Lake Barcroft
Watershed Improvement District

LAKE BARCROFT WATERSHED IMPROVEMENT DISTRICT

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

AND

INDEPENDENT AUDITORS' REPORT

JUNE 30, 2025

LAKE BARCROFT WATERSHED IMPROVEMENT DISTRICT

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

JUNE 30, 2025

CONTENTS

Page

Independent Auditors' Report 1-2

Financial Statement

Statement of Cash Receipts and Disbursements 3

Notes to Financial Statement 4-6

JONES & MCINTYRE PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Lake Barcroft Watershed Improvement District
Falls Church, Virginia

Opinion

We have audited the accompanying financial statement of Lake Barcroft Watershed Improvement District which comprise the statement of cash receipts and disbursements for the year ended June 30, 2025, and the related notes to the financial statement.

In our opinion, the financial statement 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, 2025, in accordance with the cash basis of accounting as described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Lake Barcroft Watershed Improvement District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Responsibilities of Management 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 the financial statement that is free from material misstatement, whether due to fraud or error.

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Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 Lake Barcroft Watershed Improvement District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lake Barcroft Watershed Improvement District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Jones & McIntyre, PLLC

April 28, 2026

LAKE BARCROFT WATERSHED IMPROVEMENT DISTRICT

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

RECEIPTS		
WID tax receipts	$	1,468,969
Grants		500,000
Investment income - net		17,962
LBA shared project reimbursement		4,827
Other income		756
Total	$	1,992,514
DISBURSEMENTS		
Operations:		
WID staff payroll and benefits	$	812,660
Administrative		61,909
Utilities		29,695
Environment		35,991
Maintenance		48,724
Operations - Total	$	988,979
Dredging		87,304
Dam - General		49,580
Dam - Inspection		15,868
Dam - Renovation		258,850
Total	$	1,400,581
EXCESS OF RECEIPTS OVER DISBURSEMENTS	$	591,933
Cash, beginning of year		2,379,795
Cash and investment accounts, end of year	$	2,971,728
Details of cash , end of year		
Operating cash	$	781,728
Certificates of deposit		2,190,000
	$	2,971,728

See accompanying notes to financial statement.

LAKE BARCROFT WATERSHED IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENT

JUNE 30, 2025

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.

WID Tax Receipts

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

Grants

In 2025, the Commonwealth of Virginia's Department of Conservation and Recreation amended its 2024-2026 Biennium Budget to include a $500,000 special appropriation to the WID for bringing the dam embankment armoring project to construction ready.

Reserve Funds

Reserve funds have several purposes, two of these are: 1) to avoid special assessments through widely fluctuating tax rates as repairs/replacements are needed and 2) each taxpayer/owner pays a fair share for the time they enjoy the lake.

Several years ago, the WID undertook a reserve fund study. As a result, a ten-year financial plan was developed for keeping the dam, the lake and equipment in good repair. The plan was developed by identifying each major component, assessing its condition and estimating both the year and the cost of repair/replacement. The plan includes a factor for inflation for the out years. The ten-year plan is reviewed and updated annually as part of the budget process.

In years with few or no major projects, the fund balance is allowed to increase. The fund balance is then drawn down to finance major projects or equipment acquisitions. This approach has stabilized the tax rate charged to WID residents.

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.

Note 1. **Organization and Summary of Significant Accounting Policies (concluded)**

Investments

Investments in certificates of deposit 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.

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.

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, 2025 were $60,469.

Note 3. **Cash and Investments**

At June 30, 2025, the operating cash accounts include $256,640 held at Charles Schwab Bank and $525,088 held at Truist Bank. Excess cash is invested in bank sweep deposits held at FDIC insured banks affiliated with Charles Schwab & Co., Inc. The WID's demand deposits with financial institutions may at times exceed federally insured limits. The WID has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risks.

Investments include thirteen Certificates of Deposits with a cost basis, which approximates fair value, of $2,190,000 maturing July 2025 through June 2026.

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 the WID's investments is based on quoted market prices in active markets (level 1 inputs).

Note 5. **Commitments**

The WID has entered into maintenance and construction contracts to maintain and improve the dam and related facilities.

Note 6. **Subsequent Events**

Management has evaluated subsequent events through April 28, 2026 and has concluded no significant subsequent events meet the criteria of professional accounting standards to be recognized or disclosed in the financial statement.