
**BEL MARIN KEYS
COMMUNITY SERVICES DISTRICT**

NOVATO, CALIFORNIA

BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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R. J. RICCIARDI, INC.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2018, 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 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 our 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, we consider 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, 2018, 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 24-25, as listed 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
April 2, 2019

Bel Marin Keys Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

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, 2018. 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 \$3,378,917 at June 30, 2018; this amount is identified as the District's net position.

The District's net position increased by \$554,510 from 2017 and this increase is the Change in Net Position of \$554,510 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, 2018

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 24 and 25, the budget to actual comparison for the general fund and Measure D fund is presented as required supplementary information.

Financial Analysis of the District as a Whole

The District's net position at June 30, 2018 is \$3,378,917. The following table provides a summary of the District's net position:

Table 1 - Summary of Net Position
 June 30, 2018
Governmental Activities

	2018		2017	
	Amount	Percentage of Total	Amount	Percentage of Total
<u>Assets</u>				
Current assets	\$ 2,226,189	36%	\$ 2,563,472	41%
Capital assets, net of depreciation	<u>4,019,709</u>	<u>64%</u>	<u>3,650,086</u>	<u>59%</u>
Total assets	<u>6,245,898</u>	<u>100%</u>	<u>6,213,558</u>	<u>100%</u>
<u>Liabilities</u>				
Current liabilities	740,598	26%	739,372	22%
Long-term liabilities	<u>2,126,383</u>	<u>74%</u>	<u>2,698,331</u>	<u>78%</u>
Total liabilities	<u>2,866,981</u>	<u>100%</u>	<u>3,437,703</u>	<u>100%</u>
<u>Net Position</u>				
Net investment in capital assets	1,321,547	39%	394,882	13%
Restricted	1,639,241	49%	1,866,535	68%
Unrestricted (deficit)	<u>418,129</u>	<u>12%</u>	<u>514,438</u>	<u>19%</u>
Total Net Position	<u>\$ 3,378,917</u>	<u>100%</u>	<u>\$ 2,775,855</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 to 1 at June 30, 2018 and at June 30, 2017. 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 \$554,510 or 20% during the year.

In 2018, approximately 64% 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 increased slightly, from 59% to 64% from 2017 to 2018 as additional capital assets were purchased during 2018 and will continue to be depreciated over their expected lives.

Bel Marin Keys Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2018

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, 2018
Governmental Activities

	2018		2017	
	Amount	Percentage of Total	Amount	Percentage of Total
<u>Expenses</u>				
General Fund	\$ 749,434	61.25%	\$ 678,742	52.5%
Measure A	2,130	0.15%	11,980	1.0%
Measure D	366,654	30.00%	486,163	37.5%
Measure E and F expenditures	<u>105,047</u>	<u>8.60%</u>	<u>120,922</u>	<u>9.0%</u>
Total expenses	<u>1,223,265</u>	<u>100%</u>	<u>1,297,807</u>	<u>100%</u>
<u>Program Revenues</u>				
General Fund	6,750	84%	6,450	100%
Measure D	<u>1,250</u>	<u>16%</u>	<u>-</u>	<u>0%</u>
Total program revenues	<u>8,000</u>	<u>100%</u>	<u>6,450</u>	<u>100%</u>
<u>General Revenues</u>				
General Fund	536,889	30%	514,869	29%
Measure A	57,461	3%	81,480	5%
Measure D	492,074	28%	476,631	27%
Measure E and F	<u>683,351</u>	<u>39%</u>	<u>686,218</u>	<u>39%</u>
Total general revenues	<u>1,769,775</u>	<u>100%</u>	<u>1,759,198</u>	<u>100%</u>
Change in Net Position	<u>\$ 554,510</u>		<u>\$ 467,841</u>	

As Table 2 above shows, total General Fund expense was \$749,434 in fiscal year 2018, which increased by \$70,692 compared to \$678,742 in fiscal year 2017. The increase in the General Fund expense was due mainly to the increase in parks and open space, maintenance, payroll and other expenses.

Total Measure A expense was \$2,130 in fiscal year 2018, which decreased by \$9,850 compared to \$11,980 in fiscal year 2017. Measure A expense decreased because most of the expenditures for parks and open space in 2018 were capitalized as capital assets in 2018.

Total Measure D expense was \$366,654 in fiscal year 2018, which decreased by \$119,509 compared to \$486,163 in fiscal year 2017. The increase in the Measure D expense was due mainly to the decrease in maintenance and dredging water circulation but also because most of expenditures for the Culvert gate were capitalized as capital assets in 2018.

Total Measure E and F project expense was \$105,047 in fiscal year 2018, which decreased by \$15,875 compared to \$120,922 in fiscal year 2017. The decrease in the Measure E and F project expense was due mainly to the decrease in levee repair and maintenance and other project expenses.

Also as Table 2 above shows, program revenue was \$8,000 (0.45%) in fiscal year 2018 compared to \$6,450 (0.37%) in fiscal year 2017.

Bel Marin Keys Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2018

In fiscal year 2018, \$536,889 of the District's General Fund revenue came from property tax revenue, interest income and other income which increased by \$20,020 compared to \$514,869 in fiscal year 2017.

Measure A's general revenues come from sales tax revenue of \$57,461 in fiscal year 2018, which decreased by \$24,019 compared to \$81,480 in fiscal year 2017. 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 \$492,074 in fiscal year 2018, which increased by \$15,443 compared to \$476,631 in fiscal year 2017. 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 \$683,351 in fiscal year 2018, which decreased by \$2,867 compared to \$686,218 in fiscal year 2017 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

	2018	2017
<u>Revenues</u>		
General Fund	\$ 543,639	\$ 521,319
Measure A	57,461	81,480
Measure D	493,324	476,631
Measure E and F	683,351	686,218
Total revenues	1,777,775	1,765,648
<u>Expenditures</u>		
General Fund	639,948	420,930
Measure A	93,519	11,980
Measure D	650,093	511,309
Total expenditures	1,383,560	944,219
<u>Debt service and project costs</u>	(766,370)	(731,923)
<u>Other financing sources</u>	-	-
Excess of revenues over expenditures	\$ (372,155)	\$ 89,506

General Fund revenues totaled \$543,639 in 2018, increased by \$22,320 in comparison with \$521,319 in the prior year due primarily to the increase in property tax income and parcel tax income.

Measure A revenues were \$57,461 in 2018, a decrease of \$24,019 in comparison with \$81,480 in the prior year due mainly to the increase in Measure A revenue from sales tax.

Measure D revenues were \$493,324 in 2018, an increase of \$16,693 in comparison with \$476,631 in the prior year due mainly to the increase in parcel tax income and investment income.

Bel Marin Keys Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

Measure E and F revenues were \$683,351 in 2018, a decrease of \$2,867 in comparison of \$686,218 received in 2017. Measure E and F revenues were special tax income received to pay for measure E and F bonds and projects costs.

General Fund expenditures were \$639,948 in 2018, an increase of \$219,018 in comparison with \$420,930 in the prior year due mainly to the increase in parks and open space, maintenance and capital outlay.

Measure A expenditures were \$93,519 in 2018, an increase of \$81,539 in comparison with \$11,980 in the prior year due mainly to the increase in Measure A park expenses and a significant increase in capital outlay for the District's new tennis court and playground.

Measure D expenditures were \$650,093 in 2018, an increase of \$138,784 in comparison with \$511,309 in the prior year due mainly to the increase in water circulation, waterway maintenance and utilities costs, dredging and capital outlay.

Debt service and project E and F expenditures were \$766,370 in 2018, an increase of \$34,447 in comparison of \$731,923 paid in 2017. The increase in debt service expenditures in 2018 was due to the District's payment of Measure E and F commercial term loans with Bank of Marin, plus the increase in capital outlay and other project costs in 2018.

Other financing source was \$0 in 2018 and 2017. The only amount of other financing source in 2018 and 2017 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 Measure D in these financial statements. In the General Fund (including Measure A), actual revenue was \$190,980 higher than the budgeted amount. Total expenditures were \$337,673 higher than budgeted amounts. This was primarily due to \$279,297 of capital outlay expenditures that were not budgeted, higher maintenance expenditures and other expenses incurred for tree and park and open space maintenance during fiscal year 2017-2018.

In Measure D, actual revenue was \$24,353 higher than the budgeted amount due to more parcel taxes and investment income received in fiscal year 2017-2018. Total Measure D expenditures were \$387,479 higher than budgeted amounts. This was primarily due to an increase of expenditures for dredging, waterway management, and due to higher maintenance expenditures and capital outlay expenditures that were not budgeted.

Capital Assets and Debt Administration

Capital Assets

The District's capital assets, net of accumulated depreciation increased this year by \$369,623 to \$4,019,709 compared to \$3,650,086 in 2018. 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 \$667,017 net with depreciation expense of \$297,394. 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.

Bel Marin Keys Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

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 \$19,084 in 2018 and \$22,719 in 2017. The commercial term loans with Bank of Marin balance was \$2,698,165 in 2018 and \$3,232,485 in 2017.

The District's long-term debts decreased this year by \$557,042 due to a \$3,635 payment on the PG&E loan and a \$553,407 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, 2018

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 493,798
Restricted cash	962,007
Investments	675,572
Accounts receivable	76,418
Prepaid expense	18,394
Total current assets	<u>2,226,189</u>
Capital assets:	
Non-depreciable	910,434
Depreciable, net of accumulated depreciation	3,109,275
Total non-current assets	<u>4,019,709</u>
Total assets	<u>6,245,898</u>
<u>LIABILITIES</u>	
Accounts payable	125,342
Compensated absences	3,954
Deposits and other liabilities	39,523
Non-current liabilities:	
Due within one year	
PG&E loan	3,635
Measure E and F loans	568,144
Due in more than one year	
PG&E loan	15,449
Measure E and F loans	2,110,934
Total liabilities	<u>2,866,981</u>
<u>NET POSITION</u>	
Net Investment in capital assets	1,321,547
Restricted for:	
Debt service	884,179
Measures and project costs	755,062
Unrestricted	418,129
Total net position	<u>\$ 3,378,917</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, 2018

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants & Contributions	Capital & Contributions	Governmental Activities
Governmental Activities:					
General Fund					
Service and supplies-Operating	\$ 423,103	\$ -	\$ -	\$ -	\$ (423,103)
Service and supplies-Measure A	2,130	-	-	-	(2,130)
Service and supplies-Measure D	366,654	1,250	-	-	(365,404)
Service and supplies-Project I and II	105,047	-	-	-	(105,047)
Committee expenses	4,714	-	-	-	(4,714)
Community center	24,223	6,750	-	-	(17,473)
Depreciation expense	297,394	-	-	-	(297,394)
Total governmental activities	\$ 1,223,265	\$ 8,000	\$ -	\$ -	\$ (1,215,265)

General revenues:

Taxes

Property taxes	\$ 1,165,199
Parcel taxes	481,488
Measure A revenue (Sales taxes)	57,461
ERAF income	51,361
HOPTR tax income	2,292

Investment income 4,572

Other revenue 7,402 ?

Total general revenues 1,769,775

Change in net position 554,510

Net position, beginning of period 2,775,855

Prior period adjustments 48,552

Net position, as restated 2,824,407

Net position, end of period \$ 3,378,917

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

Bel Marin Keys Community Services District
BALANCE SHEET
 Governmental Funds
 June 30, 2018

	General Fund		Special Fund		Debt Service		Total Governmental Funds
	Operating	Measure A	Measure D	PG&E Loan	Project Fund I (Loan 2014-1)	Project Fund II (Loan 2014-2)	
ASSETS							
Cash and cash equivalents	\$ 493,798	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 493,798
Restricted cash	-	104,880	243,512	-	210,238	403,377	962,007
Investments	-	-	425,572	-	-	250,000	675,572
Accounts receivable	43,251	28,555	3,132	-	1,480	-	76,418
Due from (to) other funds	-	-	-	-	-	-	-
Prepaid expense	18,394	-	-	-	-	-	18,394
Total assets	\$ 555,443	\$ 133,435	\$ 672,216	\$ -	\$ 211,718	\$ 653,377	\$ 2,226,189
LIABILITIES							
Accounts payable	\$ 74,753	\$ 20,828	\$ 29,761	\$ -	\$ -	\$ -	\$ 125,342
Compensated absences	3,954	-	-	-	-	-	3,954
Deposits and other liabilities	39,523	-	-	-	-	-	39,523
Total liabilities	118,230	20,828	29,761	-	-	-	168,819
FUND BALANCES							
Assigned for debt service	19,084	-	-	-	211,718	653,377	884,179
Assigned for measures and projects	-	112,607	642,455	-	-	-	755,062
Unassigned	418,129	-	-	-	-	-	418,129
Total fund balances	437,213	112,607	642,455	-	211,718	653,377	2,057,370
Total liabilities and fund balances	\$ 555,443	\$ 133,435	\$ 672,216	\$ -	\$ 211,718	\$ 653,377	\$ 2,226,189

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

Bel Marin Keys Community Services District
Reconciliation of the
GOVERNMENTAL FUND - BALANCE SHEET
with the Governmental Activities
STATEMENT OF NET POSITION
For the Fiscal Year Ended June 30, 2018

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUND \$ 2,057,370

Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Fund above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Fund.

4,019,709

LONG-TERM LIABILITIES

The liabilities below are not due and payable in the current period and therefore are not reported in the Fund Financial Statements.

Long-term debt

(2,698,162)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 3,378,917

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

Bel Marin Keys Community Services District
**STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE**
Governmental Funds
For the Year Ended June 30, 2018

	General Fund		Special Fund		Debt Service		Total Governmental Funds
	Operating	Measure A	Measure D	PG&E Loan	Project Fund I (Loan 2014-1)	Project Fund II (Loan 2014-2)	
Revenues:							
Taxes	\$ 535,714	\$ 57,461	\$ 481,488	\$ -	\$ 227,643	\$ 455,495	\$ 1,757,801
Investment income	220	-	4,139	-	69	144	4,572
Other revenue	7,705	-	7,697	-	-	-	15,402
Total revenues	543,639	57,461	493,324	-	227,712	455,639	1,777,775
Expenditures:							
Current							
Community center	24,223	-	-	-	-	-	24,223
Committee expenses	4,714	-	-	-	-	-	4,714
Parks and open space	76,579	2,130	-	-	-	-	78,709
Insurance	16,007	-	-	-	-	-	16,007
Maintenance	94,138	-	175,052	-	-	-	269,190
Payroll	133,881	-	-	-	-	-	133,881
Professional fees	32,826	-	15,172	-	-	-	47,998
Utilities	27,379	-	7,595	-	-	-	34,974
Professional dues	4,094	-	-	-	-	-	4,094
Office expense	13,275	-	-	-	-	-	13,275
Other expense	24,924	-	19,874	-	-	-	44,798
Capital outlay	187,908	91,389	283,439	-	-	-	562,736
Measure D							
Dredging	-	-	24,983	-	-	-	24,983
Water circulation	-	-	52,613	-	-	-	52,613
Locks	-	-	30,628	-	-	-	30,628
Waterway management	-	-	40,737	-	-	-	40,737
Project I and II							
Capital outlay	-	-	-	-	-	104,281	104,281
Other project costs	-	-	-	-	10,367	11,961	22,328
Debt service:							
Loan principal repayment	-	-	-	3,635	176,298	377,109	557,042
Loan interest expense	-	-	-	-	26,352	56,367	82,719
Total expenditures	639,948	93,519	650,093	3,635	213,017	549,718	2,149,930
Excess (deficiency) of revenues over (under) expenditures	(96,309)	(36,058)	(156,769)	(3,635)	14,695	(94,079)	(372,155)
Other financing sources (uses):							
Transferred in	-	-	-	3,635	-	-	3,635
Transferred out	(3,635)	-	-	-	-	-	(3,635)
Total other financing sources (uses)	(3,635)	-	-	3,635	-	-	-
Net change in fund balances	(99,944)	(36,058)	(156,769)	-	14,695	(94,079)	(372,155)
Fund balances at beginning of period	537,157	148,665	750,672	-	197,023	747,456	2,380,973
Prior period adjustments	-	-	48,552	-	-	-	48,552
Fund balances, as restated	537,157	148,665	799,224	-	197,023	747,456	2,429,525
Fund balances at end of period	\$ 437,213	\$ 112,607	\$ 642,455	\$ -	\$ 211,718	\$ 653,377	\$ 2,057,370

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

Bel Marin Keys Community Services District
 Reconciliation of the
NET CHANGE IN STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
 with the
STATEMENT OF ACTIVITIES
 For the Fiscal Year Ended June 30, 2018

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUND	\$	(372,155)
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay expenditures are therefore added back to fund balance.		667,017
Depreciation expense is deducted from the investment in capital assets		(297,394)

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide (or require) the use of current financial resources and therefore are not reported as revenue or expenditures in the governmental funds (net change):

PG&E loan principal repayment		3,635
Measure E & F loan principal repayment		<u>553,407</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>554,510</u>
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The accompanying notes are an integral part of these financial statements.

Bel Marin Keys Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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

Bel Marin Keys Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. 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*.

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.

D. 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. General Fund expenditures exceeded appropriations by \$337,673. Measure A's actual revenue and expenditures were included in the General Fund. The District did not adopt a separate budget for Measure A.

Measure D expenditures exceeded appropriations for the Measure D fund by \$387,479, both of which were mainly due to under budget of capital outlay expenditures and unexpected maintenance projects.

E. 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.

F. 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.

Bel Marin Keys Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

I. Fund Balance (concluded)

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).

J. 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.

K. 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 funds are to be used for the above specific projects only.

L. 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.

Bel Marin Keys Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

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.

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

Governmental Funds:

	2018	2017
Cash on deposit:		
Cash – General Fund	\$ 493,798	\$ 632,872
Total governmental fund cash and cash equivalent	493,798	632,872
Restricted cash:		
Cash restricted for Measure A and capital improvement projects	104,880	121,338
Cash restricted for Measure D	243,512	379,686
Cash restricted for Measure E and F	613,615	678,093
Total governmental fund restricted cash	962,007	1,179,117
Investments:		
Investments restricted for Measure D	425,572	448,430
Investments restricted for Measure E and F projects	250,000	250,000
Total governmental fund restricted investments	675,572	698,430
Total governmental fund cash and investments	\$ 2,131,377	\$ 2,510,419

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.

Bel Marin Keys Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 3 - CASH AND INVESTMENTS (continued)

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.

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, 2018 and 2017:

Investment Type	Carrying Amount	2018			
		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	\$ 221,877	\$ 221,877	\$ -	\$ -	\$ -
State & municipal bonds	330,145	144,276	110,719	75,150	-
Non-government obligations	<u>123,550</u>	<u>46,154</u>	<u>26,318</u>	<u>51,078</u>	-
Total	<u>\$ 675,572</u>	<u>\$ 412,307</u>	<u>\$ 137,037</u>	<u>\$ 126,228</u>	<u>\$ -</u>
Investment Type	Carrying Amount	2017			
		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	\$ 85,958	\$ 85,958	\$ -	\$ -	\$ -
State & municipal bonds	474,327	98,009	150,165	226,153	-
Non-government obligations	<u>138,145</u>	<u>78,737</u>	<u>59,408</u>	-	-
Total	<u>\$ 698,430</u>	<u>\$ 262,704</u>	<u>\$ 209,573</u>	<u>\$ 226,153</u>	<u>\$ -</u>

Bel Marin Keys Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 3 - CASH AND INVESTMENTS (concluded)

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, 2018 and 2017:

<u>Fiscal year 2017-2018</u> Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	Other	Not Rated
Held by a bank:						
Money market	\$ 221,877	N/A	\$ -	\$ -	\$ -	\$ 221,877
State & municipal bonds	330,145	N/A	-	-	330,145	-
Non-government obligations	<u>123,550</u>	N/A	-	-	<u>123,550</u>	-
Total	<u>\$ 675,572</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 453,695</u>	<u>\$ 221,877</u>

<u>Fiscal year 2016-2017</u> Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	Other	Not Rated
Held by a bank:						
Money market	\$ 85,958	N/A	\$ -	\$ -	\$ -	\$ 85,958
State & municipal bonds	474,327	N/A	-	-	474,327	-
Non-government obligations	<u>138,145</u>	N/A	-	-	<u>138,145</u>	-
Total	<u>\$ 698,430</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 612,472</u>	<u>\$ 85,958</u>

NOTE 4 - CAPITAL ASSETS

A summary of changes in capital assets for the period ended June 30, 2018 is as follows:

	Balance 6/30/17	Additions	Transfers	Balance 6/30/18
Capital assets not being depreciated:				
Land	\$ 880,256	\$ -	\$ -	\$ 880,256
Construction in progress	<u>84,431</u>	<u>30,178</u>	<u>(84,431)</u>	<u>30,178</u>
Total non-depreciable assets	<u>964,687</u>	<u>30,178</u>	<u>(84,431)</u>	<u>910,434</u>
Capital assets being depreciated:				
Buildings and improvements	5,944,216	636,839	84,431	6,665,486
Equipment	2,103,610	-	-	2,103,610
Furniture	<u>23,067</u>	-	-	<u>23,067</u>
Total depreciable assets	<u>8,070,893</u>	<u>636,839</u>	<u>84,431</u>	<u>8,792,163</u>
Capital asset totals	<u>9,035,580</u>	<u>667,017</u>	<u>-</u>	<u>9,702,597</u>
Accumulated depreciation	<u>(5,385,494)</u>	<u>\$ (297,394)</u>	<u>\$ -</u>	<u>(5,682,888)</u>
Capital assets, net of accumulated depreciation	<u>\$ 3,650,086</u>			<u>\$ 4,019,709</u>

Bel Marin Keys Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 4 - CAPITAL ASSETS (concluded)

Depreciation expense for the year was \$297,394.

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 \$3,954 and \$3,060 as of June 30, 2018 and 2017, respectively.

NOTE 6 - LONG TERM DEBT

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, 2018, the District is obligated for the following payments:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 3,635	\$ -	\$ 3,635
2020	3,635	-	3,635
2021	3,635	-	3,635
2022	3,635	-	3,635
2023	3,635	-	3,635
Thereafter	909	-	909
Total	<u>\$ 19,084</u>	<u>\$ -</u>	<u>\$ 19,084</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.

Bel Marin Keys Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2018

NOTE 6 - LONG-TERM DEBT (concluded)

As of June 30, 2018, the District is obligated for the following payments:

<u>Year Ending June 30</u>	Loan 2014-1	
	Principal	Interest
Current portion	\$ 180,993	\$ 21,657
2020	185,827	16,823
2021	190,877	11,773
2022	196,020	6,630
2023	99,756	1,570
Total	\$ 853,473	\$ 58,453

<u>Year Ending June 30</u>	Loan 2014-2	
	Principal	Interest
Current portion	\$ 387,151	\$ 46,325
2020	397,491	35,985
2021	408,292	25,184
2022	419,293	14,183
2023	213,378	3,360
Total	\$ 1,825,605	\$ 125,037

Interest expense paid for loan 2014-1 and 2014-2 for the years ended June 30, 2018 and 2017 was \$26,352 and \$56,367, respectively.

NOTE 7 - 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 8 - 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 year were \$2,712.

NOTE 9 - PRIOR PERIOD ADJUSTMENTS

The District's Measure D fund balance at July 1, 2017 was adjusted to write off accounts payable that was recorded in prior years in error. The net effect was an increase of Measure D's fund balance by \$48,552.

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

Required Supplementary Information
 Budget and Actual - General Fund (Unaudited)
 For the Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance With Final Budget
Revenues:			
Current:			
Taxes	\$ 405,000	\$ 593,175	\$ 188,175
Interest income	120	220	100
Other revenue	5,000	7,705	2,705
Total revenues	410,120	601,100	190,980
Expenditures:			
Community center	20,800	24,223	(3,423)
Committee expenses	9,240	4,714	4,526
Parks and open space	13,800	78,709	(64,909)
Insurance	13,434	16,007	(2,573)
Maintenance	102,500	94,138	8,362
Payroll	130,006	133,881	(3,875)
Professional fees	39,200	32,826	6,374
Utilities	28,156	27,379	777
Professional dues	4,012	4,094	(82)
Office expense	7,800	13,275	(5,475)
Other expense	26,846	24,924	1,922
Capital outlay	-	279,297	(279,297)
Total expenditures	395,794	733,467	(337,673)
Excess of revenues over expenditures	\$ 14,326	(132,367)	\$ (146,693)
Other financing sources (uses)			
Transferred in		-	
Transferred out		(3,635)	
Total other financing sources (uses)		(3,635)	
Fund balance at beginning of period		685,822	
Fund balance at end of period		\$ 549,820	

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

Required Supplementary Information
 Budget and Actual - Special Revenue - Measure D (Unaudited)
 For the Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance With Final Budget
Revenues:			
Current:			
Taxes	\$ 447,371	\$ 481,488	\$ 34,117
Interest income	21,600	4,139	(17,461)
Other revenue	-	7,697	7,697
Total revenues	468,971	493,324	24,353
Expenditures:			
Dredging	9,600	24,983	(15,383)
Water circulation	72,250	52,613	19,637
Locks	29,330	30,628	(1,298)
Waterway management	15,000	40,737	(25,737)
Maintenance	102,120	175,052	(72,932)
Professional fees	18,000	15,172	2,828
Utilities	3,000	7,595	(4,595)
Other	13,314	19,874	(6,560)
Capital outlay	-	283,439	(283,439)
Total expenditures	262,614	650,093	(387,479)
Excess of revenues over expenditures	\$ 206,357	(156,769)	\$ (363,126)
Fund balance at beginning of period		750,672	
Prior period adjustments		48,552	
Fund balances, as restated		799,224	
Fund balance at end of period		\$ 642,455	