

Attachment 5: Accrual Basis Statement Example

Seven Kingdoms Special Community Benefit District Balance Sheet June 30, 2023

ASSETS

Cash Held by Community	\$	8,900	
Cash Held by County		55	(D)
Deposits in Transit (if applicable*)		100	(F)
Taxes Receivable		<u>1,100</u>	(C)
Total Assets	\$	<u><u>10,155</u></u>	

LIABILITIES

Accounts Payable	\$	1,000	
Total Liabilities	\$	<u>1,000</u>	

FUND BALANCE

Fund Balance (from Income Statement)	\$	<u>9,155</u>	
Total Fund Balance	\$	<u>9,155</u>	
Total Liabilities and Fund Balance	\$	<u><u>10,155</u></u>	

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

*The County distribution has not been received or deposited.

Please refer to Attachment 3 for references in red.

Attachment 5: Accrual Basis Statement Example

**Seven Kingdoms Special Community Benefit District
Statement of Revenues, Expenditures, and Changes in Fund Balance
June 30, 2023**

REVENUES	<u>ACTUAL</u>
Property Taxes	\$ 6,000 (A)
Interest Income	<u>120</u>
Total Revenues	\$ <u>6,120</u>

EXPENDITURES	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE OVER/(UNDER)</u>
Maintenance of Community Property	\$ 3,000	\$ 2,300	\$ (700)
Security	1,200	1,050	(150)
Loan Repayment (see Note 2)	1,000	1,000	0
Administrative Costs	500	400	(100)
Legal Fees	0	1,800	1,800
Funds Held for Future Use	1,000	0	(1,000)
County Administrative Fee	<u>300</u>	<u>295 (E)</u>	<u>(5)</u>
	\$ <u>7,000</u>	\$ <u>6,845</u>	\$ <u>(155)</u>
Excess of Revenues over Expenditures		(725) (2)	
Fund Balance - Beginning of Year		\$ <u>9,880 (1)</u>	1+2=3
Fund Balance - End of Year		<u><u>\$ 9,155 (3)</u></u>	

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

Please refer to Attachment 3 for references in red.

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Seven Kingdoms Special Community Benefit District Notes to the Financial Statements June 30, 2023

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Seven Kingdoms Special Community Benefit District is a taxing district of Anne Arundel County. It is administered by the Seven Kingdoms Community Association, Inc. The purposes of the district are to improve and maintain community property, provide security, and pay administrative costs related to these purposes. [Note: The name of the entity administering the district and the purposes must agree with Anne Arundel County Code § 4-7-204.]

Basis of Accounting - Accrual Basis

The Seven Kingdoms Community Association, Inc. maintains the district books and records on the accrual basis of accounting. Revenue and related assets are recognized when earned, regardless of when received, and expenditures are recognized when incurred, regardless of when paid.

Note 2 - Loan Obligations

[If Community Association entered into a written loan agreement pledging tax revenues as collateral:]

On January 1, 2021, the Seven Kingdoms Community Association, Inc. borrowed \$10,000 from Iron Bank. The loan instrument between the Seven Kingdoms Community Association, Inc. and the Iron Bank pledges tax district revenues for the loan repayments in subsequent years. The loan was approved by the County Council via Bill 55-20.

During fiscal year 2021, the Seven Kingdoms Community Association, Inc. spent \$9,000 of the loan proceeds to repair the community pier. In fiscal year 2022, the district spent the remaining \$1,000 of the loan proceeds for road repairs. The outstanding balance of the loan on June 30, 2022 was \$9,200. In fiscal year 2023, the district repaid \$800 of principal and \$200 of interest. Additionally, non-district revenue from donations was used to make an additional principal payment totaling \$300. The outstanding balance of the loan on June 30, 2023 was \$7,900.

- OR -

[If Community Association did NOT enter into a written loan agreement pledging tax revenues as collateral:]

On January 1, 2021, the Seven Kingdoms Community Association, Inc. borrowed \$10,000 from Mary Homeowner. There is no written loan instrument pledging that the loan will be repaid from tax district revenues in subsequent years.

During fiscal year 2021, the Seven Kingdoms Community Association, Inc. spent \$9,000 of the loan proceeds to repair the community pier. In fiscal year 2022, the district spent the remaining \$1,000 of the loan proceeds for road repairs. The outstanding balance of the loan on June 30, 2022 was \$9,200. In fiscal year 2023, the district repaid \$800 of principal and \$200 of interest. Additionally, non-district revenue from donations was used to make an additional principal payment totaling \$300. The outstanding balance of the loan on June 30, 2023 was \$7,900.