

WESTSIDE CITIES COUNCIL OF GOVERNMENTS

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2022

**WESTSIDE CITIES COUNCIL OF GOVERNMENTS
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2022**

Independent Auditor’s Report.....	1
Managements’ Discussion and Analysis.....	3
Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position.....	9
Statement of Activities.....	10
Fund Financial Statements:	
Balance Sheet - Governmental Fund	11
Reconciliation of the Governmental Funds	
Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund	
Balances – Governmental Funds	13
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,	
and Changes in Fund Balances to the Statement of Activities.....	14
Notes to Financial Statements.....	15
Required Supplemental Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance –	
Budget and Actual – General Fund.....	21



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Westside Cities Council of Governments
Los Angeles, California

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Westside Cities Council of Governments (the Authority) as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Authority, as of June 30, 2022, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 *Government 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 statements.

In performing an audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 statements.
- 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 the Authority'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 statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion analysis (pages 4 through 8) and budgetary comparison information for the General Fund (page 21) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Moss, Levy & Hartzheim, LLP
Culver City, California
February 8, 2023

Our discussion and analysis of the Westside Cities Council of Governments (the "Authority") financial performance presents an overview of the Authority's financial activities during the fiscal year ended June 30, 2022. We encourage readers to consider information presented here in conjunction with the financial statements (beginning on page 11). The financial statements, notes and this discussion and analysis were prepared by management and are the responsibility of management.

Background

The Authority was created on December 20, 2005 by a Joint Exercise of Power Agreement (the agreement) between the City of Santa Monica, City of Beverly Hills (the City), City of Culver City, City of Los Angeles, City of West Hollywood and the County of Los Angeles, all in California (collectively, Members). The Authority was formed to enable the Members to voluntarily engage in regional and cooperative planning and coordination of government services and responsibilities to assist the Members in the conduct of their affairs. The goal and intent of the Authority is one of voluntary cooperation among cities for the collective benefit of cities in the Westside areas of Los Angeles.

The Authority's mission is to be the regional voice that extends the leverage of its member agencies at the State and Federal level for the benefit of the region. The Authority is charged with preserving and enhancing the respective local and regional quality of life by building relationships, maximizing resources, advocating for mutual interests and promoting policy for the benefit of the residents, businesses and visitors.

The Board of Directors is comprised of a Delegate and Alternate from each of the local government entities, appointed by their respective jurisdictions. These members have partnered in a voluntary cooperative endeavor to forge consensus on policies and programs of regional significance that enhance the quality of life, sustain the environment and enrich the future of Westside residents, businesses and visitors.

The Authority provides a forum for discussion and communication as well as formalized representation and advocacy with governmental agencies at all levels. The organization also monitors legislation as well as regional, state and federal funding and other collaborative opportunities to maximize services to the public at minimum cost. Priority issues established by the Board are subregional transportation and improved mobility, land use and housing, and homelessness and social services.

The Board of Directors convenes a total of six (6) regular meetings annually, including special meetings to discuss important subregional issues. The Board of Directors is also in charge of designating representatives to serve on behalf of the subregion on local public agency committees. The Authority staff includes an Executive Director who is charged with the following tasks, assisting and guiding the Board of Directors, developing and leading the annual work program and budget, managing grant funding and program reimbursements, providing administrative support to the Board of Directors, serving as a liaison to public agencies, serving as the filing officer for the Fair Political Practice Commission Statement of Economic Interests, and organizing advocacy efforts to further the annual work program.

Financial Highlights

At June 30, 2022, the Authority's assets of \$235,731 exceeded its liability of \$113,739, resulting in a net position of \$121,992, which consisted of unrestricted net position.

The Authority's net position decreased from \$125,037 at June 30, 2021 to \$121,992 at June 30, 2022, which is a decrease of \$3,045.

Overview of Financial Statements

The Authority's basic financial statements consist of three components: (1) Government-wide Financial Statements, (2) Fund Financial Statements and (3) Notes to the Basic Financial Statements.

Government-wide Financial Statements

The government-wide financial statements found on pages 9 and 10 are designed to give readers a broad overview of the Authority's financial position. These include all of the Authority's assets, liabilities, revenues, and expenses. The accounting basis is full accrual (similar to private sector companies) where revenues are recorded as earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows.

The *Statement of Net Position* presents all of the Authority's assets and liabilities with the difference reported as net position (or equity in the private sector). Over time, increases or decreases in net position serve as useful indicator of whether the financial position of the Authority is improving or declining.

The *Statement of Activities* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Fund Financial Statements

The fund financial statements can be found on pages 11 through 14 of this report. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

Differences between the two sets of financial statements are normally determined by the complexity of the reporting agency and usually revolve around different treatments for capital assets and debt issuance and repayment. Since the Authority has no capital assets and no long-term debts, the Government-wide and the Fund Financial Statements are similar.

Notes to the Basic Financial Statements

This report includes notes to the basic financial statements. They provide additional information that is important to a complete understanding of the data contained in the government-wide and fund financial statements. The notes can be found on pages 15 through 20 of this report.

Financial Analysis

Statements of Net Position

The following table summarizes the assets, liabilities, and net position of the Authority's primary government as of June 30, 2022 and 2021:

	Statement of Net Position	
	2022	2021
Current assets	\$ 235,731	\$ 176,046
Total assets	235,731	176,046
Current liabilities	113,739	51,009
Total liabilities	113,739	51,009
Net position:		
Unrestricted	121,992	125,037
Total net position	\$ 121,992	\$ 125,037

Current assets increased nominally by \$59,685, or 34%, due to an increase in cash.

Current liabilities increased by \$62,730 or 123%, primarily due to additional invoices outstanding at year-end.

As previously discussed, net position can serve as an indicator of financial health. The Authority's assets exceeded liabilities by \$121,992 and \$125,037 as of June 30, 2022 and 2021 respectively.

**Westside Cities Council of Governments
Management's Discussion and Analysis
Year ended June 30, 2022**

Statements of Activities

The following table presents the Authority's revenues, expenses, and changes in net position for the years ended June 30, 2022 and 2021:

	2022	2021	Variance	
			Amount	%
Revenues				
Charges for Services	\$ 138,000	\$ 138,000	\$ -	0%
Capital Grants and Contributions	142,758	720,724	(577,966)	-80%
Total Revenues	280,758	858,724	(577,966)	-67%
Expenses				
General Government	283,803	850,896	(567,093)	-67%
Total Expenses	283,803	850,896	(567,093)	-67%
Increase (decrease) in Net Assets	(3,045)	7,828	(10,873)	-139%
Net Position at July 1	125,037	117,209	7,828	7%
Net Position, June 30	\$ 121,992	\$ 125,037	\$ (3,045)	-2%

Program revenues in FY 2022 consisted of dues from the six members totaling \$138,000 and grant revenues totaling \$142,758. Revenues decreased by \$577,966 or 67%, which is due to reduced grant funding for the Regional Homelessness Coordination funds received from Los Angeles County, and for the Multi-Year Subregional Planning Funds received from the Los Angeles County Metropolitan Transportation Authority.

General government expenses decreased from \$850,896 in FY 2021 to \$283,803 in FY 2022, which is a decrease of \$567,093, or 67%. The decrease in expenses is almost entirely due to spending for the two grant programs listed above, which decreased from \$720,723 to \$137,246 for FY 2022, which is a decrease of \$583,478 or 81%.

Financial Analysis of Fund Statements

The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Westside Cities Council of Governments
Management's Discussion and Analysis
Year ended June 30, 2022**

Governmental Funds

The focus of the Authority's governmental fund is to provide information on the sources, uses and balances of spendable resources. Such information is useful in assessing the Authority's short-term financial requirements. The General Fund is the only fund for the Authority.

The following table presents the summarized Statement of Revenues, Expenditures and Changes in Fund Balance for the General Fund for the years ended June 30, 2022 and 2021.

	2022	2021	Variance	
			Amount	%
Revenues				
Intergovernmental	\$ 138,000	\$ 138,000	\$ -	0%
Grant revenues	177,718	717,070	(539,352)	-75%
Total Revenues	<u>315,718</u>	<u>855,070</u>	<u>(539,352)</u>	<u>-63%</u>
Expenditures				
General Government	283,803	850,896	(567,093)	-67%
Total Expenditures	<u>283,803</u>	<u>850,896</u>	<u>(567,093)</u>	<u>-67%</u>
Net change in Fund Balance	31,915	4,174	27,741	665%
Fund Balance at July 1	<u>90,077</u>	<u>85,903</u>	<u>4,174</u>	<u>5%</u>
Fund Balance at June 30	<u>\$ 121,992</u>	<u>\$ 90,077</u>	<u>\$ 31,915</u>	<u>35%</u>

Total fund balance increased from \$90,077 at June 30, 2021 to \$121,992 at June 30, 2022, which is an increase of \$31,915 or 35%. The overall increase in fund balance is due to grant revenues exceeding grant expenditures by \$40,472, which is due to the timing of grant related invoice payments.

Intergovernmental revenues for the Authority consist of dues from the six members totaling \$138,000 for both FY 2021 and FY 2022.

Grant revenues decreased from \$717,070 in FY 2021 to \$177,718 in FY 2022, which is a decrease of \$539,352 or 75%. The decrease is due to reduced grant funding for the two programs described previously.

General government expenditures decreased from \$850,896 in FY 2021 to \$283,803 in FY 2022, which is a decrease of \$567,093 or 67%. The decrease is due to reduced grant funding for the two programs described previously. Expenditures for the Regional Homelessness Coordination grant received from Los Angeles County decreased from \$682,631 in FY 2021 to \$134,181 in FY 2022, which is a decrease of \$548,450 or 80%, while expenditures for the Multi-Year Subregional Planning Funds received from the Los Angeles County Metropolitan Transportation Authority decreased from \$38,093 in FY 2021 to \$3,065 in FY2022, which is a decrease of \$35,028 or 92%.

General Fund Budgetary Highlights

There were no adjustments made to the FY 2022 budget, the original budget is equal to the final budget. The largest variances between the final budget and actual expenditures was for the Los Angeles County Homeless Coordination grant, which had a final budget of \$45,000 and actual expenditures of \$144,422 for a variance of \$99,422, and for the Metro Multi-year Subregional program, which had a final budget of \$11,989 and actual expenditures of \$3,065 for a variance of \$8,942. The variance for both grants is due to timing, since the grants are Multi-Year projects that cross over several fiscal years. The Authority finished under budget by \$6,435 for the following categories: travel, miscellaneous printing, meeting setup and logistics, and IT services, due to pandemic-related costs savings from holding virtual meetings instead of in-person meetings. Overall, the final budget showed a net decrease to fund balance of \$3,732, compared to an actual increase to fund balance of \$31,915, which is a variance of \$35,647.

Economic Factors and Next Year's Budget

The budget for FY 2023 assumes that the net position as of June 30, 2022 will be required and available to fulfill the program and administrative expense requirements. Two significant changes in FY 2023 budget are \$1,195,714 for Los Angeles County Regional Homelessness Coordination grant, compared to the FY 2022 budget of \$288,382, which is an increase of \$907,333 or 315%, and increase in SCAG Regional Early Action Program from \$10,000 in FY 2022 budget to \$79,167 in FY 2023 budget, which is \$69,167 or 316% increase. The increase in this category is due to an additional grant funding received from Los Angeles County and Southern California Association of Governments. There is no change in the annual dues charged to each member. There is also no change in the contract for Executive Director Services.

Further Information

This report has been designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances and to show the Authority's accountability for the money it receives. Questions concerning any of the information provided in the June 30, 2022 report or requests for additional information should be addressed to Sandra Skorkaite, Principal Accountant, at 455 N. Rexford Drive, #350, Beverly Hills, California, 90210.

BASIC FINANCIAL STATEMENTS

**WESTSIDE CITIES COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Governmental Activities
ASSETS	
Cash	\$ 232,666
Accounts receivable, consumer	3,065
Total Assets	235,731
LIABILITIES	
Accounts payable and accrued expenses	113,739
Total Liabilities	113,739
NET POSITION	
Unrestricted	121,992
Total Net Position	\$ 121,992

See accompanying notes to basic financial statements

**WESTSIDE CITIES COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2022**

		Program Revenue		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities
Governmental activities:				
General Government	\$ 283,803	\$ 138,000	\$ 142,758	\$ (3,045)
Total governmental activities	\$ 283,803	\$ 138,000	\$ 142,758	(3,045)
				(3,045)
				125,037
				\$ 121,992

See accompanying notes to basic financial statements

**WESTSIDE CITIES COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2022**

	<u>General Fund</u>
ASSETS	
Cash and investments	\$ 232,666
Due from other governments	<u>3,065</u>
Total Assets	<u>235,731</u>
LIABILITIES	
Accounts payable and accrued expenses	<u>113,739</u>
Total Liabilities	<u>113,739</u>
FUND BALANCE	
Unassigned	<u>121,992</u>
Total Fund Balance	<u>121,992</u>
Total Liabilities and Fund Balance	<u><u>\$ 235,731</u></u>

See accompanying notes to basic financial statements

**WESTSIDE CITIES COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL
FUND TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

Total fund balances - governmental funds	\$	118,927
Amounts reported for governmental activities in the statement of net position are different because: None		<hr/>
Total net position - governmental activities	\$	<u><u>118,927</u></u>

See accompanying notes to basic financial statements

**WESTSIDE CITIES COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FISCAL YEAR ENDED JUNE 30, 2022**

	General Fund
REVENUES	
Intergovernmental	\$ 138,000
County Homeless Coordination Grant	170,506
Metro Multi-Year Subregional Program Planning Funds	7,212
Total Revenues	315,718
EXPENDITURES	
General Government	283,803
Total Expenditures	283,803
Net Change in Fund Balance	31,915
Fund Balance, Beginning of Fiscal Year	90,077
Fund Balance, End of Fiscal Year	\$ 121,992

See accompanying notes to basic financial statements

**WESTSIDE CITIES COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2022**

Net Change in Fund Balance of the Governmental Fund	\$	28,850
Amounts reported for governmental activities in the statement of activities are different because:		
Certain revenues in the governmental funds are deferred inflows of resources because they are not collected within the prescribed time period after fiscal year-end. This amount represents the amount by which prior fiscal year deferred inflows exceeds the current fiscal year.		
		<u>(34,960)</u>
Change in Net Position of Governmental Activities	\$	<u>(6,110)</u>

See accompanying notes to basic financial statements

**WESTSIDE CITIES COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Westside Cities Council of Governments (the Authority) was created on December 20, 2005 by a Joint Exercise of Power Agreement (the Agreement) between the City of Santa Monica, City of Beverly Hills, City of Culver City, City of Los Angeles, City of West Hollywood, and the County of Los Angeles, all in California (collectively, Members). This Agreement shall continue in existence until the Agreement is terminated. This Agreement may not be terminated except by an affirmative vote of a majority of total voting membership of the Governing Board.

The Authority was formed to enable the Members to voluntarily engage in regional and cooperative planning and coordination of government services and responsibilities so as to assist the Members in the conduct of their affairs. The goal and intent of the Authority is one of voluntary cooperation among cities for the collective benefit of cities in the Westside area of Los Angeles County.

One elected official from each Member is appointed to the Authority as a governing board representative of the Authority (the Governing Board). The terms of office of the Chair and Vice Chair shall commence until July 1 of that fiscal year and expire on the following July 1. The positions of Chair and Vice Chair are alternated between the Members.

The Governing Board approves an annual budget based upon the costs of operating the Authority prior to July 1 of each fiscal year. The Governing Board may at any time amend the budget to incorporate additional income and disbursements that might become available to the Authority for its purposes during a fiscal year.

The books and records for the Authority for the fiscal year ended June 30, 2022, are located in the City of Beverly Hills, Finance Department at 455 N. Rexford Drive, #350, Beverly Hills, CA 90210.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The *basic financial statements* of the District are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transaction are recognized on an actual basis.

**WESTSIDE CITIES COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting, Measurement Focus, and Financial Statement Presentation (Continued)

Government-wide Financial Statements (Continued)

Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. The grant revenues consist of a grant from the County of Los Angeles for Homeless Services and Los Angeles County Metropolitan Transportation Authority.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure. The Authority has no capital assets or long-term debt.

Fund Financial Statements

Fund financial statements for the Authority's governmental fund are presented after the government wide financial statements.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus* and *modified - accrual basis of accounting*. Revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The Authority uses a 60-day availability period. Expenditures are recorded when the liability is incurred.

The Authority reports the following major governmental funds:

- The General Fund is the primary operating fund of the Authority. It is used to account for all financial resources.

C. Annual Budget

The Authority adopted an annual budget prepared on the modified accrual basis for the General Fund, which is consistent with accounting principles generally accepted in the United States of America.

In addition, a minimum reserve of 15% of operating revenues must be maintained according to the Authority's reserve policy.

Financial policies also provide for the Executive Director to transfer up to 50% of budget line items and to report such transfers in monthly financial reports.

D. Cash

The Authority has a separate cash account that is maintained by the City of Beverly Hills and does not result in interest income. There are no investments.

**WESTSIDE CITIES COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

F. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position and the governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenses/expenditures) until that time. The Authority does not have any applicable deferred outflows of resources.

In addition to liabilities, the governmental fund balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Authority does not have any applicable deferred inflows of resources.

G. Net Position

Net position is the excess of the Authority's asset and deferred outflows of resources, over all its liabilities and deferred inflows of resources and is divided into three captions:

- Net Investment in Capital Assets – describes the portion of net position that is represented by capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. The Authority has no such net position.
- Restricted – describes the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws or regulations of other governments or through constitutional provisions or enabling legislation. The Authority has no restricted net position.
- Unrestricted – describes the portion of net position that does not meet the definition of net investments in capital assets or restricted net position.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first and then unrestricted resources as they are needed.

H. Fund Balances

In the fund financial statements, the governmental fund reports fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the Authority is bound to honor constraints on how specific amounts can be spent.

- Nonspendable fund balance – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

**WESTSIDE CITIES COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Balances (Continued)

- Restricted fund balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the Authority’s highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- Assigned fund balance – amounts that are constrained by the Authority’s *intent* to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose.
- Unassigned fund balance – the residual classification for the Authority’s funds that include amounts not contained in other classifications.

When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, followed by committed, assigned, and unassigned resources as they are needed.

The Board of Directors establishes, modifies, or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget amendments that occur throughout the fiscal year.

I. Classification of Revenues

Program revenues consist of charges to member agencies and grant revenues. General revenues consist of investment income and other income. There are no general revenues for the fiscal year ended June 30, 2022.

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the AICPA, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**WESTSIDE CITIES COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. GASB Statement Number 87 “Leases” Implementation

GASB issued Statement No. 87 “Leases” to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease asset and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The Authority had no leases in which they are considered a lessor or lessee.

L. Appropriations and Budgetary Information

Appropriation lapse at fiscal year-end are made at the fund level. Expenditures in excess of appropriations for fiscal year 2021-2022 were as follows:

General fund	\$	84,282
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M. Future Accounting Pronouncement

GASB Statements listed below will be implemented in future financial statements:

Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.
Statement No. 94	"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 96	"Subscription-Based Information Technology Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 99	"Omnibus 2022"	The provisions of this statement are effective for fiscal years beginning after June 15, 2023.
Statement No. 100	"Accounting Changes and Error Corrections- and amendment of GASB Statement No. 62"	The provisions of this statement are effective for fiscal years beginning after June 15, 2023.
Statement No. 101	"Compensated Absences"	The provisions of this statement are effective for fiscal years beginning after December 15, 2023.

**WESTSIDE CITIES COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 – CASH

Cash as of June 30, 2022 is classified in the accompanying financial statements as follows

Statement of Net Position:	
Cash	<u>\$ 232,666</u>

Cash as of June 30, 2022 consist of the following:

Deposits with Financial Institutions	<u>\$ 232,666</u>
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The Authority has not adopted an investment policy separate from that of the City of Beverly Hills and does not have any investments as of June 30, 2022.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the Authority's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2022, the Authority's deposits (bank balances) were insured by the Federal Deposit Insurance Corporation.

NOTE 3 – COMMITMENTS

The Authority has a contract with an advisory firm to provide Executive Director services. Under this agreement, the Authority is to pay this firm approximately \$10,000 per month through June 30, 2023.

NOTE 4 – SUBSEQUENT EVENTS

For fiscal years beginning after June 30, 2022, the Authority's books and records will be maintained by the City of Culver City.

REQUIRED SUPPLEMENTARY INFORMATION

**WESTSIDE CITIES COUNCIL OF GOVERNMENTS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 138,000	\$ 138,000	\$ 138,000	\$ -
County Homeless Coordination Grant	45,000	45,000	170,506	125,506
Metro Multi-Year Subregional Program Planning Funds	11,989	11,989	7,212	(4,777)
Investment Earnings	800	800		(800)
	<u>195,789</u>	<u>195,789</u>	<u>315,718</u>	<u>119,929</u>
EXPENDITURES				
General Government:				
Contract for Executive Director	120,000	120,000	120,000	
Travel	1,000	1,000	1,000	
Miscellaneous Printing and Binding	1,700	1,700		1,700
Meeting Setup and Logistics	4,000	4,000	783	3,217
IT Services	2,000	2,000	482	1,518
Audit Services	12,000	12,000	12,000	
Metro Deputy Shared Salary				
Augmentation and Travel Expense	1,832	1,832	1,832	
County Homeless Coordination Project	45,000	45,000	144,422	(99,422)
Metro Multi-Year Subregional Program Planning	11,989	11,989	3,065	8,924
Bank Fees			219	(219)
	<u>199,521</u>	<u>199,521</u>	<u>283,803</u>	<u>(84,282)</u>
Change in Net Position	(3,732)	(3,732)	31,915	35,647
Net Position, Beginning of Fiscal Year	<u>90,077</u>	<u>90,077</u>	<u>90,077</u>	
Net Position, End of Fiscal Year	<u>\$ 86,345</u>	<u>\$ 86,345</u>	<u>\$ 121,992</u>	<u>\$ 35,647</u>