

**Sanitary District Number 5  
of Marin County  
Basic Financial Statements  
June 30, 2008**

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**Terry E. Krieg, CPA**

Certified Public Accountant

**Independent Auditor's Report**

Board of Directors  
Sanitary District Number 5 of Marin County  
Tiburon, California

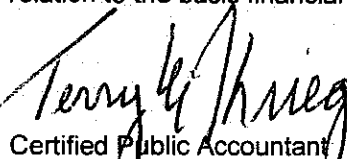
I have audited the accompanying basic financial statements of the Sanitary District Number 5 of Marin County, California, as of and for the years ended June 30, 2008 and 2007, as listed in the Table of Contents. These financial statements are the responsibility of the Sanitary District Number 5 of Marin County's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in United States of America. Those standards require that I plan and perform the audits 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 management, as well as evaluating the overall financial statement presentation. I believe that my audits provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sanitary District Number 5 of Marin County, California, as of June 30, 2008 and 2007, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management Discussion and Analysis on pages 2 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Sanitary District Number 5 of Marin County's basic financial statements. The accompanying combining schedule of revenues, expenses, and changes in net assets by zone is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The combining schedule of revenues, expenses, and changes in net assets by zone has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

  
Certified Public Accountant  
June 24, 2009

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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This section of the Sanitary District Number 5 of Marin County's annual financial report presents our discussion and analysis of the District's financial performance during the years that ended on June 30, 2008 and 2007. The financial statements are presented in a format to comply with the financial statement presentation requirements of the Governmental Accounting Standards Board with the some of the major differences being this Management Discussion and Analysis (MD&A) section.

### FINANCIAL HIGHLIGHTS

- The net assets of the District's business-type activities increased \$538,262 in fiscal year 2008 and decreased \$66,643 in fiscal year 2007.
- Total operating expenses in fiscal 2008 increased by \$337,395 or 11.2 percent compared to fiscal 2007 and most of this increase relates to higher employee compensation costs and line repairs, cleaning and inspection. Total operating expenses for 2007 decreased by \$330,732 or about 10 percent less than fiscal 2006 expenses. Higher 2006 video line inspections and cleaning costs were the main reason for the decrease in expenses in fiscal year 2007.
- In fiscal 2008, operating revenues increased a net \$477,643 as a result of customer rate increases. In fiscal 2007, operating revenues increased by \$203,499 compared to fiscal 2006.
- For fiscal year 2008, the District's investment in capital assets increased by about \$1.67 million excluding depreciation reductions. The District's investment in capital assets in fiscal year 2007 decreased by \$272,160 excluding the reductions for depreciation accumulations. The main reason for the decrease was the write-off of old and outdated facilities.
- Cash and investment holdings at the end of fiscal 2008 were about \$4.47 million which amount was about the same as at the end of the 2007 fiscal year.
- In fiscal 2008, the District issued no new long-term debt. In fiscal 2007, the District advance refunded the certificates of participation to save cash by reducing debt service payments.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements including related disclosures, and required supplementary information*. The basic financial statements include one kind of statement that present both a short-term and long-term view of the District:

- *Proprietary* enterprise fund-type statements offer *short-* and *long-term* financial information about the activities that the District operates *like businesses*, such as the Districts wastewater collection and treatment system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that provides more data about the District's pension plan. Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statement

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### FIGURE A-1 Major Financial Statement Features

<b>Basic Financial Statements</b>	
<b>Scope</b>	Activities the District operates similar to private businesses; the wastewater collection and treatment systems
<b>Required financial statements</b>	Statement of net assets Statement of revenues, expenses, and changes in net assets. Statement of cash flows.
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic measurement focus
<b>Type of asset/liability information</b>	All assets and liabilities, both financial and capital, and short-term and long-term focus
<b>Type of inflow/outflow information</b>	All revenues and expenses during the year, regardless of when cash is received

### Basic Financial Statements

The basic financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net assets regardless of when cash is received or paid.

The basic financial statements report the Districts *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health, or *position*.

- Over time, increases or decreases in the Districts net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

The basic financial statements of the District consist of one category:

- *Business-type activities* – The District charges fees to help it cover the costs of certain services it provides. All of the Districts operations are accounted for in this category. *The District uses proprietary enterprise fund type accounting principles to account for all operations.* Proprietary accounting provides both long-and short-term financial information.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Assets.** The District's' *combined* net assets increased by \$583,262 between fiscal years 2007-2008 , but net assets decreased by \$66,643 2006-2007. (See Table A-1.)

**TABLE A-1 NET ASSETS OF THE DISTRICT**

	Business-Type Activities		Percentage
	2008	2007	Change
Current and other assets	\$ 4,551,700	\$ 4,608,000	-1.2%
Capital assets	10,020,700	9,085,000	10.3%
<b>Total assets</b>	<b>14,572,400</b>	<b>13,693,000</b>	<b>6.4%</b>
Long-term debt	963,400	1,069,400	-9.9%
Other liabilities	557,400	155,200	259.2%
<b>Total liabilities</b>	<b>1,520,800</b>	<b>1,224,600</b>	<b>-24.2%</b>
Net assets:			
Invested in capital assets net of related debt	9,066,300	8,025,500	12.9%
Restricted	775,100	2,041,200	-62.2%
Unrestricted	3,210,200	2,401,700	33.7%
<b>Total net assets</b>	<b>\$ 13,051,600</b>	<b>\$ 12,468,400</b>	<b>4.7%</b>

Net assets of the District increased in fiscal 2008 by \$583,262 or about 4.7 percent more than at the end of fiscal 2007. Net assets of the District at the end of 2007 declined by about 0.5 percent compared to net assets at the end of the 2006 fiscal year. About 69 % of the District's net assets are represented by the District's net investment in its capital assets. The remaining 31% of net assets is represented primarily by cash and investments.

By the end of fiscal 2008, District net assets had increased by the \$583,262 as a result of (1) the increase in operating revenues from customer rate increases exceeding the marginal increases in total operating expenses by about \$132,000 and, (2) a net increase in non-operating revenues of about \$426,000 caused by higher property tax revenues, higher ERAF shift revenues and by no significant write offs of capital assets to expense in fiscal 2008.

In fiscal 2007, total assets decreased by about 4 percent to \$13.69 million. This 2007 decrease was the result of the write off of capital assets with a net book value of almost \$230,000 and the use of \$250,000 in reserve funds to help pay off the certificates of participation. The 2007 decrease in the District's current and other assets (related also to the decrease in restricted net assets) was the result of the District using \$250,000 to advance refund the certificates of participation. The 33.6% decrease in long-term debt in fiscal 2007 was a direct result of the advance refunding and payoff of the \$1,610,000 in certificates of participation.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Changes in net assets.** The District's total revenues (exclusive of capital contributions) increased 19.6 percent in fiscal 2008 as a result of increases in customer billing rates and increased about \$374,700 in fiscal 2007 or about 13.3 percent more than in fiscal 2006. (See Table A-2.) A majority, about 72 percent of the District's revenue comes from charges for services in the form of charges for wastewater collection and treatment services. The remaining 28 percent comes primarily from property taxes including Educational Reimbursement Augmentation Fund (ERAF) and Home Owners Property Tax Exemption (HOPTR) rebate payments, and investment revenues.

There was about a \$59,800 net increase, or 1.8 percent increase, in expenses for fiscal year 2008. Total operating expenses in fiscal 2007 decreased by about 2.8 percent compared to fiscal 2006.

**TABLE A-2 District's Revenues, Expenses and Changes in Net Assets (In Rounded Dollars)**

	Years Ended June 30		Total
	2008	2007	Percentage Change 2007-2008
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 2,743,900	\$ 2,266,300	17.4%
Property taxes	897,300	717,800	25.0%
Investment income	177,600	208,200	-14.7%
<b>Total revenues</b>	<b>3,818,800</b>	<b>3,192,300</b>	<b>19.6%</b>
<b>Expenses</b>			
Salaries and benefits	1,403,800	1,188,600	18.1%
Maintenance and repairs	154,100	175,400	-12.1%
Line inspections and cleaning	292,000	200,100	45.9%
Supplies	105,100	142,400	-26.2%
Insurance	55,800	37,400	49.2%
Utilities	211,100	214,300	-1.5%
Contract and professional services	64,900	65,200	-0.5%
Other operating	317,500	244,800	29.7%
Interest	49,900	98,100	-49.1%
Loss on disposal capital assets	-	229,600	-100.0%
Depreciation	736,700	735,200	0.2%
<b>Total expenses</b>	<b>3,390,900</b>	<b>3,331,100</b>	<b>1.8%</b>
Loss before contributions and special item	427,900	(138,800)	8.3%
<b>Capital contributions</b>	<b>155,300</b>	<b>72,200</b>	<b>115.1%</b>
<b>Change in net assets</b>	<b>583,200</b>	<b>(66,600)</b>	<b>975.7%</b>
Net assets, beginning	12,468,400	12,535,000	-
<b>Net assets, ending</b>	<b>\$ 13,051,600</b>	<b>\$ 12,468,400</b>	<b>4.7%</b>

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Investment revenues in fiscal years 2008 declined by about 14.7 percent as less was earned on investments in fiscal 2008 than in fiscal 2007

Table A-2 presents the cost of each of the District's largest functions from an expense perspective— operating expenses, and depreciation on capital assets.

- ✓ The costs of all District expense categories in fiscal 2008 were, on a net basis, very comparable to total District expenses in fiscal 2007; a net increase of only 1.8 percent. This relatively small dollar change in total expenses was, however, the result netting increases and decreases in certain major elements of expenses. Salary and employee benefit costs increased by about \$215,000 in fiscal 2008, an 18.1 percent increase, as a result of staffing increases and increases in compensation levels and employee benefits. This expense increase was more than offset in fiscal 2008 by no significant write-offs of capital assets as about \$230,000 was expensed in fiscal 2007. There was also a \$92,000 increase in line cleaning and inspections as a result of additional costs in fiscal 2008.
- ✓ The cost of all District expense categories in fiscal year 2007 decreased by about \$96,300 or about 2.8 percent compared to fiscal year 2006. This was a net decrease consisting of about a \$229,600 increase loss from the net book value write off of capital assets and construction in progress costs, this additional expense was offset in part by a reduction in line inspections and cleaning costs in 2007.

The District paid for these costs by using all of the direct charges collected from its customers, other operating revenues, property taxes, aid from other governments, and investment income.

Total District revenues in fiscal 2008 exceeded total expenses by about \$427,900 as a result of additional revenues from customer rate increases. However, on a cash flow basis, there was only a net increase of about \$910 in the District's cash and cash equivalent holdings at the end of fiscal 2008 after conducting all operations and paying for capital improvements.

Total District revenues in fiscal year 2007 were about \$138,800 less than was necessary to cover all of the \$3.33 million operating expenses including depreciation. The District used capital reserve funds and other funds to pay for these costs. In fiscal 2007, overall District cash flows in fiscal 2007 were negative with about a \$198,456 decrease in total cash and cash equivalents. That is why total cash and investments at the end of 2007 were \$4.47 million compared to \$4.67 million at the end of the 2006 fiscal year. The main reason for this cash decrease was the use of \$250,000 from the Belvedere Zone reserve funds and \$168,327 in COP trust funds to advance refund the \$1,550,000 in outstanding certificates of participation.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2008, the District had invested \$10.02 million (net of accumulated depreciation) in a broad range of capital assets, including land, treatment plant, collection lines, pumping stations, improvements, vehicles and small equipment. (See Table A-3.) This amount represents a net decrease (including additions and deductions) of about \$ 935,700, over last year. At the end of the 2007 fiscal year, there was about a net \$446,000 increase in capital assets of the District

**TABLE A-3 District Investment In Capital Assets, Net of Accumulated Depreciation  
(In Rounded Dollars)**

	Business-Type Activities		Total Percentage Change
	2008	2007	2007-2008
Land and construction in progress	\$ 1,302,100	\$ 210,800	517.7%
Mechanical, electrical and main plant	3,827,200	4,013,200	-4.6%
Pipelines	2,885,800	2,775,000	4.0%
Treatment and collection	741,600	802,300	-7.6%
Equipment, pumps and other	<u>1,264,000</u>	<u>1,283,700</u>	<u>-1.5%</u>
<b>Total</b>	<b><u>\$ 10,020,700</u></b>	<b><u>\$ 9,085,000</u></b>	<b><u>10.3%</u></b>

**The major capital assets additions included:**

- About a \$1,091,300 increase in construction in progress in fiscal 2008 for the design, site work, drilling and package plant improvements at Paradise Cove site
- Major Additions to construction in progress in fiscal 2007 for a new screw press project which project was closed out and completed in fiscal 2007.
- . More information about capital assets can be found starting on page 16 of the notes to the financial statements.

**Long-Term Debt**

There was no new long-term debt issued by the District in fiscal 2008. The District obtained a loan in fiscal 2007 to advance refund and retire the Certificates of participation order to reduce debt service payments by over \$590,000 in cash. More information about long-term debt can be found starting on page 18 of the notes to the financial statements.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **ECONOMIC FACTORS AND NEXT YEAR'S OPERATING PLAN AND RATES**

Several major changes in the District's financial capabilities and operations are anticipated in the future. The most significant change deals with the possible subvention by the State of California that could reduce District property tax revenues by as much as 50% or a revenue loss in the range of about \$250,000. It is anticipated that this change could be only a temporary loss for a period of two to three years depending upon the final resolution of the State Legislatures decisions to balance the State budget. The State has also been promoting the philosophy that special districts reduce their reliance on property taxes and revert to a user based revenue philosophy. This change is consistent with legislative findings at the time of adoption of Proposition 13 in 1979. The District will be required in the next fiscal year to determine how to deal with this potential revenue reduction issue should it become a reality.

In the capital area, the District has determined that it is in need of significant capital projects and programs. These will in large part deal with aging infrastructure of the District which is now reaching the end of its useful life due to improvement needs in the District collection system. The District will be undertaking a comprehensive evaluation of the collection system that may result in increased needs for financial commitment to this area of operations. In late fiscal 2008, the District commenced work on a \$575,000 contract for the Digester Number 1 cleaning and cover replacement project. This project is expected to be completed in 2009.

Two additional initiatives may have an affect upon the operations of the District. The first deals with the expansion of the Paradise Treatment Plant that would allow a four fold increase in the connections in that area long term as the plant would be replaced by a new treatment facility. This project is in progress, and the District expects completion of the treatment facilities sometime in 2009.

The second initiative deals with the annexation of the pumping stations and collection pipelines within the City of Belvedere to Sanitary District No. 5. This annexation took place, effective July 1, 2005. This change brings all City wastewater operations under the responsibility of the Sanitary District Board of Directors. As a result of all of these financial and operational changes and identified needs, the Board authorized an evaluation of District rates and charges that have not significantly changed since 1985. This evaluation resulted in the need for significant modifications in the charges and rate structure of the District in fiscal years starting in 2006-2007 for the Tiburon Zone and in fiscal 2007-2008 for the Belvedere Zone.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the General Manager, Sanitary District Number 5 of Marin County, 2001 Paradise Drive, Tiburon, California, 94920.

**SANITARY DISTRICT NUMBER 5 OF MARIN COUNTY**  
**Statement of Net Assets**  
**June 30, 2008 and 2007**

	2008	2007
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,071,246	\$ 2,433,149
Receivables from other governments	8,020	15,127
Receivables , other	548	24,182
Interest receivable	36,180	57,365
Prepayments	22,737	26,967
Total current assets	2,138,731	2,556,790
Noncurrent assets:		
Designated cash and cash equivalents	2,404,024	2,041,211
Debt issuance costs	9,000	10,000
Total designated cash and debt issuance costs	2,413,024	2,051,211
Capital assets:		
Capital assets not being depreciated :		
Land	49,295	49,295
Construction in progress	1,252,795	161,535
Total capital assets not being depreciated	1,302,090	210,830
Capital assets being depreciated:		
Mechanical, electrical and main plant	12,096,903	11,951,474
Pipelines including subsurface and other	8,449,852	8,151,314
Treatment and collection system	1,617,083	1,617,083
Odor control and pumps	2,798,339	2,669,899
Plant equipment	213,585	213,585
Vehicles and other equipment	278,552	273,158
Less accumulated depreciation	(16,735,748)	(16,002,371)
Total capital assets being depreciated	8,718,566	8,874,142
Total capital assets	10,020,656	9,084,972
Total noncurrent assets	12,433,680	11,136,183
Total assets	\$ 14,572,411	\$ 13,692,973
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 506,832	\$ 99,361
Compensated absences	40,591	15,497
Premium payable called certificates	-	30,350
Certificates and loan due within one year	109,000	106,000
Total current liabilities	656,423	251,208
Noncurrent liabilities:		
Compensated absences	10,000	10,000
Loan due in more than one year	854,390	963,429
Total liabilities	1,520,813	1,224,637
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	9,066,266	8,025,543
Restricted	775,075	2,041,211
Unrestricted	3,210,257	2,401,582
Total net assets	\$ 13,051,598	\$ 12,468,336

See accompanying notes to the basic financial statements

**SANITARY DISTRICT NUMBER 5 OF MARIN COUNTY**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**For The Fiscal Years Ended June 30, 2008 and 2007**

	Fiscal Years Ending June 30	
	2008	2007
<b>OPERATING REVENUES</b>		
Sewer service fees	\$ 2,657,153	\$ 2,154,365
Maintenance agreements	42,590	51,405
Other operating revenues	44,190	60,520
	<u>2,743,933</u>	<u>2,266,290</u>
<b>OPERATING EXPENSES</b>		
Salaries and benefits	1,403,790	1,188,636
Maintenance and repairs	154,123	175,380
Line cleaning and inspection	292,002	200,148
Supplies	105,090	142,448
Liability and property insurance	55,843	37,417
Utilities	211,080	214,275
Contract and professional services	64,945	65,152
Other operating	317,331	244,841
Depreciation	736,707	735,219
	<u>3,340,911</u>	<u>3,003,516</u>
Total operating expenses		
Operating loss	<u>(596,978)</u>	<u>(737,226)</u>
<b>NON-OPERATING REVENUES(EXPENSES)</b>		
Property taxes	897,346	717,837
Gain on disposal of capital assets	-	(229,554)
Interest expense	(49,941)	(98,115)
Investment income	177,554	208,224
	<u>1,024,959</u>	<u>598,392</u>
Net non-operating revenues (expenses)		
Change in net assets before capital contributions and special items	<u>427,981</u>	<u>(138,834)</u>
Capital contributions		
Capital contributions	<u>155,281</u>	<u>72,191</u>
Total contributions	<u>155,281</u>	<u>72,191</u>
Change in net assets	583,262	(66,643)
Total net assets, beginning	<u>12,468,336</u>	<u>12,534,979</u>
Total net assets, ending	<u>\$ 13,051,598</u>	<u>\$ 12,468,336</u>

See accompanying notes to the basic financial statements

**SANITARY DISTRICT NUMBER 5 OF MARIN COUNTY**  
**Statement of Cash Flows**  
**For The Fiscal Years Ending June 30, 2008 and 2007**

	Fiscal Years Ending June 30	
	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 2,657,153	\$ 2,154,365
Other operating receipts	117,521	120,692
Payments to suppliers for goods and services	(1,225,647)	(991,370)
Payments to employees for services and benefits	(1,378,696)	(1,215,249)
Net cash used for operating activities	170,331	68,438
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Property tax collections	897,346	717,837
Net cash provided by noncapital financing activities	897,346	717,837
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Interest paid on long-term debt	(80,290)	(114,259)
Payments to retire long-term debt	(106,039)	(1,713,000)
Proceeds from issuance long-term debt	-	1,172,429
Payment of debt issuance costs	-	(10,000)
Capital contributions	155,281	72,191
Proceeds from sale of capital assets	-	685
Overpayments to contractor	-	(24,182)
Purchases of capital assets	(1,234,458)	(519,454)
Net cash used for capital and related financing activities	(1,265,506)	(1,135,590)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest receipts	198,739	150,859
Net cash provided by investing activities	198,739	150,859
Net increase (decrease) in cash and cash equivalents	910	(198,456)
Balances-beginning of the year	4,474,360	4,672,816
Balances-end of the year	\$ 4,475,270	\$ 4,474,360
<b>Reconciliation of operating loss to net cash used for operating activities:</b>		
Operating income (loss)	\$ (596,978)	\$ (737,226)
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:		
Depreciation expense and amortization	737,707	735,219
Change in assets and liabilities:		
Decrease (increase) in due from other governments	7,107	8,767
Decrease (increase) in other receivables	23,634	-
Decrease (increase) in prepayments	4,230	8,029
Increase (decrease) in accounts payable	(30,463)	80,262
Increase (decrease) in compensated absences	25,094	(26,613)
Net cash used for operating activities	\$ 170,331	\$ 68,438
<b>Noncash capital financing activities:</b>		
None		

See accompanying notes to the basic financial statements

**SANITARY DISTRICT NUMBER 5 OF MARIN COUNTY**  
**Notes to the Basic Financial Statements**  
**June 30, 2008 and 2007**

**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The Sanitary District Number 5 of Marin County was reorganized March 17, 1947 as a special district under Provisions of the Sanitary District Act of 1923, and it is governed by five elected Directors. The District's service area includes a portion of the Town of Tiburon and Belvedere, California. The accompanying financial statements present the District and its component units, entities for which the District is considered to be financially accountable. The District has no component units.

**B. Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The financial statements are reported 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes, service fees, revenue from maintenance agreements and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

The District is engaged in only business-type activities and the District's basic financial statements consist of only the financial statements required for enterprise funds. These include management's discussion and analysis, a statement of net assets, a statement of revenues, expenses, and changes in net assets, a statement of cash flows, and these notes to the basic financial statements.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund-type financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

Proprietary enterprise funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to the customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**SANITARY DISTRICT NUMBER 5 OF MARIN COUNTY**  
**Notes to the Basic Financial Statements**  
**June 30, 2008 and 2007**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities, and Net Assets**

**1. Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The District's investment policy has been to invest idle cash in demand deposits and the Marin County Treasurer's Investment Pool and the Local Agency Investment Fund of the State of California (LAIF). Investments are reported at fair value. The County Pool and LAIF are operated in accordance with applicable state laws and regulations, and the reported value of the District's investment in the County Pool and the LAIF are the same as the fair value of the County Pool shares and LAIF deposits.

**2. Receivables, Property Taxes and Sewer Service Revenues**

Property taxes are levied as of March 1 on property values assessed as of the same date. State statutes provide that the property tax rate be limited generally to one percent of market value, be levied by only the County, and be shared by applicable jurisdictions. The County of Marin collects the taxes and distributes them to taxing jurisdictions on the basis of assessed valuations subject to voter-approved debt. Property taxes are due on November 1 and March 1, and become delinquent on December 10 and April 10. The District receives property taxes pursuant to an arrangement with the County known as the "Teeter Plan". Under the plan, the County assumes responsibility for the collection of delinquent taxes and pays the full allocation to the District. The District recognizes property tax revenues in the fiscal year in which they are due to the District and accrues as receivable such taxes. Accordingly, the District provides for no allowance for doubtful accounts.

Sewer service fees (used to supplement tax revenues) are set by the District based upon rates applied to the number of equivalent dwelling units (EDUs) for nonvacant properties and adjusted flows applicable to commercial properties. The sewer service fees are incorporated into the property tax billings, and such fees are due in two equal installments on December 10 and April 10 following the assessment date. The District recognizes these fees as revenues in the year earned, which is also the year in which the service is provided to properties within the District. Under an arrangement with the County known as the Teeter Plan, the County advances substantially all of the sewer fees to the District each year, and the County bears the burden of any uncollectible accounts. Therefore, the District does not provide for an allowance for uncollectible accounts or bad debts.

**3. Inventories and Prepaid Items**

All inventories are valued at cost based upon physical determinations made at the end of each year.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

**4. Designated Cash Equivalents and Investments**

Cash equivalents and investments restricted for use in only capital projects are reported as noncurrent assets. The District follows the practice of reporting in this category the funds, which by Resolution of the Board of Directors, can only be used for the purpose of financing the design, construction, replacement and improvement of related District facilities.

**SANITARY DISTRICT NUMBER 5 OF MARIN COUNTY**  
**Notes to the Basic Financial Statements**  
**June 30, 2008 and 2007**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities, and Net Assets**

**5. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (mainly the existing wastewater system) are reported in the financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets and assets constructed by developers are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed net of construction period interest revenues earned during such periods.

Property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Treatment plant	15-40
Subsurface lines	50
Equipment and vehicles	5-15

**6. Compensated Absences, Sick Leave and Claims**

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for unpaid vacation is recorded in the financial statements when the liability is incurred and is reported as compensated absences. The District does not provide for payment of unused sick leave at termination dates, it does allow for the conversion to service credit through the Public Employees retirement System.

The District obtains insurance coverage for property and equipment, fidelity bonds, automobile liability and general liability, and workers compensation insurance through its membership in the California Sanitation Risk Management Authority. The risk of loss is transferred from the District to the Authority in exchange for the District's payment of annual premiums. Incurred and unbilled claims, if any, are accrued as a liability when it is probable that an asset has been impaired, the amount of the obligation can be reasonably estimated, and the claim is not covered by insurance.

The District has agreed to pay for certain medical insurance premiums for retiring employees with at least five years of District service. Such insurance programs are administered as part of the Public Employees Retirement System (PERS). The District accounts for these obligations on a pay as you go basis.

**7. Long-term Obligations**

In enterprise fund-type financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

**SANITARY DISTRICT NUMBER 5 OF MARIN COUNTY**  
**Notes to the Basic Financial Statements**  
**June 30, 2008 and 2007**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities and Net Assets**

**8. Net Assets**

In the financial statements, fund net assets are reported in three categories as follows:

- Invested in capital assets, net of related debt - This category of net assets reports the net book value of capital assets used in District operations including construction in progress all net of related accumulated depreciation, and reduced by the carrying value of related long-term debt issued to finance the acquisition of such assets.
- Restricted for capital projects. - This category of net assets reports all funds restricted by Resolution of the Board of Directors for capital asset improvement, replacement, or construction. It also includes capital expansion fees restricted by law for use related to capital facilities.
- Unrestricted - Unrestricted net assets represented all other assets net of related liabilities available for use by the District.

**2. Detailed Notes**

**A. Cash Equivalents and Investments**

Cash equivalents and Investments consisted of the following at June 30:

	2008	2007
Demand deposits	\$ 62,120	\$ 65,643
Local Agency Investment Fund (LAIF)	4,390,901	-
Marin County Treasurer's Investment Pool	22,249	4,408,717
Total cash equivalents and investments	\$ 4,475,270	\$ 4,474,360

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy for deposits is that they will be made in institutions in California, they will be insured or collateralized in accordance with section 53562 of the California Government Code. At June 30, 2008, \$160,793 of the District's bank balances of \$260,793 were exposed to credit risk with the \$160,793 being collateralized with the collateral held by the pledging bank's agent. At June 30, 2007, \$98,863 of the District's bank balances of \$198,863 were exposed to custodial credit risk with the \$98,863 being collateralized with the collateral held by the pledging bank's agent. *Custodial Credit Risk - Investments.* Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the District's investments were invested in specific securities. All monies in the Marin County Treasurer's Investment Pool and the Local Agency Investment Fund (LAIF) are not evidenced by specific securities; and therefore are not subject to custodial credit risk. *Credit Risk- Investments.* State law limits investments in various securities to certain levels of risk ratings issued by nationally recognized statistical rating organizations. It is the District's policy to comply with those requirements. The Marin County Treasurer's Investment Pool and LAIF are unrated.

The District's restricted cash equivalents and investments consisted of the following:

	2008	2007
Belvedere zone reserve fund	\$ 651,001	\$ 552,273
Capital replacement account	1,344,835	1,243,459
Capital connection fee accounts	408,188	245,479
Total restricted cash and investments	\$ 2,404,024	\$ 2,041,211

**SANITARY DISTRICT NUMBER 5 OF MARIN COUNTY**  
**Notes to the Basic Financial Statements**  
**June 30, 2008 and 2007**

**2. Detailed Notes (Continued)**

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases and Reclassifications</u>	<u>Decreases and Reclassifications</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 49,295	\$ -	\$ -	\$ 49,295
Construction in progress	161,535	1,091,260	-	1,252,795
Total capital assets, not being depreciated	<u>210,830</u>	<u>1,091,260</u>	<u>-</u>	<u>1,302,090</u>
Capital assets, being depreciated:				
Mechanical, electrical and main plant	11,951,474	148,759	(3,330)	12,096,903
Pipelines including subsurface	8,151,314	298,538	-	8,449,852
Treatment and collection system	1,617,083	-	-	1,617,083
Odor control and pumps	2,669,899	128,440	-	2,798,339
Plant equipment	213,585	-	-	213,585
Vehicles and other equipment	273,158	5,394	-	278,552
Total capital assets, being depreciated	<u>24,876,513</u>	<u>581,131</u>	<u>(3,330)</u>	<u>25,454,314</u>
Less accumulated depreciation for:				
Mechanical, electric and main plant	(7,938,302)	(334,730)	3,330	(8,269,702)
Pipelines including subsurface	(5,376,356)	(187,707)	-	(5,564,063)
Treatment and collection system	(814,795)	(60,670)	-	(875,465)
Odor control and pumps	(1,603,154)	(117,147)	-	(1,720,301)
Plant equipment	(91,792)	(15,511)	-	(107,303)
Vehicles and other equipment	(177,972)	(20,942)	-	(198,914)
Total accumulated depreciation	<u>(16,002,371)</u>	<u>(736,707)</u>	<u>3,330</u>	<u>(16,735,748)</u>
Total capital assets, being depreciated, net	<u>8,874,142</u>	<u>(155,576)</u>	<u>-</u>	<u>8,718,566</u>
Business-type activities capital assets, net	<u>\$ 9,084,972</u>	<u>\$ 935,684</u>	<u>\$ -</u>	<u>\$ 10,020,656</u>

**SANITARY DISTRICT NUMBER 5 OF MARIN COUNTY**  
**Notes to the Basic Financial Statements**  
**June 30, 2008 and 2007**

**2. Detailed Notes (Continued)**

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases and Reclassifications</u>	<u>Decreases and Reclassifications</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 49,295	\$ -	\$ -	\$ 49,295
Construction in progress	318,714	442,449	(599,628)	161,535
Total capital assets, not being depreciated	<u>368,009</u>	<u>442,449</u>	<u>(599,628)</u>	<u>210,830</u>
Capital assets, being depreciated:				
Mechanical, electrical and main plant	12,005,280	4,400	(58,206)	11,951,474
Pipelines including subsurface	8,158,379	3,936	(11,001)	8,151,314
Treatment and collection system	1,617,083	-	-	1,617,083
Odor control and pumps	2,676,051	555,241	(561,393)	2,669,899
Plant equipment	206,673	42,855	(35,943)	213,585
Vehicles and other equipment	<u>328,028</u>	<u>6,975</u>	<u>(61,845)</u>	<u>273,158</u>
Total capital assets, being depreciated	<u>24,991,494</u>	<u>613,407</u>	<u>(728,388)</u>	<u>24,876,513</u>
Less accumulated depreciation for:				
Mechanical, electric and main plant	(7,635,809)	(331,907)	29,414	(7,938,302)
Pipelines including subsurface	(5,193,397)	(184,891)	1,932	(5,376,356)
Treatment and collection system	(754,125)	(60,670)	-	(814,795)
Odor control and pumps	(1,947,680)	(118,176)	462,702	(1,603,154)
Plant equipment	(87,322)	(18,954)	14,484	(91,792)
Vehicles and other equipment	<u>(210,195)</u>	<u>(20,621)</u>	<u>52,844</u>	<u>(177,972)</u>
Total accumulated depreciation	<u>(15,828,528)</u>	<u>(735,219)</u>	<u>561,376</u>	<u>(16,002,371)</u>
Total capital assets, being depreciated, net	<u>9,162,966</u>	<u>(121,812)</u>	<u>(167,012)</u>	<u>8,874,142</u>
Business-type activities capital assets, net	<u>\$ 9,530,975</u>	<u>\$ 320,637</u>	<u>\$ (766,640)</u>	<u>\$ 9,084,972</u>

Construction in progress relates primarily to the design work on the Paradise Cove treatment plant works.

**SANITARY DISTRICT NUMBER 5 OF MARIN COUNTY**  
**Notes to the Basic Financial Statements**  
**June 30, 2008 and 2007**

**C. Long-Term Debt**

Refunding Loan:

On December 4, 2006, the District entered into a refunding loan agreement with the Municipal Finance Corporation to advance refund and retire the City of Belvedere's 1996 Certificates of Participation (the liability for which was assumed by the District as part of an annexation agreement). The refunded certificates had interest rates of from 5.25 percent to 6.0 percent, and the refunding loan has an interest rate of 4.58 percent. Net refunding loan proceeds of \$1,162,429 (after payment of \$10,000 in issuance costs) plus \$168,327 from the 1996 issue Trustee funds and \$250,000 from the District's Belvedere Zone Reserve Fund were deposited with the Trustee to retire in full the 1996 certificates. The District effectively reduced its aggregate debt service payments by almost \$590,381 over the next 8 years and obtained an economic gain (the difference between the present values of the old and new debt service payments) of \$353,104.

The loan is payable in semi-annual installments of principal and interest each July 1 commencing July 1, 2007 and each January 1 as to interest only through July 1, 2016. The District has pledged the net revenues of its system as security for repayment of the loan, has pledged to set gross revenues at amounts sufficient to cover all obligations of the system including the loan and has pledged to generate net revenues, which together with unencumbered cash, are at least equally to 110 percent of the loan payments payable with respect to such fiscal year.

Total interest and principal remaining to be paid is \$1,168,222. Annual principal and interest payments on this obligation are expected to require less than 29 percent of net revenues of the Belvedere zone as defined. Principal and interest paid in the 2008 fiscal year and total zone system net revenues as defined were \$155,979 and \$531,565 respectively.

Future debt service on the loan is:

Fiscal Year	Principal	Interest	Total
2009	\$ 109,000	\$ 44,126	\$ 153,126
2010	112,000	39,132	151,132
2011	115,000	34,002	149,002
2012	119,000	28,736	147,736
2013	123,000	23,286	146,286
2014-2016	<u>385,390</u>	<u>35,550</u>	<u>420,940</u>
Totals	<u>\$ 963,390</u>	<u>\$ 204,832</u>	<u>\$ 1,168,222</u>

Changes in long-term obligations for the two fiscal years were as follows:

	Beginning of Year	Additions	Deletions	End of Year	Due in One Year
Year ended June 30, 2008:					
Refunding loan	\$1,069,429	\$ -	\$106,039	\$963,390	\$109,000
Compensated absences	<u>\$25,497</u>	<u>40,591</u>	<u>15,497</u>	<u>50,591</u>	<u>40,591</u>
Totals	<u>\$1,094,926</u>	<u>\$ 40,591</u>	<u>\$121,536</u>	<u>\$1,013,981</u>	<u>\$149,591</u>
Year ended June 30, 2007:					
Certificates of participation	\$1,610,000	\$ -	\$1,610,000	\$ -	\$ -
Refunding loan	-	1,172,429	103,000	1,069,429	106,000
Compensated absences	<u>52,110</u>	<u>25,497</u>	<u>52,110</u>	<u>25,497</u>	<u>15,497</u>
Totals	<u>\$1,662,110</u>	<u>\$1,197,926</u>	<u>\$1,765,110</u>	<u>\$1,094,926</u>	<u>\$121,497</u>

**SANITARY DISTRICT NUMBER 5 OF MARIN COUNTY**  
**Notes to the Basic Financial Statements**  
**June 30, 2008 and 2007**

**3. Other Information**

**A. Maintenance Agreements**

The District has an agreement with the Sewerage Agency of Southern Marin (SASM) for operations and maintenance of the agencies joint outfall and the dechlorination responsibilities for SASM.

**B. Risk Management**

The District obtains general liability, property, automobile, and workers compensation insurance through its membership in the California Sanitation Risk Management Authority. Each member agency is assessed a premium based on ratable exposure. At the end of each year, the premiums are retrospectively rated based on exposure and actual loss histories of the individual member agencies. If member losses exceed member premiums, surcharges are assessed to compensate for this situation, and if member losses are less than premiums then premiums are adjusted or refunded to members.

The risk of loss is transferred from the District to the Authority under the arrangement. The Authority provides coverage for the first \$750,000 in general liability and auto claims with the District being responsible for the first \$10,000. The Authority provides coverage for the next \$15 million in claims by purchasing commercial insurance coverages. The Authority provided \$23,430,421 in insurance coverage for the District's buildings and plant in fiscal 2007. Flood insurance is also provided with a \$2 million coverage limit which limit is shared with other member agencies and has a \$500,000 deductible in zones A and V and a \$100,000 deductible in other zones. Workers compensation insurance is also obtained through the District's membership in the Authority. The District paid no material uninsured losses during the last three fiscal years.

Liabilities of the District are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The District had no significant uninsured claim liabilities at June 30, 2008 and 2007.

**C. Contingencies and Commitments**

*Litigation.* In the opinion of the District's general counsel, there is no pending or threatened litigation which would have a material adverse impact on the accompanying financial statements other than the matter referred to above.

*Contractual Commitments.* In May 2007, the District approved an agreement to reimburse Paradise Cove residents for up to \$550,000 in public improvements to be made to the wastewater collection system by private parties. At June 30, 2008, the District had \$955,031 in uncompleted contractual commitments related to the Digester and Paradise Cove Plant projects

**SANITARY DISTRICT NUMBER 5 OF MARIN COUNTY**  
**Notes to the Basic Financial Statements**  
**June 30, 2008 and 2007**

**3. Other Information (Continued)**

**D. Retirement System**

*Plan Description.* The District contributes to the California Public Employees Retirement System (PERS) a cost sharing multiple-employer public employee defined benefit pension plan administered by the PERS. The PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and District Ordinances. The PERS issues a publicly available financial report that includes financial statements and required supplementary information for the PERS. That report may be obtained from their executive office, 400 "P" Street, Sacramento, California 95814.

*Funding Policy and Annual Pension Cost.* Plan members are required to contribute 7.0 % of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 33.486 % of covered payroll. The contribution requirements of plan members and the District are established by resolutions and contracts of the District and may be amended by the PERS. The contributions to the PERS by the District for the last three fiscal years were as follow:

**Three -Year Trend Information**

Plan	Fiscal Year Ending	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
Regular employees	6/30/06	\$ 191,669	100%	\$ -
	6/30/07	\$ 226,042	100%	\$ -
	6/30/08	\$ 257,748	100%	\$ -

**E. Post Employment Benefits Other Than Pensions**

The District provides retirement health insurance benefits per the requirements of a local resolution for certain retirees. The District pays health insurance premiums for retirees with at least five years of District service and 55 years of age. For the fiscal year ended June 30, 2008, three retired employees were receiving such benefits and the District paid \$30,620 in premiums. The District funds these costs on a pay as you go basis. All annual required contributions (ARC) were paid during the year and the District has no net benefit obligation at year end.

**F. Segment Information**

The District has entered into a separate refunding loan to finance the retirement of long-term debt for the Belvedere zone of operations. The District's zones are accounted for in a single fund, but lenders of loans rely solely on the revenues generated by the individual activity by zone for repayment.



**SANITARY DISTRICT NUMBER 5 OF MARIN COUNTY**  
**Supplementary Financial Information**  
**Combining Schedule of Revenues, Expenses, and Changes in Net Assets By Zone**  
**For The Fiscal Year Ended June 30, 2008**

	<b>Financial Zones</b>			
	<u>Paradise Cove</u>	<u>Tiburon</u>	<u>Belvedere</u>	<u>Combined</u>
<b>OPERATING REVENUES</b>				
Sewer service fees	\$ -	\$ 1,305,203	\$ 1,351,950	\$ 2,657,153
Maintenance agreements	-	42,590	-	42,590
Other operating revenues	880	39,995	3,315	44,190
	<u>880</u>	<u>1,387,788</u>	<u>1,355,265</u>	<u>2,743,933</u>
Total operating revenues				
<b>OPERATING EXPENSES</b>				
Salaries and benefits	52,669	884,325	466,796	1,403,790
Maintenance and repairs	3,602	97,655	52,866	154,123
Line cleaning and inspection	-	170,190	121,812	292,002
Supplies	1,533	68,662	34,895	105,090
Liability and property insurance	2,122	34,919	18,802	55,843
Utilities	6,080	133,829	71,171	211,080
Contract and professional services	1,935	40,457	22,553	64,945
Other operating	22,730	201,488	93,113	317,331
Depreciation	32,127	459,435	245,145	736,707
	<u>122,798</u>	<u>2,090,960</u>	<u>1,127,153</u>	<u>3,340,911</u>
Total operating expenses				
Operating loss	<u>(121,918)</u>	<u>(703,172)</u>	<u>228,112</u>	<u>(596,978)</u>
<b>NON-OPERATING REVENUES(EXPENSES)</b>				
Property taxes	-	897,346	-	897,346
Interest expense	-	-	(49,941)	(49,941)
Investment income	-	144,307	33,247	177,554
	<u>-</u>	<u>1,041,653</u>	<u>(16,694)</u>	<u>1,024,959</u>
Net non-operating revenues (expenses)				
Change in net assets before capital contributions and special items	<u>(121,918)</u>	<u>338,481</u>	<u>211,418</u>	<u>427,981</u>
<b>Capital contributions</b>				
Capital contributions	<u>-</u>	<u>130,220</u>	<u>25,061</u>	<u>155,281</u>
Total contributions				
	<u>-</u>	<u>130,220</u>	<u>25,061</u>	<u>155,281</u>
Change in net assets	<u>(121,918)</u>	<u>468,701</u>	<u>236,479</u>	<u>583,262</u>