

**WEST SACRAMENTO AREA FLOOD
CONTROL AGENCY
JOINT POWERS AUTHORITY**

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

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WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
JOINT POWERS AUTHORITY
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of the
West Sacramento Area Flood Control Agency Joint Powers Authority
West Sacramento, California

We have audited the accompanying financial statements of the governmental activities and the major fund of the West Sacramento Area Flood Control Agency Joint Powers Authority as of and for the year ended June 30, 2009 which collectively comprise the Authority's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the West Sacramento Area Flood Control Agency Joint Powers Authority as of June 30, 2009 and the respective changes in the financial position, thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Maze + Associates

November 30, 2009

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**WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
JOINT POWERS AUTHORITY**

**STATEMENT OF NET ASSETS
AND
STATEMENT OF ACTIVITIES**

The Statement of Net Assets and the Statement of Activities summarize the Authority's entire financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all of the Authority's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all of the Authority's transactions are taken into account, regardless of whether or when cash changes hands.

The Statement of Net Assets reports the difference between the Authority's total assets and the Authority's total liabilities, including all the Authority's capital assets and all its long-term debt. The Statement of Net Assets focuses the reader on the composition of the Authority's net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets summarizes the financial position of all the Authority's Governmental Activities in a single column. The Authority's Governmental Activities include the activities of its General Fund.

The Statement of Activities reports increases and decreases in the Authority's net assets. It is also prepared on the full accrual basis, which means it includes all the Authority's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The format of the Statement of Activities presents the Authority's expenses first, listed by program. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental program. The Authority's general revenues are then listed in the Governmental Activities column, as appropriate, and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 STATEMENT OF NET ASSETS
 JUNE 30, 2009

ASSETS

Cash in City treasury (Note 2)	\$2,479,319
Cash with fiscal agents (Note 2)	4,328,443
Due from other governments	173,073
Capital assets (Note 3)	<u>10,578,434</u>
Total Assets	<u>17,559,269</u>

LIABILITIES

Accounts payable	730,667
Due to other governments	121
Long term debt (Note 4)	
Due within one year	160,000
Due in more than one year	<u>9,840,000</u>
Total Liabilities	<u>10,730,788</u>

NET ASSETS (Note 5)

Unrestricted net assets	<u>6,828,481</u>
Total Net Assets	<u><u>\$6,828,481</u></u>

See accompanying notes to financial statements

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2009

Program Expenses:	
Administration	\$480,870
Interest and fiscal charges	432,021
Contributions to other agencies	<u>10,463,017</u>
Total program expenses	<u>11,375,908</u>
Program revenues:	
Special benefit assessment for operations	3,778,478
Contributions from developers and homeowners	<u>10,188,528</u>
Net program revenue	<u>2,591,098</u>
General revenues and (expenses):	
Other	<u>65,272</u>
Change in Net Assets	2,656,370
Net Assets-Beginning	<u>4,172,111</u>
Net Assets-Ending	<u><u>\$6,828,481</u></u>

See accompanying notes to financial statements

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FUND FINANCIAL STATEMENTS

Major funds are defined generally as having significant activities or balances in the current year.

MAJOR GOVERNMENTAL FUNDS

General Fund – to account for all financial resources except those required to be accounted for in another fund. This fund is used to pay all administrative, operating and other expenditures incurred by the Authority, and to account for special benefit assessment and contribution revenues.

Debt Service Fund - to account for the accumulation of resources and payments of bond principal and interest of the Assessment Revenue Bonds issued to finance the construction of certain public capital improvements related to flood protection.

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 BALANCE SHEET
 JUNE 30, 2009

	General Fund	Debt Service Fund	Total
ASSETS			
Cash in City treasury (Note 2)	\$2,479,319		\$2,479,319
Cash with fiscal agent (Note 2)	3,654,953	\$673,490	4,328,443
Due from other governments	173,073		173,073
Total Assets	6,307,345	673,490	6,980,835
LIABILITIES			
Accounts payable	730,667		730,667
Due to other governments		121	121
Total Liabilities	730,667	121	730,788
FUND EQUITY			
Fund balance (Note 4)	5,576,678	673,369	6,250,047
Total Fund Equity (Deficit)	\$5,576,678	\$673,369	6,250,047

Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and, therefore, are not reported in the Governmental Funds. 10,578,434

LONG-TERM LIABILITIES

Long-term liabilities are not due and payable in the current portion period and therefore not reported in the Funds. Those liabilities consist of:
 Bonds payable (10,000,000)

TOTAL NET ASSETS \$6,828,481

See accompanying notes to financial statements

WEST SACRAMENTO AGREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGE IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2009

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
REVENUES			
Special benefit assessment for operations	\$3,778,478		\$3,778,478
Contributions from developers and homeowners	9,929,178	\$259,350	10,188,528
Other	65,272		65,272
Total Revenues	<u>13,772,928</u>	<u>259,350</u>	<u>14,032,278</u>
EXPENDITURES			
Administration	480,816	54	480,870
Capital outlay	4,216,032		4,216,032
Interest and fiscal charges	33,512	398,509	432,021
Contributions to other agencies	1,275,599	9,187,418	10,463,017
Total Expenditures	<u>6,005,959</u>	<u>9,585,981</u>	<u>15,591,940</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from issuance of debt (Note 4)		10,000,000	10,000,000
NET CHANGE IN FUND BALANCE	7,766,969	673,369	8,440,338
Fund balance (deficit) at beginning of year	<u>(2,190,291)</u>		<u>(2,190,291)</u>
Fund balance at end of year	<u>\$5,576,678</u>	<u>\$673,369</u>	<u>\$6,250,047</u>

See accompanying notes to financial statements

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2009

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$8,440,338
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	4,216,032
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Government-wide Statement of net Assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which repayment exceeded proceeds.	<u>(10,000,000)</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$2,656,370</u></u>
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See accompanying notes to financial statements

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special benefit assessment for operations			\$3,778,478	\$3,778,478
Contributions from developers and homeowners			9,929,178	9,929,178
Other			65,272	65,272
Total Revenues			<u>13,772,928</u>	<u>13,772,928</u>
EXPENDITURES				
Administration			480,816	(480,816)
Capital outlay			4,216,032	(4,216,032)
Interest and fiscal charges			33,512	(33,512)
Contributions to other agencies			1,275,599	(1,275,599)
Total Expenditures			<u>6,005,959</u>	<u>(4,730,360)</u>
NET CHANGE IN FUND BALANCE			<u>7,766,969</u>	<u>\$7,766,969</u>
Fund balance (deficit) at beginning of year			<u>(2,190,291)</u>	
Fund balance at end of year			<u>\$5,576,678</u>	

See accompanying notes to financial statements

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY
 JOINT POWERS AUTHORITY
 DEBT SERVICE FUND
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Contributions from developers and homeowners			\$259,350	\$259,350
Total Revenues			259,350	259,350
EXPENDITURES				
Administration			54	(54)
Interest and fiscal charges			398,509	(398,509)
Contributions to other agencies			9,187,418	(9,187,418)
Total Expenditures			9,585,981	(9,585,981)
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt (Note 4)			10,000,000	(10,000,000)
NET CHANGE IN FUND BALANCE			673,369	\$673,369
Fund balance at beginning of year				
Fund balance at end of year			<u>\$673,369</u>	

See accompanying notes to financial statements

**WEST SACRAMENTO AREA FLOOD CONTROL AGENCY JOINT POWERS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

A. *Organization and Purpose*

The West Sacramento Area Flood Control Agency Joint Powers Authority (the "Authority") was created in July, 1994, under the provisions of Chapter 5 of Division 7 of the Title 1 of the California Government Code (commencing with section 6500) for the purpose of controlling and conserving waters for the protection of life and property that would or could be damaged by being inundated by still or flowing water.

The Authority's Governing Board is comprised of one representative from each charter member agency. The charter member agencies are the City of West Sacramento, Reclamation District No. 900, and Reclamation District No. 537. Each representative of the governing board has one vote. The members are appointed by the respective City Council or Board of Directors.

The accounting records of the Authority are maintained by the City of West Sacramento. The Authority has no employees and substantially all staff services are performed by City of West Sacramento personnel. Cost incurred by the City of West Sacramento to provide such services are reimbursed by the Authority.

The Authority is considered to be a separate legal entity and is not a component unit of the above members. However, it is reported as an Agency Fund in the City of West Sacramento's basic financial statements.

B. *Basis of Presentation*

The Authority's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These Standards require that the financial statements described below be presented.

Authority-wide Statements: The Statement of Net Assets and the Statement of Activities include the financial activities of the overall Authority's governmental activities. Governmental activities generally are financed through intergovernmental revenues. The Authority is the only entity included in these financial statements.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) special benefit assessments for operations of the programs, (b) contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues are presented as general revenues.

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY JOINT POWERS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

Fund Financial Statements: The fund financial statements provide information about the Authority. The emphasis of fund financial statements is on major individual governmental funds. The Authority has only one fund, the General Fund.

General Fund - The General Fund is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund. This fund is used to pay all administrative, operating and other expenditures incurred by the Authority, and to account for special benefit assessment and contribution revenues.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources and payments of bond principal and interest of the Assessment Revenue Bonds issued to finance the construction of certain public capital improvements related to flood protection.

C. *Basis of Accounting*

The Authority-wide financial statements are reported using the economic resources measurement *focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The Authority considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Non-exchange transactions, in which the Authority gives or receives value without directly receiving or giving equal value in exchange, may include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes, special benefit assessments, is recognized in the fiscal year for which the taxes are levied. Revenue from contributions from developers and homeowners is recognized in the fiscal year in which all eligibility requirements have been satisfied.

D. *Budgets and Budgetary Accounting*

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budget amounts in the financial statements are as originally adopted, or as amended by the Board. Individual amendments were not material in relation to the original appropriations.

Formal budgetary integration is employed as a management control device. Encumbrance accounting is employed as an extension of formal budgetary integration in all funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities and are reappropriated in the following year.

**WEST SACRAMENTO AREA FLOOD CONTROL AGENCY JOINT POWERS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

NOTE 2 - CASH AND INVESTMENTS

The Authority pools cash from all sources with the City of West Sacramento so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. The City's investment policy and the California Government Code permit investments in Securities of the U.S. Government or its agencies, Certificates of Deposit, Negotiable Certificates of Deposit, Medium-Term Notes, Commercial Paper, Banker's Acceptances, Commercial Paper, the State of California Local Authority Investment Fund (LAIF Pool), Repurchase Agreements, and Passbook Savings Account Demand Deposits.

In fiscal year ended June 30, 2009 the Authority issued \$10,000,000 in assessment revenue bonds. In doing so the Authority received an influx of money which was invested as follows:

Cash and investments in City Treasury	\$2,479,319
Cash and investments with Fiscal Agents	
Money Market Mutual Funds	4,328,443
Total	\$6,807,762

NOTE 3 - CAPITAL ASSETS

Capital assets used in governmental fund type operations are accounted for in the Statement of Net Assets, rather than in governmental funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

All capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets. Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of capital assets.

	Balance at June 30, 2008	Additions	Balance at June 30, 2009
Capital Assets, not being depreciated:			
Construction in progress	\$6,362,402	\$4,216,032	\$10,578,434
Agency Activities Capital Assets	\$6,362,402	\$4,216,032	\$10,578,434

WEST SACRAMENTO AREA FLOOD CONTROL AGENCY JOINT POWERS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 4 – LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2009:

	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009	Current Portion
Assessment Revenue Bonds					
3.75%-5.50% due 9/1/38		\$10,000,000		\$10,000,000	\$160,000
Loans Payable					
Flood Control	\$337,407		\$337,407		
Flood Control RD 537 & RD 900	916,857		916,857		
Total Agency Activity Debt	\$1,254,264	\$10,000,000	\$1,254,264	\$10,000,000	\$160,000

A. *West Sacramento Area Flood Control Agency Assessment Revenue Bonds* – On August 13, 2008 the West Sacramento Area Flood Control Agency JPA (Agency) issued \$10,000,000 to finance the construction of certain public capital improvements related to flood protection. The bonds are payable solely from annual assessment installments for capital facilities to be levied by the Agency on all parcels in the City of West Sacramento, CA. Principal payments of \$160,000 to \$635,000 are due annually on September 1 through September 1, 2038. Interest payments of \$17,463 to \$259,350 are due semi-annually on March 1 through September 1, 2038.

B. *Debt Service Requirements*

The annual debt service requirements at June 30, 2009 are as follows:

Year Ending June 30	Principal	Interest
2010	\$160,000	\$504,424
2011	170,000	498,236
2012	175,000	491,767
2013	185,000	485,017
2014	190,000	477,986
2015-2019	1,060,000	2,272,948
2020-2024	1,315,000	2,007,741
2025-2029	1,690,000	1,621,126
2030-2034	2,190,000	1,101,377
2035-2039	2,865,000	410,714
Total	\$10,000,000	\$9,871,336

**WEST SACRAMENTO AREA FLOOD CONTROL AGENCY JOINT POWERS AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

NOTE 5 – NET ASSETS AND FUND BALANCES

Net Assets is measured on the full accrual basis, while Fund Balance is measured on the modified accrual basis.

A. *Net Assets*

Net Assets is the excess of all the Authority's assets over all its liabilities, regardless of fund. *Unrestricted* describes the portion of Net Assets which is not restricted as to use.

B. *Fund Balances*

In the Fund financial statements, fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditure.

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