

**Sanitary District Number 5  
of Marin County  
Basic Financial Statements  
June 30, 2009**

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**Terry E. Krieg, CPA**  
Certified Public Accountant

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**Independent Auditor's Report**

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

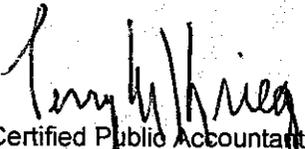
I have audited the accompanying basic financial statements of the Sanitary District Number 5 of Marin County, California, as of and for the years ended June 30, 2009 and 2008, as listed in the Table of Contents. These financial statements are the responsibility of the Sanitary District Number 5 of Marin 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, 2009 and 2008, 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  
March 20, 2010

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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, 2009 and 2008. 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 decreased by \$498 in fiscal 2009 compared to an increase of \$538,262 in fiscal year 2008.
- Total operating expenses in fiscal 2009 increased by \$252,732, or 7.6 percent more than in fiscal 2008. Most of the fiscal 2009 cost increases relate to higher depreciation, legal and consulting, and higher employee compensation costs.

Total operating expenses in fiscal 2008 increased by \$337,395 or 11.2 percent compared to fiscal 2007 and most of this increase related to higher employee compensation costs and line repairs, cleaning and inspection.

- In fiscal 2009 there were no customer rate increases and operating revenues declined about \$74,000 compared to fiscal 2008. In fiscal 2008, operating revenues increased a net \$477,643 as a result of customer rate increases.
- There was a net increase of \$1,275,712 in the District's capital assets in fiscal 2009 excluding depreciation deductions. For fiscal year 2008, the District's investment in capital assets increased by about \$1.67 million excluding depreciation reductions
- The District cash and investment holdings declined by about \$1.4 million at the end of fiscal 2009 as a result of paying out over \$2.1 million for capital asset improvements. 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 2009 and 2008, the District issued no new long-term debt.

### 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 decreased by \$498 in fiscal year 2009 , but net assets increased by \$583,262 in fiscal 2008. (See Table A-1.)

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

	Business-Type Activities		Percentage
	2009	2008	Change
Current and other assets	\$ 3,115,200	\$ 4,551,700	-31.6%
Capital assets	10,931,400	10,020,700	9.1%
<b>Total assets</b>	<b>14,046,600</b>	<b>14,572,400</b>	<b>-3.6%</b>
Long-term debt	854,400	963,400	-11.3%
Other liabilities	141,100	557,500	-74.7%
<b>Total liabilities</b>	<b>995,500</b>	<b>1,520,800</b>	<b>-34.5%</b>
Net assets:			
Invested in capital assets net of related debt	10,085,000	9,066,300	11.2%
Unrestricted	2,966,100	3,985,300	-25.6%
<b>Total net assets</b>	<b>\$ 13,051,100</b>	<b>\$ 13,051,600</b>	<b>0.0%</b>

There was almost no change in net assets of the District during the 2009 fiscal year with the District reporting only about a \$500 decrease in net assets for the fiscal year. The 2009 change in net assets was significantly less than the \$583,262 increase in net assets in the 2008 fiscal year. The primary reasons for the down turn in profitability was that in fiscal 2009 operating costs increased more than \$250,000 and revenues and contributions from all sources declined by about \$337,000 in fiscal 2009 compared to fiscal 2008. About 77 % of the District's net assets are represented by the District's net investment in its capital assets. The remaining 23% of net assets is represented primarily by cash and investments.

At 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.

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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) decreased 6.7 percent in fiscal 2009 compared to fiscal 2008 revenues. The decline in revenues was a result mainly of lower investment income revenues, lower ERAF tax revenues and lower charges for sewer service as the District had no rate increases in fiscal 2009.

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. (See Table A-2.) A majority, about 73 percent of the District's revenue comes from charges for services in the form of charges for wastewater collection and treatment services. The remaining 27 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 2009 increased by about 7.3 percent compared to fiscal 2008.

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

	Years Ended June 30		Total
	2009	2008	Percentage Change 2008-2009
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 2,669,800	\$ 2,743,900	-2.7%
Property taxes	819,300	897,300	-8.7%
Investment income	72,700	177,600	-59.1%
<b>Total revenues</b>	<b>3,561,800</b>	<b>3,818,800</b>	<b>-6.7%</b>
<b>Expenses</b>			
Salaries and benefits	1,577,300	1,403,800	12.4%
Maintenance and repairs	206,200	154,100	33.8%
Line inspections and cleaning	141,300	292,000	-51.6%
Supplies	95,600	105,100	-9.0%
Insurance	17,000	55,800	-69.5%
Utilities	213,800	211,100	1.3%
Contract and professional services	148,800	64,900	129.3%
Other operating	377,400	317,500	18.9%
Interest	44,100	49,900	-11.6%
Depreciation	816,300	736,700	10.8%
<b>Total expenses</b>	<b>3,637,800</b>	<b>3,390,900</b>	<b>7.3%</b>
Income (Loss) before contributions and special item	(76,000)	427,900	-117.8%
<b>Capital contributions</b>	<b>75,500</b>	<b>155,300</b>	<b>-51.4%</b>
<b>Change in net assets</b>	<b>(500)</b>	<b>583,200</b>	<b>-100.1%</b>
Net assets, beginning	13,051,600	12,468,400	-
<b>Net assets, ending</b>	<b>\$ 13,051,100</b>	<b>\$ 13,051,600</b>	<b>0.0%</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 2009 continued to decline as a result of the overall economic downturn and the result of the District having less cash invested in fiscal 2009 compared to fiscal 2008. The combined impact on the District in fiscal 2009 was about a 59 percent decline in investment revenue. Investment revenues in fiscal year 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.

- ✓ There was in fiscal 2009 about a \$250,000 increase in total expenses compared to fiscal 2008 total expenses which represents about a 7.3 percent increase compared to fiscal 2008 expenses. The main reasons for the cost increases were legal costs related to the Paradise Cove area, higher employee compensation arising from benefit cost increases and staffing arrangements, and higher depreciation charges.
- ✓ 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 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.

The District's total fiscal 2009 revenues were just about equal in amount to the District's total expenses in fiscal 2009 when capital contributions are included. However, on a cash flow basis, there was a net \$1,407,000 decrease in the District's cash and investment holdings at the end of fiscal 2009 compared to almost no change in holdings for the 2008 fiscal year.

The District's cash and investment holdings at the end of 2009 declined primarily because of spending on capital projects including payments on costs payable at the end of fiscal 2008 and the capital costs incurred in fiscal 2009. The majority of the capital payments related to the Digester Cover rehabilitation and the Paradise Cove treatment plant and line acquisition costs that were paid for in fiscal 2009.

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.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**CAPITAL ASSET AND DEBT ADMINISTRATION****Capital Assets**

At the end of fiscal 2009, the District's investment in capital assets increased by about \$1.3 million excluding the impact reductions for depreciation changes in fiscal 2009. Even with depreciation changes factored in, there was an overall 9.1 percent increase in the District's net capital assets at the end of 2009 compared to the end of fiscal 2008.

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 the 2007 fiscal year.

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

	Business-Type Activities		Total Percentage Change
	2009	2008	2008-2009
Land and construction in progress	\$ 49,300	\$ 1,302,100	-96.2%
Mechanical, electrical, main and paradise cove plants	6,376,100	3,827,200	66.6%
Pipelines	3,224,000	2,885,800	11.7%
Treatment and collection	700,000	741,600	-5.6%
Equipment, pumps and other	<u>582,000</u>	<u>1,264,000</u>	<u>-60.0%</u>
<b>Total</b>	<b><u>\$ 10,931,400</u></b>	<b><u>\$ 10,020,700</u></b>	<b><u>9.1 %</u></b>

**The major capital assets activity in fiscal 2009 included:**

- Closing out construction in progress relating to the new Paradise Cove package treatment plant and the Digester rehabilitation project
- Adding about \$557,738 in costs for the Digester improvement project.
- Reporting about \$709,716 in additional costs in fiscal 2009 for work related to completion of the Paradise Cove treatment plant and the purchase of the Paradise Drive sewer line extension for about \$225,000.
- Spending at least \$105,127 for the rehabilitation of sewer lines in fiscal 2009
- . 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 2009 or 2008. 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. One significant change deals with the subvention by the State of California that could reduce District property tax revenues by about 8 % or a revenue loss in the range of about \$50,000. 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 District has subsequently made financing arrangements to alleviate the impact of this by participating in the Proposition 1A Securitization Program.

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. The State may again be facing fiscal funding issues in fiscal 2010 that may ultimately impact the District.

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.

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 100 percent increase in the connections in that area long term as the plant has been replaced by a new treatment facility.

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. The District has approved for fiscal 2010 a rate increase of 4 percent for customers in the Belvedere operation 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, 2009 and 2008**

	2009	2008
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,068,130	\$ 2,722,247
Receivables from other governments	11,167	8,020
Receivables , other	420	548
Interest receivable	10,977	36,180
Prepayments	16,381	22,737
Total current assets	2,107,075	2,789,732
Noncurrent assets:		
Designated cash and cash equivalents	1,000,145	1,753,023
Debt issuance costs	8,000	9,000
Total designated cash and debt issuance costs	1,008,145	1,762,023
Capital assets:		
Capital assets not being depreciated :		
Land	49,295	49,295
Construction in progress	-	1,252,795
Total capital assets not being depreciated	49,295	1,302,090
Capital assets being depreciated:		
Mechanical, electrical and main plant	12,844,261	12,096,903
Paradise Cove plant	1,906,604	-
Pipelines including subsurface and other	9,011,971	8,449,852
Treatment and collection system	1,636,402	1,617,083
Odor control and pumps	2,170,917	2,798,339
Plant equipment	181,466	213,585
Vehicles and other equipment	231,200	278,552
Less accumulated depreciation	(17,100,728)	(16,735,748)
Total capital assets being depreciated	10,882,093	8,718,566
Total capital assets	10,931,388	10,020,656
Total noncurrent assets	11,939,533	11,782,679
Total assets	\$ 14,046,608	\$ 14,572,411
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 96,965	\$ 506,832
Compensated absences	34,153	40,591
Certificates and loan due within one year	112,000	109,000
Total current liabilities	243,118	656,423
Noncurrent liabilities:		
Compensated absences	10,000	10,000
Loan due in more than one year	742,390	854,390
Total liabilities	995,508	1,520,813
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	10,084,998	9,066,266
Unrestricted	2,966,102	3,985,332
Total net assets	\$ 13,051,100	\$ 13,051,598

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, 2009 and 2008**

	Fiscal Years Ending June 30	
	2009	2008
OPERATING REVENUES		
Sewer service fees	\$ 2,603,033	\$ 2,657,153
Maintenance agreements	38,573	42,590
Other operating revenues	28,186	44,190
	2,669,792	2,743,933
OPERATING EXPENSES		
Salaries and benefits	1,577,278	1,403,790
Maintenance and repairs	206,204	154,123
Line cleaning and inspection	141,260	292,002
Supplies	95,593	105,090
Liability and property insurance	17,006	55,843
Utilities	213,844	211,080
Contract and professional services	148,839	64,945
Other operating	377,288	317,331
Depreciation	816,331	736,707
	3,593,643	3,340,911
Total operating expenses	3,593,643	3,340,911
Operating loss	(923,851)	(596,978)
NON-OPERATING REVENUES(EXPENSES)		
Property taxes	819,298	897,346
Interest expense	(44,123)	(49,941)
Investment income	72,673	177,554
	847,848	1,024,959
Net non-operating revenues (expenses)	847,848	1,024,959
Change in net assets before capital contributions and special items	(76,003)	427,981
Capital contributions		
Capital contributions	75,505	155,281
	75,505	155,281
Total contributions	75,505	155,281
Change in net assets	(498)	583,262
Total net assets, beginning	13,051,598	12,468,336
Total net assets, ending	\$ 13,051,100	\$ 13,051,598

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, 2009 and 2008**

	Fiscal Years Ending June 30	
	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 2,603,033	\$ 2,657,153
Other operating receipts	63,740	117,521
Payments to suppliers for goods and services	(1,165,611)	(1,225,647)
Payments to employees for services and benefits	(1,583,716)	(1,378,696)
Net cash used for operating activities	(82,554)	170,331
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Property tax collections	819,298	897,346
Net cash provided by noncapital financing activities	819,298	897,346
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Interest paid on long-term debt	(44,123)	(80,290)
Payments to retire long-term debt	(109,000)	(106,039)
Capital contributions	75,505	155,281
Purchases of capital assets	(2,163,997)	(1,234,458)
Net cash used for capital and related financing activities	(2,241,615)	(1,265,506)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest receipts	97,876	198,739
Net cash provided by investing activities	97,876	198,739
Net increase (decrease) in cash and cash equivalents	(1,406,995)	910
Balances-beginning of the year	4,475,270	4,474,360
Balances-end of the year	\$ 3,068,275	\$ 4,475,270
<b>Reconciliation of operating loss to net cash used for operating activities:</b>		
Operating income (loss)	\$ (923,851)	\$ (596,978)
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:		
Depreciation expense and amortization	816,331	737,707
Change in assets and liabilities:		
Decrease (increase) in due from other governments	(3,147)	7,107
Decrease (increase) in other receivables	128	23,634
Decrease (increase) in prepayments	6,356	4,230
Increase (decrease) in accounts payable	28,067	(30,463)
Increase (decrease) in compensated absences	(6,438)	25,094
Net cash used for operating activities	\$ (82,554)	\$ 170,331
<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, 2009 and 2008**

**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, 2009 and 2008**

**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, 2009 and 2008**

**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, 2009 and 2008**

**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 two 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.
- 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:

	2009	2008
Demand deposits	\$ 143,487	\$ 62,120
Local Agency Investment Fund (LAIF)	2,908,323	4,390,901
Marin County Treasurer's Investment Pool	16,465	22,249
	<hr/>	<hr/>
Total cash equivalents and investments	\$ 3,068,275	\$ 4,475,270

*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, 2009, \$62,166 of the District's bank balances of \$312,166 were exposed to credit risk with the \$62,166 being collateralized with the collateral held by the pledging bank's agent. At June 30, 2008, \$160,793 of the District's bank balances of \$260,793 were exposed to custodial credit risk with the \$160,793 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 designated cash equivalents and investments consisted of the following:

	2009	2008
Capital replacement account	\$ 862,405	\$ 1,344,835
Capital connection fee accounts	137,740	408,188
	<hr/>	<hr/>
Total designated cash and investments	\$ 1,000,145	\$ 1,753,023

**SANITARY DISTRICT NUMBER 5 OF MARIN COUNTY**  
**Notes to the Basic Financial Statements**  
**June 30, 2009 and 2008**

**2. Detailed Notes (Continued)**

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2009 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	1,252,795	1,289,041	(2,541,836)	-
Total capital assets, not being depreciated	<u>1,302,090</u>	<u>1,289,041</u>	<u>(2,541,836)</u>	<u>49,295</u>
Capital assets, being depreciated:				
Mechanical, electrical and main plant	12,096,903	1,211,136	(463,778)	12,844,261
Paradise Cove plant	-	2,059,845	(153,241)	1,906,604
Pipelines including subsurface	8,449,852	1,019,819	(457,700)	9,011,971
Treatment and collection system	1,617,083	19,319	-	1,636,402
Odor control and pumps	2,798,339	47,596	(675,018)	2,170,917
Plant equipment	213,585	-	(32,119)	181,466
Vehicles and other equipment	278,552	32,815	(80,167)	231,200
Total capital assets, being depreciated	<u>25,454,314</u>	<u>4,390,530</u>	<u>(1,862,023)</u>	<u>27,982,821</u>
Less accumulated depreciation for:				
Mechanical, electric and main plant	(8,269,702)	(411,818)	306,646	(8,374,874)
Pipelines including subsurface	(5,564,063)	(235,091)	11,568	(5,787,586)
Treatment and collection system	(875,465)	(60,885)	-	(936,350)
Odor control and pumps	(1,720,301)	(215,288)	232,554	(1,703,035)
Plant equipment	(107,303)	(21,630)	19,176	(109,757)
Vehicles and other equipment	(198,914)	(27,081)	36,869	(189,126)
Total accumulated depreciation	<u>(16,735,748)</u>	<u>(971,793)</u>	<u>606,813</u>	<u>(17,100,728)</u>
Total capital assets, being depreciated, net	<u>8,718,566</u>	<u>3,418,737</u>	<u>(1,255,210)</u>	<u>10,882,093</u>
Business-type activities capital assets, net	<u>\$ 10,020,656</u>	<u>\$ 4,707,778</u>	<u>\$ (3,797,046)</u>	<u>\$ 10,931,388</u>

**SANITARY DISTRICT NUMBER 5 OF MARIN COUNTY**  
**Notes to the Basic Financial Statements**  
**June 30, 2009 and 2008**

**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>

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, 2009 and 2008**

**2. Detailed Notes Continued)**

**C. Long-Term Debt**

Refunding Loan:

On December 4, 2006, the District entered into a refunding loan agreement with the Municipal Finance Corporation in an original amount of \$1,172,429 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 refunding loan agreement has an interest rate of 4.58 percent.

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 34 percent of net revenues of the Belvedere zone as defined. Principal and interest paid in the 2009 fiscal year and total zone system net revenues as defined were \$155,980 and \$459,893 respectively.

Future debt service on the loan is:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	126,000	17,652	143,652
2015-2016	<u>259,390</u>	<u>17,901</u>	<u>277,291</u>
Totals	<u>\$ 854,390</u>	<u>\$ 160,709</u>	<u>\$ 1,015,099</u>

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

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>	<u>Due in One Year</u>
Year ended June 30, 2009:					
Refunding loan	\$ 963,390	\$ -	\$ 109,000	\$ 854,390	\$112,000
Compensated absences	<u>50,591</u>	<u>44,153</u>	<u>50,591</u>	<u>44,153</u>	<u>34,153</u>
Totals	<u>\$1,013,981</u>	<u>\$ 44,153</u>	<u>\$ 159,591</u>	<u>\$ 898,543</u>	<u>\$146,153</u>
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>

**SANITARY DISTRICT NUMBER 5 OF MARIN COUNTY**  
**Notes to the Basic Financial Statements**  
**June 30, 2009 and 2008**

**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 \$22,452,248 in insurance coverage for the District's buildings and plant in fiscal 2009. 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, 2009 and 2008.

**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.

**SANITARY DISTRICT NUMBER 5 OF MARIN COUNTY**  
**Notes to the Basic Financial Statements**  
**June 30, 2009 and 2008**

**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 8.6 % of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 26.771 % 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	6/30/07	\$ 226,042	100%	\$ -
	6/30/08	\$ 257,748	100%	\$ -
	6/30/09	\$ 268,010	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, 2009, three retired employees were receiving such benefits and the District paid \$24,770 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.

For the fiscal year ended June 30, 2009, the District paid \$31,262 under a severance agreement to one employee in connection with employee's resignation from employment with the District.

**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**  
**Notes to the Basic Financial Statements**  
**June 30, 2009 and 2008**

**G. Segment Information (Continued)**

Summary information for the Paradise/Tiburon zone and the Belvedere zone is as follows:

	Paradise/Tiburon Zone	Belvedere Zone
Operating revenues ( Belvedere pledged)	\$1,343,913	\$1,325,879
Depreciation expense	(547,969)	(268,362)
Other operating expenses	(1,832,295)	(945,017)
Operating income (loss)	(1,036,351)	112,500
Non-operating revenues(expenses)		
Property taxes	819,298	-
Investment income	52,882	19,791
Interest expense	-	(44,123)
Capital contributions	26,657	48,848
Change in net assets	(137,514)	137,016

**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, 2009**

	<b>Financial Zones</b>			
	<u>Paradise Cove</u>	<u>Tiburon</u>	<u>Belvedere</u>	<u>Combined</u>
<b>OPERATING REVENUES</b>				
Sewer service fees	\$ 31,748	\$ 1,264,780	\$ 1,306,505	\$ 2,603,033
Other operating revenues	710	46,675	19,374	66,759
Total operating revenues	<u>32,458</u>	<u>1,311,455</u>	<u>1,325,879</u>	<u>2,669,792</u>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	21,767	1,030,940	524,571	1,577,278
Maintenance and repairs	762	103,987	101,455	206,204
Line cleaning and inspection	40	70,516	70,704	141,260
Supplies	-	63,372	32,221	95,593
Liability and property insurance	360	7,982	8,664	17,006
Utilities	7,807	136,555	69,482	213,844
Contract and professional services	44,956	69,324	34,559	148,839
Other operating	23,377	250,550	103,361	377,288
Depreciation	45,060	502,909	268,362	816,331
Total operating expenses	<u>144,129</u>	<u>2,236,135</u>	<u>1,213,379</u>	<u>3,593,643</u>
Operating loss	<u>(111,671)</u>	<u>(924,680)</u>	<u>112,500</u>	<u>(923,851)</u>
<b>NON-OPERATING REVENUES(EXPENSES)</b>				
Property taxes	20,060	799,238	-	819,298
Interest expense	-	-	(44,123)	(44,123)
Investment income	207	52,675	19,791	72,673
Net non-operating revenues (expenses)	<u>20,267</u>	<u>851,913</u>	<u>(24,332)</u>	<u>847,848</u>
Change in net assets before capital contributions and special items	<u>(91,404)</u>	<u>(72,767)</u>	<u>88,168</u>	<u>(76,003)</u>
<b>Capital contributions</b>				
Capital contributions	<u>-</u>	<u>26,657</u>	<u>48,848</u>	<u>75,505</u>
Total contributions	<u>-</u>	<u>26,657</u>	<u>48,848</u>	<u>75,505</u>
Change in net assets	<u>(91,404)</u>	<u>(46,110)</u>	<u>137,016</u>	<u>(498)</u>