

# Bel Marin Keys Community Services District

4 Montego Key  
Novato, CA 94949

Office: 415.883.4222  
www.bmkcsd.us

**NOTICE & AGENDA**  
*of the*  
**SPECIAL BOARD MEETING**  
**July 24, 2025**  
**BMKCSD Community Center**

**Board Members**

**Mercy Angelopoulos**  
**Vince Lattanzio**

**Cheryl Furst**  
**Steve Nash**

**Natalia Shorten**

**Assistance for people with disabilities:** If you are disabled and need accommodation to participate in the meeting, please call our Administrative Assistant, at **415.883.4222** so that the necessary arrangements can be made.

The Board meeting agenda and all supporting documents are available for public review at 4 Montego Key, Novato, California, 94949, 72 hours in advance of a scheduled board meeting. Materials related to an item on this agenda submitted to the Board after distribution of the agenda packet, and not otherwise exempt from disclosure, will be made available for public inspection at the District Office at 4 Montego Key, Novato, California, during normal business hours, Monday through Friday, 8:00am to 4:00pm. Copies of supplemental materials distributed at the Board meeting will be available for public inspection at the meeting location.

- I. CALL TO ORDER / ROLL CALL / PLEDGE OF ALLEGIANCE**  
*To speak on any item under discussion by the Board on this agenda, you may do so upon receiving recognition from the Chair. Time limitations on public testimony may be imposed at the discretion of the President in conformity with Board Meeting Policy Provisions. (Please Turn Off Cell Phones)*
- II. APPROVAL OF DRAFT AUDIT FY 2022-23**
  - a. Approval of Draft Audit FY 2022-23
- III. CLOSED SESSION PURSUANT TO GOVERNMENT CODE § 54957.5(e)**
  - a. Legal matters § 54956
- IV. RECONVENE TO OPEN SESSION PURSUANT TO GOVERNMENT CODE § 54957.1(a)(5)**
  - a. The CSD Board will reconvene to open session and will report any actions taken as required by the Government Code.
- V. ADJOURNMENT**
  - a. All matters before the Board being addressed

**DRAFT**

**7/17/2025**

To be used only for management discussion purposes; engagement is incomplete; this draft is subject to final review and possible revision. \*\*Report/Letter date is TENTATIVE-TBD\*\*

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

**ANNUAL FINANCIAL REPORT  
JUNE 30, 2023**

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Bel Marin Keys Community Services District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Bel Marin Keys Community Services District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Bel Marin Keys Community Services District, as of June 30, 2023, 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.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Bel Marin Keys Community Services District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bel Marin Keys Community Services District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Bel Marin Keys Community Services District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2023

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, 2023. 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 Statements**

Bel Marin Keys Community Services District was able to respond to requests and needs of local stakeholders with these funds. Some of the services Bel Marin Keys Community Services District provides include maintenance of eight parks, four boat ramps/docks, two navigational locks, numerous open spaces, public lighting and the levee. Essential services are provided to residents from other agencies which include water supply, sewage, garbage, fire and police services, public education, libraries and roadway maintenance, and utilities.

### **Introduction to the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to Bel Marin Keys Community Services District's audited financial statements, which are composed of the basic financial statements. This annual report is prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for States and Local Governments*. The Single Governmental Program for Special Purpose Governments reporting model is used, which best represents the activities of Bel Marin Keys Community Services District.

The required financial statements include the Combined Government-wide and Fund Financial statements; Statement of Net Position and Governmental Funds Balance Sheet; Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance; and the Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund.

These statements are supported by notes to the basic financial statements. All sections must be considered together to obtain a complete understanding of the financial picture of Bel Marin Keys Community Services District.

### **The Basic Financial Statements**

The Basic Financial Statements comprise the Combined Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of Bel Marin Keys Community Services District's financial activities and financial position.

The Government-wide Financial Statements provide a longer-term view of Bel Marin Keys Community Services District's activities as a whole and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of Bel Marin Keys Community Services District as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all of Bel Marin Keys Community Services District's revenues and all of its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of Bel Marin Keys Community Services District's programs. The Statement of Activities explains in detail the change in Net Position for the year.

All Bel Marin Keys Community Services District's activities are grouped into Government Activities, as explained below.

The Fund Financial Statements report Bel Marin Keys Community Services District's operations in more detail than the Government-wide statements and focus primarily on the short-term activities of Bel Marin Keys Community Services District's Major Fund. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Bel Marin Keys Community Services District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2023

Table 1  
Summary of Net Position  
Governmental Activities  
June 30, 2023

	<u>2023</u>	<u>2022</u>
<b><u>Assets</u></b>		
Current assets	\$ 3,224,853	\$ 3,028,204
Capital assets, net	<u>4,629,347</u>	<u>3,394,876</u>
Total assets	<u>7,854,200</u>	<u>6,423,080</u>
<b><u>Liabilities</u></b>		
Current liabilities	26,794	50,280
Long-term debt obligations, net	<u>-</u>	<u>317,601</u>
Total liabilities	<u>26,794</u>	<u>367,881</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	4,629,347	3,077,275
Restricted	1,978,854	1,682,692
Unrestricted	<u>1,219,205</u>	<u>1,295,232</u>
Total net position	<u>\$ 7,827,406</u>	<u>\$ 6,055,199</u>

The District also reported positive balances in net position for the current year. Total net position increased by \$1,772,204 during the year.

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  
Governmental Activities  
For the Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>
<b><u>Program Expenses</u></b>		
Salaries and benefits	\$ 138,469	\$ 146,856
Services and supplies	836,079	819,783
Interest expense	<u>4,393</u>	<u>20,765</u>
Total program expenses	<u>978,941</u>	<u>987,404</u>
<b><u>Program Revenues</u></b>		
Charges for services	<u>20,191</u>	<u>6,750</u>
Total program revenues	<u>20,191</u>	<u>6,750</u>
<b><u>General Revenues</u></b>		
Taxes	1,237,773	1,667,040
Investment earnings (losses)	<u>16,829</u>	<u>1,489</u>
Total general revenues	<u>1,254,602</u>	<u>1,668,529</u>
Total revenue	<u>1,274,793</u>	<u>1,675,279</u>
Change in Net Position	<u>\$ 295,852</u>	<u>\$ 687,875</u>

Bel Marin Keys Community Services District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2023

**Adopting the California Uniform Public Construction Cost Accounting Act**

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 Bel Marin Keys Community Services 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 Bel Marin Keys Community Services District's Financial Management**

This Annual Financial Report is intended to provide District residents, grant 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 ACTIVITIES  
For the Year Ended June 30, 2023

		Program Revenues	Net (Expense) Revenue and Changes in Net Position
<u>Functions/Programs</u>	<u>Expenditures</u>	<u>Charges for Services</u>	<u>Total Governmental Activities</u>
Governmental activities:			
Salaries and benefits	\$ 138,469	\$ -	\$ (138,469)
Services and supplies	836,079	20,191	(815,888)
Interest expense	4,393	-	(4,393)
Total governmental activities	<u>\$ 978,941</u>	<u>\$ 20,191</u>	<u>(958,750)</u>
General revenues:			
Taxes:			1,237,773
Investment earnings (losses)			<u>16,829</u>
Total general revenues			<u>1,254,602</u>
Change in net position			<u>295,852</u>
Net position, beginning of period			6,055,199
Prior period adjustment			<u>1,476,355</u>
Net position, beginning of period restated			<u>7,531,554</u>
Net position, end of period			<u>\$ 7,827,406</u>

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, 2023

Total Governmental Funds Fund Balances	\$ 3,198,059
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Amounts reported in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Capital assets	10,341,929
Accumulated depreciation	(5,712,582)

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Net Position of Governmental Activities	<u>\$ 7,827,406</u>
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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, 2023

Net Change in Fund Balances	\$ 220,135
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Amounts reported in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures, however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense

Depreciation expense	(322,552)
Capital outlay expenditures	80,668

Repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions do not have any affect on net assets.

Loan principal repayment	<u>317,601</u>
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Change in Net Position of Governmental Activities	<u>\$ 295,852</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, 2023

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 District activities.

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. 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.

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.

Bel Marin Keys Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. 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.

Fund Balance Flow Assumption

When expenditure is 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.

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.

Bel Marin Keys Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

NOTE 3 - CASH AND INVESTMENTS (concluded)

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking.

The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors.

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.

Fair Value Measurement

GASB Statement No. 72, Fair Value Measurements and Application, establishes a fair value hierarchy consisting of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, that can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability. The valuation method used for rental properties is the Leased Fee Market method, which is dependent on the income generated from the rental properties.

Bel Marin Keys Community Services District did not have any investments subject to the recurring fair value measurements as of June 30, 2023.

Bel Marin Keys Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

NOTE 8 - SUBSEQUENT EVENTS

In preparing these financial statements, Bel Marin Keys Community Services District has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued.

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