140
<u>Fiscal year 2019-2020</u>						
Held by a bank:						
Money market	\$ 402,424	N/A	\$ -	\$ -	\$ -	\$ 402,424
State & municipal bonds	128,639	N/A	-	-	128,639	-
Non-government obligations	135,086	N/A	-	-	135,086	-
Total	\$ 666,149		\$ -	\$ -	\$ 263,725	\$ 402,424

Bel Marin Keys Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 3 - CASH AND INVESTMENTS (concluded)

Fair Value Reporting – Investments

The District categorizes the fair value measurements of its investments within the fair value hierarchy established by GAAP. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. These levels are determined by the District's investment manager based on a review of the investment class, structure and what kind of securities are held in the portfolio. The District's holdings are classified in Level 1 of the fair value hierarchy.

NOTE 4 - CAPITAL ASSETS

A summary of changes in capital assets for the period ended June 30, 2021 is as follows:

	Balance 6/30/20	Additions	Transfers	Balance 6/30/21
Capital assets not being depreciated:				
Land	\$ 880,256	\$ -	\$ -	\$ 880,256
Construction in progress	-	64,979	-	64,979
Total non-depreciable assets	<u>880,256</u>	<u>64,979</u>	-	<u>945,235</u>
Capital assets being depreciated:				
Buildings and improvements	6,878,734	82,315	1,567,359	8,528,408
Equipment	2,237,429	-	(1,561,564)	675,865
Furniture	23,067	-	(5,795)	17,272
Total depreciable assets	<u>9,139,230</u>	<u>82,315</u>	-	<u>9,221,545</u>
Capital asset totals	<u>10,019,486</u>	<u>\$ 147,294</u>	<u>\$ -</u>	<u>10,166,780</u>
Accumulated depreciation	<u>(6,329,238)</u>			<u>(6,668,121)</u>
Capital assets, net of accumulated depreciation	<u>\$ 3,690,248</u>			<u>\$ 3,498,659</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$340,980 and \$328,410, respectively.

NOTE 5 - COMPENSATED ABSENCES

Employee vacation benefits earned, but not used, are recognized as liabilities of the District. Total compensated absences payable currently reported as accounts payable was \$14,136 and \$9,912 as of June 30, 2021 and 2020, respectively.

NOTE 6 - LONG-TERM DEBT OBLIGATIONS

A summary of changes in long-term debt for the period ended June 30, 2021 is as follows:

<u>Long-term Debts</u>	Beginning Balance	Additions	Deletions	Ending Balance	Amount Due in One Year
PG&E loan	\$ 11,814	\$ -	\$ 3,635	\$ 8,179	\$ 3,635
Loan 2014-1	486,608	-	190,938	295,670	196,020
Loan 2014-2	<u>1,040,872</u>	-	<u>408,425</u>	<u>632,447</u>	<u>419,293</u>
Total	<u>\$ 1,539,294</u>	<u>\$ -</u>	<u>\$ 602,998</u>	<u>\$ 936,296</u>	<u>\$ 618,948</u>

Bel Marin Keys Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 6 - LONG-TERM DEBT OBLIGATIONS (concluded)

In 2013 the District financed a LED Streetlight retrofit in the amount of \$36,351 with PG&E. The District is committed to make monthly principal and interest payments of \$303 through January 2023, pursuant to an agreement with PG&E.

As of June 30, 2021, the District is obligated for the following payments:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022 (current portion)	\$ 3,635	\$ -	\$ 3,635
2023	3,635	-	3,635
2024	909	-	909
Total	<u>\$ 8,179</u>	<u>\$ -</u>	<u>\$ 8,179</u>

On September 1, 2014, the District refinanced Measure E and Measure F existing Special tax bonds related to CFD No 2001-1 (Marine Facilities Improvements) and CFD No. 2001-2 (Dredging and Marine Improvements) with two commercial term loans from Bank of Marin; loan 2014-1 in the amount of \$1,449,490 and loan 2014-2 in the amount of \$3,100,510. The loan terms are 8-year fixed and maturity is on September 1, 2022. The interest rate on these loans is at the tax-exempt rate of 2.64% (tax equivalent of 4%) and interest is accrued daily on the simple interest basis of a 365/360 day year.

Principal and interest payments will be payable in semi-annual installments in the approximate amount of \$101,325 on loan 2014-1 and \$216,738 on loan 2014-2 based on an 8-year amortization at 2.64% with all accrued interest and unpaid principal payable at maturity.

These loans are collateral with first pledge of revenue related to CFD No. 2001-1 (Marine Facilities Improvements) and CFD No. 2001-2 (Dredging and Marine Improvements) and first pledge of Reserve Fund related to CFD No. 2001-1 (Marine Facilities Improvements) and CFD No. 2001-2 (Dredging and Marine Improvements). Loan activities will continue to be reported to the State annually via NBS Government Finance Group, Inc.

As of June 30, 2021, the District is obligated for the following payments:

<u>Year Ending June 30</u>	<u>Loan 2014-1</u>	
	<u>Principal</u>	<u>Interest</u>
2022 (current portion)	\$ 196,020	\$ 6,630
2023	99,650	1,675
Total	<u>\$ 295,670</u>	<u>\$ 8,305</u>

<u>Year Ending June 30</u>	<u>Loan 2014-2</u>	
	<u>Principal</u>	<u>Interest</u>
2022 (current portion)	\$ 419,293	\$ 14,183
2023	213,154	3,584
Total	<u>\$ 632,447</u>	<u>\$ 17,767</u>

Interest expense paid for loan 2014-1 and 2014-2 for the years ended June 30, 2021 and 2020 was \$36,763 and \$52,748, respectively.

Bel Marin Keys Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - PENSION PLAN

The District has a pension plan in the form of a SIMPLE IRA. The District makes a contribution for qualified employees to the plan. Employees who are over 21 years of age are eligible. The total contributions paid by the District for the years ended June 30, 2021 and 2020 were \$3,027 and \$2,899, respectively.

NOTE 8 - CONTINGENCIES - CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began to spread among various countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S., including California, declared a state of emergency and issued shelter-in-place orders in response to the outbreak. The immediate impact to the District's operations included restrictions on employees' work location and planning heightened sanitation awareness requirements on office staff. It is anticipated that the impacts from this pandemic will continue for some time. As of the report date, the financial impact of the coronavirus outbreak cannot be measured.

Bel Marin Keys Community Services District
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

Required Supplementary Information
Budget and Actual - General Fund & Measure A (Unaudited)
For the Year Ended June 30, 2021

	Original and Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Revenues:			
Taxes	\$ 560,605	\$ 675,337	\$ 114,732
Investment earnings (losses)	-	383	383
Charges for services	3,750	3,500	(250)
Other revenue	250	2,558	2,308
Total revenues	564,605	681,778	117,173
Expenditures:			
Personnel costs	167,700	75,849	91,851
Professional fees	52,000	46,538	5,462
Community service center	38,500	42,397	(3,897)
Occupancy	8,000	-	8,000
Professional dues	4,100	2,795	1,305
Fees	500	420	80
Administrative expenses	9,000	6,070	2,930
Office expenses	13,500	14,081	(581)
Committee expenses	4,000	-	4,000
Information technology	7,400	4,598	2,802
Insurance	30,500	39,341	(8,841)
Licenses, permits and surveys	16,100	1,321	14,779
Maintenance	144,700	115,010	29,690
Marketing and outreach	6,500	506	5,994
Bond expenses	-	947	(947)
Capital outlay	-	67,525	(67,525)
Measure D:			
Water circulation	-	-	-
Waterway management	-	-	-
Locks	-	-	-
Total expenditures	502,500	417,398	85,102
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	(3,635)	(3,635)
Total other financing sources (uses)	-	(3,635)	(3,635)
Excess of revenues over (under)			
expenditures	\$ 62,105	260,745	\$ 198,640
Fund balances, beginning of period		863,960	
Fund balances, end of period		\$ 1,124,705	

Bel Marin Keys Community Services District
BUDGET COMPARISON SCHEDULE - GENERAL FUND
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2021

Note A: Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Source/Inflows resources:

Actual amounts "available for appropriation" from budgetary comparison schedule	<u>\$ 681,778</u>
Differences - budget to GAAP:	
Measure A	(62,656)
	-
Total revenues as reported in statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>\$ 619,122</u></u>

Uses/Outflows of resources:

Actual amounts "total changes for appropriations" from the budgetary comparison schedule	\$ 417,398
Differences - budget to GAAP:	
Measure A	(42,279)
	-
Total expenditures as reported in statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>\$ 375,119</u></u>

Bel Marin Keys Community Services District
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

Required Supplementary Information
Budget and Actual - Special Fund (Unaudited)
For the Year Ended June 30, 2021

	Original and Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Revenues:			
Taxes	\$ 494,052	\$ 509,933	\$ 15,881
Investment earnings (losses)	2,500	(73)	(2,573)
Charges for services	-	-	-
Other revenue	-	1,605	1,605
Total revenues	496,552	511,465	14,913
Expenditures:			
Personnel costs	25,000	35,286	(10,286)
Professional fees	66,000	65,277	723
Community service center	-	-	-
Occupancy	-	-	-
Professional dues	400	4,247	(3,847)
Fees	1,000	-	1,000
Administrative expenses	18,600	21,465	(2,865)
Office expenses	-	53	(53)
Committee expenses	-	-	-
Information technology	-	6,849	(6,849)
Insurance	-	1,000	(1,000)
Licenses, permits and surveys	1,500	13,564	(12,064)
Maintenance	3,250	1,570	1,680
Marketing and outreach	-	-	-
Bond expenses	-	1,175	(1,175)
Capital outlay	87,500	81,866	5,634
Measure D:			
Water circulation	84,000	129,185	(45,185)
Waterway management	13,500	51,908	(38,408)
Locks, lagoon, creek and moat maintenance	103,200	57,376	45,824
Total expenditures	403,950	470,821	(66,871)
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Excess of revenues over (under)			
expenditures	\$ 92,602	40,644	\$ (51,958)
Fund balances, beginning of period		725,827	
Fund balances, end of period		\$ 766,471	