

CENTRAL CONTRA COSTA
SOLID WASTE AUTHORITY

WALNUT CREEK, CALIFORNIA

FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

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CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY

FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

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To the Board of Directors of the
Central Contra Costa Solid Waste Authority
Walnut Creek, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying basic financial statements of the Central Contra Costa Solid Waste Authority (Authority) as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of Authority's management. Our responsibility is to express an opinion on the basic 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 revenues and expenditures are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenues and expenditures. 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 basic financial statements referred to above present fairly, in all material respects, the balance sheet of the Central Contra Costa Solid Waste Authority as of June 30, 2009, and the results of its operations and respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Authority has not presented management's discussion and analysis that generally accepted accounting principles have determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the Authority's financial statements. The accompanying *Supplementary Information* is presented for purposes of additional analysis and is not a required part of the basic financial statements. The *Supplementary Information* has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mayer Hoffman McCann P.C.

San Jose, California
March 16, 2010

FINANCIAL STATEMENTS

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CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Governmental Fund
Balance Sheet Reconciled to Statement of Net Assets
June 30, 2009

	<u>General Operations</u>	<u>Reconciliation</u>	<u>Government-wide</u>
Assets			
Cash and investments (Note 2)	\$ 7,102,395	-	4,953,086
Interest receivable	<u>25,650</u>	<u>-</u>	<u>25,650</u>
Total assets	<u>\$ 7,128,045</u>	<u>-</u>	<u>4,978,736</u>
Liabilities and Fund Balances/Net Assets			
Liabilities:			
Accounts payable	\$ 254,935	-	254,935
Accrued liabilities	45,663	-	45,663
Deposits payable	<u>4,213,898</u>	<u>-</u>	<u>4,213,898</u>
Total liabilities	<u>4,514,496</u>	<u>-</u>	<u>4,514,496</u>
Fund balances/net assets:			
Unreserved, undesignated	<u>464,240</u>	<u>-</u>	<u>464,240</u>
Total fund balances/net assets	<u>464,240</u>	<u>-</u>	<u>464,240</u>
Total liabilities and fund balances/net assets	<u>\$ 4,978,736</u>	<u>-</u>	<u>4,978,736</u>

See Notes to Financial Statements

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Governmental Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Reconciled to the Statement of Activities
Fiscal year ended June 30, 2009

	<u>General Operations</u>	<u>Reconciliation</u>	<u>Government-wide</u>
Revenues:			
Administrative fees	\$ 477,158	-	477,158
Source reduction and recycling education fees	571,617	-	571,617
Interest income	187,439	-	187,439
State grants	44,612	-	44,612
Miscellaneous	<u>37,122</u>	<u>-</u>	<u>37,122</u>
 Total revenues	 <u>1,317,948</u>	 <u>-</u>	 <u>1,317,948</u>
Expenditures:			
General administrative:			
Personnel services	674,635	-	674,635
Materials and supplies	50,875	-	50,875
Office rent and utilities	88,608	-	88,608
Professional contracts and services	288,477	-	288,477
Public information programs	<u>286,113</u>	<u>-</u>	<u>286,113</u>
 Total expenditures	 <u>1,388,708</u>	 <u>-</u>	 <u>1,388,708</u>
 Excess of revenues over (under) expenditures	 <u>(70,760)</u>	 <u>-</u>	 <u>(70,760)</u>
 Change in fund balances	 (70,760)	 -	 (70,760)
 Fund balances/net assets at beginning of year	 <u>535,000</u>	 <u>-</u>	 <u>535,000</u>
 Fund balances/net assets at end of year	 <u>\$ 464,240</u>	 <u>-</u>	 <u>464,240</u>

See Notes to Financial Statements

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
 General Operations Fund
 Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
 Fiscal year ended June 30, 2009

	<u>Budget</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Administrative fees	\$ 471,720	471,720	477,158	5,438
Source reduction and recycling education fees	565,104	565,104	571,617	6,513
Interest income	154,610	154,610	187,439	32,829
State grants	45,000	45,000	44,612	(388)
Miscellaneous	<u>1,500</u>	<u>1,500</u>	<u>37,122</u>	<u>35,622</u>
 Total revenues	 <u>1,237,934</u>	 <u>1,237,934</u>	 <u>1,317,948</u>	 <u>80,014</u>
Expenditures:				
General administrative:				
Personnel services	772,006	772,006	674,635	97,371
Materials and supplies	45,320	45,320	50,875	(5,555)
Office rent and utilities	86,286	86,286	88,608	(2,322)
Professional contracts and services	176,888	176,888	288,477	(111,589)
Public information programs	<u>406,100</u>	<u>406,100</u>	<u>286,113</u>	<u>119,987</u>
 Total expenditures	 <u>1,486,600</u>	 <u>1,486,600</u>	 <u>1,388,708</u>	 <u>97,371</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(248,666)</u>	 <u>(248,666)</u>	 <u>(70,760)</u>	 <u>177,385</u>
 Change in fund balances	 (248,666)	 (248,666)	 (70,760)	 177,385
 Fund balances at beginning of year	 <u>535,000</u>	 <u>535,000</u>	 <u>535,000</u>	 <u>-</u>
Fund balances at end of year	<u>\$ 286,334</u>	<u>286,334</u>	<u>464,240</u>	<u>177,385</u>

See Notes to Financial Statements

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Fiduciary Funds – All Agency Funds
Statement of Fiduciary Net Assets
June 30, 2009

	<u>Agency Funds</u>
Assets	
Cash and investments (Note 2)	\$ 2,149,309
Total assets	<u>\$ 2,149,309</u>
Liabilities	
Liabilities:	
Due to member agencies	\$ 342,692
Due to operations fund	88,036
Due to others	<u>1,718,581</u>
Total liabilities	<u>\$ 2,149,309</u>

See Notes to Financial Statements

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY

Notes to the Financial Statements

For the year ended June 30, 2009

(1) Summary of significant accounting policies

A. *Description of the entity*

The Central Contra Costa Solid Waste Authority (the "Authority") was formed on September 11, 1990 to assure the citizens of its member agencies that certain solid waste facilities and related programs will be operated in the most effective manner possible. The Authority is the only entity included in these financial statements.

The Authority franchises the collection of solid waste and recyclables in Central Contra Costa County. The Authority is governed by a Board of Directors appointed by its members, and function independently of its members. Actions of the Board may be undertaken by a majority vote of the Board members present, provided a quorum exists, except as required in the Authority's agreement. The Authority presently includes Contra Costa County, the Cities and Towns of Walnut Creek, Danville, Lafayette, Moraga, and Orinda.

The Authority pays the City of Walnut Creek (City) to maintain its financial records and provide accounting services.

B. *Basis of accounting*

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for which they are to be spent and the means by which spending activities are controlled.

The Authority has one governmental fund, the General Operations Fund, and fiduciary funds.

The government-wide and fiduciary fund 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.

All governmental funds are accounted for on a spending or *current financial resources* measurement focus and the *modified accrual* basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measureable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except the revenues subject to accrual (generally 60 days after year-end) are recognized when due. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY

Notes to the Financial Statements

For the year ended June 30, 2009

(1) Summary of significant accounting policies (continued)

B. Basis of accounting (Continued)

Deferred revenues arise when potential revenues do not meet both the “measureable” and “available” criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed from the combined balance sheet and revenue is recognized.

Fiduciary fund financial statements include a Statement of Net Assets. The Authority’s fiduciary funds represent agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are accounted for using the accrual basis of accounting. Authority reports the following six agency funds: Franchise Fees, Reuse and Clean Up Days Program, Contingency, Diversion, Walnut Creek Recycle Center, and Sweeper Spoils.

C. Cash and investments

The Authority participates in the City of Walnut Creek’s (City) portfolio of investments, which is managed by the City Treasurer. Investments are stated at fair value. The tables presented in the City’s financial statements provides the credit ratings of the issuers that are acceptable to the City, and approved percentages and maturities that are not to be exceeded.

D. Fund balances

Reservations of fund balance are reported for amounts that are not available for appropriation. Designations of fund balances represent tentative management plans that are subject to change.

E. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY

Notes to the Financial Statements

For the year ended June 30, 2009

(1) Summary of significant accounting policies (continued)

F. Budgetary information

The Authority adopts a budget annually to be effective July 1 for the ensuing fiscal year. Budgeted expenditures are adopted through the passage of a resolution. This resolution constitutes the maximum authorized expenditures for the fiscal year and cannot legally be exceeded except by subsequent amendments of the budget by the Authority's Board.

Expenditures are controlled at the fund level for all budgeted departments within the Authority. This is the level at which expenditures may not legally exceed appropriations. Budgeted amounts for the statement of revenues, expenditures and changes in fund balance – budget and actual include budget amendments approved by the Authority's Board.

The budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP).

Any amendments or transfers of appropriations between object group levels within the same department must be authorized by the Authority's Executive Director. Any amendments to the total level of appropriations for a fund or transfers between funds must be approved by the Authority's Board. Supplemental appropriations financed by unanticipated revenues during the year must be approved by the Authority's Board.

(2) Cash and investments

The Authority's cash and investments at June 30, 2009 were as follows:

Governmental Fund	\$	-
Fiduciary Fund		<u>2,149,309</u>
Total	\$	<u>2,149,309</u>

The Authority pools its cash and investments with the City of Walnut Creek (City) in order to achieve a higher return on investment. The City maintains a cash and investment pool, which includes cash balances and authorized investments of all of the Authority's funds, which the City invests to enhance interest earnings. The pooled interest earned is allocated to the Authority's funds quarterly, based on average daily cash and investment balances in these funds. Certain restricted funds, which are held and invested by independent outside custodians through contractual agreements, are not pooled. These restricted funds include cash with fiscal agents.

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY

Notes to the Financial Statements

For the year ended June 30, 2009

(2) **Cash and investments (Continued)**

The investments made by the City are limited to those allowable under State statutes and include the following types of investments:

U.S. Government Securities
Certificates of Deposit
Bankers' Acceptances
Commercial Paper
Deposits with Banks
State of California Local Agency Fund

All cash and investments are stated at fair value. Pooled investment earnings are allocated monthly based on average cash and investment balances of the various funds and related entities of the City. Cash and investments in the accompanying balance sheet include investment earnings accrued through June 30, 2009. Information regarding the City's investments can be obtained in the City's Comprehensive Annual Financial Report available from the Finance Department located at 1666 North Main Street, Walnut Creek, CA 94596

(3) **Fiduciary fund liabilities**

A. Due to Member Agencies

The Authority's members are entitled to a portion of the service fees as outlined with the service contract agreements with the various contractors. The Authority collects this amount from the contractors and accounts for these fees in an agency fund. The Authority's Board determines when any funds are disbursed to the various members. As of June 30, 2009 the balance due to member agencies was \$342,692.

B. Due to Others

The Authority receives proceeds from recycled material sales as specified in the service contract agreement during the year. It was specified that the funds would be used to supplement various recycling and waste reduction programs provided by contractors. As of June 30, 2009, the balance due to others was \$1,718,581.

(4) **Risk management**

The Authority is a member of the Special District Risk Management Authority (SDRMA), which provides insurance coverage for general liability under the terms of a joint powers agreement with the Authority and several other public entities. SDRMA is governed by a board consisting of representatives from member agencies. The Board controls operations of SDRMA, including selection of management and approval of operating budgets, independent of any influence by member agencies beyond their representation on the Board.

The Authority has no deductible per claim. SDRMA is self-insured up to \$500,000 for liability claims and has purchased excess insurance of \$2,500,000. As of June 30, 2009 no claims had been filed against the Authority.

SUPPLEMENTARY INFORMATION

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CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Combining Statement of Fiduciary Net Assets
All Agency Funds
June 30, 2009

	Franchise <u>Fee</u>	Reuse and Clean Up <u>Days</u>	<u>Contingency</u>	<u>Diversion</u>	Walnut Creek <u>Recycle Center</u>	Sweeper <u>Spoils</u>	<u>Total</u>
<u>Assets</u>							
Cash and investments	\$ -	80,369	342,692	1,718,581	3,500	4,167	2,149,309
Total assets	<u>\$ -</u>	<u>80,369</u>	<u>342,692</u>	<u>1,718,581</u>	<u>3,500</u>	<u>4,167</u>	<u>2,149,309</u>
<u>Liabilities</u>							
Due to member agencies	\$ -	-	342,692	-	-	-	342,692
Due to operations fund	-	80,369	-	-	3,500	4,167	88,036
Due to others	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,718,581</u>	<u>-</u>	<u>-</u>	<u>1,718,581</u>
Total liabilities	<u>\$ -</u>	<u>80,369</u>	<u>342,692</u>	<u>1,718,581</u>	<u>3,500</u>	<u>4,167</u>	<u>\$2,149,309</u>

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the year ended June 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
Franchise Fee				
<u>Assets</u>				
Cash and investments	\$ -	3,282,400	3,282,400	-
Total assets	\$ -	3,282,400	3,282,400	-
<u>Liabilities</u>				
Due to member agencies	\$ -	3,282,400	3,282,400	-
Total liabilities	\$ -	3,282,400	3,282,400	-
Reuse and Clean Up Days Program				
<u>Assets</u>				
Cash and investments	\$ 92,372	542,301	554,304	80,369
Total assets	\$ 92,372	542,301	554,304	80,369
<u>Liabilities</u>				
Due to operating funds	\$ 92,372	542,301	554,304	80,369
Total liabilities	\$ 92,372	542,301	554,304	80,369
Contingency				
<u>Assets</u>				
Cash and investments	\$ 342,692	-	-	342,692
Total assets	\$ 342,692	-	-	342,692
<u>Liabilities</u>				
Due to member agencies	\$ 342,692	-	-	342,692
Total liabilities	\$ 342,692	-	-	342,692

CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the year ended June 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
Diversion				
<u>Assets</u>				
Cash and investments	\$ 3,923,979	1,087,890	3,293,288	1,718,581
Total assets	<u>\$ 3,923,979</u>	<u>1,087,890</u>	<u>3,293,288</u>	<u>1,718,581</u>
<u>Liabilities</u>				
Due to others	\$ 3,923,979	1,087,890	3,293,288	1,718,581
Total liabilities	<u>\$ 3,923,979</u>	<u>1,087,890</u>	<u>3,293,288</u>	<u>1,718,581</u>
Walnut Creek Recycle Center				
<u>Assets</u>				
Cash and investments	\$ 3,500	42,000	42,000	3,500
Total assets	<u>\$ 3,500</u>	<u>42,000</u>	<u>42,000</u>	<u>3,500</u>
<u>Liabilities</u>				
Due to operating fund	\$ 3,500	42,000	42,000	3,500
Total liabilities	<u>\$ 3,500</u>	<u>42,000</u>	<u>42,000</u>	<u>3,500</u>
Sweeper Spoils				
<u>Assets</u>				
Cash and investments	\$ 4,167	50,667	50,667	4,167
Total assets	<u>\$ 4,167</u>	<u>50,667</u>	<u>50,667</u>	<u>4,167</u>
<u>Liabilities</u>				
Due to operating fund	\$ 4,167	50,667	50,667	4,167
Total liabilities	<u>\$ 4,167</u>	<u>50,667</u>	<u>50,667</u>	<u>4,167</u>

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