

**LAKE BARCROFT WATERSHED IMPROVEMENT DISTRICT**

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

**AND**

**INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2020**

**LAKE BARCROFT WATERSHED IMPROVEMENT DISTRICT**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**JUNE 30, 2020**

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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, 2020, 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 this financial statement 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 statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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, 2020, 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 29, 2021

**LAKE BARCROFT WATERSHED IMPROVEMENT DISTRICT**

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2020**

**RECEIPTS**

WID tax receipts	\$ 1,224,447
Interest income - net	17,844
Equipment sale	35,000
Other income	9,117
Total	<u>\$ 1,286,408</u>

**DISBURSEMENTS**

Operations:	
WID staff payroll and benefits	\$ 628,252
Administrative	65,993
Utilities	22,471
Environment	38,716
Maintenance	48,600
Operations - Total	<u>\$ 804,032</u>
Dredging	315,389
Dam - General	17,512
Dam - Inspection	12,928
Dam - Renovation	8,924
Total	<u>\$ 1,158,785</u>

**EXCESS OF RECEIPTS OVER DISBURSEMENTS** \$ 127,623

<b>Cash and investment accounts, beginning of year</b>	1,162,454
<b>Cash and investment accounts, end of year</b>	<u><u>\$ 1,290,077</u></u>

**Details of cash and investment accounts, end of year**

Operating cash	\$ 232,854
US Treasury notes and bills	957,223
Certificates of deposit	100,000
	<u><u>\$ 1,290,077</u></u>

See accompanying notes to financial statement.



# LAKE BARCROFT WATERSHED IMPROVEMENT DISTRICT

## NOTES TO FINANCIAL STATEMENT

JUNE 30, 2020

### 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.

#### **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 tax payer/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.

#### **Investments**

Investments in US Treasuries and 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.



# LAKE BARCROFT WATERSHED IMPROVEMENT DISTRICT

## NOTES TO FINANCIAL STATEMENT (CONCLUDED)

JUNE 30, 2020

### 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, 2020 were \$41,470.

### Note 3. **Cash and Investments**

The operating cash accounts include \$204,127 held at Schwab Bank and \$28,726 held at BB&T. 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 five US Treasury Notes with a cost basis, which approximates fair value, of \$507,475 maturing August 2020 - September 2021, four US Treasury Bills with a cost basis, which approximates fair value, of \$449,748 maturing September 2020 – December 2020, and one certificate of deposit of \$100,000 maturing December 2020.

### 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. **Commitments**

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

### Note 6. **COVID-19 Impact and Considerations**

In March 2020 the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) a global pandemic. The nature of the pandemic resulted in mandates from federal, state and local authorities requiring forced closures of businesses and schools. While the closures and limitations on movement are expected to be temporary, the related financial impact cannot be estimated at this time.

### Note 7. **Subsequent Events**

Management has evaluated subsequent events through January 29, 2021 and has concluded no significant subsequent events meet the criteria of professional accounting standards to be recognized or disclosed in the financial statement.