

Muir Beach

Community Services District

MANAGEMENT LETTER YEAR ENDED JUNE 30, 2005



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Kevin W. Harper, CPA

June 9, 2007

To the Board of Directors
Muir Beach Community Services District:

Under generally accepted auditing standards, auditors are encouraged to report various matters concerning an entity's internal control structure noted during an audit, and are required to report certain of those matters. Matters that are required to be reported are significant deficiencies in the design or the operation of the internal control structure that, in the auditor's judgment, could adversely affect an entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

As part of my audit of the financial statements of the Muir Beach Community Services District (the "District") for the year ended June 30, 2005, I considered the District's internal control structure in determining the scope of my audit procedures for the purpose of rendering an opinion on the financial statements. While my purpose was not to provide assurances on the internal control structure, certain matters came to my attention that I want to report to you. These matters, along with my recommendations, are described in the accompanying attachment.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, the reportable conditions described in the accompanying attachment are not believed to be material weaknesses.

The observations and recommendations included in this management letter are intended solely for the use of management and Board of Directors. This restriction is not intended to limit the distribution of this letter which, upon acceptance by the Board of Directors, is a matter of public record. To the extent that the Board of Directors intends to rely upon

this letter, such reliance should take into account the limited basis on which my recommendations were developed, as described above, and the limitations inherent in the internal control structure. In addition, the Board of Directors should understand that the criteria used in considering the internal control structure could differ significantly from the criteria the Board of Directors may be using for its purpose.

I wish to express my appreciation for the courtesies and cooperation extended to me by District staff during the course of the audits. I would be pleased to discuss these recommendations in greater detail or to assist in their implementation.

Yours very truly,

Kevin W. Ayper, CPA

**Muir Beach Community Services District
Findings and Recommendations
Year Ended June 30, 2005**

REPORTABLE CONDITIONS

1. STAFF TRAINING

The District's accountant is experienced and knowledgeable. However, because she lacks training related to governmental accounting, the District's accounting records are not maintained in accordance with governmental generally accepted accounting principles (GAAP). For example, fund accounting is not used, the modified accrual basis of accounting is not used, interfund transactions are not properly recorded, and restrictions on use of assets are not reflected in the accounting records.

The District's accountant should take continuing education courses related to governmental GAAP.

2. SEGREGATION OF DUTIES

The District's small number of personnel makes it impossible to fully segregate incompatible duties. The primary goal of such segregation is to assure that the same person does not have both access to assets and access to related accounting records.

The General Manager and the Board should review the District's segregation of duties to assure that the maximum cost-beneficial segregated duties have been assigned to staff and that the General Manager and the Board understand the exposure related to duties not segregated.

OTHER FINDINGS AND RECOMMENDATIONS

3. FINANCIAL POLICIES MANUAL

The District has no financial policies manual. Policies are important to assure that there is common understanding of the primary objectives and priorities of the District's financial activities.

The District should develop and the Board should adopt a financial policies manual. Policies to be considered should include delegation of authority, reserves, budget, financial reporting/audit, indirect costs, grants management and employee benefits. They should also include approval of purchases and investments as discussed below.

4. APPROVAL OF PURCHASES

There is inadequate documentation to demonstrate that District purchases are reviewed and approved prior to committing District funds. There is no procedure to identify unapproved, unwise or fraudulent purchases in a timely manner.

The District should develop and the Board approve a policy requiring that purchases be reviewed and approvals documented. The Board should require that purchases in excess of a certain dollar limit be specifically brought to the Board for approval and that smaller purchases require approval by a member of management other than the person making the purchase. All approvals should be documented by a signature and date on the purchase order or invoice.

5. INVESTMENT POLICY

The District had approximately \$613,000 of cash and investments as of June 30, 2005. This included approximately \$494,000 invested by the County of Marin and \$90,000 invested in a U.S. Treasury note. The District has no investment policy.

In accordance with section 53646 of the California Government Code and GASB Statement No. 40, the Board should adopt an investment policy. The policy should include investment objectives, staff responsibilities and authorizations, allowable investment types, maximum amounts invested in certain types of securities, maximum amounts invested in a single counterparty's securities, and minimum acceptable credit ratings of purchased securities.

6. FINANCIAL PROCEDURES MANUAL

The District has no financial procedures manual. Procedures are important to assure that the District's financial policies are executed in a consistent manner, to train new employees and to allow senior management to understand and oversee the daily activities of staff.

The District should develop a financial procedures manual. The ongoing tasks related to the District's primary financial activities should be considered, including billing, cash receipts, purchasing, disbursements, cash management/investing, payroll and journal entries.

7. PAY RATE AUTHORIZATION

There is inadequate documentation demonstrating review and approval by the Board or senior management of gross pay changes made to the payroll records.

The General Manager or Board's approval of all changes to an employee's gross pay should be documented before pay rate changes are entered into the payroll system. Each employee's file should contain documentation showing all approved salary increases.

8. DUMMY CHECKS

We noted that “dummy checks” were entered into the accounting system to remind the accountant to pay certain monthly bills.

Only actual information in accordance with generally accepted accounting principles should be entered into the accounting system.

9. CAPITAL ASSETS

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 34 during the year ended June 30, 2005. This Statement required that capital assets be included at historical cost and depreciated. The District completed an inventory of its capital assets and created a capital assets subsidiary ledger. During the inventory, it was noted that historical records related to capital assets received via donation were incomplete.

When accepting a donated capital asset, the District should enter the asset into the accounting records at the estimated fair value on the date received. Documentation should be placed in the accounting records showing the donator; date of donation; useful life and how it was estimated; and fair value and how it was determined.

Muir Beach

Community Services District

BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2005



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**MUIR BEACH COMMUNITY SERVICES DISTRICT
BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005**

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Kevin W. Harper, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Muir Beach Community Services District

I have audited the basic financial statements of the Muir Beach Community Services District (the "District") as of and for the year ended June 30, 2005, as listed in the foregoing table of contents. These basic financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance as to whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the District at June 30, 2005, and the changes in financial position and respective budgetary comparisons for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 9, 2007, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of my audit.

Management's Discussion and Analysis listed in the foregoing table of contents is not a required part of the basic financial statements, but is supplementary information required by generally accepted accounting principles. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

Kevin W. Hayden, CPA

June 9, 2007

**MUIR BEACH COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended June 30, 2005**

This section of the Muir Beach Community Services District (the District) annual financial report presents a discussion and analysis of the District's financial performance during the year ended June 30, 2005. Please read it in conjunction with the District's basic financial statements and notes to those statements following this section. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Overview of the Financial Statements

As required by the Governmental Accounting Standards Board, the District's principal financial statements include the following:

Statement of Net Assets (showing government-wide assets and liabilities)

Statement of Activities (showing government-wide revenues and expenses)

Balance Sheet – Governmental Funds (showing assets and liabilities of the General Fund and Volunteer Fireman's Fund)

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (showing revenues and expenditures for the General Fund and Volunteer Fireman's Fund)

Statement of Net Assets – Proprietary Fund (showing assets and liabilities of the Water Fund)

Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Fund (showing revenues and expenses of the Water Fund)

Statement of Cash Flows – Proprietary Fund (showing cash receipts and disbursements of the Water Fund)

Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund – Budget and Actual (showing budget versus actual revenues and expenditures for the General Fund)

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases

or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general government, fire operations, recreational activities, community center, roads and easements. The business-type activities of the District represent water service.

The government-wide financial statements include not only the District itself (known as the primary government), but also a legally separate volunteer fire association. It was organized solely to benefit the District and is included as an integral part of the primary government.

Fund financial statements – Governmental funds are used to report essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

The District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund (considered to be a major fund) and the Volunteer Fireman's Fund.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses the Water Enterprise Fund (considered to be a major fund) to account for its water distribution operation.

Financial Analysis

Government-wide - The District's net assets totaled \$1,044,220 as of June 30, 2005. This represents an increase of \$80,825 for the year ended June 30, 2005. A summary of the District's assets and liabilities for each of these years is presented below:

Total Assets and Liabilities

	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>Increase (Decrease)</u>
Current Assets	\$637,031	\$590,936	\$46,095
Capital Assets	423,713	383,678	40,035
Total Assets	1,060,744	974,614	86,130
Total Liabilities	(16,524)	(11,219)	5,305
Total Net Assets	\$1,044,220	\$963,395	\$80,825
<hr/>			
Unrestricted	\$620,507	\$579,717	\$40,790
Invested in Capital Assets	423,713	383,678	40,035
Total Net Assets	\$1,044,220	\$963,395	\$80,825

For the District as a whole, revenues and expenses for the years ended June 30, 2005 and 2004 are summarized in the following table:

Total Revenues and Expenses

	<u>FY 2004-05</u>	<u>FY 2003-04</u>	<u>Increase (Decrease)</u>
Total Revenues	\$370,774	\$298,439	\$72,335
Total Expenses	(289,949)	(259,732)	30,217
Change in Net Assets	80,825	38,707	42,118
Beginning Net Assets	963,395	924,688	38,707
Ending Net Assets	\$1,044,220	\$963,395	\$80,825

General Fund – The District uses a General Fund as its chief operating fund. As of June 30, 2005, fund balance of the General Fund was \$196,914. This fund is used for general and administrative activities of the District, as well as recreational services activities.

Following is a summary of assets and liabilities of the General Fund at June 30, 2005 and 2004:

General Fund Assets and Liabilities

	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>Increase (Decrease)</u>
Cash and Investments	\$179,123	\$174,075	\$5,048
Other Assets	25,415		25,415
Total Assets	204,538	174,075	30,463
Liabilities	(7,624)	(3,956)	3,668
Fund Balance	\$196,914	\$170,119	\$26,795

Following is a summary of revenues and expenditures of the General Fund for the years ended June 30, 2005 and 2004:

General Fund Revenues and Expenditures

	<u>FY 2004-05</u>	<u>FY 2003-04</u>	<u>Increase (Decrease)</u>
Total Revenues	\$205,751	\$151,306	\$54,445
Total Expenditures	(178,956)	(168,530)	(10,426)
Net Change in Fund Balance	26,795	(17,224)	44,019
Beginning Fund Balance	170,119	187,343	(17,224)
Ending Fund Balance	<u>\$196,914</u>	<u>\$170,119</u>	<u>\$26,795</u>

Total General Fund revenues increased during the last fiscal year by \$54,445 whereas expenditures grew by only \$10,426. As a consequence, fund balance increased by \$44,019 during fiscal year 2004-05. The increase in revenues of the General Fund resulted from increases in tax revenues, donations, special assessments and a one-time special use fee of \$22,500 paid by Columbia Pictures to film portions of the movie "Memoirs of a Geisha".

There were no revisions during the year to the budget adopted for the General Fund. Actual revenues were \$87,460 over budget due primarily to receipt of an unbudgeted donation for the community center roof (\$26,365) and collection of more property tax revenue than expected (\$27,978).

Water Fund -- The Water Fund's assets and liabilities were as follows:

Water Fund Assets and Liabilities

	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>Increase (Decrease)</u>
Cash and Investments	\$329,227	\$295,256	\$33,971
Other Assets	227,038	228,857	(1,819)
Total Assets	556,265	524,113	32,152
Liabilities	(31,982)	(8,800)	(23,182)
Net Assets	<u>\$524,283</u>	<u>\$515,313</u>	<u>\$ 8,970</u>

Water Fund cash and investments increased during fiscal year 2004-05 due to collection of amounts to be used for acquisition of capital assets in amounts that exceeded outlays for capital assets. Specifically, collections of consumption surcharges and special assessment fees totaled \$67,869 and acquisition of capital assets totaled only \$15,420.

The Water Fund's revenues and expenses for fiscal years 2004-05 and 2003-04 were as follows:

Water Fund Revenues and Expenses

	<u>FY 2004-05</u>	<u>FY 2003-04</u>	<u>Increase (Decrease)</u>
Total Revenues	\$133,861	\$147,132	\$(13,271)
Total Expenses	(124,891)	(90,795)	(34,096)
Net Change in Net Assets	8,970	56,337	(47,367)
Beginning Net Assets	515,313	458,976	56,337
Ending Net Assets	\$524,283	\$515,313	\$8,970

Capital Asset Administration

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounts to \$423,713 (net of accumulated depreciation). This investment in capital assets includes land, easements, buildings, water system, machinery and equipment, and roads. The total increase in the District's investment in capital assets for the current fiscal year was 10%. Major capital asset additions during the fiscal year included a Bobcat tractor (\$34,442) and a new roof for the Community Center (\$20,936).

Summary of Known Facts Decisions or Conditions

The Board approved a water rate increase inflation October 17, 2005. Water revenues are expected to increase approximately \$1,000 per month.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in government finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Sharon Mullin, Certified Public Accountant, 21 Cove Lane, Muir Beach, California 94965.

MUIR BEACH COMMUNITY SERVICES DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2005

	<i><u>Governmental Activities</u></i>	<i><u>Business-type Activities</u></i>	<i><u>Total</u></i>
ASSETS			
Cash and Investments	\$ 284,166	\$ 329,227	\$ 613,393
Interest Receivable		2,290	2,290
Water Billing Receivables		8,406	8,406
Prepaid Expenses	1,000		1,000
Inventory	10,609		10,609
Capital Assets, Net of Accumulated Depreciation of \$603,736	207,371	216,342	423,713
Other	1,333		1,333
	<u>504,479</u>	<u>556,265</u>	<u>1,060,744</u>
Total Assets			
LIABILITIES			
Accounts Payable	5,895		5,895
Deposits	1,729	8,900	10,629
	<u>7,624</u>	<u>8,900</u>	<u>16,524</u>
Total Liabilities			
NET ASSETS			
Invested in Capital Assets	207,371	216,342	423,713
Unrestricted	289,484	331,023	620,507
	<u>496,855</u>	<u>547,365</u>	<u>1,044,220</u>
Total Net Assets			

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2005

<i>Functions/Programs</i>	<i>Expenses</i>	<i>Program Revenues</i>		<i>Net (Expenses) Revenues and Change in Net Assets</i>	
		<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Governmental Activities</i>	<i>Business-Type Activities</i>
Governmental Activities:					
General Government	\$ 81,423			\$ (81,423)	\$ (81,423)
Fire Operations	15,664		\$ 79,225	63,561	63,561
Recreational Activities	27,670	\$ 15,125	65	(12,480)	(12,480)
Community Center	20,936		26,300	5,364	5,364
Roads and Easements	19,364			(19,364)	(19,364)
Total Governmental Activities	165,057	15,125	105,590	(44,342)	(44,342)
Business-Type Activities - Water	124,891	79,772			\$ (45,119)
Total Primary Government	\$ -	\$ 94,897	\$ 105,590	(44,342)	(45,119)
General Revenues:					
Property Taxes:					
Levied for General Purposes				85,278	85,278
Special Assessment Tax				2,638	50,031
Investment Earnings				5,781	4,058
Movie Fee - Columbia Pictures				22,500	22,500
Transfers				(23,082)	23,082
Total General Revenues and Transfers				93,115	77,171
Change in Net Assets				48,773	32,052
Net Assets - July 1, 2004				448,082	515,313
Net Assets - June 30, 2005				\$ 496,855	\$ 547,365
					\$ 1,044,220

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

**MUIR BEACH COMMUNITY SERVICES DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005**

	Major Fund- General Fund	Non-Major Fund- Volunteer Fireman's Fund	Total
ASSETS			
Cash and Investments	\$ 179,123	\$ 105,043	\$ 284,166
Due from Water Fund	23,082		23,082
Prepaid Expenses	1,000		1,000
Inventory		10,609	10,609
Other	1,333		1,333
Total Assets	\$ 204,538	\$ 115,652	\$ 320,190
LIABILITIES			
Accounts Payable	\$ 5,895		\$ 5,895
Deposits	1,729		1,729
Total Liabilities	7,624		7,624
FUND BALANCE - Unreserved	196,914	\$ 115,652	312,566
Total Liabilities and Fund Balance	\$ 204,538	\$ 115,652	\$ 320,190

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**

Governmental fund balance	\$ 312,566
Capital assets, net of accumulated depreciation, are reported on the Statement of Net Assets but not in governmental funds	207,371
Interfund balances are reported in governmental funds but not on the Statement of Assets	(23,082)
Net Assets for Governmental Activities on the Statement of Net Assets	\$ 496,855

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005

	Major Fund- <i>General</i>	Non-Major Fund- <i>Volunteer Fireman's</i>	<i>Total</i>
REVENUES			
Recreational Activities	\$ 15,125		\$ 15,125
Grants	43,701	\$ 17,437	61,138
Donations	32,906	1,240	34,146
Special Assessments	2,638		2,638
Property Taxes	85,278		85,278
Interest	3,603	2,177	5,780
Event Income		29,881	29,881
Movie Fees	22,500	3,771	26,271
Total Revenues	<u>205,751</u>	<u>54,506</u>	<u>260,257</u>
EXPENDITURES			
Current:			
Accounting & Bookkeeping	11,440		11,440
Administration	23,932		23,932
Bank Service Charges	2	332	334
Bistro Expenses	599		599
Event cost	140	16,805	16,945
Insurance	8,703	3,841	12,544
Interest	73		73
Legal & Professional	2,512		2,512
Licenses, Memberships & Fees	685		685
Meetings	395	3,638	4,033
Office Expense	1,349		1,349
Outside Services	2,888		2,888
Payroll	46,732	2,700	49,432
Postage & Delivery	265	11	276
Printing & Photocopies	52		52
Repair & Maintenance	11,427	4,658	16,085
Supply	4,809	16,165	20,974
Telephone	2,090	622	2,712
Travel	1,941		1,941
Utilities	2,483		2,483
Other		502	502
Capital Outlay	56,439		56,439
Total Expenditures	<u>178,956</u>	<u>49,274</u>	<u>228,230</u>
Net Change in Fund Balance	26,795	5,232	32,027
Fund Balance, July 1, 2004	170,119	110,420	280,539
Fund Balance, June 30, 2005	<u>\$ 196,914</u>	<u>\$ 115,652</u>	<u>\$ 312,566</u>

**RECONCILIATION OF GOVERNMENTAL FUND EXCESS OF REVENUES OVER
EXPENDITURES TO CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES**

Governmental fund excess of Revenues over Expenditures	\$ 32,027
Depreciation expense is reported in the Statement of Activities but not in governmental funds	(16,611)
Acquisition of capital assets is reported as expenditures in the governmental funds but the cost of those assets is reported as depreciation expense over their useful lives in the Statement of Activities	56,439
Expenses of the Water Fund paid by the General Fund are reported in the Statement of Activities	(23,082)
Change in Net Assets on Statement of Activities	<u><u>\$ 48,773</u></u>

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

**MUIR BEACH COMMUNITY SERVICES DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2005**

	<u><i>Water Fund</i></u>
ASSETS	
Cash and Investments	\$ 329,227
Interest Receivable	2,290
Water Billing Receivables	8,406
Capital Assets, Net of Accumulated Depreciation of \$345,401	<u>216,342</u>
Total Assets	<u>556,265</u>
LIABILITIES	
Due To General Fund	23,082
Deposits	<u>8,900</u>
Total Liabilities	<u>31,982</u>
NET ASSETS	
Invested in Capital Assets	216,342
Restricted	<u>307,941</u>
Total Net Assets	<u><u>\$ 524,283</u></u>

**RECONCILIATION OF PROPRIETARY FUND NET ASSETS
TO NET ASSETS OF BUSINESS-TYPE ACTIVITIES:**

Proprietary Fund net assets	\$ 524,283
Interfund balances are reported in proprietary funds but not on the Statement of Net Assets	<u>23,082</u>
Net Assets for Business-type Activities on the Statement of Net Assets	<u><u>\$ 547,365</u></u>

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2005

	<u>Water Fund</u>
OPERATING REVENUES	
Water Service Charges	\$ 63,560
OPERATING EXPENSES	
Accounting & Bookkeeping	5,950
Administration	24,449
Bank Service Charges	25
Depreciation	16,750
Document Expense	100
Employee Benefits	4,334
Insurance	3,707
Legal & Professional	255
Licenses, Memberships & Fees	1,232
Meetings	7
Miscellaneous Operating Expenses	1,895
Office Expense	710
Payroll	29,580
Postage & Delivery	863
Printing & Photocopies	72
Repair & Maintenance	23,175
Supplies	8
Telephone	805
Travel	1,522
Utilities	6,619
Water Testing	2,833
Total Expenses	<u>124,891</u>
Operating Loss	(61,331)
NON-OPERATING REVENUES - Interest	4,058
CAPITAL CONTRIBUTIONS	
Consumption Surcharge	16,212
Special Assessment	<u>50,031</u>
Change in Net Assets	8,970
Net Assets, July 1, 2004	515,313
Net Assets, June 30, 2005	<u><u>\$ 524,283</u></u>
RECONCILIATION OF PROPRIETARY FUND CHANGE IN NET ASSETS	
TO CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES:	
Proprietary Fund change in net assets	\$ 8,970
Expenses of the Water Fund paid by the General Fund are reported in the Statement of Activities	23,082
	<u><u>\$ 32,052</u></u>

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

**MUIR BEACH COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2005**

	<u><i>Water Fund</i></u>
<i>Cash Flows from Operating Activities:</i>	
Cash received from customers	\$ 63,660
Cash paid to employees for services	(33,914)
Cash paid to suppliers for goods and services	(72,208)
Other	(2,019)
Cash Used by Operating Activities	<u>(44,481)</u>
<i>Cash Flows from Capital and Related Financing Activities:</i>	
Purchase of capital assets	(15,420)
Collection of consumption surcharge	16,212
Collection of special assessment	51,657
Cash Used by Capital and Related Financing Activities	<u>52,449</u>
<i>Cash Flows from Non-Capital Financing Activity -</i>	
Increase in due to General Fund	<u>23,082</u>
<i>Cash Flows from Investing Activity -</i>	
Interest received	<u>2,921</u>
Increase in cash and equivalents	33,971
<i>Cash and equivalents - June 30, 2004</i>	<u>295,256</u>
<i>Cash and equivalents - June 30, 2005</i>	<u><u>\$ 329,227</u></u>
Reconciliation of Cash Used by Operating Activities to Operating Loss	
Cash used by operating activities	\$ (44,481)
Increase in water security deposits payable	(100)
Depreciation	(16,750)
Operating loss	<u><u>\$ (61,331)</u></u>

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GENERAL FUND - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance - Positive (Negative)</i>
REVENUES			
Recreational Activities	\$ 15,125	\$ 13,850	\$ 1,275
Grants:			
Firesafe Marin	35,301	20,500	14,801
West Marin Funds	8,400	8,400	0
Other Grants		10,000	(10,000)
Donations	32,906	6,741	26,165
Special Assessments	2,638		2,638
Property Taxes	85,278	57,300	27,978
Interest	3,603	1,500	2,103
Movie Fee	22,500		22,500
Total Revenues	<u>205,751</u>	<u>118,291</u>	<u>87,460</u>
EXPENDITURES			
Current:			
Accounting & Bookkeeping	11,440	10,000	(1,440)
Administration	23,932	24,300	368
Bank Service Charges	2		(2)
Bistro Expenses	599	750	151
Event cost	140	975	835
Insurance	8,703	6,818	(1,885)
Interest	73		(73)
Legal & Professional	2,512	11,500	8,988
Licenses, Memberships & Fees	685	1,250	565
Meetings	395	1,000	605
Miscellaneous Operating Expenses		3,100	3,100
Office	1,349	575	(774)
Outside Services	2,888	1,440	(1,448)
Payroll	46,732	55,075	8,343
Postage & Delivery	265	250	(15)
Printing & Photocopies	52		(52)
Repair & Maintenance	11,427	10,400	(1,027)
Supply	4,809	11,945	7,136
Telephone	2,090	2,500	410
Travel	1,941	1,900	(41)
Utilities	2,483	2,784	301
Other		8,000	8,000
Capital Outlay	56,439		(56,439)
Total Expenditures	<u>178,956</u>	<u>154,562</u>	<u>(24,394)</u>
Net Change in Fund Balance	26,795	(36,271)	63,066
Fund Balance, July 1, 2004	170,119	170,119	0
Fund Balance, June 30, 2005	<u>\$ 196,914</u>	<u>\$ 133,848</u>	<u>\$ 63,066</u>

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1 – ORGANIZATION

The Muir Beach Community Services District (the District) is a separate governmental entity established in July 1958. The District provides water service, recreational service, roads and easement maintenance, and fire protection for a population approximating 550 in an area of 820 square acres in Muir Beach of Marin County. Revenues are derived principally from property taxes and water service charges collected from commercial and residential users within the District.

The District is governed by a five person Board of Directors (the Board) elected for four-year terms. The District's legal authority and responsibilities are contained in the California Government Code sections 61000-61850 under the "Community Services District Law."

The Muir Beach Volunteer Fireman's Association (MBVFA) is a non-profit mutual benefit corporation formed in May 1994 to provide volunteer labor and other resources to the District to support its ability to provide fire protection services within the District. MBVFA board members are elected by the current MBVFA board and serve a two year term. MBVFA is considered a component unit of the District and its activities and balances are blended in the accompanying financial statements.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the District. They are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues consist of charges for services, grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the District's governmental and proprietary funds. The District uses the following major funds:

MUIR BEACH COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

- *General Fund* is the general operating fund of the District. It is used to account for all financial resources and transactions except those required to be accounted for in another fund.
- *Water Fund* is an enterprise fund used to account for the activities related to providing water service within the District.

The District's governmental fund financial statements are presented on the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when they are both "measurable and available." Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. The modified accrual basis of accounting uses the current financial resources measurement focus whereby the balance sheet generally presents only current assets and current liabilities and the operating statement presents sources and uses of available resources during a given period.

Special assessments and investment income (including the change in the fair value of investments) associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal year using the modified accrual basis of accounting as described above. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Water Enterprise Fund financial statements are presented on the accrual basis. Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Water Fund are charges to customers for water provided. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District follows all applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB) issued before November 30, 1989, unless those pronouncements conflict with GASB pronouncements. The District has elected not to follow subsequent private-sector guidance of FASB after November 30, 1989.

Capital Assets

Capital assets are accounted for on the historical cost basis. Depreciation is recorded on a straight-line basis over 20 to 30 years for buildings, 5 to 15 years for machinery and equipment and over 15 years for vehicles. The District capitalizes all capital assets with initial cost greater than \$5,000 and a useful life greater than one year.

MUIR BEACH COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

Cash Equivalents

For purposes of the statement of cash flows, all investments with a maturity of three months or less are considered cash equivalents. The District's deposits in the County of Marin pool are, in substance, demand deposits and are therefore considered cash equivalents.

Employee Benefits

Unused vacation benefits are paid in cash each year. The Authority provides no sick leave benefits. Medical benefits for the water manager are provided through the California Public Employees Retirement System; annual premium costs paid for 2004-05 was \$4,334.

Net Assets

Net assets are reported in the following categories:

- Invested in capital assets, net of related debt – This category groups all capital assets into one category. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted net assets – This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted. The District had no restricted net assets at June 30, 2005.
- Unrestricted net assets – This category represents net assets of the District, not restricted for any project or other purpose.

Estimates

Management has made estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual values could differ from these estimates.

Property Taxes

Property taxes are assessed, collected and distributed by the County of Marin in accordance with legislation. Secured property taxes are attached as an enforceable lien on real property located in the County of Marin as of March 1. Secured property taxes are levied each November 1 on the assessed value of the real property as of the prior March 1. Taxes are due in two equal installments on December 10 and April 10 following the levy date.

Water surcharges are assessed by the District Board of Directors before September 1st and adopted by ordinance. Water surcharges are incorporated on the property tax bill, and therefore are attached as an enforceable lien on real property located within the District. Water surcharges are due in two equal installments on December 10 and April 10 following the assessment date. The water surcharges are collected and distributed to the District by the County of Marin.

MUIR BEACH COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

Budget

The District annually adopts a budget for its General Fund using the modified accrual basis. Expenditures are controlled at the object (line item) level. Any amendments or transfers of appropriations must be approved by the Board. Appropriations lapse at the end of the fiscal year. The Board made no supplemental appropriations during the year.

NOTE 3 – CASH AND INVESTMENTS

Cash and investments at June 30, 2005 consisted of the following:

Cash in bank and on hand	\$ 29,707
Cash with Marin County Treasurer	493,686
U.S. Treasury note	90,000
Total cash	<u>\$613,393</u>

Cash balances held in bank are entirely insured or collateralized by the bank holding the deposit. Up to \$100,000 per account is insured by the Federal Depository Insurance Corporation. California law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for all municipal deposits. This collateral remains with the institution, but is considered to be held in the District's name and places the District ahead of general creditors of the institution.

The District invests cash in the County Treasurer's pooled investment fund. The County Treasurer invests this fund pursuant to California Government Code Sections 53601, 53635 and 53637, which specify the investments allowed. The District earns interest on these deposits based on the daily earnings of the fund prorated to the District based on the ratio of the District's daily deposit balance to the total daily fund balance of the Treasurer's pooled investment fund. Oversight of the County Treasurer's pooled investment fund is provided by the County Treasurer. The audited financial statements of the County of Marin contain a complete disclosure of the investments and their respective levels of risk in the pooled investment fund.

The District does not adopt an investment policy covering maximum maturities, acceptable credit ratings and concentration of credit risk. Investments authorized by the California Government Code for District purchase include:

- Securities of the United States Government
- Securities of United States Government Agencies
- Securities of the State of California
- Bankers Acceptances
- Commercial Paper
- California Local District Investment Fund
- Securities of California Local Agencies
- Repurchase Agreements
- Medium Term Corporate Notes
- Money Market Mutual Funds

**MUIR BEACH COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

- Certificates of Deposit
- Negotiable Certificates of Deposit
- Savings Accounts

NOTE 4 – CAPITAL ASSETS

Changes in fixed assets during the year were as follows:

	<i>Balance June 30, 2004</i>	<i>Additions</i>	<i>Balance June 30, 2005</i>
Governmental Activities			
Capital Assets Not Depreciated -			
Land & Easements	\$ 74,673		\$ 74,673
Capital Assets Being Depreciated:			
Buildings	254,427	\$ 23,535	277,962
Equipment	78,630	34,442	113,072
Total Depreciable Capital Assets	333,057	57,977	391,034
Less Accumulated Depreciation:			
Buildings	(174,952)	(10,190)	(185,142)
Equipment	(66,773)	(6,421)	(73,194)
Total Accumulated Depreciation	(241,725)	(16,611)	(258,336)
Total Depreciable Capital Assets, Net	91,332	41,366	132,698
Total Governmental Activities' Capital Assets	\$ 166,005	\$ 41,366	\$ 207,371
 Business-type Activities			
Equipment	\$ 546,323	\$ 15,420	\$ 561,743
Less Accumulated Depreciation	(328,651)	(16,750)	(345,401)
Net Business-type Activities' Capital Assets	\$ 217,672	\$ (1,330)	\$ 216,342

Depreciation related to governmental activities was charged to the general government function/program in the statement of activities and depreciation related to business-type activities was charged to the water function/program.

NOTE 5 – INSURANCE

The District purchases insurance coverage for property and liability, fire and rescue operations, and automobile risks. Annual premiums total approximately \$7,000. Coverage includes real and personal property, bodily injury, wrongful acts, employment practices, theft, employee dishonesty and terrorist acts. Coverage excludes earthquake and flood damage. The District's deductibles are up to \$2,500 per occurrence and annual coverage limits vary from \$10,000 to \$3,000,000, depending on type of claim.



Kevin W. Harper, CPA

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Muir Beach Community Services District

I have audited the financial statements of Muir Beach Community Services District (the "District") as of and for the year ended June 30, 2005 and have issued my report thereon dated June 9, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting which I have report to the District's management in a separate letter dated June 9, 2007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors and management and is not intended to be and should not be used by anyone other than these specified parties.

Kevin W. Hansen, CPA

June 9, 2007

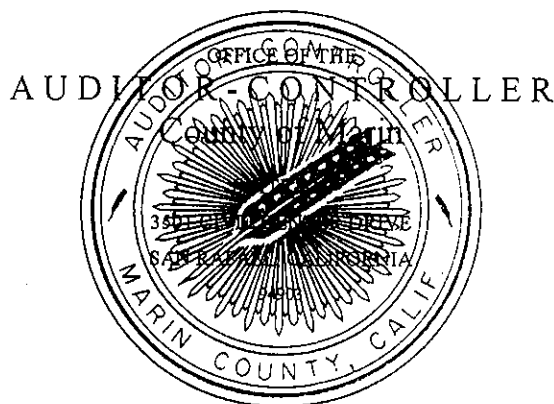
MUIR BEACH COMMUNITY SERVICES DISTRICT
GENERAL PURPOSE FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

JUNE 30, 1997



RICHARD S. ARROW, C.P.A.
Auditor-Controller
(415) 499-6154

ERNEST CULVER, C.P.A.
Assistant Auditor-Controller
FAX (415) 499-3785



REPORTABLE CONDITIONS LETTER

Board of Directors
Muir Beach Community Services District

In planning and performing our audit of the general purpose financial statements of Muir Beach Community Services District ("the District") for the years ended June 30, 1997, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involved matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following reportable conditions that we believe to be material weaknesses.

Board of Directors
Muir Beach Community Services District

- Though the District claimed \$56,417 in repair and clean up expenses relating to 1996-97 storm damages on a Project Completion and Certification Report they filed with F.E.M.A., there are only \$25,585 in verifiable expenditures relating to 1996-97 storm damages recorded in the District's general ledger through January 1999.

The District should take steps to ensure expenditures are carefully coded in the general ledger. Expenditures recorded on grant reports should mirror the expenditures recorded on the District's general ledger.

Effects of this condition are expenditures that may be grossly understated or misclassified in the District's general ledger.

Recommendation: To prevent expenditures from being understated or misclassified in the future, we recommend that District management record accounting entries accurately on the District's books.

District Response: I don't disagree with the comment, except that the projects were not completed until late 1998 and the expenses recorded in 97-98 and 98-99 were not included in the years of your audit. We filed for a time extension on project completion due to the difficulty of seasonal rains. Fiscal year ending June 30, 1998 was another major storm year in which we filed for a second F.E.M.A. grant. Due to the severe storms and the difficulty of getting contractors to come to our remote location, all repairs were delayed into fiscal years ending June 30, 1998, 1999, and 2000.

**Board of Directors
Muir Beach Community Services District**

- The District does not keep capital inventory records.

The District should maintain capital inventory records that represent a complete and valid listing of the District's assets.

The effect of this condition is non-compliance with prescribed uniform accounting and reporting requirements.

Recommendation: We recommend the District maintain a complete and accurate listing of their capital inventory.

District Response: The District now maintains a capital inventory of all equipment and structural improvements and repairs that cost more than \$500. The general consensus is that items of less than \$500 become essentially depreciated to a non value within the first year.

This report is intended solely for the information and use of the Board of Directors, management, and others within the administration, and is not intended to be and should not be used by anyone other than these specified parties.

Marin County Auditor - Controller

San Rafael, California
October 28, 2002

Muir Beach Community Services District

April 5, 2004

NOTE: The closing paragraph of this letter covers the County, but does not reveal the actual facts which are: 1) The County began the audit in 1993 and assigned an employee (Victor) that consistently was pulled off the audit for other priority work. 2) The initial years of the 5 year audit were essentially completed by a part time employee who later became a CPA. She had no problem with the records. 3) Victor did was unfamiliar with QuickBooks and did not like any accounting except the county program. 4) After years of delay, the CSD pressed the County for completion of the audit. Finally, the County completed a single year of the 5 year audit, at no charge, saying the previous years were beyond the statute of limitations. **The County had all the District's (including receipts for every expenditure) fiscal records plus disks of all QuickBooks recordings.**

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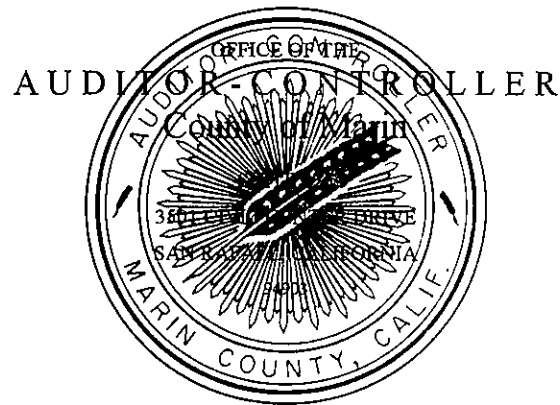
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Muir Beach Community Services District

We were engaged to audit the accompanying general purpose financial statements of Muir Beach Community Services District as of and for the year ended June 30, 1997. These general purpose financial statements are the responsibility of Muir Beach Community Services District management.

We were not able to obtain sufficient competent evidential matter to satisfy ourselves as to the completeness of expenditures of the District's General Fund because of inadequacies in the District's accounting records.

Since we were not able to obtain sufficient competent evidential matter to satisfy ourselves as to the expenditures of the District's General Fund because of inadequacies in the District's accounting records, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on these general purpose financial statements.

Marin County Auditor-Controller

San Rafael, California
October 28, 2002

Muir Beach Community Services District
Combined Balance Sheet -- All Fund Types
And Account Groups
June 30, 1997

	Governmental Fund Type	Proprietary Fund Type	Account Group	Total (Memorandum Only) (Note 1)
	General Fund	Water Service Fund	General Fixed Assets	
ASSETS				
Cash	\$ 77,437	52,801		\$ 130,238
Receivables:				
Property taxes and assessments	977			977
Accounts receivable	10,525	12,265		22,790
Federal Emergency Management Agency (FEMA) receivable	54,387			54,387
Interest receivable		503		503
Due from General Fund		29,149		29,149
Prepaid expenses	728	128		856
Property, plant, and equipment:				
Utility plant		464,107		464,107
Less: Accumulated depreciation		(104,772)		(104,772)
Building			172,545	172,545
Playground			24,548	24,548
Equipment			103,024	103,024
Paving and upgrading			69,629	69,629
Other assets:				
Preliminary survey and investigation		10,311		10,311
Total Assets	\$ 144,054	\$ 464,492	\$ 369,746	\$ 978,292
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts payable	\$ 46,033	\$ 19,920		\$ 65,953
Customer deposits	2,863	3,500		6,363
Due to Water Service Fund	29,149			29,149
Total Liabilities	78,045	23,420		101,465
Fund Equity				
Contributed capital		\$ 299,067		\$ 299,067
Less: Accumulated amortization		(86,044)		(86,044)
Investment in general fixed assets			\$ 369,746	369,746
Retained earnings:				
Unreserved		228,049		228,049
Fund balances:				
Undesignated	66,009			66,009
Total Fund Equity	66,009	441,072	369,746	876,827
Total Liabilities and Fund Equity	\$ 144,054	\$ 464,492	\$ 369,746	\$ 978,292

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

Muir Beach Community Services District
Statement of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 1997

	Budget	Actual	Variance-- Favorable (Unfavorable)
Revenues:			
Tax apportionments	\$ 27,650	\$ 29,537	\$ 1,887
State revenue		481	481
Augmentation funds		4,002	4,002
Interest	1,487	1,809	322
Rent	7,500	2,085	(5,415)
Intergovernmental revenues	8,500	62,887	54,387
Donations	125	7,769	7,644
Other miscellaneous income	40,347	5,046	(35,301)
Total Revenues	85,609	113,616	28,007
Expenditures:			
Salaries and benefits	15,306	12,905	2,401
Services and supplies	58,728	88,197	(29,469)
Fixed assets	23,100	6,951	16,149
Total Expenditures	97,134	108,053	(10,919)
Excess of Revenues over (under) expenditures	(11,525)	5,563	17,088
Fund balance -- July 1	60,446	60,446	0
Fund balance -- June 30	\$ 48,921	\$ 66,009	\$ 17,088

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

Muir Beach Community Services District
Statement of Revenues and Expenses
Water Service Fund
For the Fiscal Year Ended June 30, 1997

	Budget	Actual	Variance-- Favorable (Unfavorable)
Operating Revenues:			
Water service charges	\$ 56,000	\$ 64,793	\$ 8,793
Surcharge	1,540	5,891	4,351
Total Operating Revenues	57,540	70,684	13,144
Operating Expenses:			
Salaries and benefits	14,390	16,939	(2,549)
Contractual services	37,000	23,331	13,669
Insurance	1,800	1,374	426
Supplies and materials	8,050	7,329	721
Heat, light, and power	6,700	4,409	2,291
Repairs and maintenance	19,786	1,127	18,659
Depreciation		8,763	(8,763)
Refunds	1,000	0	1,000
Total Operating Expenses	88,726	63,272	25,454
Net Operating Gain (Loss)	(31,186)	7,412	38,598
Non-operating Revenues:			
Interest	1,482	2,657	1,175
Net Income (Loss)	<u>\$ (29,704)</u>	<u>\$ 10,069</u>	<u>\$ 39,773</u>

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

**Muir Beach Community Services District
Statement of Changes in Fund Equity
Water Service Fund
For the Year Ended June 30, 1997**

	<u>Contributed Capital</u>		<u>Retained Earnings</u>	
	<u>Contributed Capital</u>	<u>Accumulated Amortization</u>	<u>Unreserved, Undesignated</u>	<u>Total Fund Equity</u>
Balances - July 1, 1996	\$ 299,067	\$ (78,456)	\$ 210,392	431,003
Net Income (Loss) for Fiscal Year Ended June 30, 1997			10,069	10,069
Amortization - Contributions in Aid of Construction		(7,587)	7,587	-
Balances, June 30, 1997	<u>\$ 299,067</u>	<u>\$ (86,043)</u>	<u>\$ 228,048</u>	<u>\$ 441,072</u>

The notest to the general purpose financial statements are an integral part of this statement.

**Muir Beach Community Services District
Statement of Cash Flows
Water Service Fund
For the Fiscal Year Ended June 30, 1997**

Cash Flows from Operating Activities:

Net operating gain	\$ 7,412
Adjustments to reconcile net operating loss to net cash used by operating activities:	
Depreciation	8,763
Changes in assets and liabilities:	
Increase in accounts receivable and prepayments	\$ (2,994)
Increase in accounts payable	11,118
	<u>8,124</u>
Net Cash Provided by Operating Activities	24,299

Cash Flows from Noncapital Financing Activities:

Cash received from customer deposits	\$ 300
Net cash used for interfund transfers	(345)
	<u>(45)</u>
Net Cash Provided by Noncapital Financing Activities	(45)

Cash Flows from Investing Activities:

Increase in interest receivable	(211)
Interest received	<u>2,657</u>
Net Increase in Cash and Cash Equivalents	26,700
Cash and Cash Equivalents, July 1	<u>26,101</u>
Cash and Cash Equivalents, June 30 (Notes 1, 2)	<u>\$ 52,801</u>

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

Muir Beach Community Services District
Notes to the General Purpose Financial Statements
June 30, 1997

Note 1 - Summary of Significant Accounting Policies

Description of the Reporting Entity

The Muir Beach Community Services District (hereafter known as "the District") is a separate governmental unit established July 29, 1958 as a special district of the State of California. The District provides water service, recreational service, roads and easement maintenance, and fire protection for a population approximating 550 in an area of 820 square acres in Muir Beach of Marin County. Revenues are derived principally from water service charges collected from commercial and residential users within the District.

The District does not exercise oversight responsibility over any other governmental unit, thus, its financial statements do not include any financial activity of any other agency. It is not a component unit of any other reporting entity.

The District is governed by a five person Board of Directors (the Board) elected for four year terms. The District's legal authority and responsibilities are contained in the California Government Code under the "Community Services District Law" §61000--§61850.

Basis of Presentation - Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise their assets, liabilities, fund equity, revenues and expenditures. Government 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. The various funds are grouped, in the general purpose financial statements in this report, into categories as follows:

Governmental Funds (Community Services and Fire Protection)

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund includes the activities of the community service center, roads and easements, and the Volunteer Fire Department.

Proprietary Funds (Water Service)

Enterprise Fund - The Enterprise Fund is used to account for District operations (a) that are financial and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance public policy, management control, accountability or other purposes. The District accounts for the operations of its water service on this basis.

Muir Beach Community Services District
Notes to the General Purpose Financial Statements
June 30, 1997

Note 1 - Summary of Significant Accounting Policies (Cont.)

Account Groups

General Fixed Assets Account Group - The General Fixed Assets Account Group is used to maintain accounting control and accountability for the District's fixed assets. The District's fixed assets are generally stated at historical cost or estimated historical cost. No depreciation has been charged against general fixed assets.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. Under this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) as changes in net current assets.

Governmental funds are maintained on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period they become measurable and available. The District considers revenues as available if they are collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues considered susceptible to accrual include property taxes, interest and certain other intergovernmental revenues. Expenditures are recognized in the accounting period in which the liability is incurred.

Proprietary funds, of which an enterprise fund is a type, are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations of these funds are included on the balance sheet. Fund equity (i.e. net total assets) is segregated into retained earnings components. Proprietary fund-type operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets.

Proprietary funds are maintained on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Grant Accounting

Grants awarded for Proprietary Fund operating purposes are recorded as nonoperating revenues when they are earned and are measurable. Grants awarded to Proprietary Funds which are restricted to the acquisition or construction of capital assets are recorded as contributed capital when earned.

Muir Beach Community Services District
Notes to the General Purpose Financial Statements
June 30, 1997

Note 1 - Summary of Significant Accounting Policies (Cont.)

Receivables

The District accrues water user charges, property taxes, surcharge assessments, connections fees and revenues from services, and interest income. The County of Marin collects District taxes and special assessments. It is their policy to collect or discharge from accountability all secured and unsecured property taxes and special assessments within five years of the levy or assessment.

The allowance for uncollectible accounts includes only those uncollectible accounts of unsecured property taxes, inasmuch as water service charges, special assessments, and secured property tax receivables are secured by an attachable lien to the real property. An estimation of the uncollectible amount of unsecured property taxes assessed by the County of Marin, and apportioned to the District, was made. Receivables arising from connection fees and service revenue are immaterial and are not considered in the allowance for uncollectible accounts receivable.

Fixed Assets - Enterprise Fund

Fixed assets of the enterprise fund are stated at historical cost or estimated historical cost if actual historical cost is not available. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized.

Depreciation is provided using the straight-line method over estimated useful lives which are determined in accordance with the suggested useful lives contained in the State of California Uniform Accounting System for Special Districts. In the absence of a suggested useful life for a depreciable asset, the District makes the determination of useful life.

Total Columns on Combined Statements

Total columns on the combined balance sheet and statement of revenues and changes in fund balances for governmental funds are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Budgets and Budgetary Accounting:

An annual budget is adopted for the General Fund. The budget is presented on the cash basis of accounting which is not consistent with generally accepted accounting principles (GAAP). The General Manager develops a preliminary budget in June of each year and presents it to the Board for approval. The Board conducts public hearings and passes the budget before August 31st. The District publishes a public notice in the local paper before and after the preliminary budget has been passed.

Muir Beach Community Services District
Notes to the General Purpose Financial Statements
June 30, 1997

Note 1 - Summary of Significant Accounting Policies (Cont.)

Fixed dollar budgets and budgetary accounts are generally not used for enterprise activities, inasmuch as the enterprise agencies must be able to react to user demands as revenues and expenses fluctuate with the amount of service provided. However, the District does adopt a budget for its Water Services enterprise fund.

Contributed Capital

Enterprise funds record the following as contributed capital: cash transfers of equity from other funds, grants awarded for the acquisition of land, buildings and equipment, such assets contributed from other funds, water connection fees and contributions from developers.

Property Taxes

Property taxes are assessed, collected and distributed by the County of Marin in accordance with legislation. Secured property taxes are attached as an enforceable lien on real property located in the County of Marin as of March 1. Secured property taxes are levied each November 1 on the assessed value of the real property as of the prior March 1. Taxes are due in two equal installments on December 10 and April 10 following the levy date.

Under California law, secured property taxes are assessed and collected by the counties at up to 1% of assessed value, plus other increases approved by voters. The property taxes are pooled and then allocated to the cities and districts based upon complex formulas.

Unsecured property taxes are levied throughout the year beginning March 1st on the assessed value of personal property as of March 1st. For unsecured property tax bills issued between March 1st and June 30th, the amount is payable by August 31st. For unsecured property tax bills issued after June 30th, the amount of the tax is due 30 days after the bill is issued, but not later than February 28th/29th.

Water surcharges are assessed by the District Board of Directors before September 1st and adopted by ordinance. Water surcharges are incorporated on the property tax bill, and therefore are attached as an enforceable lien on real property located within the District. Water surcharges are due in two equal installments on December 10 and April 10 following the assessment date. The water surcharges are collected and distributed to the District by the County of Marin.

Muir Beach Volunteer Fire Department's Financial Activities

The financial activities of the Muir Beach Volunteer Fire Department are maintained in a checking and savings account with Wells Fargo Bank. Revenues are derived principally from fund-raising activities.

**Muir Beach Community Services District
Notes to the General Purpose Financial Statements
June 30, 1997**

Note 2 -- Cash and Investments

For the purposes of the statements of cash flows, cash and cash equivalents include all items of restricted and unrestricted cash and investments with original maturities of three months or less.

Cash and cash equivalents as of June 30, 1997 consist of the following:

	<u>June 30, 1997</u>
<u>Cash:</u>	
Cash with Marin	
County Treasurer	\$ 70,935
Cash in Financial	
Institutions	<u>25,890</u>
Total Cash	\$ 96,825
<u>Investments:</u>	
Investments with	
U.S. Treasury	<u>35,000</u>
Total Cash and	
Investments	<u>\$ 131,825</u>

Cash and Investments with Marin County Treasurer

At the request of the District's Board, moneys which need not be immediately available for the financing of the District's operations are deposited in the County Treasurer's pooled investment fund. The County Treasurer invests this fund pursuant to California Government Code Sections 53601, 53635 and 53637 which specify the investments allowed subject to certain limitations. The District earns interest on these deposits based on the daily earnings of the fund prorated to the District based on the ratio of the District's daily deposit balance to the total daily fund balance of the Treasurer's pooled investment fund. The audited financial statements of the County of Marin contain a complete disclosure of the investments and their respective levels of risk in the pooled investment fund.

Cash with Financial Institutions

The District maintained one depository account with First Nationwide (now California Federal). This depository account is maintained for operational purposes, and is insured by the Federal Deposit Insurance Corporation (FDIC), to the extent that no one account exceeds \$100,000. As of June 30, 1997, the District's accounts did not exceed \$100,000.

Muir Beach Community Services District
Notes to the General Purpose Financial Statements
June 30, 1997

Note 3 -- General Fixed Assets

Acquisitions of general fixed assets are recorded as expenditures in the general fund and are recorded at cost in the general fixed asset account group. No depreciation is provided on general fixed assets.

A summary of changes in general fixed assets for the fiscal year ended June 30, 1997 is as follows:

	<u>Balance</u> <u>6/30/96</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/97</u>
<u>Community Services:</u>				
Community Center	\$ 173,423			\$ 173,423
Playground	24,548			24,548
Refrigerator	483			483
Tables		\$ 295		295
Total Community Services Assets	\$ 198,454	\$ 295	\$ 0	\$ 198,749
<u>Fire:</u>				
Fire Truck	\$ 57,588			\$ 57,588
Utility Truck	500			500
Fire Equipment	25,471			25,471
Electronic Equipment	7,795			7,795
Breathing Apparatus	771			771
Fire Barn	653			653
Pagers	2,814			2,814
Portable Radio	879	\$ 836		1,715
Hose and Fittings	1,420			1,420
Extractor Rescue Kit		2,643		2,643
Total Fire Assets	\$ 97,891	\$ 3,479	\$ 0	101,370
<u>Road Improvement:</u>				
Paving and Upgrading	\$ 69,629			\$ 69,629
Total General Fixed Assets Account Group	\$ 365,974	\$ 3,774	\$ 0	\$ 369,748

Muir Beach Community Services District
Notes to the General Purpose Financial Statements
June 30, 1997

Note 4 – Property, Plant, and Equipment

A summary of proprietary fund type property, plant and equipment of the District for the fiscal year ended June 30, 1997 follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 5,044	\$ ---	\$ 5,044
Water Tanks	241,367	72,450	168,917
Inter-ties	163,195	11,254	151,941
Water Lines	16,231	13,352	2,879
Well Improvements	13,000	1,733	11,267
Water Pumps	8,320	1,499	6,821
Water Meters	8,290	2,842	5,448
Hydrants	7,873	854	7,019
Gas Tanks	787	787	---
Totals	\$ <u>464,107</u>	\$ <u>104,771</u>	\$ <u>359,336</u>

Note 5 - Preliminary Survey and Investigation Charges

Per the State of California's State Controller's Manual of Accounting for Water Utilities, "all costs for preliminary surveys, plans, and investigations made for the purpose of determining the feasibility of projects under contemplation" shall be accounted for under preliminary survey and investigation charges. Should construction result, this account shall be credited and the appropriate asset charged. If the work is abandoned, the cost shall be written off as an expense. As of June 30, 1997, the District has accounted for preliminary charges of \$8,991 for ground water hydrologic study, and \$1,320 for the East Sunset Inter-tie survey.

	<u>Balance 6/30/96</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/97</u>
Ground Water Project	\$ 8,991	\$ ---	\$ ---	\$ 8,991
E. Sunset Intertie Survey	1,320			1,320
Totals	\$ <u>10,311</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>10,311</u>

Muir Beach Community Services District
Notes to the General Purpose Financial Statements
June 30, 1997

Note 6 -- California Constitution Article XIII B

Article XIII B, Section 1.5 of the California Constitution requires that "the annual calculation of the appropriations limit under this article for each entity of local government shall be reviewed as part of an annual financial audit." In connection with the audit of the general purpose financial statements of the District for the fiscal year ended June 30, 1997, the following procedures are required to be performed by the independent auditors:

1. The auditors are to obtain the District's calculation for the Article XIII B Appropriations Limitation for the fiscal year ending June 30, 1997 and to determine that the limit was adopted by resolution of the Board of Directors.
2. The auditors are to inquire about whether population and price factor options included in the computation of each fiscal year's appropriations limit were selected annually by a recorded vote of the Board of Directors.
3. The auditors are to recompute the percentage change in population used to compute the population percent adjustment factor. The auditors are to agree the fiscal year's per capita increase adjustment factor to the notice from the State Department of Finance. The auditors are to multiply the factors to obtain the total adjustment factor for the fiscal year ends.
4. Using the District's calculation (procedure #1, above), the auditors are to multiply the previous year's limit by the total adjustment factor computed in procedure #3, above. The auditors are to agree the result to the current limit calculated in procedure #1, above.

These procedures are substantially less in scope than would be necessary to render an opinion on the District's Appropriation Limit computation.

Based on the application of the procedures referred to above, except for the effect, if any, of the matters noted in the preceding paragraph, nothing came to the independent auditor's attention that caused them to believe that the Appropriations Limits for the fiscal year ended June 30, 1997 were not computed in accordance with Article XIII B of the California Constitution.

Note 7 - Insurance

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disaster. The District maintained two types of insurance in the fiscal year ending June 30, 1997. Business property insurance was carried through Special District Risk Management Authority (SDRMA). Worker's compensation insurance was carried through State Fund Insurance Company.

SDRMA is an inter-governmental risk sharing joint powers authority, comprised of California special districts, which provides joint self-insurance for deductible portions and commercial coverage for the remainder of coverage. The SDRMA, as an independent agency, files all required reports on behalf of member Districts.

Muir Beach Community Services District
Notes to the General Purpose Financial Statements
June 30, 1997

Note 7 – Insurance (Cont.)

The following is a summary of the insurance policies carried by the District:

As of June 30, 1997:

SDRMA – Insurance Company of the State of Pennsylvania p.l.c.	General/Auto Liability	\$2,500,000
SDRMA – The Travelers Insurance Company	Property Loss	\$25,000,000
SDRMA – Kemper National Insurance Company	Boiler and Machinery	Replacement cost
State Compensation Insurance Fund	Workers Compensation Employer Liability	\$1,000,000

Note 8 – Subsequent Events

Storm Damages - The District incurred \$56,417 in damages due to winter storms in fiscal year ending June 30, 1997. To offset these damages the District filed for assistance from the Federal Emergency Management Agency (F.E.M.A.), and received \$54,387 during fiscal year ending June 30, 1998.

Note 9 - New Accounting Pronouncements

In December 1998, GASB issued Statement 33 "Accounting and Financial Reporting for Nonexchange Transactions." The requirements of Statement 33 are effective for periods beginning after June 15, 2000. Statement 33 establishes standards for all governments with nonexchange transactions. One of the most common forms of imposed nonexchange revenue is property tax revenue. Statement 33 requires governmental entities to recognize accounts receivable when they have the right to place a lien on taxable property.

In June 1999, GASB issued Statement 34 "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments." The requirements of Statement 34 are effective for smaller governments (with annual revenues below \$10,000,000) in fiscal years beginning after June 15, 2003. Statement 34 establishes new requirements for the annual financial reports of state and local governments. Statement 34 was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions.

Components of the new financial statements will include:

- Management's discussion and analysis,
- Basic financial statements, and
- Required supplementary information.

Muir Beach Community Services District
Notes to the General Purpose Financial Statements
June 30, 1997

Note 9 - New Accounting Pronouncements (Cont.)

Management's discussion and analysis will introduce the basic financial statements and provide an analytical overview of the government's financial activities. Basic financial statements will be comprised of:

- Government-wide statements,
- Fund-based financial statements, and
- Notes to the financial statements.

Required supplementary information will include:

- A budgetary comparison schedule comparing original, final, and actual budgetary information, and
- Infrastructure disclosure information.

The effects of the District adopting these Statements have not yet been determined.

MUIR BEACH COMMUNITY SERVICES DISTRICT
GENERAL PURPOSE FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

JUNE 30, 1992 AND 1991



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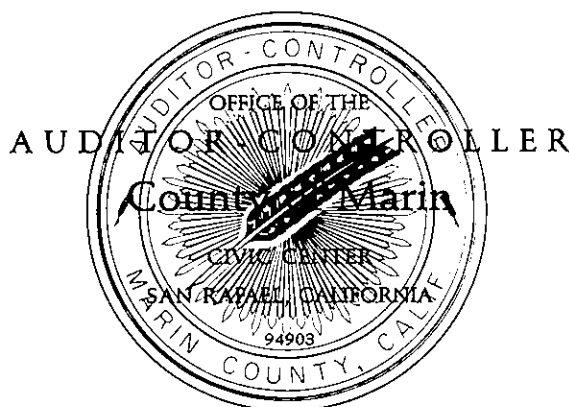
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RICHARD S. ARROW, CPA
Auditor-Controller

MILDRED VALENTINE, CPA

Assistant Auditor-Controller

Room #209 (415) 499-6154



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Muir Beach Community Services District

We were engaged to audit the accompanying general purpose financial statements of Muir Beach Community Services District as of and for the years ended June 30, 1992 and June 30, 1991. These general purpose financial statements are the responsibility of Muir Beach Community Services District management.

We were not able to obtain sufficient competent evidential matter to satisfy ourselves as to the revenues and expenditures of the District's General Fund and the operating revenues and expenditures of the District's Water Service Fund because of inadequacies in the District's accounting records. In the accompanying general purpose financial statements, the revenues and expenditures for the General Fund are stated at \$90,905 and \$116,669, respectively, for the fiscal year ended June 30, 1992, and \$77,299 and \$59,254, respectively, for the fiscal year ended June 30, 1991. The operating revenues and expenditures of the District's Water Service Fund are stated at \$65,656 and \$43,725, respectively, for the year ended June 30, 1992, and \$72,888 and \$49,990, respectively, for the year ended June 30, 1991.

Since we were not able to obtain sufficient competent evidential matter to satisfy ourselves as to the revenues and expenditures of the District's General Fund and the operating revenues and expenditures of the District's Water Service Fund because of inadequacies in the District's accounting records, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on these financial statements.

Marin County Auditor-Controller

San Rafael, California
October 25, 1993

Muir Beach Community Services District
Combined Balance Sheet - All Fund Types
And Account Groups
June 30, 1992

	Governmental Fund Type	Proprietary Fund Type	Account Group	Total (Memorandum Only (Note 1))
	General Fund	Water Service Fund	General Fixed Assets	
ASSETS				
Cash	\$ 30,917	\$ 51,961		\$ 82,878
Receivables:				
Property tax receivable	2,108			2,108
Accounts receivable	1,320	6,363		7,683
Accounts receivable - Marin County grant		17,100		17,100
Interest receivable		262		262
Due from Water Service Fund	4,503			4,503
Due from General Fund		2,732		2,732
Property, plant, and equipment:				
Utility plant		250,901		250,901
Less: Accumulated depreciation		(33,424)		(33,424)
Construction in progress (Notes 3 and 4)		25,110		25,110
Building			\$ 172,545	172,545
Playground			24,548	24,548
Equipment			86,220	86,220
Paving and upgrading			69,629	69,629
Other assets:				
Preliminary survey and investments		7,498		7,498
Total Assets	\$ 38,848	\$ 328,503	\$ 352,942	\$ 720,293
LIABILITIES				
Accounts payable	\$ 2,700	\$ 10,863		\$ 13,563
Customer deposits		1,358		1,358
Due to General Fund		2,348		2,348
Due to Surcharge Fund	4,887			4,887
Total Liabilities	7,587	14,569		22,156
FUND EQUITY				
Contributed capital		101,220		101,220
Investment in general fixed assets			\$ 352,942	352,942
Retained earnings:				
Unreserved		212,714		212,714
Fund balances:				
Undesignated	31,261			31,261
Total Fund Equity	31,261	313,934	352,942	698,137
Total Liabilities and Fund Equity	\$ 38,848	\$ 328,503	\$ 352,942	\$ 720,293

Muir Beach Community Services District
Combined Balance Sheet - All Fund Types
And Account Groups
June 30, 1991

	Governmental Fund Type	Proprietary Fund Type	Account Group	Total (Memorandum Only (Note 1))
	General Fund	Water Service Fund	General Fixed Assets	
ASSETS				
Cash	\$ 54,989	\$ 60,473		\$ 115,462
Receivables:				
Property tax receivable - community	1,936			1,936
Accounts receivable		6,334		6,334
Interest receivable		1,277		1,277
Due from Water Service Fund	2,706			2,706
Property, plant, and equipment:				
Utility plant (Note 3)		203,763		203,763
Less: Accumulated depreciation		(28,379)		(28,379)
Construction in progress (Notes 3 and 4)		9,353		9,353
Building (Note 3)			\$ 168,210	168,210
Equipment - CSD (Note 3)			1,477	1,477
Equipment - Fire (Note 3)			79,563	79,563
Paving and upgrading (Note 3)			69,629	69,629
Other assets:				
Preliminary survey and investments (Note 5)		4,134		4,134
Total Assets	\$ 59,631	\$ 256,955	\$ 318,879	\$ 635,465
LIABILITIES				
Accounts payable	\$ 391	\$ 5,684		\$ 6,075
Customer deposits		1,180		1,180
Due to General Fund		491		491
Due to Water Service Fund	2,215			2,215
Total Liabilities	2,606	7,355		9,961
FUND EQUITY				
Contributed capital		62,812		62,812
Investment in general fixed assets			\$ 318,879	318,879
Retained earnings:				
Unreserved		186,788		186,788
Fund balances:				
Undesignated	57,025			57,025
Total Fund Equity	57,025	249,600	318,879	625,504
Total Liabilities and Fund Equity	\$ 59,631	\$ 256,955	\$ 318,879	\$ 635,465

Muir Beach Community Services District
Statement of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual - General Fund
For the year ended June 30, 1992

	Budget	Actual	Variance— Favorable (Unfavorable)
Revenue:			
Tax apportionments	\$ 32,641	\$ 32,587	\$ (54)
State revenue	615	627	12
Augmentation funds	14,631	14,790	159
Interest	0	134	134
Rent	4,500	111	(4,389)
Intergovernmental revenues	13,389	0	(13,389)
Donations	13,800	11,226	(2,574)
Other miscellaneous income	5,060	31,430	26,370
Total Revenues	84,636	90,905	6,269
Expenditures:			
Salaries and benefits	23,880	28,049	(4,169)
Services and supplies	41,995	54,557	(12,562)
Fixed assets	28,430	34,063	(5,633)
Contingencies and reserves	18,469	0	18,469
Total Expenditures	112,774	116,669	(3,895)
Excess of Revenues Over (Under) Expenditures	(28,138)	(25,764)	2,374
Fund Balances - July 1	57,025	57,025	0
Fund Balances - June 30	\$ 28,887	\$ 31,261	\$ 2,374

Muir Beach Community Services District
Statement of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual - General Fund
For the year ended June 30, 1991

	Budget	Actual	Variance— Favorable (Unfavorable)
Revenue:			
Tax apportionments	\$ 30,368	\$ 26,217	\$ (4,151)
State revenue	620	93	(527)
Augmentation funds	14,631	7,609	(7,022)
Interest	0	179	179
Rent	5,000	4,305	(695)
State mandated costs	1,500	0	(1,500)
Intergovernmental revenues	10,177	7,289	(2,888)
Donations	1,100	2,659	1,559
Other miscellaneous income	2,442	28,948	26,506
Total Revenues	65,838	77,299	11,461
Expenditures:			
Salaries and benefits	12,100	7,239	4,861
Services and supplies	36,840	45,745	(8,905)
Fixed assets	15,243	6,270	8,973
Contingencies and reserves	18,984	0	18,984
Total Expenditures	83,167	59,254	23,913
Excess of Revenues Over (Under) Expenditures	(17,329)	18,045	35,374
Other Financing Sources (Uses):			
Transfers - from Water Services	0	27,523	27,523
Excess of Revenues Over (Under) Expenditures and Other Uses	(17,329)	45,568	62,897
Fund Balances - July 1	9,293	9,293	0
Prior Period Adjustment (Note 6)	2,164	2,164	0
Fund Balances - July 1, 1990 as Adjusted	11,457	11,457	0
Fund Balances - June 30	\$ (5,872)	\$ 57,025	\$ 62,897

Muir Beach Community Services District
Statement of Revenues, Expenditures, and Changes in
Retained Earnings - Water Service
For the fiscal year ended June 30, 1992

	Budget	Actual	Variance: Favorable (Unfavorable)
Operating Revenues:			
Water Service charges	\$ 46,000	\$ 52,225	\$ 6,225
Surcharge	33,000	13,431	(19,569)
Total Operating Revenues	79,000	65,656	(13,344)
Operating Expenses:			
Salaries and benefits	17,620	4,884	12,736
Contractual services	9,000	4,500	4,500
Insurance	2,265	2,316	(51)
Supplies and materials	45,855	5,621	40,234
Heat, light, and power	5,000	5,440	(440)
Repairs and maintenance	5,860	15,626	(9,766)
Depreciation	0	5,045	(5,045)
Refunds	0	292	(292)
Contingencies and reserves	19,962	0	19,962
Total Operating Expenses	105,562	43,724	61,838
Net Operating Gain (Loss)	(26,562)	21,932	48,494
Non-operating Revenues:			
Interest	1,000	1,834	834
Total Non-Operating Revenues	1,000	1,834	834
Net Income (Loss)	(25,562)	23,766	49,328
Add: Depreciation on Fixed Assets			
Acquired by Grants and Shared Revenues			
Externally Restricted for Capital			
Acquisitions and Construction	0	2,160	2,160
Increase (Decrease) in Retained Earnings	(25,562)	25,926	51,488
Retained Earnings - July 1	186,788	186,788	0
Retained Earnings - June 30	\$ 161,226	\$ 212,714	\$ 51,488

Muir Beach Community Services District
Statement of Revenues, Expenditures, and Changes in
Retained Earnings - Water Service
For the fiscal year ended June 30, 1991

	Budget	Actual	Variance— Favorable (Unfavorable)
Operating Revenues:			
Water Service charges	\$ 44,000	\$ 47,827	\$ 3,827
Surcharge	26,000	25,061	(939)
Total Operating Revenues	70,000	72,888	2,888
Operating Expenses:			
Salaries and benefits	16,074	19,593	(3,519)
Contractual services	6,000	6,000	0
Insurance	2,045	2,145	(100)
Supplies and materials	65,670	4,931	60,739
Heat, light, and power	4,500	5,360	(860)
Repairs and maintenance	10,250	7,753	2,497
Depreciation	0	3,961	(3,961)
Refunds	100	247	(147)
Contingencies and reserves	27,628	0	27,628
Total Operating Expenses	132,267	49,990	82,277
Net Operating Gain (Loss)	(62,267)	22,898	85,165
Non-operating Revenues:			
Tax apportionments	0	5,145	5,145
State revenue	0	540	540
Augmentation funds	0	7,806	7,806
Interest	3,000	3,936	936
Total Non-Operating Revenues	3,000	17,427	14,427
Income before Operating Transfers	(59,267)	40,325	99,592
Operating Transfers:			
Transfer - out to General Fund	0	(27,523)	(27,523)
Net Income (Loss)	(59,267)	12,802	72,069
Add: Depreciation on Fixed Assets			
Acquired by Grants and Shared Revenues			
Externally Restricted for Capital			
Acquisitions and Construction	0	1,484	1,484
Increase in Retained Earnings	(59,267)	14,286	73,553
Retained Earnings, July 1	221,221	221,221	0
Retained Earnings - Prior Period			
Adjustment - Unreserved (Note 6)	(48,719)	(48,719)	0
Retained Earnings - July 1 as Adjusted	172,502	172,502	0
Retained Earnings, June 30	\$ 113,235	\$ 186,788	\$ 73,553

**Muir Beach Community Services District
Statement of Cash Flows - Water Service
For the Fiscal Year Ended June 30, 1992**

Cash Flows from Operating Activities:		
Net operating income (loss)		\$ 21,932
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		5,045
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	\$ (29)	
Due from General Fund	(2,732)	
(Increase) decrease in deferred expenses	(3,364)	
Increase (decrease) in accounts payable	5,179	
Increase (decrease) in deposit payable	178	
Due to General Fund	1,857	
		<u>1,089</u>
Net Cash Provided by Operating Activities		28,066
Cash Flows from Non-Capital Financing Activities:		
Contributed capital	23,468	
Net Cash Provided by Non-Capital Financing Activities		23,468
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(62,895)	
Net Cash Used in Capital and Related Financing Activities		(62,895)
Cash Flows from Investing Activities:		
Interest received		2,849
Net increase in Cash and Cash Equivalents		<u>(8,512)</u>
Cash and Cash Equivalents - Beginning of Year, as adjusted by prior period adjustments (Note 6)		60,473
Cash and Cash Equivalents - End of Year (Note 2)		<u>\$ 51,961</u>

Muir Beach Community Services District
Statement of Cash Flows - Water Service
For the Fiscal Year Ended June 30, 1991

Cash Flows from Operating Activities:

Net operating income (loss)		\$ 22,898
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		3,961
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	\$ (4,842)	
Increase (decrease) in accounts payable	1,314	
Increase (decrease) in deposit payables	370	
Increase (decrease) in other payable	491	
		(2,667)
Net Cash Provided by Operating Activities		24,192

Cash Flows from Non-Capital Financing Activities:

Non-operating tax revenue	13,491	
Transfers to General Fund	(27,523)	
Net Cash Provided by Non-Capital Financing Activities		(14,032)

Cash Flows from Capital and Related Financing Activities:

Contributed capital	17,100	
Acquisition and construction of capital assets	(29,713)	
Net Cash Used in Capital and Related Financing Activities		(12,613)

Cash Flows from Investing Activities:

Interest received		2,776
Net increase in Cash and Cash Equivalents		323

Cash and Cash Equivalents - Beginning of Year,		
as adjusted by prior period adjustments (Note 6)		60,150
Cash and Cash Equivalents - End of Year (Note 2)		\$ 60,473

Muir Beach Community Services District
Notes to the General Purpose Financial Statements
June 30, 1992 and 1991

Note 1 – Significant Accounting Policies

Description of Reporting Entity

The Muir Beach Community Services District (hereafter known as "the District") is a separate governmental unit established as a special district of the State of California. The District provides water service, recreational service, roads and easement maintenance, and fire protection to the Muir Beach Community Services District and surrounding area. The District does not exercise oversight responsibility over any other governmental unit, thus, its financial statements do not include any financial activity of any other agency. It is not a component unit of any other reporting entity.

The District is governed by a five person Board of Directors ("the Board") elected for four year terms. The District's legal authority and responsibilities are contained in the California Government Code under the "Community Services District Law" sections 61000 through 61891.

Basis of Presentation - Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise their assets, liabilities, fund equity, revenues and expenditures. Government 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. The various funds are grouped, in the general purpose financial statements in this report, into categories as follows:

Governmental Funds (Community Services and Fire Protection)

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund includes the activities of the Community Services Center, roads and easements, and the Volunteer Fire Department.

Proprietary Funds (Water Service)

Enterprise Fund - The Enterprise Fund is used to account for operations that are financed in a manner similar to private business enterprises in that the costs of providing goods and services to the general public on a continuing basis are financed or recovered partly through user chargers. The District accounts for the operations of its water service on this basis.

Muir Beach Community Services District
Notes to the General Purpose Financial Statements

June 30, 1992 and 1991
(Continued)

Note 1 – Significant Accounting Policies (Continued)

Account Groups

General Fixed Assets Account Group- The General Fixed Assets Account Group is used to maintain accounting control and accountability for the District's fixed assets. The District's fixed assets are generally stated at historical cost or estimated historical cost. No depreciation has been charged against general fixed assets.

Grant Accounting

Grants awarded for Proprietary Fund operating purposes are recorded as nonoperating revenues when they are earned and are measurable. Grants awarded to Proprietary Funds which are restricted to the acquisition or construction of capital assets are recorded as contributed capital when earned.

Receivables

The District accrues water user charges, property taxes, surcharge assessments, and interest income.

Total Columns on Combined Statements

Total columns on the combined balance sheet and statement of revenues and changes in fund balances for governmental funds are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Basis of Accounting

The Basis of Accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. Under this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) as changes in net current assets.

Muir Beach Community Services District

Notes to the General Purpose Financial Statements

June 30, 1992 and 1991

(Continued)

Note 1 – Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

Governmental funds are maintained on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period they become measurable and available. The District considers revenues as available if they are collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues considered susceptible to accrual include property taxes, interest and certain other intergovernmental revenues. Expenditures are recognized in the accounting period in which the liability is incurred.

Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the period earned and expenses are recognized in the period incurred. Under this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) as changes in net total assets.

Budgets and Budgetary Accounting:

An annual budget is adopted for the General Fund. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles (GAAP). The General Manager develops a preliminary budget in June of each year and presents it to the Board for approval. The Board conducts public hearings and passes the budget before August 31st. The District publishes a public notice in the local paper before and after the preliminary budget has been passed.

Fixed dollar budgets and budgetary accounts are generally not used for enterprise activities, inasmuch as the enterprise agencies must be able to react to user demands as revenues and expenses fluctuate with the amount of service provided. However, the District does adopt a budget for its Water Services enterprise fund.

Muir Beach Community Services District

Notes to the General Purpose Financial Statements

June 30, 1992 and 1991

(Continued)

Note 1 – Significant Accounting Policies (Continued)

Contributed Capital

Enterprise funds record the following as contributed capital: cash transfers of equity from other funds, grants awarded for the acquisition of land, buildings and equipment, such assets contributed from other funds, water connection fees and contributions from developers.

Previously, the District reported restricted construction/acquisition grants as revenues and did not record contributions from other governmental entities, nor did the District record amortization of these contributions. The effects of these errors are corrected as a prior period adjustment to the financial statements for the fiscal year ended June 30, 1991 (see Note 6 - Prior Period Adjustments).

Fixed Assets - Enterprise Fund

Fixed assets of the enterprise fund are stated at historical cost or estimated historical cost if actual historical cost is not available. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized.

Depreciation is provided using the straight-line method over estimated useful lives which are determined in accordance with the suggested useful lives contained in the State of California Uniform Accounting System for Special Districts. In the absence of a suggested useful life for a depreciable asset, the District makes the determination of useful life.

Property Taxes

Property taxes are assessed, collected and distributed by the County of Marin in accordance with legislation. Secured property taxes are attached as an enforceable lien on real property located in the County of Marin as of March 1. Secured property taxes are levied each November 1 on the assessed value of the real property as of the prior March 1. Taxes are due in two equal installments on December 10 and April 10 following the levy date.

Under California law, secured property taxes are assessed and collected by the counties at up to 1% of assessed value, plus other increases approved by voters. The property taxes are pooled and then allocated to the cities and districts based upon complex formulas.

Muir Beach Community Services District

Notes to the General Purpose Financial Statements

June 30, 1992 and 1991

(Continued)

Note 1 – Significant Accounting Policies (Continued)

Property Taxes (Continued)

Unsecured property taxes are levied throughout the year beginning March 1st on the assessed value of personal property as of March 1st. For unsecured property tax bills issued between March 1st and June 30th, the amount is payable by August 31st. For unsecured property tax bills issued after June 30th, the amount of the tax is due 30 days after the bill is issued, but not later than February 28th/29th.

Water surcharges are assessed by the District Board of Directors before September 1st and adopted by ordinance. Water surcharges are incorporated on the property tax bill, and therefore are attached as an enforceable lien on real property located within the District. Water surcharges are due in two equal installments on December 10 and April 10 following the assessment date. The water surcharges are collected and distributed to the District by the County of Marin.

Muir Beach Volunteer Fire Department's Financial Activities

The financial activities of the Muir Beach Volunteer Fire Department are maintained in a checking and savings account with Wells Fargo Bank. Revenues are derived principally from fund-raising activities.

Excess of Expenditures Over Appropriations

At June 30, 1991, excesses of expenditures over appropriations in individual funds are as follows:

<u>Fund</u>	<u>Excess Expenditures</u>
General Fund:	
Services and supplies	\$ 8,905
Enterprise Fund:	
Salaries and benefits	3,519
Insurance	100
Heat, light, and power	860
Depreciation	3,961
Refunds	147
	<u>\$ 17,492</u>

Muir Beach Community Services District

Notes to the General Purpose Financial Statements

June 30, 1992 and 1991

(Continued)

Note 1 – Significant Accounting Policies (Continued)

Excess of Expenditures Over Appropriations (Continued)

At June 30, 1992, excesses of expenditures over appropriations in individual funds are as follows:

<u>Fund</u>	<u>Excess Expenditures</u>
General Fund:	
Salaries and benefits	\$ 4,169
Services and supplies	12,562
Fixed Assets	5,633
Enterprise Fund:	
Insurance	51
Heat, light, and power	440
Depreciation	5,045
Repairs and maintenance	9,766
Refunds	292
	<u>\$ 37,958</u>

As noted in our audit opinion, we were unable to perform sufficient audit procedures to determine the nature of these variances.

Note 2 – Cash and Investments

For the purposes of the statements of cash flows, cash and cash equivalents include all items of restricted and unrestricted cash and investments with original maturities of three months or less.

Cash and cash equivalents at June 30, 1992 and June 30, 1991 consist of the following:

	<u>June 30,</u>	
	<u>1992</u>	<u>1991</u>
Cash with Marin County Treasurer	\$ 56,741	\$ 94,500
Cash in Financial Institutions	26,126	20,962
Petty Cash	11	-0-
Total Cash	<u>\$ 82,878</u>	<u>\$ 115,462</u>

Muir Beach Community Services District

Notes to the General Purpose Financial Statements

June 30, 1992 and 1991

(Continued)

Note 2 – Cash and Investments (Continued)

Cash and Investments with Marin County Treasurer

At the request of the District's Board, moneys which need not be immediately available for the financing of the District's operations are deposited in the County Treasurer's pooled investment fund. The County Treasurer invests this fund pursuant to California Government Code Sections 53601, 53635 and 53637 which specify the investments allowed subject to certain limitations. The District earns interest on these deposits based on the daily earnings of the fund prorated to the District based on the ratio of the District's daily deposit balance to the total daily fund balance of the Treasurer's pooled investment fund. The audited financial statements of the County of Marin contain a complete disclosure of the investments in the pooled investment fund.

Cash with Financial Institutions

The District maintains three depository accounts with financial institutions for operational purposes. These deposits, up to \$100,000, are insured by the Federal Deposit Insurance Corporation (FDIC), to the extent that no one account exceeds \$100,000. At June 30, 1992 and 1991 there were no accounts in excess of \$100,000.

Note 3 – General Fixed Assets

Acquisitions of general fixed assets are recorded as expenditures in the general fund and are capitalized at cost in the general fixed asset account group. No depreciation is provided on general fixed assets.

Muir Beach Community Services District

Notes to the General Purpose Financial Statements

June 30, 1992 and 1991

(Continued)

Note 3 – General Fixed Assets (Continued)

A summary of changes in general fixed assets for the fiscal year ended June 30, 1991 is as follows:

	<u>Balance</u> <u>6-30-90</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6-30-91</u>
<u>General Fixed Assets Account Group</u>				
<u>Community Services</u>				
Community Center	\$ 169,688	\$ -0-	\$ -0-	\$ 169,688
<u>Fire</u>				
Fire Truck	57,588	-0-	-0-	57,588
Utility Truck	500	-0-	-0-	500
Fire Equipment	7,420	6,270	-0-	13,690
Electronic Equipment	6,360	-0-	-0-	6,360
Breathing Apparatus	771	-0-	-0-	771
Fire Barn	653	-0-	-0-	653
Total Assets Fire	73,292	6,270	-0-	79,562
<u>Road Improvement</u>				
Paving and Upgrading	69,629	-0-	-0-	69,629
Total General Fixed Assets				
Account Group	<u>\$ 312,609</u>	<u>\$ 6,270</u>	<u>\$ -0-</u>	<u>\$ 318,879</u>
<u>Enterprise Fund</u>				
<u>Water</u>				
Land	\$ 5,044	\$ -0-	\$ -0-	\$ 5,044
Water Tanks	135,385	8,474	-0-	143,859
Water Meters	2,168	3,566	-0-	5,734
Pumps	23,373	8,320	-0-	31,693
Hydrants	415	-0-	-0-	415
Water Lines	16,231	-0-	-0-	16,231
Gas Tanks	787	-0-	-0-	787
Total utility plant	183,403	20,360	-0-	203,763
Construction in progress	-0-	9,353	-0-	9,353
	183,403	29,713	-0-	213,116
Less accumulated depreciation	(22,778)	(5,601)	-0-	(28,379)
Net Assets	<u>\$ 160,625</u>	<u>\$ 24,112</u>	<u>\$ -0-</u>	<u>\$ 184,737</u>

Muir Beach Community Services District

Notes to the General Purpose Financial Statements

June 30, 1992 and 1991

(Continued)

Note 3 – General Fixed Assets (Continued)

A summary of changes in general fixed assets for the fiscal year ended June 30, 1992 is as follows:

	<u>Balance</u> <u>6-30-91</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6-30-92</u>
<u>General Fixed Assets Account Group</u>				
<u>Community Services</u>				
Community Center	\$ 169,688	\$ 3,735	\$ -0-	\$ 173,423
Computer	-0-	600	-0-	600
Playground	-0-	24,548	-0-	24,548
Total Assets Community				
Services	169,688	28,883	-0-	198,571
<u>Fire</u>				
Fire Truck	57,588	-0-	-0-	57,588
Utility Truck	500	-0-	-0-	500
Fire Equipment	13,690	3,746	-0-	17,436
Electronic Equipment	6,360	1,435	-0-	7,795
Breathing Apparatus	771	-0-	-0-	771
Fire Barn	653	-0-	-0-	653
Total Assets Fire	79,562	5,181	-0-	84,743
<u>Road Improvement</u>				
Paving and Upgrading	69,629	-0-	-0-	69,629
Total General Fixed Assets				
Account Group	<u>\$ 318,879</u>	<u>\$ 34,064</u>	<u>\$ -0-</u>	<u>\$ 352,943</u>
 <u>Enterprise Fund</u>				
<u>Water</u>				
Land	\$ 5,044	\$ -0-	\$ -0-	\$ 5,044
Water Tanks	143,859	-0-	-0-	143,859
Water Meters	5,734	1,802	-0-	7,536
Pumps	31,693	-0-	-0-	31,693
Hydrants	415	7,458	-0-	7,873
Water Lines	16,231	-0-	-0-	16,231
Intertie D2	-0-	37,878	-0-	37,878
Gas Tanks	787	-0-	-0-	787
Total utility plant	203,763	47,138	-0-	250,901
Construction in progress	9,353	53,635	37,878	25,110
	213,116	100,773	37,878	276,011
Less accumulated depreciation	(28,379)	(5,045)	-0-	(33,424)
Net Assets	<u>\$ 184,737</u>	<u>\$ 95,728</u>	<u>\$ 37,878</u>	<u>\$ 242,587</u>

Muir Beach Community Services District

Notes to the General Purpose Financial Statements

June 30, 1992 and 1991

(Continued)

NOTE 4 - Construction In Progress

The Intertie D-2 project, known as Highway 1 and Frank Valley water flow improvement, was completed in July 1991 and \$37,878 of costs were transferred to the fixed asset account. The Intertie D-5, D-4 projects, known as Charlotte's Way - Sunset Way and Sunset Way - Pacific Way water flow improvement, continue to be construction in progress at June 30, 1992.

A summary of changes in construction in progress for the fiscal years ended June 30, 1991 and June 30, 1992 is as follows:

<u>Project</u>	<u>Balance</u> <u>6-30-90</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6-30-91</u>
Intertie D2	\$ -0-	9,353	-0-	\$ 9,353

	<u>Balance</u> <u>6-30-91</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6-30-92</u>
Intertie D2	\$ 9,353	28,525	37,878	\$ -0-
Intertie D5,D4	\$ -0-	25,110	-0-	\$ 25,110
Total construction in progress	\$ 9,353	53,635	37,878	\$ 25,110

NOTE 5 - Preliminary Survey and Investigation Charges

Per the State of California's State Controller's Manual of Accounting for Water Utilities, "all costs for preliminary surveys, plans, and investigations made for the purpose of determining the feasibility of projects under contemplation" shall be accounted for under preliminary survey and investigation charges. Should construction result, this account shall be credited and the appropriate asset charged. If the work is abandoned, the cost shall be written off as an expense. As of June 30, 1992, the District has accounted for preliminary charges of \$7,498 for ground water hydrologic study.

	<u>Balance</u> <u>6-30-90</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6-30-91</u>
Ground Water Project	\$ -0-	4,134	-0-	\$ 4,134

	<u>Balance</u> <u>6-30-91</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6-30-92</u>
Ground Water Project	\$ 4,134	3,364	-0-	\$ 7,498

Muir Beach Community Services District

Notes to the General Purpose Financial Statements

June 30, 1992 and 1991

(Continued)

Note 6 – Prior Period Adjustments

**Enterprise Fund - Water Service
Contributed Capital**

As reported in Note 1 - Contributed Capital, construction grants and special assessments were incorrectly reported, and contributions from various sources and their related amortization were not recorded for Water Service. Prior period adjustments to Water Service's contributed capital to correct these errors are as follows:

<u>Enterprise Fund</u> <u>Water Service</u>			
Balance July 1, 1990	\$ -0-	Balance June 30, 1991	\$62,812
Prior Period Adjustment:			
Additions:		Additions:	
Grant revenues	67,726	Grant revenues	17,100
Deductions:		Special assessment	
Depreciation	<u>(4,914)</u>		<u>23,468</u>
Balance June 30, 1991	<u>\$62,812</u>		40,568
		Deductions:	
		Depreciation	<u>(2,160)</u>
		Balance June 30, 1992	<u>\$101,220</u>

Retained Earnings

For the Water Service fund of the District, the balance of retained earnings as of June 30, 1990 have been restated from amounts previously reported because of prior period adjustments. Prior period adjustments to retained earnings for the Water Service fund of the District for the fiscal year ended June 30, 1991 are as follows:

	<u>Increase (Decrease) to Retained Earnings</u>
Accrual of interest income (See Note 1 - Receivables)	\$ 117
Correct depreciation previously recorded in error (See Note 1 - Fixed Assets)	(1,640)
Record contributed capital and its related amortization and fixed assets (See Note 1 - Contributed Capital)	<u>(47,196)</u>
Total Prior Period Adjustments to Retained Earnings - Unreserved, Undesignated	<u>\$ (48,719)</u>

Muir Beach Community Services District
Notes to the General Purpose Financial Statements

June 30, 1992 and 1991
(Continued)

Note 6 – Prior Period Adjustments (Continued)

General Fund
Fund Balance

The District's General Fund fund balance at June 30, 1990 has been restated from amounts previously reported because of prior period adjustments. Prior period adjustments to the District's General Fund fund balance for the fiscal year ended June 30, 1991 are as follows:

Accrual of property tax other receivables	
(See Note 1 - Receivables)	\$ <u>2,164</u>

Note 7 – California Constitution Article XIII B

Article XIII B, Section 1.5 of the California Constitution requires that "the annual calculation of the appropriations limit under this article for each entity of local government shall be reviewed as part of an annual financial audit." In connection with the audit of the general purpose financial statements of the District for the fiscal years ended June 30, 1992 and 1991, the following procedures are required to be performed by the independent auditors:

1. The auditors are to obtain the District's calculation for the Article XIII B Appropriations Limitation and determine that the limit was adopted by resolution of the Board of Directors.
2. The auditors are to inquire about whether population and price factor options included in the computation of each fiscal year's appropriations limit were selected annually by a recorded vote of the Board of Directors.
3. The auditors are to recompute the percentage change in population used to compute the population percent adjustment factor. The auditors are to agree the per capita increase adjustment factor to the notice from the State Department of Finance. The auditors are to multiply the two factors to obtain the total adjustment factor.
4. Using the District's calculation (procedure #1, above), the auditors are to multiply the prior year's limit by the total adjustment factor computed in procedure #2, above. The auditors are to agree the result to the current limit calculated in procedure #1, above.

Muir Beach Community Services District

Notes to the General Purpose Financial Statements

June 30, 1992 and 1991
(Continued)

Note 7 – California Constitution Article XIII B (Continued)

These procedures are substantially less in scope than would be necessary to render an opinion on the District's Appropriation Limit computation.

The independent auditors noted that the limit was not adopted by resolution of the Board of Directors, and that the population and price factor options included in the computation of the appropriations limit were not selected by a recorded vote of the Board of Directors.

Based on the application of the procedures referred to above, except for the effect, if any, of the matters noted in the preceding paragraph, nothing came to the independent auditor's attention that caused them to believe that the Appropriations limit was not computed in accordance with Article XIII B of the California Constitution.

Note 8 - Insurance

Primary coverage is furnished by the Special District Risk Management Authority (SDRMA). The SDRMA is an inter-governmental risk sharing joint powers authority, comprised of California special districts, which provides joint self-insurance for deductible portions and commercial coverage for the remainder of coverage. The SDRMA, as an independent agency, files all required reports on behalf of member Districts.

Coverage for the period August 1, 1990 through July 31, 1991, was as follows:

Underwritten by Lloyd's of London:

General and auto liability, and public officials' and employees' errors and omissions - \$1,250,000 per occurrence subject to the following deductibles:
\$2,000 per occurrence for first party property loss
\$500 per occurrence for third party general liability property damage
Coverage also includes \$100,000 blanket fidelity bond

Underwritten by Zurich American:

Comprehensive and Collision- on selected vehicles, with deductibles of \$500/\$1000.

Muir Beach Community Services District
Notes to the General Purpose Financial Statements

June 30, 1992 and 1991
(Continued)

Note 8 - Insurance (Continued)

Coverage for the period August 1, 1991 through July 31, 1992, was as follows:

Underwritten by Sphere Drake Insurance:

General and auto liability, and public officials' and employees' errors and omissions - \$1,250,000 per occurrence subject to the following deductibles:

\$500 per occurrence for third party general liability property damage

\$1,000 per occurrence for third party auto liability property damage

Coverage also includes \$100,000 blanket fidelity bond

Underwritten by St. Paul Surplus Lines Insurance:

Property loss - replacement cost of property, excluding vehicles, or stated value, if property is not replaced to a combined total of \$25,000,000 per occurrence, subject to a \$2,000 deductible per occurrence.

The Home Insurance Company :

Boiler and Machinery - Replacement cost excess of listed deductibles.

Note 9 - Contingencies

On August 31, 1988, Water Right Application 29331 was filed by Muir Beach Community Water District to divert 0.07 cubic foot per second year-round from Redwood Creek. Application 29331 was filed to legitimize diversions initiated 25 and 5 years prior to this date from two offstream wells.

Since that time, the District has been in correspondence with the State Water Resources Control Board regarding actions that must be taken by the District to comply with the federal Safe Drinking Water Act Amendments of 1986. If it is determined that the District's water supply from these two wells is found to be ground water under the direct influence of surface water, the District could encounter significant costs to address the situation.

The possibility of any further action on this issue by the State Water Resources Control Board is unknown and the possible financial impact on the District is not estimable.

MUIR BEACH COMMUNITY SERVICES DISTRICT
AUDITOR'S REPORT
FINANCIAL STATEMENTS
SUPPLEMENTAL SCHEDULES AND SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDED JUNE 30, 1989

MUIR BEACH COMMUNITY SERVICES DISTRICT
For Fiscal Year Ended June 30, 1989

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RICHARD S. ARROW, CPA
Auditor-Controller

MILDRED VALENTINE
Assistant Auditor-Controller
Room #209 (415) 499-6154

OFFICE OF THE
AUDITOR-CONTROLLER
County of Marin
CIVIC CENTER
SAN RAFAEL, CALIFORNIA

94903

March 2, 1990

Board of Directors
Muir Beach Community Services District
Star Route, Box 221
Sausalito, CA 94965

Honorable Members:

We have audited the accompanying financial statements of the Muir Beach Community Services District for the Fiscal Year ended June 30, 1989, listed in the foregoing table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by managements, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements listed in the aforementioned table of contents present fairly the financial position of all funds and account groups of the Muir Beach Community Services District at June 30, 1989, and the results of the District's operations for the year then ended in conformity with generally accepted accounting principles.

The accompanying supplemental schedules and supplemental information presented on Pages 10 to 15 and the column on the All Funds and Account Groups Balance Sheet captioned "Totals - Memorandum Only" are not necessary for a fair presentation of the financial statements, but are presented as additional analytical data. This information has been subjected to the tests and other auditing procedures applied in the examination of the financial statements mentioned above, and in our opinion, is fairly stated in all materials respects in relation to the financial statements taken as a whole.

Yours very truly,

RICHARD S. ARROW
Auditor-Controller


Victor Sumagaysay
Deputy Auditor

RSA/VS Enclosures

MUIR BEACH COMMUNITY SERVICES DISTRICT
Balance Sheet - All Funds and Account Groups
June 30, 1989

EXHIBIT A

	Water Service Fund	Community Services Fund	Fire Protection Fund	General Fixed Assets			Totals (Memorandum Only)	
				Community Services	Fire Protection	Road Improvement	1989	1988
<u>Assets</u>								
Cash	\$25,758	\$2,108	\$33	\$0	\$0	\$0	\$27,899	\$39,773
Accounts Receivable	6,224	0	0	0	0	0	6,224	5,280
Utility Plant - Net of Accumulated Depreciation	162,719	0	0	0	0	0	162,719	50,372
Construction in Progress	0	0	0	0	0	0	0	10,052
Building	0	0	0	168,210	0	0	168,210	168,210
Equipment	0	0	0	1,477	56,495	0	57,972	52,537
Paving and Upgrading	0	0	0	0	0	68,225	68,225	62,593
Total Assets	\$194,701	\$2,108	\$33	\$169,687	\$56,495	\$68,225	\$491,249	\$388,817
	=====	=====	=====	=====	=====	=====	=====	=====
<u>Liabilities and Fund Equity</u>								
Liabilities:								
Accounts Payable	\$3,642	\$138	\$230	\$0	\$0	\$0	\$4,010	\$8,994
Customer Deposits	743	355	0	0	0	0	1,098	879
Total Liabilities	\$4,385	\$493	\$230	\$0	\$0	\$0	\$5,108	\$9,873
	-----	-----	-----	-----	-----	-----	-----	-----
Fund Equity:								
Investment in General Fixed Assets	\$0	\$0	\$0	\$169,687	\$56,495	\$68,225	\$294,407	\$283,340
Retained Earnings	190,316	0	0	0	0	0	190,316	94,077
Fund Balance	0	1,615	(197)	0	0	0	1,418	1,527
Total Fund Equity	\$190,316	\$1,615	(\$197)	\$169,687	\$56,495	\$68,225	\$486,141	\$378,944
	-----	-----	-----	-----	-----	-----	-----	-----
Total Liabilities and Fund Equity	\$194,701	\$2,108	\$33	\$169,687	\$56,495	\$68,225	\$491,249	\$388,817
	=====	=====	=====	=====	=====	=====	=====	=====

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
Water Service Fund
Income Statement and Statement of Changes
in Retained Earnings
For Fiscal Year Ended June 30, 1989

EXHIBIT B

Operating Revenues

Water Service Charges	\$39,970	
Connection Fees	800	

Total Operating Revenues		\$40,770

Operating Expenses

Administrative and General	\$82,060	
Other	2,000	

Total Operating Expenses		84,060

Net Operating Loss		-----	(\$43,290)
--------------------	--	-------	------------

Non-Operating Revenues

Property Taxes	\$38,402	
Special Assessments	626	
Aid from Other Governmental Agencies	113,493	
Other Revenues	2,061	

Total Other Revenues		154,582

Income before Operating Transfers		\$111,292

Operating Transfers

Transfer-In from Community Services Fund	\$3,129	
Transfer-Out to Road Improvement Fund	(5,632)	
Transfer-Out to Community Services Fund	(6,850)	
Transfer-Out to Fire Protection Fund	(5,700)	

		(15,053)

Net Income			\$96,239
------------	--	--	----------

Retained Earnings, July 1, 1988			94,077
---------------------------------	--	--	--------

Retained Earnings, June 30, 1989			\$190,316
----------------------------------	--	--	-----------

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
Water Service Fund
Statement of Changes in Financial Position
For Fiscal Year Ended June 30, 1989

EXHIBIT C

Sources of Working Capital

Net Income for Fiscal Year Ended June 30, 1989	\$96,239
Items which decreased Net Income but did not require an outlay of Working Capital:	
Depreciation	2,000

Total Sources of Working Capital	\$98,239

Uses of Working Capital

Additions in Water Tanks	(\$104,296)

Total Uses of Working Capital	(\$104,296)

Decrease in Working Capital	(\$6,057)
	=====

Analysis of Changes in Working Capital

	Fiscal Year Ended 6-30-89	Fiscal Year Ended 6-30-88	Increase (Decrease) In Working Capita
	-----	-----	-----
Current Assets:			
Cash	\$25,758	\$37,963	(\$12,205)
Accounts Receivable	6,224	5,280	944
	-----	-----	-----
	\$31,982	\$43,243	(\$11,261)
	-----	-----	-----
Current Liabilities:			
Accounts Payable	\$3,642	\$8,916	(\$5,274)
Refundable Water Service Deposits	743	673	70
	-----	-----	-----
	\$4,385	\$9,589	(\$5,204)
	-----	-----	-----
Total Working Capital	\$27,597	\$33,654	(\$6,057)
	=====	=====	=====

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
Community Services Fund
Statement of Revenues and Expenditures and
Changes in Fund Balance
For Fiscal Year Ended June 30, 1989

EXHIBIT D
Page 1 of 2

	Budget	Actual	Actual Over (Under) Budget
	-----	-----	-----
<u>Revenues</u>			
Property Taxes:			
Current Secured	\$9,791	\$0	(\$9,791)
	-----	-----	-----
Revenue From Use of Money & Property:			
Interest	\$0	\$38	\$38
Rent	0	1,962	1,962
	-----	-----	-----
	\$0	\$2,000	\$2,000
	-----	-----	-----
Other:			
Food Sales	\$0	\$147	\$147
Fundraisers	0	795	795
Donations	0	6	6
Copier Income	0	2,870	2,870
Other Income	0	4	4
	-----	-----	-----
	\$0	\$3,822	\$3,822
	-----	-----	-----
Total Revenues	\$9,791	\$5,822	(\$3,969)
	-----	-----	-----
<u>Expenditures</u>			
Services and Supplies:			
Maintenance Structures			
Improvement & Grounds	\$2,000	\$668	(\$1,332)
Supplies	0	464	464
Bistro	0	531	531
Other Equipment & Furnishings	0	382	382
Office Supplies & Expense	700	12	(688)
Building & Plant Maintenance	2,000	641	(1,359)
Document Reproduction Costs	2,600	4,740	2,140
Garbage Removal	350	238	(112)
Contract Services Telephone	400	381	(19)
Contract Services Power	750	878	128
Bank Service Charges	0	29	29
	-----	-----	-----
Total Services & Supplies	\$8,800	\$8,964	\$164
	-----	-----	-----
Fixed Assets			
Building Facilities	\$0	\$402	\$402
	-----	-----	-----
Contingencies & Reserves	\$1,000	\$0	(\$1,000)
	-----	-----	-----
Total Expenditures	\$9,800	\$9,366	(\$434)
	-----	-----	-----

MUIR BEACH COMMUNITY SERVICES DISTRICT
Community Services Fund
Statement of Revenues and Expenditures and
Changes in Fund Balance
For Fiscal Year Ended June 30, 1989

EXHIBIT D
Page 2 of 2

	Budget	Actual	Actual Over (Under) Budget
	-----	-----	-----
Excess (Deficiency) of Revenues over Expenditures	(\$9)	(\$3,544)	(\$3,535)
Other Financing Sources (Uses):			
Transfer-Out to Service Fund	0	(3,129)	(3,129)
Transfer-In from Service Fund	0	6,850	6,850
	-----	-----	-----
Excess (deficiency) of Revenues over Expenditures and Other Sources	(\$9)	\$177	\$186
Fund Balance, July 1, 1988	9	1,438	1,429
	-----	-----	-----
Fund Balance Available, June 30, 1989	\$0	\$1,615	\$1,615
	=====	=====	=====

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
 Fire Protection Fund
 Statement of Revenues & Expenditures & Changes in Fund Balance
 For Fiscal Year Ended June 30, 1989

EXHIBIT E

	Budget	Actual	Actual Over (Under) Budget
	-----	-----	-----
<u>Revenues</u>			
Property Taxes:			
Current Secured	\$7,011	\$0	(\$7,011)
	-----	-----	-----
Total Revenues	\$7,011	\$0	(\$7,011)
	-----	-----	-----
<u>Expenditures</u>			
Services and Supplies			
Maintenance - Fire Trucks	\$700	\$673	(\$27)
Maintenance - Structures, Improvement and Grounds	0	230	230
Maintenance - Building and Plant	50	50	0
Drug and Medical Supplies	500	0	(500)
	-----	-----	-----
	\$1,250	\$953	(\$297)
	-----	-----	-----
Fixed Assets:			
Fire Vehicle & Equipment	\$5,000	\$5,033	\$33
	-----	-----	-----
Contingencies and Reserves:			
Contingencies General	\$850	\$0	(\$850)
	-----	-----	-----
Total Expenditures	\$7,100	\$5,986	(\$1,114)
	-----	-----	-----
Excess (Deficiency) of Revenues over Expenditures	(\$89)	(\$5,986)	(\$5,897)
Other Financing Sources (Uses):			
Transfer-In from Service Fund	0	5,700	5,700
	-----	-----	-----
Excess (deficiency) of Revenues over Expenditures and Other Sources	(\$89)	(\$286)	(\$197)
Fund Balance, July 1, 1988	89	89	0
	-----	-----	-----
Fund Balance Available, June 30, 1989	\$0	(\$197)	(\$197)
	=====	=====	=====

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
For Fiscal Year Ended June 30, 1989

Note 1 - Significant Accounting Policies

The accounting principles referred to in the following are required under the State Controller's Uniform Accounting Requirements for Special Districts under Sections 1041.1 - 1043.4 of the California Administrative Code.

The District's financial statements are organized on the basis of an enterprise fund (Water Service Fund) and two governmental funds (Community Services Fund and Fire Protection Fund).

Water Service Fund

Fund Accounting:

Enterprise fund accounting is the prescribed method of accounting for the District Water Service Operations. Enterprise fund accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Basis of Accounting:

Enterprise funds are accounted for under the accrual basis of accounting where revenues are recognized when they are earned and expenses are recognized when incurred.

MUIR BEACH COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
For Fiscal Year Ended June 30, 1989

Note 1 - Significant Accounting Policies (Continued)

Utility Plant (Fixed Assets):

Enterprise fund fixed assets are capitalized in the fund accounts because fixed assets are used in the production of the water services provided by the District. Depreciation of these fixed assets must be recorded to determine total expenses, net income and changes in fund equity.

The District's Utility Plant is valued at historical cost or estimated historical cost if actual historical cost was not available, and as of June 30, 1989, consisted of the following:

Land	\$5,044
Water Tank	135,385
Water Lines	16,231
Pumps	23,373
Water Meters	2,168
Hydrants	415
Gas Tank	787

Total Cost	\$183,403
Less Accumulated Depreciation	20,684

Net Utility Plant	\$162,719
	=====

Depreciation is provided on the straight-line basis. Useful lives are determined in accordance with suggested useful lives as contained in the State of California Uniform Accounting System for Special Districts.

Community Services Fund and Fire Protection Fund

Fund Accounting:

Governmental fund accounting is the prescribed method of accounting for the District Community Services Fund and Fire Protection Fund. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets liabilities, fund equity, revenues and expenditures.

MUIR BEACH COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
For Fiscal Year Ended June 30, 1989

Note 1 - Significant Accounting Policies (Continued)

Basis of Accounting:

Governmental funds are accounted for under the modified accrual basis of accounting where revenues are recognized in the accounting period where they become measurable and available and expenditures are recognized in the accounting period in which the fund liability is incurred.

General Fixed Assets:

Under governmental fund accounting fixed assets are capitalized in the General Fixed Asset Account Group rather than in the governmental fund. Community Services Fund and Fire Protection Fund fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available.

In accordance with generally accepted accounting principles for governmental funds, no depreciation has been provided on general fixed assets.

Note 2 - Article XIII B of the State Constitution (Prop. 4 Gann Initiative)

Under this article, appropriations made by local governments may increase annually by a factor comprised of the change in population and change in the U.S. Consumer Price Index or California per capita income, whichever is less.

The State Department of Finance provides the required change data to the local jurisdictions to calculate their appropriation limits.

A review of the District's calculation of its appropriation limit as prescribed by this article indicated that the District appropriations were within the constitutional limitations.

The foregoing is for informational purposes only and is subject to legislative or other changes.

The District's calculation of its appropriation limit as of June 30, 1989 is as follows:

Appropriations Limit	\$53,409
Total Annual Appropriations subject to limitation	33,624

Amount over (under) the appropriations limit	(\$19,785)
	=====

MUIR BEACH COMMUNITY SERVICES DISTRICT
SUPPLEMENTAL SCHEDULES AND SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDED JUNE 30, 1989

MUIR BEACH COMMUNITY SERVICES DISTRICT
Water Service Fund
Schedule of Non-Operating Revenues
Compared to Estimated Revenues
For Fiscal Year Ended June 30, 1989

EXHIBIT F

	Estimated Revenues	Actual	Actual Over (Under) Estimated
	-----	-----	-----
<u>Property Taxes</u>			
Current Secured	\$4,320	\$22,580	\$18,260
Current Unsecured	1,129	1,258	129
Prior Secured Delinquent	802	924	122
Prior Secured Redemption	810	1,100	290
Prior Secured Land Sales	0	4	4
Prior Unsecured	10	34	24
Special District Augmentation Fund	11,709	10,854	(855)
Supplemental Assessment	0	1	1
Supplementary Assessment-Current	791	1,585	794
Supplementary Assessment-Redemption	10	62	52
	-----	-----	-----
	\$19,581	\$38,402	\$18,821
	-----	-----	-----
<u>Special Assessments</u>			
Redemption	\$0	\$626	\$626
	-----	-----	-----
<u>Aid from Other Governmental Agencies</u>			
State:			
Homeowners' Property Tax Relief	\$611	\$723	\$112
Clean Water Grant	106,287	112,770	6,483
	-----	-----	-----
	\$106,898	\$113,493	\$6,595
	-----	-----	-----
<u>Other Revenues</u>			
Election Rental Fee	\$0	\$60	\$60
State Compensation Insurance			
Dividend	0	118	118
Tank Lumber Sale Proceeds	0	1,590	1,590
Meter Box	0	148	148
Miscellaneous Income	0	145	145
	-----	-----	-----
	\$0	\$2,061	\$2,061
	-----	-----	-----
 Total Non-Operating Revenues Compared to Estimated Revenues	 \$126,479 =====	 \$154,582 =====	 \$28,103 =====

MUIR BEACH COMMUNITY SERVICES DISTRICT
Water Service Fund
Schedule of Operating Expenses Compared to Budget
For Fiscal Year Ended June 30, 1989

EXHIBIT G

	Budget	Actual	Actual Over (Under) Budget
	-----	-----	-----
<u>Administrative and General</u>			
Salaries and Employee Benefits:			
Regular Staff Salaries	\$11,000	\$8,407	(\$2,593)
Extra Hire	22,000	19,935	(2,065)
Contract Employees	750	0	(750)
Social Security	2,100	765	(1,335)
Retirement & Employee Benefits	900	305	(595)
	-----	-----	-----
Total Salaries and Employee Benefits	\$36,750	\$29,412	(\$7,338)
	-----	-----	-----
Services and Supplies:			
General Insurance	\$8,500	\$8,301	(\$199)
Maintenance Structures, Improvement and Grounds	5,600	11,285	5,685
Building and Plant Maintenance	900	3,323	2,423
Postage	600	557	(43)
Office Supplies and Expense	500	710	210
Document Reproduction Costs	400	293	(107)
Drug and Medical Supplies	200	0	(200)
Gasoline, Oil and Grease	600	8	(592)
Telephone	750	990	240
Utilities - Power	4,250	3,561	(689)
Vehicle Maintenance	100	68	(32)
Publications and Legal Notices	200	394	194
Contracts & Outside Services	15,000	18,219	3,219
Professional Services	0	1,938	1,938
Conferences	125	125	0
Mileage & Routine Travel Expense	1,000	1,371	371
Workmen's Compensation Insurance	1,500	1,505	5
Miscellaneous	150	0	(150)
	-----	-----	-----
Total Services and Supplies	\$40,375	\$52,648	\$12,273
	-----	-----	-----
<u>Other</u>			
Depreciation	\$0	\$2,000	\$2,000
	-----	-----	-----
Total Operating Expenses Compared to Budget	\$77,125	\$84,060	\$6,935
	=====	=====	=====

	UTILITY PLANT							
	Land	Water Tank	Water Meters	Pumps	Hydrants	Water Lines	Gas Tanks	Total
Utility Plant - July 1, 1988	\$5,044	\$21,037	\$2,168	\$23,373	\$415	\$16,231	\$787	\$69,055
Additions (Deletions)		114,347	0	0	0	0	0	114,347
Accumulated Depreciation	0	(2,348)	(1,125)	(7,217)	(182)	(9,024)	(787)	(20,683)
Net Utility Plant - June 30, 1989	\$5,044	\$133,036	\$1,043	\$16,156	\$233	\$7,207	\$0	\$162,719

GENERAL FIXED ASSETS								
Community Services	Fire Protection							Road Improvement
	Community Center	Fire Truck	Utility Truck	Fire Equipment	Electronic Equipment	Breathing Apparatus	Fire Barn	Paving Upgrading
General Fixed Assets - July 1, 1988	\$169,286	\$44,661	\$500	\$976	\$3,900	\$771	\$653	\$51,461
Additions (Deletions)	402	5,033	0	0	0	0	0	5,632
General Fixed Assets - June 30, 1989	\$169,688	\$49,694	\$500	\$976	\$3,900	\$771	\$653	\$56,494

MUIR BEACH COMMUNITY SERVICES DISTRICT
Supplemental Information
For Fiscal Year Ended June 30, 1989

Organization

The Muir Beach Community Services District was organized under Section 61600 of the Government Code, State of California, and approved by the County of Marin Board of Supervisors on July 29, 1958. The chief function of the District is to provide water service to residents

In addition to water service, the District supports a volunteer fire department. It also provided a recreational function in the form of a multi-purpose community services building.

As of June 30, 1989, the Board of Directors was comprised of the following members:

Name ----	Term Expires November -----
Steven Shaffer	1989
Warren Myers	1989
Leba Wine	1991
Ailish Schutz	1991
David Brandt	1989

A current Oath of Office is on file with the County Clerk.

MUIR BEACH COMMUNITY SERVICES DISTRICT
Supplemental Information
For Fiscal Year Ended June 30, 1989

Insurance

(Special District Insurance
Authority 8-1-88 to 7-31-89)

Limits of Liability

Property:

Buildings and Business
Personal Property
Deductible - \$2,000

Repair or Replacement
Cost

Equipment, Deductible - \$2,000

General Liability:

Bodily Injury or Property
Damage

\$1,000,000 each occurrence
\$1,000,000 aggregate

Boiler and Machinery Coverage

\$5,000,000 Per Accident

Automobile Liability:

Bodily Injury
Property Damage, Deductible
\$1,000

\$1,000,000 any one accident

Workers Compensation

Statutory Limit

This resume of insurance is for informative purposes only and should not be construed as providing, interpreting, or confirming coverage under the insurance policy or policies referred to above.

MUIR BEACH COMMUNITY SERVICES DISTRICT
Supplemental Information
For Fiscal Year Ended June 30, 1989

General Assessment Data

The taxes, assessments and allocations levied for the Fiscal Year 1988-89 were as follows:

Allocated

Secured	\$23,729
Unsecured	1,291
Homeowners' Property Tax Relief	629
Special District Augmentation Fund	11,709

	\$37,358
	=====

Taxes, Assessments Received

Current Secured	\$22,580
Current Unsecured	1,258
Prior Year - Taxes, Redemption	
Penalties and Interest	2,061
Homeowners' Property Tax Relief	723
Special District Augmentation Fund	10,854
Supplemental Tax Roll Revenue-Current	1,586
Supplemental Tax Roll Revenue-Redemptions	62

	\$39,124
	=====

The secured tax delinquency based on collections through June 30, 1989 was 2.72%.

MUIR BEACH COMMUNITY SERVICES DISTRICT

AUDITOR'S REPORT

FINANCIAL STATEMENTS

SUPPLEMENTAL SCHEDULES AND SUPPLEMENTAL INFORMATION

FOR FISCAL YEAR ENDED JUNE 30, 1987

MUIR BEACH COMMUNITY SERVICES DISTRICT
For Fiscal Year Ended June 30, 1987

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Community Services Fund:		
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RICHARD S. ARROW, CPA
Auditor-Controller

MILDRED VALENTINE

Assistant Auditor-Controller

Room #209 (415) 499-6154



February 12, 1988

Board of Directors
Muir Beach Community Services District
Star Route, Box 221
Sausalito, CA 94965

Honorable Members:

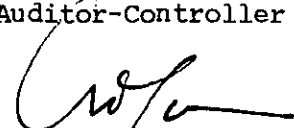
We have examined the financial statements of the Muir Beach Community Services District for the Fiscal Year Ended June 30, 1987 listed in the foregoing table of contents. Our examination was made in accordance with generally accepted auditing standards, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements listed in the aforementioned table of contents present fairly the financial position of all funds and account groups of the Muir Beach Community Services District at June 30, 1987 and the results of the District's operations, and changes in its financial position for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The accompanying supplemental schedules and supplemental information presented on Pages 9 to 14 and the column on the All Funds and Account Groups Balance Sheet captioned "Totals - Memorandum Only" are not necessary for a fair presentation of the financial statements, but are presented as additional analytical data. This information has been subjected to the tests and other auditing procedures applied in the examination of the financial statements mentioned above, and in our opinion, is fairly stated in all materials respects in relation to the financial statements taken as a whole.

Yours very truly,

RICHARD S. ARROW
Auditor-Controller


Victor Sumagaysay
Deputy Auditor

RSA/VS
Enclosures

MUIR BEACH COMMUNITY SERVICES DISTRICT
Balance Sheet - All Funds and Account Groups
June 30, 1987

EXHIBIT A

	Water Service Fund	Community Services Fund	Fire Protection Fund	General Fixed Assets			Totals (Memorandum Only)	
				Community Services	Fire Protection	Road Improvement	1987	1986
<u>Assets</u>								
Cash	\$52,552	\$1,403	\$484	\$0	\$0	\$0	\$54,439	\$48,373
Accounts Receivable	5,704	0	0	0	0	0	5,704	3,082
Utility Plant - Net of Accumulated Depreciation	52,383	0	0	0	0	0	52,383	38,332
Building	0	0	0	164,810	0	0	164,810	164,810
Equipment	0	0	0	1,076	51,461	0	52,537	51,665
Paving and Upgrading	0	0	0	0	0	37,834	37,834	36,370
Total Assets	\$110,639	\$1,403	\$484	\$165,886	\$51,461	\$37,834	\$367,707	\$342,632
<u>Liabilities and Fund Equity</u>								
Liabilities:								
Accounts Payable	\$190	\$0	\$0	\$0	\$0	\$0	\$190	\$106
Refundable Water Service Deposits	730	0	0	0	0	0	730	720
Total Liabilities	\$920	\$0	\$0	\$0	\$0	\$0	\$920	\$826
Fund Equity:								
Investment in General Fixed Assets	\$0	\$0	\$0	\$165,886	\$51,461	\$37,834	\$255,181	\$252,845
Retained Earnings	109,719	0	0	0	0	0	109,719	88,201
Fund Balance	0	1,403	484	0	0	0	1,887	760
Total Fund Equity	\$109,719	\$1,403	\$484	\$165,886	\$51,461	\$37,834	\$366,787	\$341,806
Total Liabilities and Fund Equity	\$110,639	\$1,403	\$484	\$165,886	\$51,461	\$37,834	\$367,707	\$342,632

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
Water Service Fund
Income Statement and Statement of Changes
in Retained Earnings
For Fiscal Year Ended June 30, 1987

EXHIBIT B

Operating Revenues

Water Service Charges	\$41,340	
Water Meters	69	

Total Operating Revenues		\$41,409

Operating Expenses

Administrative and General	\$51,286	
Other	1,878	

Total Operating Expenses		53,164

Net Operating Loss		-----	(\$11,755)
--------------------	--	-------	------------

Non-Operating Revenues

Property Taxes	\$17,368	
Special Assessments	3,997	
Aid from Other Governmental Agencies	12,899	
Other Revenues	474	

Total Other Revenues		34,738

Income before Operating Transfers		-----	\$22,983
-----------------------------------	--	-------	----------

Operating Transfers

Transfer-Out to Road Improvement Fund		-----	(1,465)
---------------------------------------	--	-------	---------

Net Income			\$21,518
------------	--	--	----------

Retained Earnings, July 1, 1986		-----	88,201
---------------------------------	--	-------	--------

Retained Earnings, June 30, 1987		=====	\$109,719
----------------------------------	--	-------	-----------

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
Water Service Fund
Statement of Changes in Financial Position
For Fiscal Year Ended June 30, 1987

EXHIBIT C

Sources of Working Capital

Net Income for Fiscal Year Ended June 30, 1987	\$21,518
Items which decreased Net Income but did not require an outlay of Working Capital:	
Depreciation	1,878

Total Sources of Working Capital	\$23,396

Uses of Working Capital

Additions in Water Tanks	(\$15,929)
Decrease in Working Capital	\$7,467
	=====

Analysis of Changes in Working Capital

	Fiscal Year Ended 6-30-87	Fiscal Year Ended 6-30-86	Increase (Decrease) In Working Capital
Current Assets:			
Cash	\$52,552	\$47,613	\$4,939
Accounts Receivable	5,705	3,082	2,623
	-----	-----	-----
	\$58,257	\$50,695	\$7,562
	-----	-----	-----
Current Liabilities:			
Accounts Payable	\$190	\$105	\$85
Refundable Water Service Deposits	730	720	10
	-----	-----	-----
	\$920	\$825	\$95
	-----	-----	-----
Total Working Capital	\$57,337	\$49,870	\$7,467
	=====	=====	=====

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
Community Services Fund
Statement of Revenues and Expenditures and
Changes in Fund Balance
For Fiscal Year Ended June 30, 1987

EXHIBIT D

	Budget	Actual	Actual Over (Under) Budget
<u>Revenues</u>			
Property Taxes:			
Current Secured	\$8,984	\$6,700	(\$2,284)
Revenue From Use of Money & Property:			
Interest	\$0	\$33	\$33
Rent	0	1,224	1,224
	\$0	\$1,257	\$1,257
Other:			
Food Sales	\$0	\$171	\$171
Fundraisers	0	386	386
Donations	0	241	241
	\$0	\$798	\$798
Total Revenues	\$8,984	\$8,755	(\$229)
<u>Expenditures</u>			
Services and Supplies:			
General Insurance	\$2,205	\$0	(\$2,205)
Compensation Insurance	1,800	1,107	(693)
Maintenance Structures			
Improvement & Grounds	2,500	1,010	(1,490)
Supplies	0	622	622
Food	0	187	187
Miscellaneous	0	39	39
Building & Plant Maintenance	1,500	3,717	2,217
Garbage Removal	320	234	(86)
Contract Services Telephone	315	323	8
Contract Services Power	610	699	89
Bank Service Charges	0	60	60
Total Expenditures	\$9,250	\$7,998	(\$1,252)
Excess (Deficiency) of Revenues over Expenditures	(\$266)	\$757	\$1,023
Fund Balance, July 1, 1986	266	536	270
Prior Year's Adjustment	0	110	110
Fund Balance Available, June 30, 1987	\$0	\$1,403	\$1,403

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
 Fire Protection Fund
 Statement of Revenues & Expenditures & Changes in Fund Balance
 For Fiscal Year Ended June 30, 1987

EXHIBIT E

	Budget	Actual	Actual Over (Under) Budget
<u>Revenues</u>			
Property Taxes:			
Current Secured	\$1,008	\$1,008	\$0
Other:			
Fire Services	\$0	\$205	\$205
Total Revenues	\$1,008	\$1,213	\$205
<u>Expenditures</u>			
Services and Supplies			
General Insurance	\$532	\$0	(\$532)
Maintenance - Fire Trucks	300	14	(286)
Maintenance - Structures, Improvement and Grounds	250	13	(237)
Maintenance - Building and Plant	150	54	(96)
	\$1,232	\$81	(\$1,151)
Fixed Assets:			
Electronic Equipment	\$0	\$872	\$872
Total Expenditures	\$1,232	\$953	(\$279)
Excess (Deficiency) of Revenues over Expenditures	(\$224)	\$260	\$484
Fund Balance, July 1, 1986	224	224	0
Fund Balance Available, June 30, 1987	\$0	\$484	\$484

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
For Fiscal Year Ended June 30, 1987

Note 1 - Significant Accounting Policies

The accounting principles referred to in the following are required under the State Controller's Uniform Accounting Requirements for Special Districts under Sections 1041.1 - 1043.4 of the California Administrative Code.

The District's financial statements are organized on the basis of an enterprise fund (Water Service Fund) and two governmental funds (Community Services Fund and Fire Protection Fund).

Water Service Fund

Fund Accounting:

Enterprise fund accounting is the prescribed method of accounting for the District Water Service Operations. Enterprise fund accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Basis of Accounting:

Enterprise funds are accounted for under the accrual basis of accounting where revenues are recognized when they are earned and expenses are recognized when incurred.

MUIR BEACH COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
For Fiscal Year Ended June 30, 1987

Note 1 - Significant Accounting Policies (Continued)

Utility Plant (Fixed Assets):

Enterprise fund fixed assets are capitalized in the fund accounts because fixed assets are used in the production of the water services provided by the District. Depreciation of these fixed assets must be recorded to determine total expenses, net income and changes in fund equity.

The District's Utility Plant is valued at historical cost or estimated historical cost if actual historical cost was not available, and as of June 30, 1987, consisted of the following:

Land	\$5,044
Water Tank	21,038
Water Lines	16,231
Pumps	23,373
Water Meters	2,168
Hydrants	415
Gas Tank	787

Total Cost	\$69,056
Less Accumulated Depreciation	16,673

Net Utility Plant	\$52,383
	=====

Depreciation is provided on the straight-line basis. Useful lives are determined in accordance with suggested useful lives as contained in the State of California Uniform Accounting System for Special Districts.

Community Services Fund and Fire Protection Fund

Fund Accounting:

Governmental fund accounting is the prescribed method of accounting for the District Community Services Fund and Fire Protection Fund. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets liabilities, fund equity, revenues and expenditures.

MUIR BEACH COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
For Fiscal Year Ended June 30, 1987

Note 1 - Significant Accounting Policies (Continued)

Basis of Accounting:

Governmental funds are accounted for under the modified accrual basis of accounting where revenues are recognized in the accounting period where they become measurable and available and expenditures are recognized in the accounting period in which the fund liability is incurred.

General Fixed Assets:

Under governmental fund accounting fixed assets are capitalized in the General Fixed Asset Account Group rather than in the governmental fund. Community Services Fund and Fire Protection Fund fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available.

In accordance with generally accepted accounting principles for governmental funds, no depreciation has been provided on general fixed assets.

MUIR BEACH COMMUNITY SERVICES DISTRICT
SUPPLEMENTAL SCHEDULES AND SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDED JUNE 30, 1987

MUIR BEACH COMMUNITY SERVICES DISTRICT
Water Service Fund
Schedule of Non-Operating Revenues
Compared to Estimated Revenues
For Fiscal Year Ended June 30, 1987

EXHIBIT F

	Estimated Revenues	Actual	Actual Over (Under) Estimated
<u>Property Taxes</u>			
Current Secured	\$5,473	\$7,909	\$2,436
Current Unsecured	1,097	1,088	(9)
Prior Secured Delinquent	493	475	(18)
Prior Secured Redemption	500	940	440
Prior Secured Land Sales	0	1	1
Prior Unsecured	10	26	16
Special District Augmentation Fund	5,865	5,865	0
Supplementary Assessment-Current	150	1,055	905
Supplementary Assessment-Redemption	0	9	9
	-----	-----	-----
	\$13,588	\$17,368	\$3,780
	-----	-----	-----
<u>Special Assessments</u>			
Delinquent	\$1,900	\$1,900	\$0
Redemption	1,000	2,097	1,097
	-----	-----	-----
	\$2,900	\$3,997	\$1,097
	-----	-----	-----
<u>Aid from Other Governmental Agencies</u>			
State:			
Homeowners' Property Tax Relief	\$694	\$698	\$4
Local:			
Aid from Marin County	0	12,201	12,201
	-----	-----	-----
	\$694	\$12,899	\$12,205
	-----	-----	-----
<u>Other Revenues</u>			
Election Rental Fee	\$0	\$60	\$60
Insurance Refund	0	406	406
Miscellaneous	0	8	8
	-----	-----	-----
	\$0	\$474	\$474
	-----	-----	-----
 Total Non-Operating Revenues			
Compared to Estimated Revenues	\$17,182	\$34,738	\$17,556
	=====	=====	=====

MUIR BEACH COMMUNITY SERVICES DISTRICT
Water Service Fund
Schedule of Operating Expenses Compared to Budget
For Fiscal Year Ended June 30, 1987

EXHIBIT G

	Budget	Actual	Actual Over (Under) Budget
<u>Administrative and General</u>			
Salaries and Employee Benefits:			
Regular Staff Salaries	\$7,200	\$7,081	(\$119)
Extra Hire	28,826	17,825	(11,001)
Social Security	1,900	1,692	(208)
Retirement & Employment Benefits	3,750	1,966	(1,784)
	-----	-----	-----
Total Salaries and Employee Benefits	\$41,676	\$28,564	(\$13,112)
	-----	-----	-----
Services and Supplies:			
General Insurance	\$8,000	\$7,895	(\$105)
Maintenance Structures, Improvement and Grounds	6,000	4,725	(1,275)
Building and Plant Maintenance	800	188	(612)
Postage	600	566	(34)
Office Supplies and Expense	600	671	71
Drug and Medical Supplies	1,000	0	(1,000)
Gasoline, Oil and Grease	1,500	460	(1,040)
Telephone	600	616	16
Utilities - Power	5,000	4,466	(534)
Vehicle Maintenance	1,500	293	(1,207)
Publications and Legal Notices	200	0	(200)
Professional Services	1,700	1,728	28
Mileage & Routine Travel Expense	50	9	(41)
Workmen's Compensation Insurance	1,200	1,105	(95)
Miscellaneous	500	0	(500)
	-----	-----	-----
Total Services and Supplies	\$29,250	\$22,722	(\$6,528)
	-----	-----	-----
<u>Other</u>			
Depreciation	\$0	\$1,878	\$1,878
	-----	-----	-----
Total Operating Expenses Compared to Budget	\$70,926	\$53,164	(\$17,762)
	=====	=====	=====

MUIR BEACH COMMUNITY SERVICES DISTRICT
Schedule of Changes in Utility Plant and General Fixed Assets
For Fiscal Year Ended June 30, 1987

EXHIBIT I

	UTILITY PLANT							
	Land	Water Tank	Water Meters	Pumps	Hydrants	Water Lines	Gas Tanks	Total
Utility Plant - July 1, 1986	\$5,044	\$5,108	\$2,168	\$23,373	\$415	\$16,231	\$787	\$53,126
Additions (Deletions)		15,929						15,929
Accumulated Depreciation	0	(1,603)	(981)	(5,300)	(162)	(7,942)	(685)	(16,673)
Net Utility Plant - June 30, 1987	\$5,044	\$19,434	\$1,187	\$18,073	\$253	\$8,289	\$102	\$52,382

	GENERAL FIXED ASSETS							
	Community Services	Fire Protection						Road Improvement
	Community Center	Fire Truck	Utility Truck	Fire Equipment	Electronic Equipment	Breathing Apparatus	Fire Barn	Paving Upgrading
General Fixed Assets - July 1, 1986	\$165,886	\$44,661	\$500	\$976	\$3,028	\$771	\$653	\$50,589
Additions (Deletions)	0	0	0	0	872	0	0	872
General Fixed Assets - June 30, 1987	\$165,886	\$44,661	\$500	\$976	\$3,900	\$771	\$653	\$51,461

MUIR BEACH COMMUNITY SERVICES DISTRICT
Supplemental Information
For Fiscal Year Ended June 30, 1987

Organization

The Muir Beach Community Services District was organized under Section 61600 of the Government Code, State of California, and approved by the County of Marin Board of Supervisors on July 29, 1958. The chief function of the District is to provide water service to residents

In addition to water service, the District supports a volunteer fire department. It also provided a recreational function in the form of a multi-purpose community services building.

As of June 30, 1987, the Board of Directors was comprised of the following members:

<u>Name</u>	<u>Term Expires November</u>
Bryce Browning	1987
Warren Myers	1987
Leba Wine	1987
Frances Coney	1987
Fifth Member (vacant)	

A current Oath of Office is on file with the County Clerk.

MUIR BEACH COMMUNITY SERVICES DISTRICT
Supplemental Information
For Fiscal Year Ended June 30, 1987

Insurance

(Special District Insurance
Authority 9-10-86 to 8-1-87)

Limits of Liability

Property:

Buildings and Business
Personal Property
Deductible - \$2,000

Repair or Replacement
Cost

Equipment, Deductible - \$2,000

\$75,000 any one item

General Liability:

Bodily Injury or Property
Damage

\$1,000,000 each occurrence

Automobile Liability:

Bodily Injury
Property Damage, Deductible
\$2,000

\$1,000,000 any one accident

Workers Compensation

Statutory Limit

This resume of insurance is for informative purposes only and should not be construed as providing, interpreting, or confirming coverage under the insurance policy or policies referred to above.

MUIR BEACH COMMUNITY SERVICES DISTRICT
Supplemental Information
For Fiscal Year Ended June 30, 1987

General Assessment Data

The taxes, assessments and allocations levied for the Fiscal Year 1986-87 were as follows:

Allocated

Secured	\$17,071
Unsecured	1,205
Homeowners' Property Tax Relief	694
Special District Augmentation Fund	5,865

	\$24,835
	=====

Taxes, Assessments Received

Current Secured	\$15,617
Current Unsecured	1,088
Prior Year - Taxes, Redemption	
Penalties and Interest	5,653
Homeowners' Property Tax Relief	698
Special District Augmentation Fund	5,865
Supplemental Tax Roll Revenue	1,055

	\$29,976
	=====

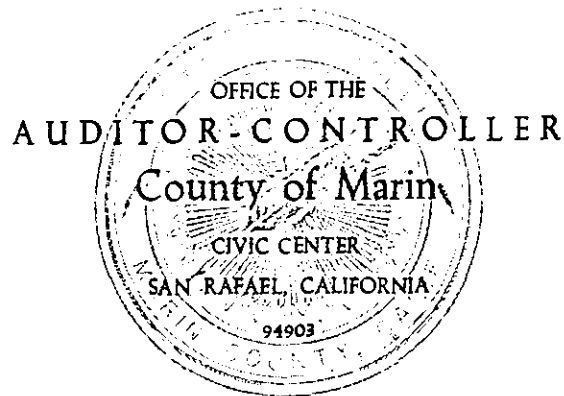
The secured tax delinquency based on collections through June 30, 1987 was 3.44%.

1

MUIR BEACH COMMUNITY SERVICES DISTRICT
AUDITOR'S REPORT
FINANCIAL STATEMENTS
SUPPLEMENTAL SCHEDULES AND SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDED JUNE 30, 1986

RICHARD J. WYNN
Auditor-Controller

RICHARD S. ARROW, CPA
Assistant Auditor-Controller
Room #209, (415) 499-6154



February 28, 1987

Board of Directors
Muir Beach Community Services District
Star Route, Box 221
Sausalito, CA 94965

Honorable Members:

We have examined the financial statements of the Muir Beach Community Services District for the Fiscal Year Ended June 30, 1986 listed in the foregoing table of contents. Our examination was made in accordance with generally accepted auditing standards, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements listed in the aforementioned table of contents present fairly the financial position of all funds and account groups of the Muir Beach Community Services District at June 30, 1986 and the results of the District's operations, and changes in its financial position for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The accompanying supplemental schedules and supplemental information presented on Pages 10 to 16 and the column on the All Funds and Account Groups Balance Sheet captioned "Totals -Memorandum Only" are not necessary for a fair presentation of the financial statements, but are presented as additional analytical data. This information has been subjected to the tests and other auditing procedures applied in the examination of the financial statements mentioned above, and in our opinion, is fairly stated in all materials respects in relation to the financial statements taken as a whole.

Your very truly,

RICHARD J. WYNN
Auditor-Controller

John Edwards CPA
Chief Auditor

RJW/JE:ed
Enclosures

MUIR BEACH COMMUNITY SERVICES DISTRICT
For Fiscal Year Ended June 30, 1986

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MUIR BEACH COMMUNITY SERVICES DISTRICT
Balance Sheet - All Funds and Account Groups
June 30, 1986

EXHIBIT A

	Water Service Fund	Community Services Fund	Fire Protection Fund	General Fixed Assets			Totals (Memorandum Only)	
				Community Services	Fire Protection	Road Improvements	1986	1985
Assets								
Cash	\$47,612.93	\$536.09	\$223.74	\$ -0-	\$ -0-	\$ -0-	\$ 48,372.76	\$ 57,088.83
Accounts Receivable	3,082.15	-0-	-0-	-0-	-0-	-0-	3,082.15	3,643.83
Utility Plant - Net of Accumulated Depreciation	38,331.99	-0-	-0-	-0-	-0-	-0-	38,331.99	40,077.47
Building	-0-	-0-	-0-	164,810.02	-0-	-0-	164,810.02	129,305.06
Equipment	-0-	-0-	-0-	1,075.67	50,589.24	-0-	51,664.91	51,325.72
Paving and Upgrading	-0-	-0-	-0-	-0-	-0-	36,370.00	36,370.00	-0-
Restricted Assets:								
Cash Deposit - Lease Purchase Agreement	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,000.00
Total Assets	<u>\$89,027.07</u>	<u>\$536.09</u>	<u>\$223.74</u>	<u>\$165,885.69</u>	<u>\$50,589.24</u>	<u>\$36,370.00</u>	<u>\$342,631.83</u>	<u>\$282,440.91</u>
Liability and Fund Equity								
Liabilities:								
Accounts Payable	\$ 105.73	\$-0-	\$-0-	\$ -0-	\$ -0-	\$ -0-	\$ 105.73	\$ 857.67
Refundable Water Consumer Service Deposits	720.00	-0-	-0-	-0-	-0-	-0-	720.00	733.34
Accrued Interest Payable	-0-	-0-	-0-	-0-	-0-	-0-	-0-	401.49
Lease Purchase Agreement :								
Current	-0-	-0-	-0-	-0-	-0-	-0-	-0-	8,260.54
Total Liabilities	<u>\$ 825.73</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 825.73</u>	<u>\$ 10,253.04</u>
Fund Equity:								
Investment in General Fixed Assets	\$ -0-	\$-0-	\$-0-	\$165,885.69	\$50,589.24	\$36,370.00	\$252,844.93	\$180,630.78
Retained Earnings	88,201.34	-0-	-0-	-0-	-0-	-0-	88,201.34	90,468.54
Fund Balance	-0-	536.09	223.74	-0-	-0-	-0-	759.83	1,088.55
Total Fund Equity	<u>\$88,201.34</u>	<u>\$536.09</u>	<u>\$223.74</u>	<u>\$165,885.69</u>	<u>\$50,589.24</u>	<u>\$36,370.00</u>	<u>\$341,806.10</u>	<u>\$272,187.87</u>
Total Liabilities and Fund Equity	<u>\$89,027.07</u>	<u>\$536.09</u>	<u>\$223.74</u>	<u>\$165,885.69</u>	<u>\$50,589.24</u>	<u>\$36,370.00</u>	<u>\$342,631.83</u>	<u>\$282,440.91</u>

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
Water Service Fund
Income Statement and Statement of
Changes in Retained Earnings
For Fiscal Year Ended June 30, 1986

EXHIBIT B

Operating Revenues

Water Service Charges	\$ 33,077.14	
Water Meters	<u>-0-</u>	
Total Operating Revenues		\$ 33,077.14

Operating Expenses

Administrative and General	\$ <u>44,880.85</u>	
Total Operating Expenses		\$ <u>44,880.85</u>
Net Operating Loss		(11,803.71)

Non-Operating Revenues

Property Taxes	\$ 15,685.72	
Special Assessments	25,089.33	
Aid from Other Governmental Agencies	8,116.12	
Revenue from Use of Money	106.87	
Other Revenues	<u>152.00</u>	
Total Other Revenues		<u>49,150.04</u>
Income before Other Financing Sources		\$ 37,346.33

Other Financing Sources and (Uses)

Transfer-in from Fire Protection Fund	\$ 1,000.00	
Transfer-Out to Community Service Fund	(4,243.53)	
Transfer-Out to Road Improvements Fund	(36,370.00)	<u>(39,613.53)</u>
Net Loss		\$ (2,267.20)
Retained Earnings, July 1, 1985		<u>90,468.54</u>
Retained Earnings, June 30, 1986		<u><u>\$ 88,201.34</u></u>

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
Water Service Fund
Statement of Changes in Financial Position
For Fiscal Year Ended June 30, 1986

EXHIBIT C

Uses of Working Capital

Net Loss for Fiscal Year Ended June 30, 1986	\$(2,267.20)
Items which decreased Net Income but did not require an outlay of Working Capital:	
Depreciation	<u>1,745.48</u>
Total Uses of Working Capital	\$ (521.72)

Sources of Working Capital

Decrease In Working Capital	<u>\$ (521.72)</u>
-----------------------------	--------------------

Analysis of Changes in Working Capital

	Fiscal Year Ended 6-30-86	Fiscal Year Ended 6-30-85	Increase (Decrease) In Working Capital
Current Assets:			
Cash	\$47,612.93	\$48,338.25	\$ 725.32
Accounts Receivable	<u>3,082.15</u>	<u>3,643.83</u>	<u>561.68</u>
	<u>\$50,695.08</u>	<u>\$51,982.08</u>	<u>\$1,287.00</u>
Current Liabilities:			
Accounts Payable	\$ 105.73	\$ 857.67	\$ 751.94
Refundable Water Service Deposits	<u>720.00</u>	<u>733.34</u>	<u>13.34</u>
	<u>\$ 825.73</u>	<u>\$ 1,591.01</u>	<u>\$ 765.28</u>
Total Working Capital	<u>\$49,869.35</u>	<u>\$50,391.07</u>	<u>\$ (521.72)</u>

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
Community Services Fund
Statement of Revenues and Expenditures and
Changes in Fund Balance
For Fiscal Year Ended June 30, 1986

EXHIBIT D
Page 1 of 2

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
<u>Revenues</u>			
Property Taxes:			
Current Secured	\$6,665.63	\$ 1,600.00	\$(5,065.63)
Prior Secured Delinquent	<u>-0-</u>	<u>150.00</u>	<u>150.00</u>
	<u>\$6,665.63</u>	<u>\$ 1,750.00</u>	<u>\$(4,915.63)</u>
Aid from Other Governmental Agencies:			
Federal:			
Child Development Buck Grant	<u>\$ -0-</u>	<u>\$ 966.48</u>	<u>\$ 966.48</u>
Local:			
Mill Valley Volunteer Fire Dept.	\$ -0-	\$ 1,500.00	\$ 1,500.00
Community Center Committee	-0-	63.00	63.00
San Francisco Foundation	<u>-0-</u>	<u>20,943.00</u>	<u>20,943.00</u>
	<u>\$ -0-</u>	<u>\$22,506.00</u>	<u>\$22,506.00</u>
Revenue From Use of Money and Property:			
Interest	\$ -0-	\$ 121.39	\$ 121.39
Rent	<u>-0-</u>	<u>656.75</u>	<u>656.75</u>
	<u>\$ -0-</u>	<u>\$ 778.14</u>	<u>\$ 778.14</u>
Other:			
Food Sales	\$ -0-	\$ 84.50	\$ 84.50
Fundraisers	-0-	44.05	44.05
Donations	-0-	185.00	185.00
Miscellaneous	<u>-0-</u>	<u>211.00</u>	<u>211.00</u>
	<u>\$ -0-</u>	<u>\$ 524.55</u>	<u>\$ 524.55</u>
Total Revenues	<u>\$6,665.63</u>	<u>\$26,525.17</u>	<u>\$19,859.54</u>
<u>Expenditures</u>			
Services and Supplies:			
Maintenance Structures			
Improv. & Grounds	\$3,033.00	\$ 165.82	\$(2,867.18)
Supplies	-0-	215.58	215.58
Food	-0-	157.15	157.15
Programs	-0-	429.70	429.70
Building & Plant Maintenance	87.00	495.28	408.28
Garbage Removal	350.00	403.50	53.50
Contract Services Power	700.00	560.88	(139.12)
Contract Services Telephone	350.00	326.49	(23.51)
Bank Service Charges	-0-	56.00	56.00
Interest	-0-	5.51	5.51
General Insurance	<u>2,205.00</u>	<u>-0-</u>	<u>(2,205.00)</u>
	<u>\$6,725.00</u>	<u>\$2,815.91</u>	<u>\$(3,909.09)</u>

MUIR BEACH COMMUNITY SERVICES DISTRICT
Community Services Fund
Statement of Revenues and Expenditures and
Changes in Fund Balance
For Fiscal Year Ended June 30, 1986

EXHIBIT D
Page 2 of 2

	<u>Budget</u>	<u>Actual</u>	Actual Over (Under) <u>Budget</u>
<u>Expenditures</u> (Continued)			
Fixed Assets:			
Child Care Room Extension	\$ -0-	\$31,261.43	\$31,261.43
Equipment - Refrigerator	<u>-0-</u>	<u>339.19</u>	<u>339.19</u>
	\$ -0-	\$31,600.62	\$31,600.62
Total Expenditures	<u>\$6,725.00</u>	<u>\$34,416.53</u>	<u>\$27,691.53</u>
Excess (deficiency) of Revenues over Expenditures	\$ 59.37	\$(7,891.36)	\$(7,831.99)
Fund Balance July 1, 1985	<u>-0-</u>	<u>8,427.45</u>	<u>8,427.45</u>
Fund Balance Available, June 30, 1985	<u>\$ 59.37</u>	<u>\$ 536.09</u>	<u>\$ 595.46</u>

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
 Fire Protection Fund
 Statement of Revenues & Expenditures & Changes in Fund Balance
 For Fiscal Year Ended June 30, 1986

EXHIBIT E

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
<u>Revenues</u>			
Property Taxes:			
Current Secured	\$ 928.87	\$ 825.00	\$ (103.87)
Prior Secured Delinquent	<u>-0-</u>	<u>100.00</u>	<u>100.00</u>
	<u>\$ 928.87</u>	<u>\$ 925.00</u>	<u>\$ (3.87)</u>
Aid from Other Governmental Agencies:			
County of Marin	<u>\$ -0-</u>	<u>\$9,000.00</u>	<u>\$9,000.00</u>
Total Revenues	<u>\$ 928.87</u>	<u>\$9,925.00</u>	<u>\$8,996.13</u>
<u>Expenditures</u>			
Services and Supplies:			
General Insurance	\$ 227.61	\$ -0-	\$ (227.61)
Interest Expense	-0-	415.70	415.70
Maintenance - Fire Truck	330.64	330.64	-0-
Maintenance - Structures, Improvements and Grounds	568.59	490.86	(77.73)
Maintenance-Building and Plant	<u>125.16</u>	<u>125.16</u>	<u>-0-</u>
	<u>\$1,252.00</u>	<u>\$1,362.36</u>	<u>\$ 110.36</u>
Fixed Assets:	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Total Expenditures	<u>\$1,252.00</u>	<u>\$1,362.36</u>	<u>\$ 110.36</u>
Excess (deficiency) of Revenues over Expenditures	<u>\$ (323.13)</u>	<u>\$8,562.64</u>	<u>\$8,885.77</u>
<u>Other Financing Uses</u>			
Transfer-out to Service Fund	<u>\$ -0-</u>	<u>\$1,000.00</u>	<u>\$1,000.00</u>
Excess (deficiency) of Revenues over Expenditures and Other Uses	(323.13)	7,562.64	7,885.77
Fund Balance, July 1, 1985	<u>323.13</u>	<u>(7,338.90)</u>	<u>7,662.03</u>
Fund Balance Available, June 30, 1986	<u>\$ -0-</u>	<u>\$ 223.74</u>	<u>\$ 223.74</u>

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
For Fiscal Year Ended June 30, 1986

Note 1 - Significant Accounting Policies

The accounting principles referred to in the following are required under the State Controller's Uniform Accounting Requirements for Special Districts under Sections 1041.1 - 1043.4 of the California Administrative Code.

The District's financial statements are organized on the basis of an enterprise fund (Water Service Fund) and two governmental funds (Community Services Fund and Fire Protection Fund).

Water Service Fund

Fund Accounting:

Enterprise fund accounting is the prescribed method of accounting for the District Water Service Operations. Enterprise fund accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Basis of Accounting:

Enterprise funds are accounted for under the accrual basis of accounting where revenues are recognized when they are earned and expenses are recognized when incurred.

MUIR BEACH COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
For Fiscal Year Ended June 30, 1986

Note 1 - Significant Accounting Policies (Continued)

Utility Plant (Fixed Assets):

Enterprise fund fixed assets are capitalized in the fund accounts because fixed assets are used in the production of the water services provided by the District. Depreciation of these fixed assets must be recorded to determine total expenses, net income and changes in fund equity.

The District's Utility Plant is valued at historical cost or estimated historical cost if actual historical cost was not available, and as of June 30, 1986, consisted of the following:

Land	\$ 5,044.00
Water Tank	3,717.88
Water Lines	1,258.45
Pumps	19,036.10
Water Meters	262.83
Hydrants	8,828.99
Gas Tank	<u>183.74</u>
Total Cost	\$53,126.47
Less Accumulated Depreciation	<u>14,794.48</u>
Net Utility Plant	<u><u>\$38,331.99</u></u>

Depreciation is provided on the straight-line basis. Useful lives are determined in accordance with suggested useful lives as contained in the State of California Uniform Accounting System for Special Districts.

Community Services Fund and Fire Protection Fund

Fund Accounting:

Governmental fund accounting is the prescribed method of accounting for the District Community Services Fund and Fire Protection Fund. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues and expenditures.

MUIR BEACH COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
For Fiscal Year Ended June 30, 1986

Note 1 - Significant Accounting Policies (Continued)

Basis of Accounting:

Governmental funds are accounted for under the modified accrual basis of accounting where revenues are recognized in the accounting period where they become measurable and available and expenditures are recognized in the accounting period in which the fund liability is incurred.

General Fixed Assets:

Under governmental fund accounting fixed assets are capitalized in the General Fixed Asset Account Group rather than in the governmental fund. Community Services Fund and Fire Protection Fund fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available.

In accordance with generally accepted accounting principles for governmental funds, no depreciation has been provided on general fixed assets.

**MUIR BEACH COMMUNITY SERVICES DISTRICT
SUPPLEMENTAL SCHEDULES AND SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDED JUNE 30, 1986**

MUIR BEACH COMMUNITY SERVICES DISTRICT
Water Service Fund
Schedule of Non-Operating Revenues
Compared to Estimated Revenues
For Fiscal Year Ended June 30, 1986

EXHIBIT F

	<u>Estimated Revenues</u>	<u>Actual</u>	<u>Actual Over (Under) Estimated</u>
<u>Property Taxes</u>			
Current Secured	\$ 5,587.50	\$10,770.31	\$ 5,182.81
Supplementary Assessment	200.00	201.60	1.60
Current Unsecured	905.00	970.78	65.78
Prior Secured Delinquent	351.48	101.48	(250.00)
Prior Secured Redemption	-0-	685.05	685.05
Prior Secured Land Sales	-0-	3.00	3.00
Prior Unsecured	-0-	13.50	13.50
Special District Augmentation Fund	2,943.00	2,940.00	(3.00)
	<u>\$ 9,986.98</u>	<u>\$15,685.72</u>	<u>\$ 5,698.74</u>
<u>Special Assessments</u>			
Current	\$28,375.00	\$21,268.00	\$(7,107.00)
Delinquent	1,125.00	1,125.00	-0-
Redemption	500.00	2,696.33	2,196.33
	<u>\$30,000.00</u>	<u>\$25,089.33</u>	<u>\$(4,910.67)</u>
<u>Aid from Other Governmental Agencies</u>			
State:			
Homeowners' Property Tax Relief	\$ 577.00	\$ 583.64	\$ 6.64
Supplemental Assessment Subvention	-0-	32.48	32.48
Other State Aid	-0-	-0-	-0-
	<u>\$ 577.00</u>	<u>\$ 616.12</u>	<u>\$ 39.12</u>
Local:			
West Marin Emergency Services	7,500.00	7,500.00	-0-
	<u>\$ 8,077.00</u>	<u>\$ 8,116.12</u>	<u>\$ 39.12</u>
<u>Revenue from Use of Money</u>			
Interest Income	\$ -0-	\$ 106.87	\$ 106.87
<u>Other Revenues</u>			
State Compensation Insurance-			
Dividend	\$ -0-	\$ 92.00	\$ 92.00
Election Rental Fee	-0-	60.00	60.00
	<u>\$ -0-</u>	<u>\$ 152.00</u>	<u>\$ 152.00</u>
<u>Operating Transfers</u>			
Fire Protection Fund	\$ -0-	\$ 1,000.00	\$ 1,000.00
Total Non-Operating Revenues Compared to Estimated Revenues	<u><u>\$48,063.98</u></u>	<u><u>\$50,150.04</u></u>	<u><u>\$ 2,086.06</u></u>

MUIR BEACH COMMUNITY SERVICES DISTRICT
Water Service Fund
Schedule of Operating Expenses Compared to Budget
For Fiscal Year Ended June 30, 1986

EXHIBIT C
Page 1 of 2

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
<u>Administrative and General</u>			
Salaries and Employee Benefits:			
Regular Staff Salaries	\$ 6,400.00	\$ 5,788.14	\$ (611.86)
Extra Hire	20,000.00	16,188.00	(3,812.00)
Social Security	1,500.00	1,581.83	81.83
Retirement & Employment Benefits	3,000.00	1,628.31	(1,371.69)
Total Salaries and Employee Benefits	<u>\$30,900.00</u>	<u>\$25,186.28</u>	<u>\$(5,713.72)</u>
Services and Supplies:			
General Insurance	\$ 4,163.00	\$ 100.00	\$(4,063.00)
Maintenance Structures, Improvements and Grounds	4,900.00	5,508.16	608.16
Building and Plant Maintenance	1,275.00	177.25	(1,097.75)
Postage	530.00	488.70	(41.30)
Office Supplies and Expense	585.00	603.77	18.77
County Collection Fee	-0-	-0-	-0-
Drug and Medical Supplies	1,062.64	139.87	(922.77)
Gasoline, Oil and Grease	1,680.00	1,298.70	(381.30)
Telephone	550.00	499.94	(50.06)
Utilities - Power	4,000.00	4,310.32	310.32
Vehicle Maintenance	900.00	200.30	(699.70)
Publications and Legal Notices	215.00	113.00	(102.00)
Volunteer Support	-0-	-0-	-0-
Professional Services	1,620.00	3,157.00	1,537.00
Mileage & Routine Travel Expense	50.00	-0-	(50.00)
Workmen's Compensation Insurance	1,033.00	1,008.25	(24.75)
Miscellaneous	303.83	343.83	40.00
	<u>\$22,867.47</u>	<u>\$17,949.09</u>	<u>\$(4,918.38)</u>
Other:			
Depreciation	<u>\$ -0-</u>	<u>\$ 1,745.48</u>	<u>\$ 1,745.48</u>
Total Administrative and General Expenses Compared to Budget	<u>\$53,767.47</u>	<u>\$44,880.85</u>	<u>\$(8,886.62)</u>

MUIR BEACH COMMUNITY SERVICES DISTRICT
Water Service Fund
Schedule of Operating Expenses Compared to Budget
For Fiscal Year Ended June 30, 1986

EXHIBIT G
Page 2 of 2

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
<u>Operating Transfers</u>			
Road Improvements Fund			
Paving and Upgrading	\$ 43,391.23	\$36,370.00	\$ (7,021.23)
Community Services Fund			
Building - Sprinkler System	<u>4,243.53</u>	<u>4,243.53</u>	<u>-0-</u>
	<u>\$ 47,634.76</u>	<u>\$40,613.53</u>	<u>\$ (7,021.23)</u>
Equipment	<u>\$ 9,000.00</u>	<u>\$ -0-</u>	<u>\$ (9,000.00)</u>
Contingencies	<u>\$ 20,000.00</u>	<u>\$ -0-</u>	<u>\$(20,000.00)</u>
Total Expenditures			
Compared to Budget	<u>\$130,402.23</u>	<u>\$85,494.38</u>	<u>\$(44,907.85)</u>

MUIR BEACH COMMUNITY SERVICES DISTRICT
Schedule of Changes in Utility Plant and General Fixed Assets
For Fiscal Year Ended June 30, 1986

EXHIBIT I

Utility Plant								
	<u>Land</u>	<u>Water Tank</u>	<u>Water Meters</u>	<u>Pumps</u>	<u>Hydrants</u>	<u>Water Lines</u>	<u>Gas Tanks</u>	<u>Total</u>
Utility Plant - July 1, 1985	\$ 5,044.00	\$ 5,108.54	\$2,167.67	\$23,373.25	\$ 415.00	\$16,230.56	\$787.45	\$53,126.47
Accumulated Depreciation	<u>-0-</u>	<u>1,390.66</u>	<u>909.22</u>	<u>4,337.15</u>	<u>152.17</u>	<u>7,401.57</u>	<u>603.71</u>	<u>14,794.48</u>
Net Utility Plant - June 30, 1986	<u>\$ 5,044.00</u>	<u>\$ 3,717.88</u>	<u>\$1,258.45</u>	<u>\$19,036.10</u>	<u>\$ 262.83</u>	<u>\$ 8,828.99</u>	<u>\$183.74</u>	<u>\$38,331.99</u>

General Fixed Assets									Road Improvements
	<u>Community Services Community Center</u>	<u>Fire Truck</u>	<u>Utility Truck</u>	<u>Fire Equipment</u>	<u>Electronic Equipment</u>	<u>Breathing Apparatus</u>	<u>Fire Barn</u>	<u>Total</u>	<u>Paving Upgrading</u>
General Fixed Assets - July 1, 1985	\$130,041.54	\$44,661.24	\$ 500.00	\$ 976.00	\$3,028.00	\$ 771.00	\$653.00	\$50,589.24	\$ -0-
Additions (Deletions)	<u>35,844.15</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>36,370.00</u>
General Fixed Assets - June 30, 1986	<u>\$165,885.69</u>	<u>\$44,661.24</u>	<u>\$ 500.00</u>	<u>\$ 976.00</u>	<u>\$3,028.00</u>	<u>\$ 771.00</u>	<u>\$653.00</u>	<u>\$50,589.24</u>	<u>\$36,370.00</u>

MUIR BEACH COMMUNITY SERVICES DISTRICT
Supplemental Information
For Fiscal Year Ended June 30, 1986

Organization

The Muir Beach Community Services District was organized under Section 61600 of the Government Code, State of California, and approved by the County of Marin Board of Supervisors on July 29, 1958. The chief function of the District is to provide water service to residents.

In addition to water service, the District supports a volunteer fire department. It also provides a recreational function in the form of a multi-purpose community services building.

As of June 30, 1986, the Board of Directors was comprised of the following members:

<u>Name</u>	Term Expires
	<u>November</u>
David Schwartz	1987
Peter Geis	1987
Bryce Browning	1987
Warren D. Myers	1987
Leba Wine	1987

A current Oath of Office is on file with the County Clerk.

MUIR BEACH COMMUNITY SERVICES DISTRICT
Supplemental Information
For Fiscal Year Ended June 30, 1986

Insurance

As of January 1986 the District was without insurance.

The District obtained insurance in August 1986.

MUIR BEACH COMMUNITY SERVICES DISTRICT
Supplemental Information
For Fiscal Year Ended June 30, 1986

General Assessment Data

The taxes, assessments and allocations levied for the Fiscal Year 1985-86 were as follows:

Allocated

Secured	\$14,445
Unsecured	1,006
Special Assessments	26,076
Homeowners' Property Tax Relief	578
Special District Augmentation Fund	<u>2,940</u>
	<u>\$45,045</u>

Taxes, Assessments Received

Current Secured	\$13,195
Current Unsecured	971
Prior Year - Taxes, Redemption	
Penalties and Interest	1,053
Special Assessment	25,089
Homeowners' Property Tax Relief	584
Special Supplemental Subvention	<u>33</u>
	<u>\$40,925</u>

The secured tax delinquency based on collections through June 30, 1986 was 4.26%.

The special assessment tax delinquency based on collection through June 30, 1986 was 9.62%.

MUIR BEACH COMMUNITY SERVICES DISTRICT
AUDITOR'S REPORT
FINANCIAL STATEMENTS
SUPPLEMENTAL SCHEDULES AND SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDED JUNE 30, 1982

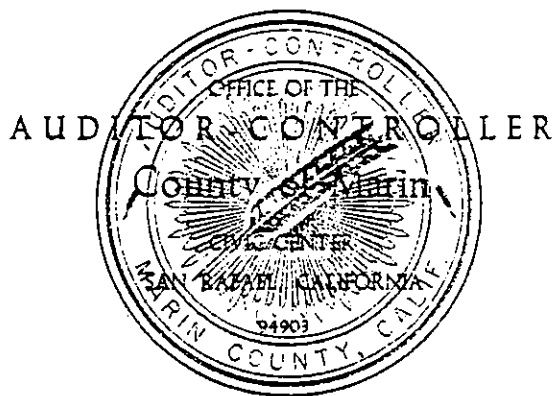
MUIR BEACH COMMUNITY SERVICES DISTRICT
For Fiscal Year Ended June 30, 1982

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MICHAEL MITCHELL
Auditor-Controller

RICHARD J. WYNN
Assistant Auditor-Controller
Telephone 499-6154



January 12, 1983

Board of Directors,
Muir Beach Community Services District
Star Route, Box 221
Sausalito, CA 94965

Honorable Members:

We have examined the financial statements of the various funds and account groups of the Muir Beach Community Services District for the fiscal year ended June 30, 1982 listed in the foregoing table of contents.

In our opinion, the financial statements listed in the aforementioned table of contents present fairly the financial position of the Muir Beach Community Services District at June 30, 1982 and the results of its operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The accompanying supplemental schedules and supplemental information presented on Pages 12 to 18 and the column on the balance sheet captioned "Total Memorandum Only" are not necessary for a fair presentation of the financial statements, but are presented as additional analytical data. This information has been subjected to the tests and other auditing procedures applied in the examination of the financial statements listed in the foregoing table of contents and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Very truly yours,

MICHAEL MITCHELL,
Auditor-Controller

John Edwards,
Chief Auditor

MM/JE:rb
Enclosure

MUIR BEACH COMMUNITY SERVICES DISTRICT
Balance Sheet - All Funds and Account Groups
June 30, 1982

EXHIBIT A

	Water Service Fund	Community Services Fund	Fire Protection Fund	General Fixed Assets		Totals (Memorandum Only)	
				Community Services	Fire Protection	1982	1981
<u>Assets</u>							
Cash	\$12,278.15	\$187.57	\$ 74.07	\$ -0-	\$ -0-	\$ 12,539.79	\$ 4,918.42
Accounts Receivable	3,070.31	-0-	-0-	-0-	-0-	3,070.31	2,726.19
Accrued Interest Receivable	-0-	-0-	-0-	-0-	-0-	-0-	50.48
Utility Plant - Net of Accumulated Depreciation	45,011.47	-0-	-0-	-0-	-0-	45,011.47	25,878.30
Building	-0-	-0-	-0-	123,761.94	-0-	123,761.94	119,750.09
Equipment	-0-	-0-	-0-	-0-	50,839.24	50,839.24	50,839.24
Restricted Assets:							
Cash Deposit - Lease Purchase Agreement	-0-	-0-	1,000.00	-0-	-0-	1,000.00	1,000.00
Total Assets	<u>\$60,359.93</u>	<u>\$187.57</u>	<u>\$ 1,074.07</u>	<u>\$123,761.94</u>	<u>\$50,839.24</u>	<u>\$236,222.75</u>	<u>\$205,162.72</u>
<u>Liabilities and Fund Equity</u>							
Liabilities:							
Accounts Payable	\$20,710.90	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 20,710.90	\$ 1,121.34
Prepaid Water Service Charges	-0-	-0-	-0-	-0-	-0-	-0-	30.66
Refundable Water Consumer Service Deposits	530.00	-0-	-0-	-0-	-0-	530.00	430.00
Accrued Interest Payable	-0-	-0-	1,422.71	-0-	-0-	1,422.71	1,709.48
Lease Purchase Agreement:							
Current	-0-	-0-	6,422.75	-0-	-0-	6,422.75	5,905.97
Long Term	-0-	-0-	22,841.18	-0-	-0-	22,841.18	29,263.93
Loan Payable to County of Marin	9,731.00	-0-	-0-	-0-	-0-	9,731.00	-0-
Total Liabilities	<u>\$30,971.90</u>	<u>\$ -0-</u>	<u>\$ 30,686.64</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 61,658.54</u>	<u>\$ 38,461.38</u>
Fund Equity:							
Investment in General Fixed Assets	\$ -0-	\$ -0-	\$ -0-	\$123,761.94	\$50,839.24	\$174,601.18	\$170,589.33
Retained Earnings	29,388.03	-0-	-0-	-0-	-0-	29,388.03	27,457.98
Fund Balance	-0-	187.57	(29,612.57)	-0-	-0-	(29,425.00)	(31,345.97)
Total Fund Equity (Deficit)	<u>\$29,388.03</u>	<u>\$187.57</u>	<u>\$(29,612.57)</u>	<u>\$123,761.94</u>	<u>\$50,839.24</u>	<u>\$174,564.21</u>	<u>\$166,701.34</u>
Total Liabilities and Fund Balance	<u>\$60,359.93</u>	<u>\$187.57</u>	<u>\$ 1,074.07</u>	<u>\$123,761.94</u>	<u>\$50,839.24</u>	<u>\$236,222.75</u>	<u>\$205,162.72</u>

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
Water Service Fund
Statement of Revenues and Expense
For Fiscal Year Ended June 30, 1982

EXHIBIT B

Operating Revenues:		
Water Services Charges		\$21,712.28
Operating Expenses:		
General and Administrative	\$33,991.85	
Other	<u>942.00</u>	<u>34,933.85</u>
Net Operating Loss		\$13,221.57
Non-Operating Revenues:		
Property Taxes	\$10,383.72	
Aid from Other Governmental Agencies	4,599.10	
Other Revenues	<u>218.80</u>	<u>15,201.62</u>
Net Income		<u>\$ 1,980.05</u>

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
Water Service Fund
Statement of Changes in Retained Earnings
For Fiscal Year Ended June 30, 1982

EXHIBIT C

Retained Earnings - July 1, 1981	\$ 1,579.68
Adjustment to restate Retained Earnings in accordance with NCGA Statements No. 1 and 2:	
Add:	
Investment in Operating Plant	<u>25,878.30</u>
Restated Retained Earnings - July 1, 1981	\$27,457.98
Add:	
Net Income	1,980.05
Less:	
Transfer to Community Service Fund	<u>50.00</u>
Retained Earnings - June 30, 1982	<u><u>\$29,388.03</u></u>

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
Water Service Fund
Statement of Changes in Financial Position
For Fiscal Year Ended June 30, 1982

EXHIBIT D

Funds Provided from Operations, Property Taxes and
Other Governmental Agencies

Net Income for Fiscal Year Ended June 30, 1982	\$ 1,980.05
Items which decreased Net Income but did not require an outlay of funds:	
Depreciation	942.00
Increase in Liability to County of Marin	<u>9,731.00</u>
Total Funds Provided from Operations, Property Taxes and Other Governmental Agencies	<u>\$12,653.05</u>

Funds Applied

Additions to Utility Plant	\$20,075.17
Transfer to Community Services Fund	<u>50.00</u>
Total Funds Applied	<u>\$20,125.17</u>
Net Decrease in Working Capital	<u><u>\$ 7,472.12</u></u>

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
Community Services Fund
Statement of Revenues and Expenditures
For Fiscal Year Ended June 30, 1982

EXHIBIT E

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
<u>Revenues</u>			
Community Center User Rentals	\$ -0-	\$ 853.09	\$ 853.09
Interest Income	-0-	86.48	86.48
General	<u>2,157.88</u>	<u>-0-</u>	<u>(2,157.88)</u>
Total Revenues	<u>\$2,157.88</u>	<u>\$ 939.57</u>	<u>\$(1,218.31)</u>
<u>Expenditures</u>			
Services and Supplies:			
General Insurance	\$1,929.61	\$ -0-	\$(1,929.61)
Maintenance Structures			
Improvements and Grounds	50.00	30.90	(19.10)
Garbage Removal	68.25	68.25	-0-
Telephone	152.85	152.85	-0-
Utilities - Power	325.29	325.29	-0-
Supplies	-0-	614.55	614.55
Bank Service Charges	<u>-0-</u>	<u>3.45</u>	<u>3.45</u>
Total	<u>\$2,526.00</u>	<u>\$1,195.29</u>	<u>\$(1,330.71)</u>
Capital Additions:			
Community Services Building	<u>\$ -0-</u>	<u>\$4,011.85</u>	<u>\$ 4,011.85</u>
Total Expenditures	<u>\$2,526.00</u>	<u>\$5,207.14</u>	<u>\$ 2,681.14</u>
Excess of Expenditures Over Revenues	<u>\$ 368.12</u>	<u>\$4,267.57</u>	<u>\$ 3,899.45</u>

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
Community Services Fund
Statement of Changes in Fund Balance
For Fiscal Year Ended June 30, 1982

EXHIBIT F

Fund Balance - July 1, 1981 \$ 318.12

Adjustments to restate Fund Balance in accordance
with NCGA Statements No. 1 and 2:

Add:

Wells Fargo Bank - C.S.D. Account Balance,
June 30, 1981 148.23

Bank of Marin - Buck Grant Account Balance,
June 30, 1981 3,938.79

Restated Fund Balance - July 1, 1981 \$4,405.14

Add:

Transfer from Water Service Fund 50.00

Less:

Excess of Expenditures over Revenues 4,267.57

Fund Balance - June 30, 1982 \$ 187.57

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
 Fire Protection Fund
 Statement of Revenues, Expenditures & Changes in Fund Balance
 For Fiscal Year Ended June 30, 1982

EXHIBIT G

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
<u>Revenues</u>			
Aid from Other Governmental Agencies: County of Marin	\$ -0-	\$ 8,983.34	\$8,983.34
General	<u>622.21</u>	<u>-0-</u>	<u>(622.21)</u>
Total	<u>\$622.21</u>	<u>\$ 8,983.34</u>	<u>\$8,361.13</u>
<u>Expenditures</u>			
Services and Supplies:			
General Insurance	\$496.28	\$ -0-	\$ (496.28)
Interest Expense	-0-	2,841.08	2,841.08
Maintenance - Fire Truck	200.00	-0-	(200.00)
Maintenance - Structures, Improvements and Grounds	<u>3.72</u>	<u>3.72</u>	<u>-0-</u>
Total	<u>\$700.00</u>	<u>\$ 2,844.80</u>	<u>\$2,144.80</u>
Excess of Revenues over Expenditures	<u>\$ (77.79)</u>	\$ 6,138.54	<u>\$6,216.33</u>
Fund Balance - July 1, 1981 (Deficit)		<u>(35,751.11)</u>	
Fund Balance - June 30, 1982 (Deficit)		<u>\$ (29,612.57)</u>	

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

MUIR BEACH COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
For Fiscal Year Ended June 30, 1982

Note 1 - Significant Accounting Policies

The District's financial statements are prepared in conformity with Statements 1 and 2 published by the National Council on Governmental Accounting. Statements 1 and 2 are recognized as generally accepted accounting principles for financial statements of Special Districts.

The accounting principles referred to above are required under the State Controller's Uniform Accounting Requirements for Special Districts under Sections 1041.1-1043.4 of the California Administrative Code.

The District's financial statements are organized on the basis of an enterprise fund (Water Service Fund) and two governmental funds (Community Services Fund and Fire Protection Fund).

Water Service Fund

Fund Accounting:

Enterprise fund accounting is the prescribed method of accounting for the District Water Service Operations. Enterprise fund accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges or where the periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Basis of Accounting:

Enterprise funds are accounted for under the accrual basis of accounting where revenues are recognized when they are earned and expenses are recognized when incurred.

MUIR BEACH COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
For Fiscal Year Ended June 30, 1982

Note 1 - Significant Accounting Policies (Continued)

Utility Plant:

Under enterprise fund accounting fixed assets are capitalized in the fund accounts and their cost periodically charged against operations and amortization.

The District's Utility Plant is valued at historical cost or estimated historical cost if actual historical cost is not available, and as of June 30, 1982 consisted of the following:

Land	\$ 5,044.00
Water Tank	5,108.54
Water Lines	16,230.56
Pumps	23,373.25
Water Meters	2,167.67
Hydrants	415.00
Gas Tank	<u>787.45</u>
Total Cost	\$53,126.47
Less Accumulated Depreciation	<u>8,115.00</u>
Net Utility Plant	<u><u>\$45,011.47</u></u>

Depreciation is provided on the straight-line basis. Useful lives are determined in accordance with suggested useful lives as contained in the State of California Uniform Accounting System for Special Districts.

Community Services Fund and Fire Protection Fund

Fund Accounting:

Governmental fund accounting is the prescribed method of accounting for the District Community Services Fund and Fire Protection Fund. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues and expenditures.

MUIR BEACH COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

For Fiscal Year Ended June 30, 1982

Note 1 - Significant Accounting Policies (Continued)

Basis of Accounting:

Governmental funds are accounted for under the modified accrual basis of accounting where revenues are recognized in the accounting period where they become measurable and available and expenditures are recognized in the accounting period in which the fund liability is incurred.

General Fixed Assets:

Under governmental fund accounting fixed assets are capitalized in the General Fixed Asset Account Group rather than in the governmental fund. Community Services Fund and Fire Protection Fund fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available.

In accordance with generally accepted accounting principles for governmental funds no depreciation has been provided on general fixed assets.

Note 2 - Lease Purchase Agreement

During the fiscal year ended June 30, 1981 the District entered into a lease purchase agreement with the Bank of America, dated December 10, 1980, for the purchase of a rescue pumper. The term of the lease is for 5 years with annual payments of \$8,983.34 covering the payment of principal and interest. Interest is based on a simple interest rate of 8.75%. At the termination of the lease the leased property, without additional consideration, becomes the exclusive property of the District. Consequently, in accordance with generally accepted accounting principles, the leased property has been capitalized in the Fire Protection Fund fixed assets account group and the corresponding liability is reflected on the balance sheet as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Due Date</u>
Current:				
	<u>\$ 6,422.75</u>	<u>\$2,560.59</u>	<u>\$ 8,983.34</u>	12/10/82
Long Term:				
	\$ 6,984.74	\$1,998.60	\$ 8,983.34	12/10/83
	7,595.90	1,387.44	8,983.34	12/10/84
	<u>8,260.54</u>	<u>722.80</u>	<u>8,983.34</u>	12/10/85
	<u>\$22,841.18</u>	<u>\$4,108.84</u>	<u>\$26,950.02</u>	
Total	<u>\$29,263.93</u>	<u>\$6,669.43</u>	<u>\$35,933.36</u>	

The rescue pumper with a book value of \$44,153.24 is pledged as security in connection with this lease.

MUIR BEACH COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
For Fiscal Year Ended June 30, 1982

Note 3 - Lease Purchase Agreement - Cash Deposit

Pursuant to the above lease purchase agreement, the Bank of America requested the District to deposit with the Bank the sum of \$1,000.00 to be held in a savings account until the end of the lease agreement. This deposit represents the \$1,000.00 deductible clause written in the insurance policy covering the rescue pumper.

Note 4 - Prior Year Recommendations

We recommended in our 1980-81 audit report that a fuel usage log be established. The District complied with our recommendation during the 1981-82 fiscal year.

MUIR BEACH COMMUNITY SERVICES DISTRICT
SUPPLEMENTAL SCHEDULES AND SUPPLEMENTAL INFORMATION
FOR FISCAL YEAR ENDED JUNE 30, 1982

MUIR BEACH COMMUNITY SERVICES DISTRICT
Water Service Fund
Schedule of Non-Operating Revenues & Other Funding Sources
Compared to Estimated Revenues
For Fiscal Year Ended June 30, 1982

EXHIBIT H

	<u>Estimated Revenues</u>	<u>Actual</u>	<u>Actual Over (Under) Estimates</u>
<u>Property Taxes</u>			
Current Secured	\$ 9,219.89	\$ 9,219.89	\$ -0-
Current Unsecured	435.53	435.53	-0-
Prior Secured Delinquent	369.63	369.63	-0-
Prior Secured Redemption	351.36	351.36	-0-
Prior Secured Land Sales	.40	.40	-0-
Prior Unsecured	6.91	6.91	-0-
Total Property Taxes	<u>\$10,383.72</u>	<u>\$10,383.72</u>	<u>\$ -0-</u>
<u>Aid from Other Governmental Agencies</u>			
Federal:			
Other In-Lieu Tax	\$ 588.00	\$ 588.00	\$ -0-
State:			
Homeowners' Property Tax Relief	434.60	434.60	-0-
Business Inventory Tax Relief	277.00	277.00	-0-
Disaster Relief	-0-	3,188.00	3,188.00
Unsecured Documented Vessels	6.00	6.00	-0-
Other State Aid	8.00	8.00	-0-
Local:			
County Disaster Relief	-0-	97.50	97.50
Total Aid from Other Governmental Agencies	<u>\$ 1,313.60</u>	<u>\$ 4,599.10</u>	<u>\$3,285.50</u>
<u>Other Revenues</u>			
Polling Place Income	\$ -0-	\$ 30.00	\$ 30.00
Sale of Equipment	-0-	80.00	80.00
Interest Income	-0-	108.80	108.80
	<u>\$ -0-</u>	<u>\$ 218.80</u>	<u>\$ 218.80</u>
Total Non-Operating Revenues	<u>\$11,697.32</u>	<u>\$15,201.62</u>	<u>\$3,504.30</u>
<u>Other Funding Sources</u>			
Loan from County of Marin	<u>9,731.00</u>	<u>9,731.00</u>	<u>-0-</u>
Total Non-Operating Revenues and Other Funding Sources Compared to Estimated Revenues	<u>\$21,428.32</u>	<u>\$24,932.62</u>	<u>\$3,504.30</u>

MUIR BEACH COMMUNITY SERVICES DISTRICT
Water Service Fund
Schedule of Operating Expenses Compared to Budget
For Fiscal Year Ended June 30, 1982

EXHIBIT I

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
<u>Administrative and General</u>			
Salaries and Employee Benefits:			
Regular Staff Salaries	\$14,136.30	\$14,136.30	\$ -0-
Vacation	675.00	675.00	-0-
Employee Benefits	1,486.90	1,406.92	(79.98)
Social Security	1,009.17	1,009.17	-0-
Compensation Insurance	837.41	837.41	-0-
Unemployment Insurance	13.22	13.22	-0-
Total	<u>\$18,158.00</u>	<u>\$18,078.02</u>	<u>\$ (79.98)</u>
Services and Supplies:			
General Insurance	\$ 4,906.00	\$ 4,838.74	\$ (67.26)
Maintenance Structures, Improvements and Grounds	591.93	591.93	-0-
Building and Plant Maintenance	959.66	487.61	(472.05)
Postage	362.27	362.27	-0-
Office Supplies and Expense	228.19	228.19	-0-
Professional Services	1,400.00	1,583.75	183.75
Routine Mileage and Travel	8.00	8.00	-0-
Gasoline, Oil and Grease	725.71	725.71	-0-
Telephone	178.04	178.04	-0-
Utilities - Power	5,926.84	5,729.53	(197.31)
Vehicle Maintenance	1,180.06	1,180.06	-0-
Total	<u>\$16,466.70</u>	<u>\$15,913.83</u>	<u>\$ (552.87)</u>
Total Administrative and General	\$34,624.70	\$33,991.85	\$ (632.85)
<u>Other</u>			
Depreciation	<u>\$ -0-</u>	<u>\$ 942.00</u>	<u>\$ 942.00</u>
Total Operating Expenses Compared to Budget	<u>\$34,624.70</u>	<u>\$34,933.85</u>	<u>\$ 309.15</u>

MUIR BEACH COMMUNITY SERVICES DISTRICT
Water Service Fund
Analysis of Changes in Working Capital
For Fiscal Year Ended June 30, 1982

EXHIBIT J

	<u>Year Ended June 30, 1982</u>	<u>Year Ended June 30, 1981</u>	<u>Increase (Decrease) In Working Capital</u>
<u>Current Assets</u>			
Cash	\$12,278.15	\$ 435.49	\$ 11,842.66
Accounts Receivable	<u>3,070.31</u>	<u>2,726.19</u>	<u>344.12</u>
Total	<u>\$15,348.46</u>	<u>\$3,161.68</u>	<u>\$ 12,186.78</u>
<u>Current Liabilities</u>			
Accounts Payable	\$20,710.90	\$1,121.34	\$ (19,589.56)
Prepaid Water Service Charges	-0-	30.66	30.66
Water Customer Service Deposits	<u>530.00</u>	<u>430.00</u>	<u>(100.00)</u>
Total	<u>\$21,240.90</u>	<u>\$1,582.00</u>	<u>\$ (19,658.90)</u>
Total Working Capital	<u>\$ (5,892.44)</u>	<u>\$1,579.68</u>	<u>\$ 7,472.12</u>

MUIR BEACH COMMUNITY SERVICES DISTRICT
Schedule of Changes in Utility Plant and General Fixed Assets
For Fiscal Year Ended June 30, 1982

EXHIBIT K

	Utility Plant						
	<u>Land</u>	<u>Water Tank</u>	<u>Water Meters</u>	<u>Pumps</u>	<u>Hydrants</u>	<u>Water Lines</u>	<u>Gas Tank</u>
Utility Plant - July 1, 1981	\$5,044.00	\$ 5,108.54	\$2,167.67	\$ 3,298.08	\$ 415.00	\$16,230.56	\$ 787.45
Additions 1981-82	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>20,075.47</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Utility Plant - June 30, 1982	\$5,044.00	\$ 5,108.54	\$2,167.67	\$23,373.55	\$ 415.00	\$16,230.56	\$ 787.45
Accumulated Depreciation	<u>-0-</u>	<u>(1,045.00)</u>	<u>(620.00)</u>	<u>(811.00)</u>	<u>(111.00)</u>	<u>(5,237.00)</u>	<u>(291.00)</u>
Net Utility Plant - June 30, 1982	<u>\$5,044.00</u>	<u>\$ 4,063.54</u>	<u>\$1,547.67</u>	<u>\$22,562.55</u>	<u>\$ 304.00</u>	<u>\$10,993.56</u>	<u>\$ 496.45</u>

	General Fixed Assets						
	<u>Community Services Center</u>	Fire Protection					<u>Total</u>
		<u>Fire Truck</u>	<u>Utility Truck</u>	<u>Fire Equipment</u>	<u>Electronic Equipment</u>	<u>Breathing Apparatus</u>	
General Fixed Assets - July 1, 1981	\$119,750.09	\$44,661.24	\$750.00	\$976.00	\$3,028.00	\$771.00	\$653.00
Additions 1981-82	<u>4,011.85</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
General Fixed Assets - June 30, 1982	<u>\$123,761.94</u>	<u>\$44,661.24</u>	<u>\$750.00</u>	<u>\$976.00</u>	<u>\$3,028.00</u>	<u>\$771.00</u>	<u>\$653.00</u>

MUIR BEACH COMMUNITY SERVICES DISTRICT
Supplemental Information
For Fiscal Year Ended June 30, 1982

Organization

The Muir Beach Community Services District was organized under Section 61600 of the Government Code, State of California, and approved by the County of Marin Board of Supervisors July 29, 1958. The chief function of the District is to provide water service to residents.

In addition to water service, the District supports a volunteer fire department. It also provides a recreational function in the form of a multi-purpose community services building.

As of June 30, 1982, the Board of Directors was comprised of the following members:

<u>Name</u>	<u>Term Expires November</u>
Barbara N. Burke	1985
Robin Collier	1983
Martha Freebairn-Smith	1983
Warren D. Myers	1985
John Eric Nelson	1985

A current Oath of Office is on file with the County Clerk.

MUIR BEACH COMMUNITY SERVICES DISTRICT
Supplemental Information
For Fiscal Year Ended June 30, 1982

Insurance

The following insurance policies were in effect on June 30, 1982:

Property

Blanket coverage on buildings, including Special Form, \$250.00 deductible, 90% co-insurance and fire.	\$144,000
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General Liability

Bodily Injury	\$300,000
Property Damage	\$100,000
Personal Injury	\$300,000

Automobile Liability

Bodily Injury	\$100,000/300,000
Property Damage	\$100,000
Medical Payments	(Each Person) \$1,000
Uninsured Motorists	\$60,000
Deductible - Comprehensive Fire and Theft	\$100
Deductible - Collision	\$1,000

Workers' Compensation

Statutory Limit

MUIR BEACH COMMUNITY SERVICES DISTRICT
Supplemental Information
For Fiscal Year Ended June 30, 1982

General Assessment Data

The taxes, assessments and allocations levied for the Fiscal Year 1981-82 were as follows:

Allocated

Secured	\$ 9,578.00
Unsecured	<u>460.00</u>
	<u>\$10,038.00</u>

Taxes, Assessments Received

Current Secured	\$ 9,219.89
Current Unsecured	435.53
Prior Year - Taxes Redemption	
Penalties and Interest	<u>728.30</u>
	<u>\$10,383.72</u>

The secured tax delinquency based on collections through June 30, 1982 was 5.77%.