

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY

**FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED
JUNE 30, 2001 THROUGH 2015**

**TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**



**BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2001 through 2015**

Table of Contents

Independent Auditor's Report	3
 Financial Section	
Management's Discussion and Analysis.....	5
 Government-Wide Financial Statements:	
Statement of Net Position.....	10
Statement of Activities.....	14
 Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	22
Statement of Revenues, Expenses and Changes in Fund Balances – Governmental Funds.....	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities.....	30
Notes to the Financial Statements.....	34
 Required Supplemental Information Section	
Statement of Revenues, Expenses and Changes in Fund Balances - Budget and Actual	43
 Independent Auditor's 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>	 44
Schedule of Findings and Responses	46



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Baldwin Hills Regional Conservation Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the **Baldwin Hills Regional Conservation Authority** (Authority) as of and for the years ended June 30, 2001 through 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Authority'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 control 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 our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2001 through 2015, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) and the Required Supplementary Information on pages 5 through 9 and 43, respectively, 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 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 August 30, 2016 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.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
August 30, 2016

**BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Years Ended June 30, 2001 through 2015**

The Management's Discussion and Analysis (MD&A) of the financial activities of the Baldwin Hills Regional Conservation Authority (Authority) provides a narrative overview of the Authority's financial activities for the fiscal years ended June 30, 2001 through 2015. Please read it in conjunction with the accompanying basic financial statements, footnotes and supplementary information. This is the first year from inception that the financial statements have been audited.

FINANCIAL HIGHLIGHTS

- The Authority's current assets have grown from \$2.08 million as of June 30, 2001 to \$19.57 million as of June 30, 2015.
- The Authority's investment in capital assets has grown from \$5.10 million as of June 30, 2001 to \$19.28 million as of June 30, 2015.
- The net position of the Authority has grown from \$7.13 million as of June 30, 2001 to \$38.73 million as of June 30, 2015.
- The Authority has no short-term or long-term debt.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements, which are comprised of the following three components:

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all Authority assets reduced by liabilities, which represent net position. Over time, increases and decreases in net position may serve as an indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Activities presents information that indicates how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the changes occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that may affect cash flows in future periods.

**BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Years Ended June 30, 2001 through 2015**

FUND FINANCIAL STATEMENTS

The fund financial statements contain information regarding major individual funds. A fund is a fiscal and accounting entity with a balanced set of accounts. The Authority uses separate funds to ensure compliance with fiscal and legal requirements.

The Authority's funds are classified as Governmental Funds. These funds are used to account for essentially the same services that were previously described as governmental activities above. However, the fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Authority's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the Authority's budgetary comparison schedule for fiscal year ending June 30, 2015.

**BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Years Ended June 30, 2001 through 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

- The total assets of the Authority as of June 30, 2001 through 2015 are as follows:

<u>Fiscal Year</u>	<u>Total Assets</u>
2001	\$ 7,177,168
2002	8,211,927
2003	8,241,802
2004	8,264,412
2005	8,271,233
2006	23,399,186
2007	28,011,580
2008	31,865,581
2009	23,826,870
2010	24,718,534
2011	33,989,931
2012	36,223,222
2013	39,347,322
2014	38,883,128
2015	38,851,530

- Revenues mainly consisted of state grants, and grants from the Regional Park and Open Space District of the County of Los Angeles. The total operating revenues of the Authority as of June 30, 2001 through 2015 are as follows:

<u>Fiscal Year</u>	<u>Revenue</u>
2001	\$ 7,000,000
2002	1,062,360
2003	0
2004	0
2005	21,777
2006	15,131,769
2007	4,502,989
2008	3,469,165
2009	65,502
2010	929,097
2011	9,179,947
2012	2,816,641
2013	3,306,331
2014	3,276,181
2015	31,951

**BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Years Ended June 30, 2001 through 2015**

- The fund net position of the Authority as of June 30, 2001 through 2015 are as follows:

Fiscal Year	Fund Net Position
2001	\$ 7,134,645
2002	8,211,927
2003	8,230,877
2004	8,218,607
2005	8,265,478
2006	23,205,701
2007	27,977,230
2008	31,838,572
2009	23,759,313
2010	24,695,308
2011	33,623,834
2012	36,164,798
2013	38,951,524
2014	38,686,443
2015	38,734,600

Operating expenses consist primarily of contract and professional service fees.

CAPITAL ASSETS

As of June 30, 2001 through 2015, the Authority had capital assets, mostly in the form of land acquired by the Authority. Beginning in fiscal year 2012-2013, the Authority began construction on the Park to Playa Trail Project and has recorded Construction in Progress totaling \$843,508 as of June 30, 2015. In fiscal year 2014-2015, the Authority began construction on the Kenneth Hahn Park Exhibit and recorded construction in progress of \$75,550.

ECONOMIC FACTORS

To date, the main funding source for the Authority has been the Los Angeles County Regional Park and Open Space District (LACRPOSD), along with revenue generated from a billboard lease. There are two Propositions that have funded the LACRPOSD through property tax assessments. As of July 1, 2015, one of these Propositions has expired and the remaining Proposition expires on June 30, 2019. The LACRPOSD and the County have considered various options that will ensure the continued funding of the LACRPOSD, including a proposed parcel tax that will be considered as part of the Los Angeles Countywide ballot in November 2016, to allow for the continuation of the preservation of beaches, parks, and wild lands; the construction, renovation and improvements of new and existing recreational facilities; and the restoration of rivers, streams and trails.

**BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Years Ended June 30, 2001 through 2015**

The following capital project activity is anticipated for fiscal year 2016-2017:

The Authority expects to continue its multi-year Park to Playa Trail development with funds awarded from the LACRPOSD. Activities to occur in fiscal year 2016-2017 include Design (\$850,000), way finding Signage (\$267,000), construction of the Hahn Park portion (\$1,400,000) as well as initiation of preconstruction and some construction activities in Segment C (\$2,500,000).

Late in fiscal year 2013-2014 the Authority began the design and development of the Stoneview Nature Center. It anticipates completion of this project in fiscal year 2016-2017, with costs anticipated at \$5,000,000.

The Authority expects to finalize improvements to Hahn Park that will include Picnic Shelters (\$820,000), refurbishment of the Community Center (\$1,405,000) and construction of the Eastern Ridgeline Parking Lot (\$445,000).

CONTACTING THE AUTHORITIES FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and other interested parties with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the County of Los Angeles, Department of Auditor-Controller, 500 West Temple Street, Room 603, Los Angeles, CA 90012.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
STATEMENT OF NET POSITION
June 30, 2001 through 2015

ASSETS	<u>2001</u>	<u>2002</u>	<u>2003</u>
Current assets:			
Cash and investments (Note 4)	\$ 1,960,830	\$ 1,657,617	\$ 1,692,710
Accounts receivable			
Interest receivable	32,338	11,281	6,063
Miscellaneous receivable	84,000		
Total current assets	<u>2,077,168</u>	<u>1,668,898</u>	<u>1,698,773</u>
Capital assets (Note 5):			
Land - nondepreciable	5,100,000	6,543,029	6,543,029
Construction in Progress - Park to Playa Trail Project			
Construction in Progress - Kenneth Hahn Park Exhibit			
Total capital assets	<u>5,100,000</u>	<u>6,543,029</u>	<u>6,543,029</u>
TOTAL ASSETS	<u>\$ 7,177,168</u>	<u>\$ 8,211,927</u>	<u>\$ 8,241,802</u>
 LIABILITIES AND NET POSITION			
Current liabilities:			
Accrued expenses	\$ 42,523	\$	\$ 10,925
Total current liabilities	<u>42,523</u>		<u>10,925</u>
Net position:			
Net Investment in Capital Assets	5,100,000	6,543,029	6,543,029
Unrestricted Net Position	2,034,645	1,668,898	1,687,848
Total net position	<u>7,134,645</u>	<u>8,211,927</u>	<u>8,230,877</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 7,177,168</u>	<u>\$ 8,211,927</u>	<u>\$ 8,241,802</u>

See accompanying notes to the basic financial statements

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
STATEMENT OF NET POSITION
June 30, 2001 through 2015

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 1,705,180	\$ 1,717,930	\$ 6,575,626	\$ 9,524,854	\$ 13,390,593	\$ 5,427,234
16,203	10,274	69,393	128,249	116,511	41,159
<u>1,721,383</u>	<u>1,728,204</u>	<u>6,645,019</u>	<u>9,653,103</u>	<u>13,507,104</u>	<u>5,468,393</u>
6,543,029	6,543,029	16,754,167	18,358,477	18,358,477	18,358,477
<u>6,543,029</u>	<u>6,543,029</u>	<u>16,754,167</u>	<u>18,358,477</u>	<u>18,358,477</u>	<u>18,358,477</u>
<u>\$ 8,264,412</u>	<u>\$ 8,271,233</u>	<u>\$ 23,399,186</u>	<u>\$ 28,011,580</u>	<u>\$ 31,865,581</u>	<u>\$ 23,826,870</u>
\$ 45,805	\$ 5,755	\$ 193,485	\$ 34,350	\$ 27,009	\$ 67,557
<u>45,805</u>	<u>5,755</u>	<u>193,485</u>	<u>34,350</u>	<u>27,009</u>	<u>67,557</u>
6,543,029	6,543,029	16,754,167	18,358,477	18,358,477	18,358,477
1,675,578	1,722,449	6,451,534	9,618,753	13,480,095	5,400,836
<u>8,218,607</u>	<u>8,265,478</u>	<u>23,205,701</u>	<u>27,977,230</u>	<u>31,838,572</u>	<u>23,759,313</u>
<u>\$ 8,264,412</u>	<u>\$ 8,271,233</u>	<u>\$ 23,399,186</u>	<u>\$ 28,011,580</u>	<u>\$ 31,865,581</u>	<u>\$ 23,826,870</u>

Continued

See accompanying notes to the basic financial statements

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
STATEMENT OF NET POSITION
June 30, 2001 through 2015

ASSETS	2010	2011	2012
Current assets:			
Cash and investments (Note 4)	\$ 6,341,464	\$ 15,597,647	\$ 14,390,497
Accounts receivable		2,663	5,325
Interest receivable	18,593	31,144	13,103
Miscellaneous receivable			
Total current assets	<u>6,360,057</u>	<u>15,631,454</u>	<u>14,408,925</u>
Capital assets (Note 5):			
Land - nondepreciable	18,358,477	18,358,477	21,814,297
Construction in Progress - Park to Playa Trail Project			
Construction in Progress - Kenneth Hahn Park Exhibit			
Total capital assets	<u>18,358,477</u>	<u>18,358,477</u>	<u>21,814,297</u>
TOTAL ASSETS	<u><u>\$ 24,718,534</u></u>	<u><u>\$ 33,989,931</u></u>	<u><u>\$ 36,223,222</u></u>
 LIABILITIES AND NET POSITION			
Current liabilities:			
Accrued expenses	\$ 23,226	\$ 366,097	\$ 58,424
Total current liabilities	<u>23,226</u>	<u>366,097</u>	<u>58,424</u>
Net position:			
Net Investment in Capital Assets	18,358,477	18,358,477	21,814,297
Unrestricted Net Position	6,336,831	15,265,357	14,350,501
Total net position	<u>24,695,308</u>	<u>33,623,834</u>	<u>36,164,798</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 24,718,534</u></u>	<u><u>\$ 33,989,931</u></u>	<u><u>\$ 36,223,222</u></u>

See accompanying notes to the basic financial statements

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
STATEMENT OF NET POSITION
June 30, 2001 through 2015

2013	2014	2015
\$ 17,245,930	\$ 19,885,774	\$ 19,514,489
2,663		2,663
28,738	52,948	56,843
17,277,331	19,938,722	19,573,995
21,814,297	18,358,477	18,358,477
255,694	585,929	843,508
		75,550
22,069,991	18,944,406	19,277,535
\$ 39,347,322	\$ 38,883,128	\$ 38,851,530
\$ 395,798	\$ 196,685	\$ 116,930
395,798	196,685	116,930
22,069,991	18,944,406	19,277,535
16,881,533	19,742,037	19,457,065
38,951,524	38,686,443	38,734,600
\$ 39,347,322	\$ 38,883,128	\$ 38,851,530

See accompanying notes to the basic financial statements

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2001 through 2015

	2001	2002	2003
PROGRAM EXPENSES			
Consultant Services	\$	\$	\$ 15,842
Legal service fees	42,523	47,247	677
Appraisal Services			
Advertising Services			
Transportation Services			
Public Works Department		1,983	
Excess Funds Transfer to LACRPOSD			
Miscellaneous		-	
Total operating expenses	42,523	49,230	16,519
PROGRAM REVENUES			
Contributions from LACRPOSD	7,000,000		
Contributions from Federal and State Grant		1,062,360	
Leases			
Donations			
Miscellaneous			
Total operating revenues	7,000,000	1,062,360	
Net Program Expense	6,957,477	1,013,130	(16,519)
OTHER REVENUES			
Interest earnings	177,168	64,152	35,469
Increase (Decrease) in net position	7,134,645	1,077,282	18,950
NET POSITION, beginning of year		7,134,645	8,211,927
NET POSITION, end of year	\$ 7,134,645	\$ 8,211,927	\$ 8,230,877

See accompanying notes to the basic financial statements

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2001 through 2015

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 34,721	\$ 5,000	\$ 281,593	\$ 109,910	\$ 85,361	\$ 187,987
159	5,755	17,750	13,038	18,991	17,002
		8,000	675	12,500	7,500
			378	4,735	10,480
				805	
					8,228,000
		10,248		2,328	874
<u>34,880</u>	<u>10,755</u>	<u>317,591</u>	<u>124,001</u>	<u>124,720</u>	<u>8,451,843</u>
		4,677,474	3,454,020	3,408,120	
	21,777	10,326,069	973,947		
		28,226	75,022	61,013	65,502
		100,000			
				32	
	<u>21,777</u>	<u>15,131,769</u>	<u>4,502,989</u>	<u>3,469,165</u>	<u>65,502</u>
(34,880)	11,022	14,814,178	4,378,988	3,344,445	(8,386,341)
<u>22,610</u>	<u>35,849</u>	<u>126,045</u>	<u>392,541</u>	<u>516,897</u>	<u>307,082</u>
<u>(12,270)</u>	<u>46,871</u>	<u>14,940,223</u>	<u>4,771,529</u>	<u>3,861,342</u>	<u>(8,079,259)</u>
8,230,877	8,218,607	8,265,478	23,205,701	27,977,230	31,838,572
<u>\$ 8,218,607</u>	<u>\$ 8,265,478</u>	<u>\$ 23,205,701</u>	<u>\$ 27,977,230</u>	<u>\$ 31,838,572</u>	<u>\$ 23,759,313</u>

Continued

See accompanying notes to the basic financial statements

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2001 through 2015

	<u>2010</u>	<u>2011</u>	<u>2012</u>
PROGRAM EXPENSES			
Consultant Services	\$ 44,834	\$ 137,783	\$ 279,478
Legal service fees	19,490	14,451	14,140
Appraisal Services	9,350	6,375	
Advertising Services		392	165
Transportation Services			
Public Works Department		249,844	13,970
Excess Funds Transfer to LACRPOSD			100,000
Miscellaneous	2,960		
Total operating expenses	<u>76,634</u>	<u>408,845</u>	<u>407,753</u>
PROGRAM REVENUES			
Contributions from LACRPOSD	864,180	9,145,220	2,784,690
Contributions from Federal and State Grant			
Leases	64,917	34,727	31,951
Donations			
Miscellaneous			
Total operating revenues	<u>929,097</u>	<u>9,179,947</u>	<u>2,816,641</u>
Net Program Expense	852,463	8,771,102	2,408,888
OTHER REVENUES			
Interest earnings	<u>83,532</u>	<u>157,424</u>	<u>132,076</u>
Increase (Decrease) in net position	<u>935,995</u>	<u>8,928,526</u>	<u>2,540,964</u>
NET POSITION, beginning of year	23,759,313	24,695,308	33,623,834
NET POSITION, end of year	<u>\$ 24,695,308</u>	<u>\$ 33,623,834</u>	<u>\$ 36,164,798</u>

See accompanying notes to the basic financial statements

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2001 through 2015

<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 403,535	\$ 28,354	\$ 75,907
10,415	16,597	13,645
202,048	153,000	26,147
<u>615,998</u>	<u>197,951</u>	<u>115,699</u>
3,274,380	3,244,230	
31,951	31,951	31,951
<u>3,306,331</u>	<u>3,276,181</u>	<u>31,951</u>
2,690,333	3,078,230	(83,748)
<u>96,393</u>	<u>112,509</u>	<u>131,905</u>
<u>2,786,726</u>	<u>3,190,739</u>	<u>48,157</u>
36,164,798	35,495,704	38,686,443
<u>\$ 38,951,524</u>	<u>\$ 38,686,443</u>	<u>\$ 38,734,600</u>

See accompanying notes to the basic financial statements

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2001 through 2015

	<u>2001</u>	<u>2002</u>	<u>2003</u>
ASSETS			
Cash and Investments (Note 4)	\$ 1,960,830	\$ 1,657,617	\$ 1,692,710
Accounts Receivable			
Interest receivable	32,338	11,281	6,063
Miscellaneous receivable	84,000		
TOTAL ASSETS	<u>\$ 2,077,168</u>	<u>\$ 1,668,898</u>	<u>\$ 1,698,773</u>
LIABILITIES			
Accrued Expenses	\$ 42,523		\$ 10,925
TOTAL LIABILITIES	<u>42,523</u>		<u>10,925</u>
FUND BALANCE			
Unassigned	2,034,645	1,668,898	1,687,848
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,077,168</u>	<u>\$ 1,668,898</u>	<u>\$ 1,698,773</u>

See accompanying notes to the basic financial statements

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2001 through 2015

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 1,705,180	\$ 1,717,930	\$ 6,575,626	\$ 9,524,854	\$ 13,390,593	\$ 5,427,234
16,203	10,274	69,393	128,249	116,511	41,159
<u>\$ 1,721,383</u>	<u>\$ 1,728,204</u>	<u>\$ 6,645,019</u>	<u>\$ 9,653,103</u>	<u>\$ 13,507,104</u>	<u>\$ 5,468,393</u>
\$ 45,805	\$ 5,755	\$ 193,485	\$ 34,350	\$ 27,009	\$ 67,557
<u>45,805</u>	<u>5,755</u>	<u>193,485</u>	<u>34,350</u>	<u>27,009</u>	<u>67,557</u>
1,675,578	1,722,449	6,451,534	9,618,753	13,480,095	5,400,836
<u>\$ 1,721,383</u>	<u>\$ 1,728,204</u>	<u>\$ 6,645,019</u>	<u>\$ 9,653,103</u>	<u>\$ 13,507,104</u>	<u>\$ 5,468,393</u>

Continued

See accompanying notes to the basic financial statements

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2001 through 2015

	<u>2010</u>	<u>2011</u>	<u>2012</u>
ASSETS			
Cash and Investments (Note 4)	\$ 6,341,464	\$ 15,597,647	\$ 14,390,497
Accounts Receivable		2,663	5,325
Interest receivable	18,593	31,144	13,103
Miscellaneous receivable			
TOTAL ASSETS	<u>\$ 6,360,057</u>	<u>\$ 15,631,454</u>	<u>\$ 14,408,925</u>
LIABILITIES			
Accrued Expenses	<u>\$ 23,226</u>	<u>\$ 366,097</u>	<u>\$ 58,424</u>
TOTAL LIABILITIES	<u>23,226</u>	<u>366,097</u>	<u>58,424</u>
FUND BALANCE			
Unassigned	6,336,831	15,265,357	14,350,501
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 6,360,057</u>	<u>\$ 15,631,454</u>	<u>\$ 14,408,925</u>

See accompanying notes to the basic financial statements

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2001 through 2015

2013	2014	2015
\$ 17,245,930	\$ 19,885,774	\$ 19,514,489
2,663		2,663
28,738	52,948	56,843
\$ 17,277,331	\$ 19,938,722	\$ 19,573,995
\$ 395,798	\$ 196,685	\$ 116,930
395,798	196,685	116,930
16,881,533	19,742,037	19,457,065
\$ 17,277,331	\$ 19,938,722	\$ 19,573,995

See accompanying notes to the basic financial statements

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2001 through 2015

	<u>2001</u>	<u>2002</u>	<u>2003</u>
Total Fund Balances – Governmental Funds (pages 18-21)	\$ 2,034,645	\$ 1,668,898	\$ 1,687,848
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.			
Non-Depreciable Assets	5,100,000	6,543,029	6,543,029
Construction in Progress			
Total Net Position - Governmental Activities (pages 10-13)	<u>\$ 7,134,645</u>	<u>\$ 8,211,927</u>	<u>\$ 8,230,877</u>

See accompanying notes to the basic financial statements

**BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2001 through 2015**

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 1,675,578	\$ 1,722,449	\$ 6,451,534	\$ 9,618,753	\$ 13,480,095	\$ 5,400,836
6,543,029	6,543,029	16,754,167	18,358,477	18,358,477	18,358,477
<u>\$ 8,218,607</u>	<u>\$ 8,265,478</u>	<u>\$ 23,205,701</u>	<u>\$ 27,977,230</u>	<u>\$ 31,838,572</u>	<u>\$ 23,759,313</u>

Continued

See accompanying notes to the basic financial statements

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2001 through 2015

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total Fund Balances – Governmental Funds (pages 18-21)	\$ 6,336,831	\$ 15,265,357	\$ 14,350,501
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.			
Non-Depreciable Assets	18,358,477	18,358,477	21,814,297
Construction in Progress			
Total Net Position - Governmental Activities (pages 10-13)	<u>\$ 24,695,308</u>	<u>\$ 33,623,834</u>	<u>\$ 36,164,798</u>

See accompanying notes to the basic financial statements

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2001 through 2015

2013	2014	2015
\$ 16,881,533	\$ 19,742,037	\$ 19,457,065
21,814,297	18,358,477	18,358,477
255,694	585,929	919,058
\$ 38,951,524	\$ 38,686,443	\$ 38,734,600

See accompanying notes to the basic financial statements

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
For the Fiscal Years Ended June 30, 2001 through 2015

	<u>2001</u>	<u>2002</u>	<u>2003</u>
REVENUES			
Contributions from LACRPOSD	\$ 7,000,000	\$	\$
Contributions from Federal and State Grant		1,062,360	
Interest earnings	177,168	64,152	35,469
Leases			
Donations			
Miscellaneous			
Total Revenues	<u>7,177,168</u>	<u>1,126,512</u>	<u>35,469</u>
EXPENDITURES			
Consultant Services			15,842
Legal service fees	42,523	47,247	677
Appraisal Services			
Advertising Services			
Transportation Services			
Public Works Department		1,983	
Capital Outlay	5,100,000	1,443,029	
Excess Funds Transfer to LACRPOSD			
Miscellaneous			
Total Expenditures	<u>5,142,523</u>	<u>1,492,259</u>	<u>16,519</u>
Net Change in Fund Balance	<u>2,034,645</u>	<u>(365,747)</u>	<u>18,950</u>
FUND BALANCE, beginning of year		2,034,645	1,668,898
FUND BALANCE, end of year	<u>\$ 2,034,645</u>	<u>\$ 1,668,898</u>	<u>\$ 1,687,848</u>

See accompanying notes to the basic financial statements

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
For the Fiscal Years Ended June 30, 2001 through 2015

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$	\$	\$ 4,677,474	\$ 3,454,020	\$ 3,408,120	\$
	21,777	10,326,069	973,947		
22,610	35,849	126,045	392,541	516,897	307,082
		28,226	75,022	61,013	65,502
		100,000			
				32	
<u>22,610</u>	<u>57,626</u>	<u>15,257,814</u>	<u>4,895,530</u>	<u>3,986,062</u>	<u>372,584</u>
34,721	5,000	281,593	109,910	85,361	187,987
159	5,755	17,750	13,038	18,991	17,002
		8,000	675	12,500	7,500
			378	4,735	10,480
				805	
		10,211,138	1,604,310		
					8,228,000
		10,248		2,328	874
<u>34,880</u>	<u>10,755</u>	<u>10,528,729</u>	<u>1,728,311</u>	<u>124,720</u>	<u>8,451,843</u>
<u>(12,270)</u>	<u>46,871</u>	<u>4,729,085</u>	<u>3,167,219</u>	<u>3,861,342</u>	<u>(8,079,259)</u>
1,687,848	1,675,578	1,722,449	6,451,534	9,618,753	13,480,095
<u>\$ 1,675,578</u>	<u>\$ 1,722,449</u>	<u>\$ 6,451,534</u>	<u>\$ 9,618,753</u>	<u>\$ 13,480,095</u>	<u>\$ 5,400,836</u>

Continued

See accompanying notes to the basic financial statements

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
For the Fiscal Years Ended June 30, 2001 through 2015

	<u>2010</u>	<u>2011</u>	<u>2012</u>
REVENUES			
Contributions from LACRPOSD	\$ 864,180	\$ 9,145,220	\$ 2,784,690
Contributions from Federal and State Grant			
Interest earnings	83,532	157,424	\$ 132,076
Leases	64,917	34,727	\$ 31,951
Donations			
Miscellaneous			
Total Revenues	<u>1,012,629</u>	<u>9,337,371</u>	<u>2,948,717</u>
EXPENDITURES			
Consultant Services	44,834	137,783	279,478
Legal service fees	19,490	14,451	14,140
Appraisal Services	9,350	6,375	
Advertising Services		391	165
Transportation Services			
Public Works Department		249,845	13,970
Capital Outlay			3,455,820
Excess Funds Transfer to LACRPOSD			100,000
Miscellaneous	2,960		
Total Expenditures	<u>76,634</u>	<u>408,845</u>	<u>3,863,573</u>
Net Change in Fund Balance	<u>935,995</u>	<u>8,928,526</u>	<u>(914,856)</u>
FUND BALANCE, beginning of year	5,400,836	6,336,831	15,265,357
FUND BALANCE, end of year	<u>\$ 6,336,831</u>	<u>\$ 15,265,357</u>	<u>\$ 14,350,501</u>

See accompanying notes to the basic financial statements

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
For the Fiscal Years Ended June 30, 2001 through 2015

2013	2014	2015
\$ 3,274,380	\$ 3,244,230	\$
96,393	112,509	131,905
31,951	31,951	31,951
3,402,724	3,388,690	163,856
659,229	358,589	409,035
10,414	16,597	13,645
202,049	153,000	26,148
871,692	528,186	448,828
2,531,032	2,860,504	(284,972)
14,350,501	16,881,533	19,742,037
\$ 16,881,533	\$ 19,742,037	\$ 19,457,065

See accompanying notes to the basic financial statements

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Fiscal Years Ended June 30, 2001 through 2015

	2001	2002	2003
Net Changes in Fund Balance (pages 26-29)	\$ 2,034,645	\$ (365,747)	\$ 18,950
Amounts reported for governmental activities in the statement of activities are different because:			
Capital outlays are reported in governmental funds as expenditures	5,100,000	1,443,029	
Change in Net Position of Governmental Activities (pages 14-17)	\$ 7,134,645	\$ 1,077,282	\$ 18,950

See accompanying notes to the basic financial statements

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Fiscal Years Ended June 30, 2001 through 2015

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ (12,270)	\$ 46,871	\$ 4,729,085	\$ 3,167,219	\$ 3,861,342	\$ (8,079,259)
		10,211,138	1,604,310		
<u>\$ (12,270)</u>	<u>\$ 46,871</u>	<u>\$ 14,940,223</u>	<u>\$ 4,771,529</u>	<u>\$ 3,861,342</u>	<u>\$ (8,079,259)</u>

Continued

See accompanying notes to the basic financial statements

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Fiscal Years Ended June 30, 2001 through 2015

	2010	2011	2012
Net Changes in Fund Balance (pages 26-29)	\$ 935,995	\$ 8,928,526	\$ (914,856)
Amounts reported for governmental activities in the statement of activities are different because:			
Capital outlays are reported in governmental funds as expenditures			3,455,820
Change in Net Position of Governmental Activities (pages 14-17)	\$ 935,995	\$ 8,928,526	\$ 2,540,964

See accompanying notes to the basic financial statements

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Fiscal Years Ended June 30, 2001 through 2015

2013	2014	2015
\$ 2,531,032	\$ 2,860,504	\$ (284,972)
255,694	330,235	333,129
\$ 2,786,726	\$ 3,190,739	\$ 48,157

See accompanying notes to the basic financial statements

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2001 through 2015

NOTE 1 – REPORTING ENTITY

The Baldwin Hills Regional Conservation Authority (Authority), a separate public entity, was established on April 27, 1999 between the County of Los Angeles and the Santa Monica Mountains Conservancy, an agency of the State of California, to provide for a comprehensive program to acquire, expand, and improve the open space, natural habitat, and recreational opportunities within the Baldwin Hills area; to improve connections between the Baldwin Hills and other natural and recreational areas, including Ballona Creek and for the conservation and protection of natural habitat restoration, environmental enhancement of the Baldwin Hills area, and protection of the Ballona Creek watershed and water quality.

The Authority is governed by a Board of Directors composed of five (5) members:

- The member of the County Board of Supervisors representing the majority of the area encompassed by the Baldwin Hills, or his or her designee, who shall serve as Chairperson.
- The Director of the Los Angeles County Department of Parks and Recreation or his designee, who shall serve as Vice Chairperson.
- Two public members appointed by Santa Monica Mountains Conservancy neither of whom shall be employees thereof.
- One public member who shall be nominated by the Chairperson and Vice Chairperson and confirmed by the County Board of Supervisors and by Santa Monica Mountains Conservancy.

The accompanying financial statements reflect the financial activities of the Authority. The Authority has no component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation and Measurement Focus

The Authority's Basic Financial Statements are prepared in conformity with generally accepted accounting principles in the United States. The Government Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

Government-Wide Financial Statements

The Authority's Government-Wide Financial Statements include a Statement of Net Position and Statement of Activities.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2001 through 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements (continued)

The Government-Wide Financial Statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the Authority’s assets and liabilities, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements rather than reporting them as expenditures.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance. An accompanying schedule is presented to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the Government-Wide Financial Statements.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Authority are earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Amounts expended to acquire capital assets are recorded as capital outlay expenditures in the year that resources were expended rather than recording them as fund assets.

The reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2001 through 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Cash, Pooled Cash, and Investments

Cash includes amounts to conduct daily operations of the Authority in demand deposits with the Los Angeles County Treasurer and Tax Collector (TTC). The Authority deposits all of its cash with TTC. The Authority's deposits, along with funds from other local agencies such as the county government, other school districts, and special districts, make up a pool, which TTC manages for investment purposes. Earnings from the pooled investments are allocated to participating funds based on average investments in the pool during the allocation period. See Note 4 for additional information.

C. Revenue Recognition

The Authority's major source of revenue is State funding and lease revenue from properties owned by the Authority.

D. Capital Assets and Depreciation

Under GASB Statement No. 34, all capital assets are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, which include land, buildings, and improvements, are reported at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Land consists of open space acquired in accordance with the joint powers agreement that created the Authority. When land is sold or otherwise disposed of, related costs are removed from the accounts and any gain or loss is reported in the statement of revenues, expenses, and changes in fund balances. See Note 5 for additional information.

E. Net Position and Fund Balance Classifications

Net position represents the difference between assets and liabilities on the government-wide financial statements. Net position is classified in the following categories:

Net Investment in Capital Assets

This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and is 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. As of fiscal years ending June 30, 2001 to 2015, the Authority had no debt obligations.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2001 through 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Net Position and Fund Balance Classifications (continued)

Restricted Net Position

This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions enabling legislation. The Authority had no restricted net position for fiscal years ending June 30, 2001 to 2015.

Unrestricted net position

This category represents the residual net position of the Authority in excess of what can properly be classified as “net investment in capital assets” as defined above.

Fund Balance Classifications

The governmental fund financial statements present fund balances based on classifications that comprise hierarchy that is based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts can be spent.

The fund balance classifications used in the governmental fund financial statements are as follows:

Nonspendable – amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact. The Authority had no nonspendable fund balance for fiscal years ending June 30, 2001 to 2015.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The Authority had no restricted fund balance for fiscal years ending June 30, 2001 to 2015.

Committed – amounts that can be spent only for specific purposes determined by a formal action of the government’s highest level of decision-making authority. The Board of Directors, as the highest level of decision-making authority, has the ability to commit fund balances through the adoption of a resolution. These committed amounts cannot be used for any other purpose unless the Board of Directors removes or modifies the use through the adoption of a subsequent resolution. As of June 30, 2001 to 2015 the Authority had no committed fund balance.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Authority’s adopted policy requires the Board of Directors to assign amounts to specific purposes. As of June 30, 2001 to 2015 the Authority had no assigned fund balance.

Unassigned – this classification includes the residual fund balance. The Authority has only unassigned fund balances as of June 30, 2001 to 2015.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2001 through 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Estimates

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

G. Adoption of New GASB Pronouncements

The following summarizes Governmental Accounting Standards Board (GASB) pronouncements adopted and implemented from June 30, 2001 to June 30, 2015.

In June of 1999, GASB issued Statement No. 34, "*Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments*". This statement establishes that the basic financial statements and required supplementary information (RSI) for state and local governments including special-purpose governments should consist of:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements
- RSI – Management Discussion and Analysis and Budgetary Comparison

The provisions of this statement are effective in three phases based upon a government’s total annual revenues in the first fiscal year ending after June 15, 1999. The Authority implemented this GASB in fiscal year ending June 30, 2004. The adoption of GASB 34 had a material impact on the Authority’s basic financial statements.

In March 2003, GASB issued Statement No. 40, "*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*". This Statement addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Deposit and investment policies related to the risks identified in this Statement also should be disclosed. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2004. The adoption of GASB 40 had a material impact on the Authority’s notes to the basic financial statements.

In February 2009, GASB issued Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*". This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The adoption of GASB 54 did not have a material impact on the Authority’s basic financial statements.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2001 through 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Adoption of New GASB Pronouncements (continued)

In December 2010, GASB issued Statement No. 62, “*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (effective July 1, 2012)*”. This Statement incorporates into the GASB’s accounting and financial reporting that is included in the FASB Statements and Interpretations, APB Opinions and Research Bulletins, which do not conflict with or contradict GASB statements, which were issued on or before November 30, 1989. The adoption of GASB 62 did not have a material impact on the Authority’s basic financial statements.

In June 2011, GASB issued Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*”. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The provisions of Statement 63 are effective for financial statements for periods beginning after December 15, 2011. The adoption of GASB 63 did not have a material impact on the Authority’s basic financial statements.

In March 2012, GASB issued Statement No. 65, “*Items Previously Reported as Assets and Liabilities*”. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements of deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limits the use of the term deferred in the financial statement presentations. The adoption of GASB 65 did not have a material impact on the Authority’s basic financial statements.

In March 2012, GASB issued Statement No. 66, “*Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62*”. The requirements of this Statement resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The adoption of GASB 66 did not have a material impact on the Authority’s basic financial statements.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2001 through 2015

NOTE 3 - RELATED PARTY TRANSACTIONS

The County of Los Angeles maintains the books and records of the Authority, including the investment with TTC. The Authority received grants from the Safe Neighborhood Parks Propositions of 1992 and 1996 (Proposition A) administered by the Los Angeles County Regional Parks and Open Space District (LACRPOSD). LACRPOSD is a blended component unit of the County. Proposition A grant funds were used for the acquisition and development of property in the Baldwin Hills area.

NOTE 4 - CASH ON DEPOSIT WITH COUNTY TREASURER

In accordance with the Government Code, cash balances of the Authority are deposited with and pooled and invested by the TTC for the purpose of increasing interest earnings through investment activities. Interest earned on pooled investments is deposited to participating funds based upon each fund's average daily balance during the allocation period. The cash balances at June 30, 2001 through 2015 are as follows:

June 30, 2001	\$ 1,960,830
June 30, 2002	1,657,617
June 30, 2003	1,692,710
June 30, 2004	1,705,180
June 30, 2005	1,717,930
June 30, 2006	6,575,626
June 30, 2007	9,524,854
June 30, 2008	13,390,593
June 30, 2009	5,427,234
June 30, 2010	6,341,464
June 30, 2011	15,597,647
June 30, 2012	14,390,497
June 30, 2013	17,245,930
June 30, 2014	19,885,774
June 30, 2015	19,514,489

Statutes authorize the County of Los Angeles to invest pooled investments in obligations of the United States Treasury, federal agencies, municipalities, commercial paper rated A-1 by Standard and Poor's Corporation and P-1 by Moody's Commercial Paper Record, bankers' acceptances, negotiable certificates of deposits, floating rate notes, repurchase agreements, and reverse repurchase agreements.

See the County of Los Angeles' Comprehensive Annual Financial Report for disclosures related to cash and investments and the related interest rate risk, credit rate risk, custodial risk, and concentration risk.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2001 through 2015

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal years ended June 30, 2001 to June 30, 2015 are as follows:

	Land - Non Depreciable	Construction in Progress - Park to Playa Trail Project	Construction in Progress - Kenneth Hahn Park Exhibit	Total Capital Assets
Beginning Balance	\$	\$	\$	\$
Additions	5,100,000			5,100,000
Deletions				
Balance, June 30, 2001	\$ 5,100,000	\$	\$	\$ 5,100,000
Additions	1,443,029			1,443,029
Deletions				
Balance, June 30, 2002	\$ 6,543,029	\$	\$	\$ 6,543,029
Additions				
Deletions				
Balance, June 30, 2003	\$ 6,543,029	\$	\$	\$ 6,543,029
Additions				
Deletions				
Balance, June 30, 2004	\$ 6,543,029	\$	\$	\$ 6,543,029
Additions				
Deletions				
Balance, June 30, 2005	\$ 6,543,029	\$	\$	\$ 6,543,029
Additions	10,211,138			10,211,138
Deletions				
Balance, June 30, 2006	\$ 16,754,167	\$	\$	\$ 16,754,167
Additions	1,604,310			1,604,310
Deletions				
Balance, June 30, 2007	\$ 18,358,477	\$	\$	\$ 18,358,477
Additions				
Deletions				
Balance, June 30, 2008	\$ 18,358,477	\$	\$	\$ 18,358,477
Additions				
Deletions				
Balance, June 30, 2009	\$ 18,358,477	\$	\$	\$ 18,358,477
Additions				
Deletions				
Balance, June 30, 2010	\$ 18,358,477	\$	\$	\$ 18,358,477
Additions	-			
Deletions				
Balance, June 30, 2011	\$ 18,358,477	\$	\$	\$ 18,358,477
Additions	3,455,820			3,455,820
Deletions				
Balance, June 30, 2012	\$ 21,814,297	\$	\$	\$ 21,814,297

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2001 through 2015

NOTE 5 - CAPITAL ASSETS (Continued)

	Land - Non Depreciable	Construction in Progress - Park to Playa Trail Project	Construction in Progress - Kenneth Hahn Park Exhibit	Total Capital Assets
Balance, June 30, 2012	\$ 21,814,297	\$	\$	\$ 21,814,297
Additions		255,694		255,694
Deletions				
Balance, June 30, 2013	\$ 21,814,297	\$ 255,694	\$	\$ 22,069,991
Additions		330,235		330,235
Deletions	(3,455,820)			(3,455,820)
Balance, June 30, 2014	\$ 18,358,477	\$ 585,929	\$	\$ 18,944,406
Additions		257,579	75,550	333,129
Deletions				
Balance, June 30, 2015	\$ 18,358,477	\$ 843,508	\$ 75,550	\$ 19,277,535

NOTE 6 – EXCESS FUNDS TRANSFER TO THE REGIONAL PARK AND OPEN SPACE DISTRICT

For the fiscal year ended June 30, 2009 and June 30, 2012, the Authority transferred \$8,228,000 and \$100,000 respectively, to the LACRPOSD, as a result of LACRPOSD reassignment of Specified Excess Funds previously awarded to the Baldwin Hills Regional Conservation Authority, to supplement other exiting LACRPOSD grant projects. This reallocation is pursuant to the Safe Neighborhood Parks Proposition of 1996.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

The Authority is subject to litigation arising in the normal course of business. In the opinion of the Authority's management, there is no pending litigation that is likely to have a material adverse effect on the financial position of the Authority.

As of the fiscal years ending June 30, 2001 to 2015, in the opinion of the Authority's management, there were no additional outstanding matters that would have a significant effect on the financial position of the Authority.

NOTE 8 – SUBSEQUENT EVENTS

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through August 30, 2016, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2015

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Federal and State grants	\$0	\$0	\$0	\$0
Contributions from other governmental agencies	0	0	0	0
Lease Revenue	0	0	31,951	31,951
Interest income	0	0	131,905	131,905
Total Revenues	<u>0</u>	<u>0</u>	<u>163,856</u>	<u>163,856</u>
<u>Expenditures</u>				
Consultant Services	170,000	170,000	409,035	239,035
Legal Services	25,000	25,000	13,645	(11,355)
Public Works Department	60,000	60,000	26,148	(33,852)
Administration	110,000	110,000	0	(110,000)
Total expenditures	<u>365,000</u>	<u>365,000</u>	<u>448,828</u>	<u>83,828</u>
Deficiency of revenues over expenditures	(365,000)	(365,000)	(284,972)	80,028
Fund balance, beginning of year	<u>19,742,037</u>	<u>19,742,037</u>	<u>19,742,037</u>	<u>0</u>
Fund balance, end of year	<u>\$19,377,037</u>	<u>\$19,377,037</u>	<u>\$19,457,065</u>	<u>(\$30,103)</u>



SIMPSON & SIMPSON
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**INDEPENDENT AUDITOR’S 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**

To the Board of Directors of
Baldwin Hills Regional Conservation Authority

We have audited, 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, the financial statements of the **Baldwin Hills Regional Conservation Authority** (Authority) as of and for the years ended June 30, 2001 through 2015, and the related notes to the financial statements and have issued our report thereon dated August 30, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2015-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority’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 determination of financial statement amounts. 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 instances of noncompliance that are required to be reported under Government Auditing Standards, and which are described in the accompanying Schedule of Findings and Responses as items 2015-02, 2015-03, 2015-04 and 2015-05.





Authority's Response to Findings

The Authority's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Authority's responses are not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

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 Authority's internal control and compliance.

Restriction on Use

This report is intended solely for the information and use of the Board of Directors, management and others within the Authority, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Los Angeles, California
August 30, 2016

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Years Ended June 30, 2001 through 2015

Finding #2015-01- Internal Controls over Reporting of Revenue and Capital Assets (Material Weakness)

Based on our audit of fiscal year 2001-2002, we found that the Authority received a federal grant from the U.S. Department of Transportation (pass-thru the California Department of Transportation or CalTrans) for the purpose of acquiring land. The Authority acquired the land in the same fiscal year, amounting to \$1.06 million, but failed to record the revenue and acquisition in their books. With the Authority's failure to record the revenue and the acquired land, we noted a material weakness in their internal controls over reporting of Revenue and Capital Assets which resulted in a material misstatement of the Authority's financial statements for fiscal year 2001-2002.

In addition, based on our audit of fifteen years from fiscal year 2000-2001 through fiscal year 2014-2015, we found that the Authority did not have policies and procedures in place for recording financial transactions relating to Capital Assets. The Authority did not maintain a Fixed Asset Listing that records the movements (additions, deletions/disposals) of Capital Assets. The Authority's inability to provide the requested supporting documents in a timely manner, as well as the inadequacy of supporting documents received have caused continuous delays throughout the audit process.

Recommendation

We recommend that moving forward, the Authority should maintain a detailed listing of Capital Assets, since the nature of their operations involves land acquisitions and developments. Maintaining a Fixed Asset Listing will assist the Authority in proper accountability of their assets.

Authority's Response

The Authority agrees with this recommendation and has developed a Fixed Asset Listing to track the activity of their capital assets and will maintain the listing moving forward.

Finding #2015-02 – Single Audit

Based on our audit of fiscal year 2001-2002, we found that the Authority received a federal grant from the U.S. Department of Transportation (pass-thru the California Department of Transportation or CalTrans) amounting to \$1.06 million for the purpose of acquiring land but failed to record the federal grant received as revenue. As a result, the Authority failed to have an audit as required by the Single Audit Act of 1984 and 1986, and OMB A-133 for entities receiving a total of \$500,000 or more in federal funds in a single fiscal year. The federal grant received by the Authority is part of the Catalogue of Federal Domestic Assistance (CFDA) 20.205, Highway Planning and Research and was subject to the compliance requirements set forth in the 2002 OMB A-133 Compliance Supplement.

Recommendation

We recommend that the Authority contact the California Department of Transportation (CalTrans) to determine whether the Authority should still conduct a Single Audit given the number of years that have lapsed since fiscal year 2001-2002.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Years Ended June 30, 2001 through 2015

Authority's Response

The Authority agrees with this recommendation and will contact CalTrans to determine how to resolve this matter.

Finding #2015-03 – Annual Budgets

Based on our audit of fifteen years from fiscal year 2001-2002 through fiscal year 2014-2015, we found that the Authority developed an annual budget of the entity for fiscal year 2000-2001, fiscal year 2007-2008, fiscal year 2008-2009, fiscal year 2013-2014 and fiscal year 2014-2015 only. The annual budget for the rest of the fiscal years were not provided.

In addition, the Authority failed to either prepare the preliminary budgets for fiscal years 2001-2002 through 2004-2005, fiscal year 2006-2007 and fiscal year 2010-2011, or have them approved/adopted by the Authority's governing board.

Section 11.2 of the Joint Powers Agreement between Baldwin Hills Regional Conservation Authority (Authority) and the Santa Monica Mountains Conservancy (SMMC) states that *“The Authority shall be strictly accountable for all funds, receipts, and disbursements. The Authority shall prepare an annual budget. Public funds may not be disbursed by the Authority except pursuant to the adopted budget of the Authority, and all receipts and disbursements shall be in strict conformance with the adopted and approved budget.”*

Section 15 of the Joint Powers Agreement between Baldwin Hills Regional Conservation Authority (Authority) and the Santa Monica Mountains Conservancy (SMMC) states that *“The governing board of the Authority shall approve a preliminary budget for the succeeding fiscal year prior to May 1 of each year. The governing board shall adopt a final budget subject to annual contributions from the member agencies. The member agencies share of the Authority's annual budget shall be approved by the member agencies.”*

Recommendation

We recommend that the Authority prepare preliminary budgets and adopt annual budgets of the agency, in a form approved by the Governing Board of the Authority in accordance with the Joint Powers Agreement.

Authority's Response

The Authority agrees with this recommendation. In future years, every attempt will be made by the Authority to have the budget approved as soon as possible and no expenditures will be made until a budget has been approved.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Years Ended June 30, 2001 through 2015

Finding #2015-04 – Procurement, Purchasing and Contracting

Based on our audit of fifteen years from fiscal year 2000-2001 through fiscal year 2014-2015, we found that the Authority does not have their own set of policies and procedures relating to Procurement, Purchasing and Contracting. In lieu of developing their own set of policies, the Authority followed the County of Los Angeles' Fiscal Manual that covers procurement, purchasing and contracting.

In addition, the Authority was unable to provide evidence to show the selection process for 5 major contractors/vendors that the Authority have frequently conducted business with in the fifteen fiscal years. Since the evidence was not provided, we were unable to determine whether the Authority was in compliance with the County's Fiscal Manual.

Recommendation

We recommend that the Authority develop additional policies and procedures for procurement, purchasing and contracting since the nature of the Authority's operations has the need for specialized professional services. The Authority's operations relate to land acquisition and development that requires professional qualifications or expertise on specialized fields to conduct project-specific contracts not covered in the County's Fiscal Manual.

Authority's Response

The Authority agrees with the recommendation and will develop specific procurement policies that address the Authority's operations.

Finding #2015-05 – Annual Audits

Baldwin Hills Regional Conservation Authority Joint Powers Agreement was executed on April 27, 1999, and funding was received by the Authority in FY 2001. However, an audit of the Authority was never conducted until FY 2015.

Section 11.4 of the Joint Powers Agreement states that *"The Auditor-Controller shall either make or contract with a certified public accountant to make an annual audit of the accounts and records of the Authority."*

Recommendation

We recommend that an annual audit of the Authority be conducted in accordance with the Joint Powers Agreement.

Authority's Response

The Authority agrees with the recommendation that an annual audit should be conducted and that the Authority will ensure that audits are completed on an annual basis.