

Attachment 4: Cash Basis Statement Example

Seven Kingdoms Special Community Benefit District Balance Sheet June 30, 2024

ASSETS

Cash Held by Community	\$	9,900	
Cash Held by County		55	(D)
Deposits in Transit (if applicable*)		<u>100</u>	(F)
Total Assets	\$	<u><u>10,055</u></u>	

FUND BALANCE

Fund Balance (from Income Statement)	\$	<u>10,055</u>	
Total Fund Balance	\$	<u><u>10,055</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.

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**Seven Kingdoms Special Community Benefit District
Statement of Revenues, Expenditures, and Changes in Fund Balance
June 30, 2024**

REVENUES	<u>ACTUAL</u>		
Property Taxes		\$ 5,900	(A) + (B) - (C)
Interest Income		120	
Total Revenues		<u>\$ 6,020</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	800	800
Funds Held for Future Use	1,000	0	(1,000)
County Administrative Fee	300	295	(E) (5)
	<u>\$ 7,000</u>	<u>\$ 5,845</u>	<u>\$ (1,155)</u>
Excess of Revenues over Expenditures		175	(2)
Fund Balance - Beginning of Year		<u>\$ 9,880</u>	1+2=3
Fund Balance - End of Year		<u><u>\$ 10,055</u></u>	(3)

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, 2024

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, and pay administrative costs related to these purposes. [Note: The name of the entity administering the district and the purposes must agree with Code § 4-7-204.]

Basis of Accounting - Cash Basis

The Seven Kingdoms Community Association, Inc. maintains its books and records on the cash basis of accounting. Revenue and related assets are recognized when received, regardless of when earned, and expenditures are recognized when paid, regardless of when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in the United States of America.

Note 2 - Loan Obligations

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

On January 1, 2022, 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 55-21.

During fiscal year 2022, the Seven Kingdoms Community Association, Inc. spent \$9,000 of the loan proceeds to repair the community pier. In fiscal year 2023, the district spent the remaining \$1,000 of the loan proceeds for road repairs. The outstanding balance of the loan on June 30, 2023 was \$9,200. In fiscal year 2024, 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, 2024 was \$7,900.

- OR -

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

On January 1, 2022, 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 2022, the Seven Kingdoms Community Association, Inc. spent \$9,000 of the loan proceeds to repair the community pier. In fiscal year 2023, the district spent the remaining \$1,000 of the loan proceeds for road repairs. The outstanding balance of the loan on June 30, 2023 was \$9,200. In fiscal year 2024, 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, 2024 was \$7,900.