

MEMORANDUM

TO: Town Manager, Mayor and Town Council

FROM: George T. Warman, Jr., Director of Administrative Services/  
Town Treasurer

DATE: January 30, 2012

SUBJECT: Sanitary District No. 2 of Marin County Audited Financial Statements  
June 30, 2011

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Attached are the Sanitary District No. 2 of Marin County Audited Financial Statements for the year ending June 30, 2011. The District's Financial Statements are presented on the enterprise basis of accounting while our budget is presented on the modified accrual basis of accounting. The Schedules on pages 24, 25, 26 and 27, show the conversion between the two methods. The District has three funds - the General Fund (201), the Capital Projects Fund (260), and the Sewer Connection Fee Fund (270). In the following discussion, the page numbers in parentheses reference the Management's Discussion and Analysis section of the Audited Financial Statements on pages 3 through 10. At the beginning of the year on July 1, 2010, cash available for expenditure totaled \$5,229,671 (page 4 - \$5,353,352 + \$<123,681>=). During the year, \$5,285,163 (page 6) was received in revenue and \$6,710,374 (page 7) was spent. Cash available for expenditure at year-end, June 30, 2011, totaled \$3,804,460 (page 4 - \$4,207,036 + \$<402,576>=). The lower half of the "Sewer Fund Summary" on page SF1 of the FY 2011-12 Budget ties to these numbers (Preliminary Opening Balance Estimate was \$3,800,900, - actual is \$3,804,460. The table below shows the flow of this discussion with references to the Audited Financial Statements.

**General Fund (201) & Capital Projects Funds (260 & 270)**

Fund Equity at Beginning of Year (Audit Report Schedule pages 26 & 27)	19,934,711
Less Net Fixed Assets (Audit Report Balance Sheet, page 12)	(14,663,771)
Less Sausalito Street Sewer Assessment District Receivable (Audit Report Balance Sheet, page 12)	<u>(41,269)</u>
<b>Cash Available for Expenditure at Beginning of Year</b> (Audit Report M, D & A page 4) (5,353,352 less 123,681=)	5,229,671
Plus Revenues (Audit Report Schedule pages 26 & 27)	
Operating Revenues	2,993,473
Non-Operating Revenues	2,291,690
Add Back Capitalized Expense	<u>0</u>
Revenues Made Available during the Year (Audit Report M, D & A page 6)	5,285,163
Less Expenditures (Audit Report Schedule pages 26 & 27)	
Operating Expenses	(4,743,832)
Capitalized Expenditures (Audit Report M, D & A page 7)	(3,079,812)
Add Back Depreciation Expense	<u>1,113,268</u>
Expenditures during the Year (Audit Report M, D & A page 7)	(6,710,376)
Rounding Variance	<u>2</u>
<b>Cash Available for Expenditure at End of Year</b> (Audit Report M, D & A page 4) (4,207,036 less 402,576+ 0 from rounding=)	<u>3,804,460</u>
Rounding Variance	(0)
Plus Net Fixed Assets (Audit Report Balance Sheet, page 12)	16,630,313
Plus Sausalito Street Sewer Assessment District Receivable (Audit Report Balance Sheet, page 12)	<u>39,206</u>
Fund Equity at End of Year (Audit Report Schedule pages 26 & 27)	20,473,979

Pages 9 & 10 of the Management's Discussion and Analysis section of the Audited Financial Statements discusses economic factors and potential future results.

George T. Warman, Jr.  
Director of Administrative Services/  
Town Treasurer

[Click Here to Read the Entire Sanitary District Audited Financial Statement](#)