

F
Y

2
0
0
1

District of Columbia
Stormwater Permit
Compliance
Enterprise Fund

Financial Statements
for the period October 18, 2000 (inception)
through September 30, 2001

DISTRICT OF COLUMBIA STORMWATER PERMIT COMPLIANCE ENTERPRISE FUND

Financial Statements

September 30, 2001

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Balance Sheet at September 30, 2001	2
Statement of Revenue, Expenses and Changes in Retained Earnings For the period October 18, 2000 (inception) through September 30, 2001	3
Statement of Cash Flows For the period October 18, 2000 (inception) through September 30, 2001	4
Notes to Financial Statements	5

THOMPSON, COBB, BAZILIO & ASSOCIATES, PC
Certified Public Accountants and Management, Systems, and Financial Consultants

■ Main Office:
1101 15th Street, N.W.
Suite 400
Washington, DC 20005
(202) 737-3300
Fax: (202) 737-2684

□ Regional Office:
100 Pearl Street
14th Floor
Hartford, CT 06103
(860) 249-7246
Fax: (860) 275-6504

□ Regional Office:
21250 Hawthorne Boulevard
Suite 500
Torrance, CA 90503
(310) 792-7001
Fax: (310) 792-7004

Independent Auditor's Report

The Advisory Council and Members of City Council
District of Columbia Storm Water Permit Compliance Enterprise Fund:

We have audited the accompanying balance sheet of the District of Columbia Storm Water Permit Compliance Enterprise Fund ("Fund") (a component unit of the District of Columbia) as of September 30, 2001, and the related statements of revenue, expenses and changes in retained earnings and cash flows for the period from October 18, 2000 (inception) through September 30, 2001. These financial statements are the responsibility of the Fund's management. 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 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 financial position of the District of Columbia Storm Water Permit Compliance Enterprise Fund as of September 30, 2001, and the results of its operations and its cash flows for the period October 18, 2000 (inception) through September 30, 2001, in conformity with accounting principles generally accepted in the United States of America.

Washington, DC
January 2, 2002

Thompson, Cobb, Bazilio & Associates, P.C.

**DISTRICT OF COLUMBIA STORMWATER PERMIT COMPLIANCE
ENTERPRISE FUND**

Balance Sheet

September 30, 2001

(In thousands)

Assets	
Current assets:	
Cash (note 3)	\$ 311
Customer receivables (note 4)	290
Due from DC WASA (note 5)	484
Total current assets	1,085
Total noncurrent assets	
	—
Total Assets	\$ 1,085
Liabilities and Equity	
Current liabilities:	
Due to other District Agencies (note 6)	\$ 191
Deferred revenue	165
Total current liabilities	356
Total noncurrent liabilities	
	—
Total liabilities	356
Equity:	
Retained earnings	729
Total equity	729
Total Liabilities and Equity	\$ 1,085

See accompanying notes to financial statements.

**DISTRICT OF COLUMBIA STORMWATER PERMIT COMPLIANCE
ENTERPRISE FUND**

Statement of Revenue, Expenses and Changes in Retained Earnings
For the period October 18, 2000 (inception) through September 30, 2001
(In thousands)

Operating revenue:		
Stormwater Fees (note 2)	\$	909
Other Revenues (note 2)		135
<hr/>		
Total operating revenue		1,044
<hr/>		
Operating expenses:		
Contractual services		326
<hr/>		
Total operating expenses		326
<hr/>		
Operating income		718
Nonoperating income (expense):		
Interest income		11
<hr/>		
Net income		729
<hr/>		
Increase in retained earnings		729
Retained earnings at beginning of year		—
<hr/>		
Retained earnings at end of year	\$	729

See accompanying notes to financial statements.

**DISTRICT OF COLUMBIA STORMWATER PERMIT COMPLIANCE
ENTERPRISE FUND**

Statement of Cash Flows

For the period October 18, 2000 (inception) through September 30, 2001

(In thousands)

<hr/>	
<hr/>	
Cash flows from operating activities:	
Cash received from customers	\$ 300
Cash paid to suppliers for goods and services	—
<hr/>	
Net cash provided by operating activities	300
<hr/>	
Net cash used in capital and related financing activities	—
<hr/>	
Cash flows from investing activities:	
Cash received for interest	11
Net purchases of investments	—
<hr/>	
Net cash provided by investing activities	11
<hr/>	
Net increase (decrease) in cash and cash equivalents	311
<hr/>	
Cash and cash equivalents at beginning of year	—
<hr/>	
Cash and cash equivalents at end of year	\$ 311
<hr/>	
Operating income	\$ 718
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in operating assets and liabilities:	
(Increase) decrease in customer and other receivables	(774)
Increase in payables and accrued liabilities	191
Increase (decrease) in deferred revenue	165
<hr/>	
Net cash provided by operating activities	\$ 300
<hr/>	

See accompanying notes to financial statements.

DISTRICT OF COLUMBIA STORMWATER PERMIT COMPLIANCE ENTERPRISE FUND

Notes to Financial Statements

For the period October 18, 2000 (inception) through September 30, 2001

(In thousands)

(1) Stormwater Enterprise Fund

The District of Columbia Storm Water Permit Compliance Enterprise Fund (the Fund) was established on October 18, 2000, by the District of Columbia City Council pursuant to the Clean Water Act, 33 U.S.C. §1251. The City Council legislation was entitled *Storm Water Permit Compliance Amendment Act of 2000 (the Act)*. The Act established the District of Columbia Water and Sewer Authority (the Authority), as the Storm Water Administrator, whose responsibility includes, monitoring and coordinating activities of all District agencies, including the activities of the Administrator, which are required to maintain compliance with the Storm Water Permit. The legislation also required the Water and Sewer Authority to charge a Storm Water fee on its water bill to its retail customers.

All revenues collected for the fund shall be used to pay for any District agency's costs of complying with the Storm Water Permit, including all administrative, operating and capital costs, and the Water and Sewer Authority's cost of billing and collecting the Storm Water fees.

(2) Summary of Significant Accounting Policies

The financial statements of the Fund have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles. The Fund's significant accounting policies are described below.

(a) Basis of Accounting

These financial statements are prepared using the accrual basis of accounting, as required for a proprietary fund type activity.

(b) Revenue Recognition

Revenue from Storm Water fees are recognized in the period billed. GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions* was adopted for the Fund from its inception. This statement requires governments to recognize capital contributions as revenues not contributed capital. For FY 2001 no grants contributions were recorded.

(c) Cash and cash equivalents

The Fund's cash is maintained in a bank account separate from the District and Water and Sewer Authority cash in accordance with the Act. This account is insured and fully collateralized. Cash equivalents are investments held by the Fund, which generally have an original maturity of 90 days or less, and are readily convertible to known amounts of cash. The Fund had no cash equivalents at September 30, 2001.

DISTRICT OF COLUMBIA STORMWATER PERMIT COMPLIANCE ENTERPRISE FUND

Notes to Financial Statements

For the period October 18, 2000 (inception) through September 30, 2001

(In thousands)

(d) *Deferred Revenue and Other Revenues*

The Department of Health (DOH) made an advance payment to cover costs of permit compliance incurred by the Fund administrator on its behalf for fiscal years 2001 and 2002. This advance is recorded as deferred revenue. Revenue is recognized as costs are incurred by the Fund administrator.

(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.

(3) Cash

At September 30, 2001, the carrying amounts of bank deposits were \$311.

(4) Customer Receivables

Customer receivables include unbilled revenues of \$143 at September 30, 2001.

(5) Due From DC WASA

These are amounts due from the Authority for Storm Water permit fees collections not remitted to the Fund at September 30, 2001 net of the administrative expenses due to the Authority as discussed at note (7) "Related Party and Similar Transactions".

(6) Due To Other District Agencies

These are authorized and approved amounts incurred by other District agencies in Storm Water permit compliance activities not yet refunded by the Fund at September 30, 2001.

(7) Related Party and Similar Transactions

During FY 2001, the Fund recognized \$135 and \$191 of administrative expenses from the Authority and the Department of Public Works, respectively. The Fund also received \$300 from the Department of Health.