

West End Fire and Emergency Response Commission

Ontario, California

*Financial Statements and
Independent Auditor's Reports*

For the year ended June 30, 2023

West End Fire and Emergency Response Commission
For the Year Ended June 30, 2023

Table of Contents

	<u>Page</u>
Independent Auditor’s Report	1
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Position.....	5
Statement of Activities	6
Fund Financial Statements	
Balance Sheet.....	7
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.....	8
Statement of Revenues, Expenditures and Changes in Fund Balances	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities	10
Notes to Financial Statements	11
Required Supplementary Information:	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual	17
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19

This page intentionally left blank

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the West End Fire and Emergency Response Commission
Ontario, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the General Fund of the West End Fire and Emergency Response Commission (Commission), as of and for the year ended June 30, 2023, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Commission, as of June 30, 2023, and the respective changes in financial position for the 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 (GAAS) 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 Commission 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 Commission'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 GAAS 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 GAAS, 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 Commission'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 Commission'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

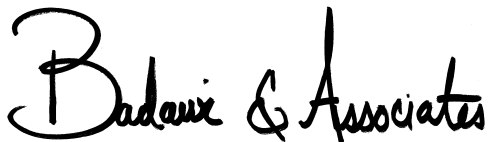
Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required 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 obtained during the 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2024 on our consideration of the Commission'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 solely 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 the effectiveness of 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 Commission's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Berkeley, California
June 20, 2024

This page intentionally left blank

West End Fire and Emergency Response Commission

Statement of Net Position

June 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 812,168
Receivables:	
Accrued interest	<u>5,560</u>
Total assets	<u>817,728</u>
LIABILITIES AND NET POSITION	
Liabilities:	
Accounts payable	<u>16,494</u>
Total liabilities	<u>16,494</u>
Net position:	
Restricted for:	
Public safety	<u>801,234</u>
Total net position	<u>801,234</u>
Total liabilities and net position	<u>\$ 817,728</u>

West End Fire and Emergency Response Commission

Balance Sheet

Governmental Funds

June 30, 2023

	General Fund
ASSETS	
Cash and investments	\$ 812,168
Receivables:	
Accrued interest	5,560
Total assets	\$ 817,728
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 16,494
Total liabilities	16,494
Fund balance:	
Restricted for:	
Public safety	801,234
Total fund balance	801,234
Total liabilities and fund balance	\$ 817,728

West End Fire and Emergency Response Commission
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2023

Total Fund Balances - Total Governmental Funds	\$ 801,234
Net Position of Governmental Activities	<u>\$ 801,234</u>

West End Fire and Emergency Response Commission
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2023

	General Fund
REVENUES:	
Intergovernmental	\$ 100,000
Use of money and property	13,618
Total revenues	<u>113,618</u>
EXPENDITURES:	
Current:	
Public safety	57,392
Total expenditures	<u>57,392</u>
Net change in fund balance	56,226
FUND BALANCES:	
Beginning of year	745,008
End of year	<u>\$ 801,234</u>

West End Fire and Emergency Response Commission

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities

For the year ended June 30, 2023

Net change in fund balances - total governmental funds	\$ 56,226
Change in net position of governmental activities	<u>\$ 56,226</u>

West End Fire and Emergency Response Commission
Notes to Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Description of the Entity*

The West End Fire and Emergency Response Commission (Commission) was organized on January 23, 1989, under a joint exercise of powers agreement between the Fire Departments of the City of Ontario, the City of Montclair, the City of Rancho Cucamonga and the Chino Valley Fire District.

The purpose of the Commission is to establish a hazardous materials response team to carry out the abatement and emergency control of hazardous waste conditions and to stabilize such conditions until they can be turned over to the County Environmental Health Department.

The City of Ontario (City) is the designated treasurer of the Commission. In this capacity, the City of Ontario acts as trustee of the Commission and is responsible for maintaining the accounting records of the Commission.

The accounting policies of the Commission conform to generally accepted accounting principles as they are applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies reflected in the financial statements are summarized below.

B. *Government-Wide and Fund Financial Statements*

The government-wide financial statements (Statement of Net position and Statement of Activities) report information on all activities of the Commission.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds even though the latter are excluded from the government-wide financial statements.

C. *Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

West End Fire and Emergency Response Commission
Notes to Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Amounts reported as program revenues include contributions of the participating agencies. Internally dedicated resources are reported as general revenues rather than program revenues.

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

D. Assets, Liabilities and Net Position

Cash and Investments

Cash of the Commission is pooled with that of the City of Ontario and invested by the City Treasurer.

Capital Assets

Capital assets which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business type activities columns in the government-wide financial statements. Capital assets are defined by the Commission as assets with an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

In accordance with GASB Statement No. 34, the Commission has reported its general infrastructure assets.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business type activities is included as part of the capitalized value of the assets constructed.

West End Fire and Emergency Response Commission
Notes to Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities and Net Position, Continued

Property, plant and equipment of the Commission is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Structures and Improvements	20 - 99
Furniture and Equipment	5 - 25

Functional Classification

Expenditures of the Commission are classified as public safety because they involve the protection of people and property.

Fund Balance

Fund balance is essentially the difference between the assets and liabilities reported in a governmental fund. There are five separate components of fund balance, each of which identifies the extent to which the Commission is bound to honor constraints on the specific purposes for which amounts can be spent.

- Nonspendable fund balance (inherently nonspendable)
- Restricted fund balance (externally enforceable limitations on use)
- Committed fund balance (self-imposed limitations on use)
- Assigned fund balance (limitation resulting from intended use)
- Unassigned fund balance (residual net resources)

The Commission's Board of Directors may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such as an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use through the same type of formal action taken to establish the commitment. The Board of Director's action to commit fund balance needs to occur within the fiscal reporting period; however, the amount can be determined subsequently.

Amounts that are constrained by the Commission's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance.

West End Fire and Emergency Response Commission
Notes to Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities and Net Position, Continued

Fund Balance Flow Assumptions

Sometimes the Commission will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Commission's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position

The net position reported on the Statement of Net Position in the government-wide financial statements consists of the following three categories:

Investment in Capital Assets - This amount consists of capital assets, net of accumulated depreciation.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position - This amount is all net position that do not meet the definition of "investment in capital assets" or "restricted net position".

Net Position Flow Assumptions

Sometimes the Commission will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Commission's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

West End Fire and Emergency Response Commission
Notes to Financial Statements
For the Year Ended June 30, 2023

2. CASH AND INVESTMENTS

The Commission's cash and investments are pooled with the City of Ontario's cash and investments in order to generate optimum interest income. Each fund's share of the pooled cash account is separately accounted for, and investment income is allocated to all participating funds based on the relationship of their month-end cash balances to the total of the pooled cash and investments. Information regarding the authorized types of deposits and investments, the type of risks (i.e. credit, interest rate, custodial, etc.) and other disclosures associated with the City's pooled cash and investments is included in the City's basic financial statements, which are available at City Hall.

3. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental Activities:				
Capital Assets, Being Depreciated:				
Other Equipment	\$ 335,823	\$ -	\$ 237,619	\$ 98,204
Total Capital Assets Being Depreciated	335,823	-	237,619	98,204
Less accumulated depreciation for				
Other equipment	335,823	-	237,619	98,204
Total Accumulated Depreciation	335,823	-	237,619	98,204
Governmental activities capital assets, net	\$ -	\$ -	\$ -	\$ -

This page intentionally left blank

West End Fire and Emergency Response Commission

Required Supplementary Information

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Use of money and property	-	-	13,618	13,618
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>113,618</u>	<u>13,618</u>
EXPENDITURES:				
Current:				
Public safety	99,380	182,382	57,392	124,990
Total expenditures	<u>99,380</u>	<u>182,382</u>	<u>57,392</u>	<u>124,990</u>
Net change in fund balance	<u>\$ 620</u>	<u>\$ (82,382)</u>	56,226	<u>\$ 138,608</u>
FUND BALANCES:				
Beginning of year			<u>745,008</u>	
End of year			<u>\$ 801,234</u>	

This page intentionally left blank

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

To the Board of Directors of the
West End Fire and Emergency Response Commission
Ontario, California

We have audited, in accordance with the 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, the financial statements of the West End Fire and Emergency Response Commission (Commission), as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated June 20, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

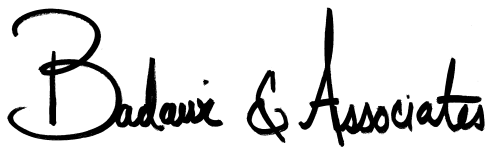
To the Board of Directors of the
West End Fire and Emergency Response Commission
Ontario, California
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Berkeley, California
June 20, 2024