

Internal Audit

S o n o m a C o u n t y

Financial Statement Audit: Sonoma County Waste Management Agency Annual Report

For the
Fiscal Year Ended
June 30, 2014

Audit No: 3610
Report Date: July 31, 2015



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Annual Report**

Audit No. 3610

**For the Fiscal Year Ended
June 30, 2014**

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Sonoma County Waste Management Agency

Auditor-Controller-Treasurer-Tax Collector's Report

Report on the Financial Statements

We have audited the accompanying financial statements and the related notes to the financial statements of the Sonoma County Waste Management Agency (Agency), as of and for the year ended June 30, 2014, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Agency's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the independence impairments described in the Basis for Disclaimer of Opinion paragraph, auditing standards require us to disclaim an opinion on the financial statements.

Basis for Disclaimer of Opinion

As required by various statutes within the California Government Code, County Auditor-Controllers are mandated to perform certain accounting, auditing and financial reporting functions. In Sonoma County, the Auditor-Controller and Treasurer-Tax Collector (ACTTC) positions are combined. The Agency's cash is pooled with the Sonoma County Treasurer (a division of the ACTTC), who acts as a disbursing agent for the Agency. The Accounting Division within the ACTTC maintains internal controls over the financial accounting management information system, and processes transactions that have been approved by the Agency. The Accounting Division processes County checks for expenditures approved by the Agency, these checks are signed by the ACTTC. These non-audit activities create management participation threats to auditor independence, as discussed in Interpretation 101-3 of the American Institute of Certified Public Accountants' Code of Professional Conduct, which cannot be mitigated. The audit has been performed by the ACTTC's Internal Audit Division, which has no other responsibility for the accounts and records being audited. The amount that this

departure affects the assets, liabilities, net position, deferred outflows of resources, deferred inflows of resources, revenues and expenses of the Agency has not been determined.

Disclaimer of Opinion

Because of the independence impairments described in the Basis for Disclaimer of Opinion paragraph, auditing standards require us to disclaim an opinion on the financial statements. Accordingly, we do not express an opinion on these financial statements.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), on pages 1 through 3 be presented to supplement the basic financial statements. Such information, 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 MD&A 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 MD&A because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Sonoma County Auditor-Controller
July 31, 2015

Management's Discussion and Analysis

As management of the Sonoma County Waste Management Agency (Agency), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of Agency for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the Agency's financial statements and the accompanying notes to the basic financial statements.

Financial Highlights

- The assets of the Agency exceeded its liabilities at the close of the fiscal year ended June 30, 2014 by \$9,251,262 (net position). All of this amount is unrestricted and may be used to meet the agency's ongoing obligations to citizens and creditors.
- The Agency's total net position increased by \$508,953 or 5.82%.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements are comprised of two components: 1) basic financial statements and 2) notes to the basic financial statements.

Proprietary Fund Financial Statements: 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. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency maintains one type of proprietary fund. The Agency uses enterprise funds to account for its agency activities, which include waste management.

Notes to the basic financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis

Net position. Over time, changes in net position may indicate whether the financial position of Agency is improving or deteriorating. Net position increased to \$9,251,262 during the fiscal year ended June 30, 2014, a change of \$508,953 from the fiscal year ended June 30, 2013. The following table summarizes the net position for Agency's activities:

	June 30, 2014	June 30, 2013 (restated)
Current and other assets	\$ <u>10,256,893</u>	\$ <u>9,541,095</u>
Current liabilities	<u>1,005,631</u>	<u>846,604</u>
Net position:		
Unrestricted net position	9,251,262	8,694,491
Prior period adjustment (1)	<u> </u>	<u>47,818</u>
Total net position	\$ <u><u>9,251,262</u></u>	\$ <u><u>8,742,309</u></u>

(1) Fiscal year 2013 accounts receivable and unrestricted net position were restated due to revenues unexpectedly exceeding estimates by \$47,818

Change in Net Position. Total revenues for the fiscal year ended June 30, 2014 were \$5,987,924 compared with expenses of \$5,478,971. The Agency realized an additional \$47,818 in prior period revenue from Sonoma County Refuse Operations due to a change in the policy that determines the basis for the surcharge calculation, from tonnage buried to the daily tonnage. This increase in revenues was not anticipated in the Agency's budget for the fiscal year 2012-13. The following table summarizes the changes in net position for each year:

Changes in Net Position

	June 30, 2014	June 30, 2013 (restated)
Revenues:		
Program Revenues:		
Municipal waste management (1)	\$ 5,850,386	\$ 5,702,108
General Revenues:		
Investment income and other	137,538	68,138
Total revenues	5,987,924	5,770,246
Expenses:		
Program Expenses:		
Municipal waste management	5,478,971	5,195,938
Total expenses	5,478,971	5,195,938
Increase (decrease) in net position	508,953	574,308
Net position - beginning of the year	8,742,309	8,120,183
Prior period adjustment		47,818
Net position - beginning of the year	8,742,309	8,120,183
Net position - end of the year	\$ 9,251,262	\$ 8,742,309

(1) Fiscal year 2013 program revenues and net position were restated due to revenues unexpectedly exceeding estimates by \$47,818

Capital Assets

The Agency has no investment in capital assets, as of June 30, 2014.

Economic Outlook

- The Agency continues to have the goal of stabilizing tipping fees in order to mitigate effects on each of the jurisdictions' individual budget plans.
- The Agency will set aside reserve funds, when possible, as part of its long-term financial planning.

Request for Additional Information

This financial report is designed to provide a general overview of Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Sonoma County Waste Management Agency, 2300 County Center Drive Ste. B-100, Santa Rosa, CA 95403.

Basic Financial Statements

Sonoma County Waste Management Agency
Statement of Net Position
For the Fiscal Year Ended June 30, 2014

Assets

Current assets:

Cash and investments	\$	10,188,143
Accounts receivable		51,347
Prepaid expenses		1,200
Due from other governments		<u>16,203</u>
Total assets		<u>10,256,893</u>

Liabilities

Accounts payable		674,621
Unearned revenue		<u>331,010</u>
Total liabilities		<u>1,005,631</u>

Net Position

Unrestricted		<u>9,251,262</u>
Total net position	\$	<u><u>9,251,262</u></u>

The notes to the basic financial statements are an integral part of this statement.

Sonoma County Waste Management Agency
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2014

Operating Revenues

Tipping fees and surcharges	\$ 5,244,883
Service agreements	394,235
Grants and other contributions	211,268
	5,850,386
Total operating revenues	5,850,386

Operating Expenses

Contract services	4,183,009
Professional services	322,701
Administration	700,354
Other services and supplies	272,907
	5,478,971
Total operating expenses	5,478,971
Operating income (loss)	371,415

Nonoperating Revenues (expenses)

Investment earnings	137,538
	137,538
Change in net position	508,953
Net position, beginning of year	8,694,491
Prior period adjustment	47,818
Net assets, beginning of year, restated	8,742,309
Net position, end of year	\$ 9,251,262

The notes to the basic financial statements are an integral part of this statement.

Sonoma County Waste Management Agency
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014

Cash Flows from Operating Activities

Receipts from customers and other funds	\$ 6,018,477
Payments to suppliers	<u>(5,374,005)</u>
Net cash provided by operating activities	<u>644,472</u>

Cash Flows from Investing Activities

Interest received	<u>137,538</u>
Net cash provided by investing activities	<u>137,538</u>
Net increase in cash and cash equivalents	782,010
Cash and cash equivalents, beginning of year	<u>9,406,133</u>
Cash and cash equivalents, end of year	<u><u>\$ 10,188,143</u></u>

Reconciliation of operating income to net cash provided by operating activities:

Operating income	\$ 371,415
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	83,153
Decrease in due from other governments	32,077
Increase in accounts payable	106,165
Increase in unearned revenue	52,862
Increase in prepaid expenses	<u>(1,200)</u>
Total adjustments	<u>273,057</u>
Net cash provided by operating activities	<u><u>\$ 644,472</u></u>

The notes to the basic financial statements are an integral part of this statement.

**Notes to the
Basic Financial Statements**

**Sonoma County Waste Management Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014**

I. Summary of Significant Accounting Policies

A. Definition of Reporting Entity

The Sonoma County Waste Management Agency (Agency) was formed in April 1992 to assist the cities and County with the implementation of programs necessary to satisfy the requirements of the Assembly Bill (AB) 939, the Integrated Waste Management Act of 1989. This Act requires that every jurisdiction in California plan for and implement programs that reduce the amount of waste disposed in landfills by 25% by the year 1995 and 50% by 2000. The Agency was granted a three-year extension to 2003 by the State. The State has determined that the Agency has met its 2003 goal. The Agency is continuing its efforts to reduce the amount of waste disposed in landfills, beyond the current 50% required by AB939. As of the date this report, no new laws requiring waste reduction beyond 50% have been enacted. In 2006, the California Integrated Waste Management Board changed the calculation to pounds per person per day rate to determine compliance without changing the percentage reduction, with a rate goal of 7.1. In 2012 Sonoma County's rate was 3.4 and in 2013 it was 3.6.

The Agency's activities include a regional composting program, household hazardous waste collections, and countywide efforts towards waste reduction and recycling.

The Agency is governed by a ten member board of directors, with one member from nine Sonoma County cities and towns and one from the County. The Agency employs an Executive Director. Additional staffing is provided by the County through a contract with the Agency.

The Agency's programs are funded through garbage disposal fee surcharges, charges for services and grants. Each program of the Agency is accounted for with a separate cost center. The composting program is entirely funded by charges for delivery of material to its program. The household hazardous waste, education and waste diversion efforts are funded through a surcharge on garbage brought to County disposal sites along with support from State Grants.

Since its creation in April of 1992, the Agency has added two new components to its scope of work: the Planning and Diversion Programs. Planning efforts currently include preparation of Annual Reports submitted to the California Integrated Waste Management Board and is funded through the disposal fee surcharge. The Diversion Program cost center was established to track expenditures that have direct measurable diversion. However, since 2010, all diversion activities are currently operating under the Education cost center.

Sonoma County Waste Management Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The basic financial statements of the Agency are intended to present only the financial position and results of operations of only the Agency, which are held in trust by the Agency. They do not support to and do not present fairly the financial position of the County of Sonoma as of June 30, 2014 and the respective changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

The financial statements are reported using economic resources measurement focus and the accrual basis of accounting. This means that all assets and all liabilities (whether current or noncurrent) associated with this activity are included on the statement of net position. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied.

The Agency's Enterprise Fund financial statements report business-type activities financed in whole or in part by fees charges to external parties for goods or services. Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges – or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriated for capital maintenance, public policy, management control, accountability or other purposes.

The accrual basis of accounting is used by enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Operating revenues and expenses are distinguished from non-operating items in the statement of revenues, expenses and changes in net position. *Operating* revenues, such as tipping fees and sales of recycled products result from exchange transactions associated with the principal activity of the funds. Exchange transactions are those in which each party receives and gives up essentially equal values. *Non-operating* revenues, such grants and investment earning, result from non-exchange transactions or ancillary activities. *Operating* expenses for enterprise funds include services and supplies and depreciation on capital assets. All expenses not falling within these categories are reported as *non-operating* expenses.

C. Accounting System Maintained by Sonoma County Financial Accounting and Management Information System (FAMIS)

**Sonoma County Waste Management Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014**

The Agency uses the County's FAMIS and its budgetary recording and accounting control polices to account for all financial transactions affecting Agency funds. The County, through the Integrated Waste Management Division of the Department of Transportation and Public Works, tracks each load of yard and wood wasted entering the county disposal system. A tonnage tipping fee is collected to pay for operating costs of the organic program. A surcharge on the solid waste tipping fee entering the county disposal system is used to fund the other programs, such as household hazardous waste, education, diversion and planning.

D. Staff Services Performed by County of Sonoma

The Agency reimburses the County for services provided by the County as outlined in a Memorandum of Understanding between the County and the Agency dated September 18, 2007.

Staff services include Agency Director, professional staff, secretarial and as requested by the Agency, reasonable and necessary services from other County departments.

E. Assets, Liabilities and Net Position

1. Cash and Investments

The Agency applies the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, which require governmental entities, including governmental external investment pools, to report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred. In accordance with GASB Statement No. 31, the Agency has stated certain investments at fair value.

2. Receivables and Payables

Transactions representing accrual of revenues and expenses at year-end are referred to as either accounts receivables or accounts payables.

**Sonoma County Waste Management Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014**

3. Capital Assets

Capital assets, which include land, buildings and improvements and equipment, are reported in the statement of net position. Capital assets are defined by the Agency as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The Agency's policy is to capitalize assets with acquisitions costs of at least \$5,000. Depreciation is computed using the straight-line method over estimated useful lives of 5 years for equipment.

The Agency does not own land, buildings or improvements.

4. Net position components

Net position components are classified into three components – net investment in capital asset, restricted and unrestricted. These classifications are defined as follow:

- Net investment in capital assets (if any) - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position (if any) - This component of net position consists of net position with limits on their use that are imposed by outside parties.
- Unrestricted net position - This component of net position consists of net position that is not restricted for any project or other purpose.

5. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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

**Sonoma County Waste Management Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014**

statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

6. Unearned revenues

Under the accrual basis of accounting, revenues are recognized when an entity obtains a claim to resources, regardless when collection occurs or deferred inflow. Amounts collected prior to being earned must be offset by a liability or deferred outflow. The GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, establishes guidance for reporting deferred outflows and inflows of resources, and net position in a statement of financial position. The Statement of net position should report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Under the statement, net position should be displayed in three components: net investment in capital assets, restricted, and unrestricted.

F. New and Future Pronouncements

Pronouncements Implemented during the Current Fiscal Year

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These determinations are based on the definitions of those elements in Concepts Statement No. 4, *Elements of Financial Statement*. The requirements of this statement are effective for the Agency's fiscal year ending June 30, 2014.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62*. The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54 and No. 62. The requirements of this statement are effective for the Agency's fiscal year ending June 30, 2014.

**Sonoma County Waste Management Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014**

II. Detailed Notes

A. Cash and Investments

Investment in the Sonoma County Treasurer's Investment Pool

The Agency follows the County's practice of pooling cash and investments with the County Treasurer, except for a petty cash fund. Cash is pooled with the Sonoma County Treasurer, who acts as a disbursing agent for the Agency. Interest earned on investments pooled with the County is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter. The Investment Oversight Committee has regulatory oversight for all monies deposited into the Treasury Pool. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's pro-rata share of the fair value provided by the Treasury Pool for the entire Treasury Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on accounting records maintained by the Treasury Pool, which are recorded on an amortized cost basis.

The amount of cash at June 30, 2014 is as follows:

	Amortized Cost	Fair Value
Cash and investment in County Treasury	\$ <u>10,106,652</u>	\$ <u>10,188,143</u>

The Agency's fair value of the cash investment with the Treasurer is \$81,491 greater than the amortized cost of those investments.

Investment Guidelines

The Agency's pooled cash and investments are invested pursuant to investment policy guidelines established by the Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority: safety of capital, liquidity and maximum rate of return. The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code 53601, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

**Sonoma County Waste Management Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014**

A copy of the Treasury Pool investment policy is available upon request from the Sonoma County Treasurer at 585 Fiscal Drive, Suite 100, Santa Rosa, California, 95403-2871.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, one of the ways that the Treasury Pool manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

As of June 30, 2014, approximately 32% of the securities in the Treasury pool had maturities of one year or less. Of the remainder, only 4% had a maturity of more than five years.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Treasury Pool does not have a rating provided by a nationally recognized statistical rating organization.

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 custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Treasury Pool's Investment Policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits and securities lending transactions:

**Sonoma County Waste Management Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014**

- 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 depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.
- The California Government Code limits the total of all securities lending transactions to 20% of the fair value of the investment portfolio.

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Treasury Pool).

Concentration of Credit Risk

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. For a listing of investments in any one issuer (other than U.S. Treasury securities, mutual funds, or external investment pools) that represent 5% or more of total County investments, refer to the 2013-14 Sonoma County Comprehensive Annual Financial Report.

B. Accounts receivables

The Agency partially obtains funding from contracts agreements with composting and recycling entities. The amount receivable from these sources as June 30, 2014 is as follows:

Sonoma Compost	\$	34,130
ECS		4,745
Goodwill		12,472
Total Accounts receivable	\$	<u>51,347</u>

**Sonoma County Waste Management Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014**

C. Due from other governments

The Agency also obtains funding from agreements with other government entities to comply with AB 939. The following table summarizes the amount receivable from these other governments as June 30, 2014:

City of Petaluma	\$ <u>16,203</u>
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D. Accounts payables

The Agency's payable has two components: vouchers payable and accounts payable. A voucher payable is used to record amounts to be paid by check for invoiced expenses and an account payable records liabilities for expenses not invoiced by June 30. At the close of the fiscal year ending June 30, 2014, total payables were \$674,621; the accounts payables balance is detailed below:

**Sonoma County Waste Management Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014**

Alpha Analytical	\$ 1,268
Bryan A Stirrat & Associates	7,295
C2 Alternative	20,296
City of Petaluma	295
Clean Harbors	273,535
D Edwards Inc	12,025
Impulso	250
Infosend	3,336
Iron Mountain	197
Karina Chilcott	270
Lisa Steinman	237
Manpower	468
Nestle	33
Patrick Carter	53
R&B Whole Sale	1,124
R3 Consulting	3,790
Rebecca Lankford	291
Republic Services	68,279
Richards, Watson, Gershon	10,106
S&S Concepts	4,594
Safety Clean	375
SCS Engineers	16,698
Sea Ranch Mendocino	1,840
Sherry Lund	14,933
Sonoma Compost	185,838
Sonoma Compost Capital	29,603
Staples	728
Town of Windsor	3,282
UCCE	5,415
West Coast Metals	5,167
Wine Country Radio	3,000
Total Accounts Payables	<u>\$ 674,621</u>

**Sonoma County Waste Management Agency
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014**

E. Unearned revenue

In the fiscal year ending June 30, 2014, the Agency participated in two recycling programs grant funded by the State of California: the Oil Payment Program and the Beverage Container Program. The following table summarized the unearned revenue balance:

	2012-13			2013-14		
	Balance	Additions	Releases	Balance		
Oil Payment Program	\$ 139,820	\$ 151,512	\$ 62,902	\$ 228,430		
Beverage Container Program	<u>138,328</u>	<u>112,618</u>	<u>148,366</u>	<u>102,580</u>		
Total Unearned Revenues	<u>\$ 278,148</u>	<u>\$ 264,130</u>	<u>\$ 211,268</u>	<u>\$ 331,010</u>		

F. Prior period adjustment

The Agency's net assets have been restated at July 1, 2013 as a result of revenues related to a revenue sharing agreement exceeding the estimated accrued amount by \$47,818.

Net position, June 30, 2013	\$ 8,694,491
Program Revenues:	
Municipal waste management	<u>47,818</u>
Net position, June 30, 2014, as restated	<u>\$ 8,742,309</u>

III. Other Information

A. Risk Management

The Agency is exposed to various risks for which the Agency carries insurance with coverage for bodily injury, property damage, personal injury, auto liability, and errors and omissions. For the fiscal year ended June 30, 2014 the Agency added coverage for cyber security. The Agency is covered through Alliant Insurance Services, Inc for \$5,000,000 per occurrence.

**Sonoma County Waste Management Agency
Roster of Board Members
June 30, 2014**

As of June 30, 2014 the Agency Board of Directors consisted of the following members from the County of Sonoma and nine cities and towns of Sonoma County:

Director	Entity	Position	Alternate
Robert Cox	City of Cloverdale	Councilmember	Paul Cayler
Susan Harvey	City of Cotati	Councilmember	Dianne Thompson
Jim Wood	City of Healdsburg	Councilmember	Tom Chambers
John Brown	City of Petaluma	City Manager	Dan St John
John McArthur	City of Rohnert Park	Public Works Director	Don Schwartz
Jake Ours	City of Santa Rosa	Councilmember	Jennifer Phillips
Larry McLaughlin	City of Sebastopol	City Manager	Sue Kelly
Stephen Barbose	City of Sonoma	Councilmember	Carol Giovanatto
Deborah Fudge	Town of Windsor	Councilmember	David Kelly
Shirlee Zane	County of Sonoma	County Supervisor	Susan Klassen