

LAKE BARCROFT WATERSHED IMPROVEMENT DISTRICT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
AND
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2014

LAKE BARCROFT WATERSHED IMPROVEMENT DISTRICT

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

JUNE 30, 2014

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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Lake Barcroft Watershed Improvement District
Falls Church, Virginia

We have audited the accompanying statement of cash receipts and disbursements of the Lake Barcroft Watershed Improvement District (WID) for the year ended June 30, 2014, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for 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 an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of cash receipts and disbursements is free of 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 statement of cash receipts and disbursements referred to above presents fairly, in all material respects, the cash receipts and disbursements of Lake Barcroft Watershed Improvement District for the year ended June 30, 2014, in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Jones & McIntyre, PLLC

January 16, 2015

LAKE BARCROFT WATERSHED IMPROVEMENT DISTRICT

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

RECEIPTS

WID tax receipts	\$	992,058
Interest income - net		5,163
Reimbursements		6,375
Other income		6,853
Total	\$	<u>1,010,449</u>

DISBURSEMENTS

Operations:		
WID staff payroll and benefits	\$	461,597
Administrative		32,298
Utilities		20,855
Environment		16,801
Maintenance		27,094
Operations - Total	\$	<u>558,645</u>
Dredging		43,680
Community Garden Restoration		66,561
Capital expenditures		72,611
Dam renovation		198,930
Total	\$	<u>940,427</u>

EXCESS OF RECEIPTS OVER DISBURSEMENTS \$ 70,022

Cash and investment accounts, beginning of year 841,416

Cash and investment accounts, end of year \$ 911,438

Details of cash and investment accounts, end of year

Operating cash	\$	385,488
Certificates of Deposit		170,000
US Treasury Notes		175,984
US Treasury Bills		179,966
	\$	<u><u>911,438</u></u>

See accompanying notes to financial statement.

LAKE BARCROFT WATERSHED IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENT

JUNE 30, 2014

Note 1. **Organization and Summary of Significant Accounting Policies**

Organization

On January 31, 1973, the directors of the Northern Virginia Soil and Water Conservation District declared that Lake Barcroft Watershed Improvement District (WID) was duly organized as a governmental subdivision of the Commonwealth of Virginia. The primary responsibilities of the WID are the conservation of Lake Barcroft and its inherent environmental qualities, as well as the operation and maintenance of the Lake Barcroft dam. WID operations are overseen by an appointed Board of Trustees (three Lake Barcroft residents) along with the WID staff, consultants, and contractors.

Basis of Presentation

The statement of cash receipts and disbursements is prepared on the cash basis of accounting. Under this method, revenue is recognized as received and expenses are recognized when paid. Accordingly, the statement of cash receipts and disbursements is not intended to present revenue and expenditures in accordance with generally accepted accounting principles.

Investments

Investments in US Treasuries are recorded at cost which approximates fair value.

Income Taxes

As a governmental subdivision of the Commonwealth of Virginia, the WID is exempt from federal and state income taxes.

WID Tax Receipts

Fairfax County assesses and collects the special assessment. Collections are remitted to the WID as received. The special assessment rate is determined annually by the WID for the next fiscal year based on projected financial requirements.

Estimates

The preparation of financial statements in accordance with the cash basis of accounting requires management to make estimates and assumptions that affect the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

LAKE BARCROFT WATERSHED IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENT (CONCLUDED)

JUNE 30, 2014

Note 2. Retirement Plan

On July 1, 1991, the WID adopted a Simplified Employee Pension Plan IRA (SEP) covering all full time employees who meet length of service and age requirements. Annual contributions to the SEP are determined by the trustees (currently set at 10% of employee compensation). Contributions paid for the year ended June 30, 2014 were \$22,256.

Note 3. Cash and US Treasury Investments

The operating cash account includes \$385,488 held at Schwab Bank. Certificates of deposit include three certificates of deposit at different banks totaling \$170,000. These funds are insured by FDIC.

Investments include four US Treasury Notes with a cost basis, which approximates fair value, of \$175,984 maturing July-October 2014 and three US Treasury Bills with a total cost basis of \$179,966 maturing July-October 2014.

Note 4. Fair Value of Investments

FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value into three broad categories: levels 1, 2 and 3. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (level 1) and lowest priority to unobservable inputs (level 3).

In some cases, the inputs used to measure fair value might fall into different levels of the fair value hierarchy. The level in the fair value hierarchy that the assets or liability falls under is based on the lowest input level that is significant to the fair value measurement in its entirety. The fair value of investments is based on quoted market prices in active markets (level 1 inputs).

Note 5. Subsequent Events

Management has evaluated subsequent events through January 16, 2015 and has concluded no significant subsequent events meet the criteria of professional accounting standards to be recognized or disclosed in the financial statements.