

WEST COUNTY AGENCY

FINANCIAL STATEMENTS

FOR FISCAL YEAR ENDED JUNE 30, 2014

Richmond, CA

WEST COUNTY AGENCY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
West County Agency
Richmond, California

Report on the Financial Statements

We have audited the accompanying financial statements of the West County Agency as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise West County Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

West County Agency's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West County Agency, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Cropper Accountancy Corporation
CROPPER ACCOUNTANCY CORPORATION

September 25, 2014
Walnut Creek, California

WEST COUNTY AGENCY
Statement of Net Position
June 30, 2014

	<u>2014</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 41,559
Prepaid expenses	20,254
Due from members	<u>27,161</u>
Total Current Assets	<u>88,974</u>
 Total Assets	 <u>88,974</u>
 LIABILITIES	
Current liabilities:	
Accounts payable	2,442
Deposits from members	75,000
Due to members	<u>6,835</u>
Total Current Liabilities	<u>84,277</u>
 Total Liabilities	 <u>84,277</u>
 NET POSITION	
Unrestricted	<u>4,697</u>
Total Net Position	<u><u>\$ 4,697</u></u>

The accompanying notes are an integral part of the financial statements

WEST COUNTY AGENCY
Statement of Revenues, Expenses and Changes in Net Position
Fiscal Year Ended June 30, 2014

	2014
OPERATING REVENUE	
Member contributions	\$ 289,567
Total operating revenue	<u>289,567</u>
OPERATING EXPENSES	
Director fees	4,246
Legal services	1,800
Auditing services	5,500
Other professional services	10,035
Insurance	1,924
Other permits, fees and charges	169,172
Other expenses	95,669
Total operating expenses	<u>288,346</u>
OPERATING INCOME	<u>1,221</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	-
Distributions to members - investment income	-
Total non-operating revenues (expenses)	<u>-</u>
CHANGE IN NET POSITION	1,221
Total Net Position - June 30, 2013	3,476
Total Net Position - June 30, 2014	<u><u>\$ 4,697</u></u>

The accompanying notes are an integral part of the financial statements

WEST COUNTY AGENCY
Statement of Cash Flows
Year Ended June 30, 2014

	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from members	\$ 253,066
Cash paid for goods and services	<u>(295,143)</u>
Net cash used in operating activities	<u>(42,077)</u>
 Net decrease in cash and cash equivalents	 (42,077)
Cash and cash equivalents, July 1	<u>83,636</u>
 Cash and Cash equivalents, June 30	 <u><u>\$ 41,559</u></u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
Operating gain (loss)	\$ 1,221
Adjustments to reconcile operating income to net cash used in operating activities:	
(Increase) decrease in:	
Prepaid expenses	(20,254)
Due from members	(16,247)
Increase (decrease) in:	
Accounts payable	(6,797)
Due to members	<u>-</u>
Net cash used in operating activities	<u><u>\$ (42,077)</u></u>

The accompanying notes are an integral part of the financial statements

WEST COUNTY AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the West County Agency (the “Agency”), a Joint Powers Agency, conform to accounting principles generally accepted in the United States of America as applicable to enterprise entities. The following is a summary of the Agency’s significant policies:

A. Principles Determining Scope of Reporting Entity

The financial statements of the Agency contain only the funds of the Agency. The Agency is a joint venture that is legally separate from its participants. The Agency operates under a joint exercise of powers agreement between the West County Wastewater District, the City of Richmond and the Richmond Municipal Sewer District. It is governed by a Board of Directors appointed by and from the governing boards of its members. The Board of Directors establishes the Agency’s operating budget, sets the contributions required from each member, and exercises the other powers specified in the joint exercise of powers agreement. The Agency continues to function until terminated by the mutual agreement of its members.

B. Organization

The Agency was formed by a joint exercise of powers agreement dated February 15, 1977. On June 15, 1984, that agreement was amended and restated by the current members, which are the West County Wastewater District, the City of Richmond and the Richmond Municipal Sewer District, a component unit of the City of Richmond. The Agency was formed to plan, acquire, construct, manage, maintain, operate and control certain joint sewerage facilities. The board members are appointed by the member agencies and serve at the pleasure of the appointing agency.

C. Basis of Presentation - Fund Accounting

The accounts of the Agency (an enterprise entity) are accounted for in a single enterprise fund. This fund consists of a self-balancing set of accounts which record its assets, liabilities, net position, revenues, and expenses as appropriate. For purposes of the statement of cash flows, all highly liquid investments (including restricted assets) with maturity of three months or less when purchased are considered to be cash equivalents.

WEST COUNTY AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Basis of Accounting

Enterprise funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred. The Agency has opted to apply all GASB pronouncements, but also will apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict or contradict GASB pronouncements.

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the Agency. The Agency's fund equity is no longer reported as retained earnings and contributed capital, but rather as net position, which, as of June 30, 2014, only includes one category which is defined as follows:

- Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Statement of Revenues, Expenses, and Changes in Net Position- The statement of revenues, expenses and changes in net position is the operating statement for proprietary funds. Revenues are reported by major source. This statement distinguishes between operating and non-operating revenues and expenses and presents a separate subtotal for operating revenues, operating expenses and operating income.

E. Budgetary Information

The Agency adopts an operating budget at the beginning of each year for the following fiscal year. Formal budgetary integration is employed as a management control device.

F. Cash and Cash Equivalents

The Agency's cash and cash equivalents are considered to be cash and Local Agency Investment Funds ("LAIF").

G. Property, Plant and Equipment

The joint facilities constructed by the Agency are owned by the members of the West County Agency. Per the joint exercise of powers agreement, ownership of joint facilities is equal to the portion of capital costs each member contributes. Therefore, capital costs paid by the West County Agency are expensed and costs reimbursed by the members and grantors are revenue to the Agency rather than capital contributed.

WEST COUNTY AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

H. Vacation and Sick Leave

The Agency does not have any employees. The Agency has designated employees from each member entity to fill necessary management and staff positions.

I. Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

NOTE 2: CASH AND EQUIVALENTS

The carrying amount of the Agency's cash deposits was \$41,559 at June 30, 2014. Bank balances, before reconciling items, were \$41,559 at June 30, 2014, which was fully insured (up to \$250,000) by the Federal Deposit Insurance Corporation (FDIC).

NOTE 3: INSURANCE/RISK MANAGEMENT

The Agency is insured by the West County Wastewater District (the "District"), which participates in a general liability program through the California Sanitation Risk Management Agency, a risk-pooling self-insurance authority. The District carries commercial property insurance coverage through an insurance broker.

NOTE 4: SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 25, 2014, the date on which the financial statements were available to be issued.