

**PUENTE HILLS  
HABITAT PRESERVATION AUTHORITY**

**ANNUAL FINANCIAL REPORT**

**June 30, 2014**

PUENTE HILLS HABITAT PRESERVATION AUTHORITY  
JUNE 30, 2014

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**Independent Auditor's Report**

To the Honorable Board of Directors  
Puente Hills Habitat Preservation Authority  
Whittier, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Puente Hills Habitat Preservation Authority (the "Authority") as of and for the fiscal year ended June 30, 2014, 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**

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 respective financial position of the Authority, as of June 30, 2014, and the respective changes in financial position and cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principles*

As discussed in Note 1 of the notes to the basic financial statements, effective July 1, 2013, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, Statement No. 66, *Technical Corrections 2012*, Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*. Our opinion is not modified with respect to this matter.


## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 and 4 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 February 25, 2015 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

  
Moss, Levy & Hartzheim, LLP  
Culver City, California  
February 25, 2015

**PUENTE HILLS HABITAT PRESERVATION AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2014**

Management's discussion and analysis (MD&A) of the Puente Hills Habitat Preservation Authority (the Authority) provides a narrative overview of the Authority's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the accompanying financial statements, footnotes, and supplementary information.

**Financial Highlights**

- During the current fiscal year, the Authority's net position increased by \$0.88 million to \$68.41 million.
- The Authority has investments of \$30.51 million in various government securities that have interest rates ranging from 2.50% to 3.24%.
- Operating revenues decreased by \$2.04 million to \$1.24 million while operating expenses decreased by \$0.13 million to \$1.26 million.
- The Authority acquired land valued at \$2,800 during the fiscal year.

**Overview of Financial Statements**

This MD&A serves as an introduction to the Authority's basic financial statements. The basic financial statements include four components: 1) Statement of Net Position; 2) Statement of Revenues, Expenses and Changes in Net Position; 3) Statement of Cash Flows; and 4) Notes to the Financial Statements.

- The Statement of Net Position presents all of the Authority's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator to determine whether the financial position of the Authority is improving or deteriorating.
- The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the Authority's net position changed during the fiscal year. All changes in net position (revenues and expenses) are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Accordingly, revenues and expenses are reported in this statement for items that will result in cash flows in future fiscal periods (e.g. accrued but unpaid contract and professional service fees).
- The Statement of Cash Flows presents information regarding the Authority's use of cash during the fiscal year and is an indicator of whether or not sufficient cash flow is being generated during the fiscal year to meet the operating needs of the Authority.
- The Notes to the Financial Statements provide additional information that is essential for a full understanding of the data provided in the financial statements.

## **Financial Statement Analysis**

Since its formation, Net Position of the Authority has gradually grown from \$1.8 million to over \$68.41 million. Most of the growth in Net Position has been attributable to the Authority's acquisition of land and related capital assets. Operating revenues decreased significantly due to the closing of the Puente Hills Landfill. On October 31, 2013, the landfill ceased operations and the contributions to the Authority also ceased. Operating expenses consist primarily of contract and professional service fees, salaries and benefits, administrative expenses, and the depreciation on capital assets.

As of June 30, 2014, the Authority's Net Position was \$68.41 million compared to \$67.53 million as of June 30, 2013, an increase of 1.30%. Investments in Capital Assets accounted for \$34.72 million of the total Net Position. Liabilities as of June 30, 2014 were \$0.30 million compared to \$0.73 million as of June 30, 2013.

## **Capital Assets**

As of June 30, 2014, the Authority's capital assets consisted of \$34.63 million in land, \$428,000 in buildings, and accumulated depreciation of \$338,000. During the fiscal year ended June 30, 2014 the Authority acquired land valued at \$2,800.

## **Debt Administration**

As of June 30, 2014, the Authority had no outstanding debt.

## **Economic Factors**

On October 31, 2013, the Puente Hills landfill ceased operations. While the landfill tipping fees were a major funding source of the Authority, the Authority does not believe that the closure of the landfill will have an immediate effect on the Authority's operations. The economic downturn has also reduced investment earnings on the Authority's deposits with the County of Los Angeles Treasury Pool. To compensate for the constrained revenues, the Habitat Authority is actively reducing expenditures and has continued alternative investment strategies with the County. It still actively seeks additional revenue streams from other sources such as environmental mitigation fees from regional projects, as well as grants.

## **Contacting the District's 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 525, Los Angeles, CA 90012.

**Puente Hills Habitat Preservation Authority**  
**Statement of Net Position**  
**June 30, 2014**

**Assets**

Cash on deposit with County Treasurer (Note 3)	\$	3,191,570
Restricted cash on deposit with County Treasurer (Note 3)		263,179
Investments (Note 3)		30,508,137
Receivables:		
Accrued interest		11,534
Accounts receivable		12,243
Capital Assets: (Note 5)		
Land - nondepreciable		34,629,281
Buildings and improvements		428,480
Accumulated depreciation		(338,496)

<b>Total Assets</b>		68,705,928
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**Liabilities**

Accrued expenses		295,137
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<b>Total Liabilities</b>		295,137
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**Net Position (Note 4)**

Net investment in capital assets		34,719,265
Restricted		263,179
Unrestricted		33,428,347

<b>Total Net Position</b>	<b>\$</b>	<b>68,410,791</b>
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See accompanying notes to financial statements

**Puente Hills Habitat Preservation Authority**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2014**

**Operating Revenues:**

Contributions from Sanitation Districts	\$	729,010
Other Governmental Agencies		346,248
Oil Revenue		77,157
Grants		5,600
Site Mitigation		5,000
Miscellaneous		81,318

<b>Total Operating Revenues</b>		<u>1,244,333</u>
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**Operating Expenses:**

Contract and Professional Service Fees		730,737
Salaries and Benefits		350,306
Insurance		59,878
Rent (Note 6)		6,668
Depreciation (Note 5)		21,424
Treasurer Tax Collector - Management Fees		14,672
Auditor-Controller Services		23,000
Utilities, Supplies, and Other Charges		49,958

<b>Total Operating Expenses</b>		<u>1,256,643</u>
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<b>Operating Income (Loss)</b>		(12,310)
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**Non-Operating Revenues:**

Interest on Deposited Funds		22,777
Investment Income		865,511

<b>Change in Net Position</b>		875,978
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<b>Net Position, beginning of the fiscal year</b>		<u>67,534,814</u>
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<b>Net Position, end of the fiscal year</b>	\$	<u><u>68,410,791</u></u>
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See accompanying notes to financial statements



**Puente Hills Habitat Preservation Authority**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2014**

<b>Cash Flows from Operating Activities:</b>	
Cash received from governments and customers	\$ 1,804,221
Cash received from other agencies	156,832
Cash paid to employees for services	(322,047)
Cash paid to suppliers for goods and services	(1,001,296)
<b>Net Cash Provided by Operating Activities</b>	<u>637,710</u>
 <b>Cash Flows from Capital and Related Financing Activities:</b>	
Purchase of land	<u>(2,800)</u>
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>(2,800)</u>
 <b>Cash Flows from Investing Activities:</b>	
Investment purchases (Note 3)	(1,203,888)
Investment income	865,511
Interest received	18,806
<b>Net Cash Used by Investing Activities</b>	<u>(319,571)</u>
 <b>Net Increase in Cash</b>	 315,339
 <b>Cash Deposited with County Treasurer, Beginning of Fiscal Year</b>	 <u>3,139,410</u>
 <b>Cash Deposited with County Treasurer, End of Fiscal Year</b>	 <u>\$ 3,454,749</u>
 <b>Reconciliation of Cash Deposited with County Treasurer to amounts reported on the statement of net position</b>	
Cash on deposit with County Treasurer	\$ 3,191,570
Restricted cash on deposit with County Treasurer (Note 3)	<u>263,179</u>
 Cash Deposited with County Treasurer, End of Fiscal Year	 <u>\$ 3,454,749</u>
 <b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>	
Operating Loss	\$ (12,310)
Adjustments to reconcile change in operating income (loss) to net cash provided by operating activities:	
Depreciation	21,424
Change in assets and liabilities	
Decrease in contributions receivable	1,075,211
Increase in accounts receivable	(12,242)
Decrease in prepaid expense	4,288
Decrease in accrued expenses	(92,413)
Decrease in unearned revenue	(346,248)
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 637,710</u>

See accompanying notes to financial statements

**NOTES TO FINANCIAL STATEMENTS**

**PUEENTE HILLS HABITAT PRESERVATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

The Puente Hills Habitat Preservation Authority (Authority) was formed on February 15, 1994, as a joint powers authority by the County of Los Angeles, certain County Sanitation Districts, and the City of Whittier. The Authority was established for the purpose of acquiring, restoring, and/or maintaining additional open space lands in the La Puente/Whittier Hills area in order to create or preserve native habitat areas. In addition, it serves to mitigate impact on oak tree resources and natural open space resulting from the operation of the Puente Hills Landfill and to provide for the eventual transfer or dedication of such native habitat areas and maintenance of funds to an appropriate agency. The term of the Authority will continue indefinitely unless cancelled by the County of Los Angeles, certain County Sanitation Districts, and the City of Whittier.

The Authority is governed by a Board of Directors composed of four appointed directors: one by the Board of Directors of the Sanitation Districts, one by the County of Los Angeles, one by the supervisor representing the Fourth Supervisorial District which geographically includes the Puente Hills Landfill, and one by the City of Whittier. The Authority is legally separate and fiscally independent from each of the member entities. This means it can incur debt, set and modify its own budget and fees, enter into contracts, and sue and be sued in its own name.

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

**B. Significant Accounting Policies**

The Authority's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Basis of Accounting and Measurement Focus

The Authority is accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. The Authority utilizes the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the liability is incurred.

**PUENTE HILLS HABITAT PRESERVATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**B. Significant Accounting Policies (Continued)**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The principal operating revenue of the Authority is the annual dues received from the members. Operating expenses include the cost of executive services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The Authority's financial statements are presented in accordance with the provisions of Governmental Accounting Standards Board Statement (GASB) No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Statement No. 34 established standards for external financial reporting for all state and local governmental entities and Statement No. 63 establishes standards for reporting deferred outflows of resources, deferred inflow of resources, and net position in a statement of financial position. The net position is required to classify into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

*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 invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

*Restricted net position* – This component of net position represents restricted assets net of liabilities that relate to those specific restricted assets. A restricted asset is an asset for which constraints have been placed on the asset's use by creditors, contributors, laws, or regulations of other governments, or as a governing body at the time a particular fee, charge, levy, or assessment was approved. These restrictions must be narrower than the general purposes for which the reporting government can use its resources.

**PUENTE HILLS HABITAT PRESERVATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**B. Significant Accounting Policies (Continued)**

*Unrestricted net position* – This component of net position consists of net position that do not meet the definition of “restricted” or “net investment in capital assets”.

**C. Revenue Recognition**

The Authority’s major source of revenue is the contribution received from Sanitation District No. 2 in the amount of \$1 per ton of waste deposited at the Puente Hills Landfill. On October 31, 2013, the landfill ceased operations and the revenue of the Authority also stopped. Contributions are to be used in part to purchase and preserve additional open space land in the area of the landfill. Revenue from donations is recognized on the accrual basis according to the conditions of the promise.

**D. Land**

Acquisition of land and buildings and improvements are recorded at cost or, if donated, at fair value at date of donation. Land basically consists of open space acquired in accordance with the joint powers agreement that created the Authority. Buildings and improvements consist of houses and improvements that were located on the land at the time of purchase or donation. When land and buildings and improvements are 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 net position.

**E. 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 the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**F. Cash and Cash Equivalents**

For the purposes of the statement of cash flows, cash represents balances that can be readily withdrawn without substantial notice or penalty. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of three months or less.

**PUENTE HILLS HABITAT PRESERVATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2 NEW ACCOUNTING PRONOUNCEMENTS**

The Authority has implemented the requirements of GASB Statement Nos. 65, 66, 67, and 70 during the fiscal year ended June 30, 2014.

*Governmental Accounting Standards Board Statement No. 65*

For the fiscal year ended June 30, 2014, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to establish 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. Implementations of the statement created deferred inflows of resources in fiscal year ending June 30, 2014 where as these were reported as liabilities in prior years. Statement No. 65 did not have an impact on the Authority's financial statements for the fiscal year ended June 30, 2014.

*Governmental Accounting Standards Board Statement No. 66*

For the fiscal year ended June 30, 2014, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 66, "Technical Correction - 2012." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from GASB Statement No. 54 "Fund Balance.

Reporting and Governmental Fund Type Definitions," and GASB Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement No. 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement No. 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. Implementation of the GASB Statement No. 66 did not have an impact on the Authority's financial statements for the fiscal year ended June 30, 2014.

**PUEENTE HILLS HABITAT PRESERVATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2 NEW ACCOUNTING PRONOUNCEMENTS (Continued)**

*Governmental Accounting Standards Board Statement No. 67*

For the fiscal year ended June 30, 2014, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 67, "Financial Reporting for Pension Plans." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and No. 50 "Pension Disclosures" as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. Implementation of the GASB Statement No. 67 did not have an impact on the Authority's financial statements for the fiscal year ended June 30, 2014.

*Governmental Accounting Standards Board Statement No. 70*

For the fiscal year ended June 30, 2014, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 70, "Accounting and Financial Reporting for Non-exchange Financial Guarantees." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are non-exchange transactions. Implementation of the GASB Statement No. 70 did not have an impact on the Authority's financial statements for the fiscal year ended June 30, 2014.

**NOTE 3 CASH ON DEPOSIT WITH COUNTY TREASURER**

In accordance with the Joint Powers Authority agreement and Government Code, cash balances of the Authority are deposited with and pooled and invested by the Los Angeles County Treasurer 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.

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.

**PUENTE HILLS HABITAT PRESERVATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 3 CASH ON DEPOSIT WITH COUNTY TREASURER (Continued)**

Funds deposited in the Los Angeles County Treasury Pool amounted to \$3,454,749 as of June 30, 2014. This represents approximately 0.01% of the total Treasury Pool.

As of June 30, 2014, the Authority had \$30,508,137 invested in various government securities, with the Los Angeles County Treasurer, that have various interest rates of 2.50% to 3.24% with maturity dates ranging from November 13, 2023 to May 30, 2028. This investment activity occurs separately from the County's investment pool and is reported as a Specific Purpose Investment on behalf of the Authority.

**NOTE 4 NET POSITION**

Net position at June 30, 2014 consisted of the following:

Net Investment in Capital Assets	\$ 34,719,265
Restricted Net Position	263,179 *
Unrestricted Net Position	<u>33,428,347</u>
Total Net Position	<u><u>\$ 68,410,791</u></u>

\*Under the purchase agreement for the Brearley/Malkenhorst/Turnbull Property, the Authority agreed to pledge \$263,179 of the funds on deposit with the County Treasurer as security for obligations, including street improvements that would need to be made in the event that the property ceases to be used for open space, habitat restoration, or other biological preservation activities consistent with open space management, and passive recreational use.

**NOTE 5 CAPITAL ASSETS**

For the fiscal year ended June 30, 2014, there were no disposals or donations of capital assets. Capital asset activity for the fiscal year ended June 30, 2014 is as follows:

	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
Capital Assets, Non-depreciable:				
Land (Acquired by the Authority)	\$ 34,106,087	\$ 2,800	\$ -	\$ 34,108,887
Land (Donated to the Authority)	520,394			520,394
	<u>34,626,481</u>	<u>2,800</u>	<u>-</u>	<u>34,629,281</u>
Total Capital Assets, Non-depreciable				
Capital Assets, Depreciable:				
Buildings and improvements	428,480			428,480
Accumulated depreciation	(317,072)	(21,424)		(338,496)
	<u>111,408</u>	<u>(21,424)</u>	<u>-</u>	<u>89,984</u>
Total Capital Assets, Depreciable				
Total Capital Assets, net	<u>\$ 34,737,889</u>	<u>\$ (18,624)</u>	<u>\$ -</u>	<u>\$ 34,719,265</u>



**PUENTE HILLS HABITAT PRESERVATION AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 5 CAPITAL ASSETS (CONTINUED)**

Capital assets, at cost, or fair value at the time of donation, for the fiscal year ended June 30, 2014, consists of the following:

<u>Property Name</u>	<u>Land Amount</u>	<u>Building Amount</u>
Land Acquired by the Authority		
a. Powder Canyon	\$ 2,402,197	\$ -
b. Hacienda Hills Property	790,467	
c. Unocal Properties	46,524	
d. Davies Property	726,100	
e. Weisel/Sanders Property	352,363	300,000
f. Old Coach Property	3,616,020	
g. Pellkofer Properties	236,699	
h. Lim Property	450,875	
i. Roberts/Pellkofer Property	769,550	
j. Huang/Chen Property	481,921	
k. Newbre II Property	501,868	
l. Shuey Property	75,877	
m. Canlas Property	396,151	
n. Rose Hills Foundation Property	14,219,006	
o. Kou Property	650,854	
p. Javaid Property	2,204,100	
q. Viola Berg Property	355,737	
r. Public Works Property - La Habra Heights	342,689	
s. Gibson Property	790,440	
t. Ranney Property	2,729	
u. Brearley/Malkenhorst/Turnbull Property	2,124,500	
v. Corona Property	438,175	
w. Maico Property	601,200	
x. Sycamore Canyon Property	1,505,032	128,480
y. Parcel No. 8239-045-018 in La Habra Heights	3,987	
z. Parcel No. 8239-045-016	21,026	
aa. Easement on Parcel No. 8126-024-004	2,800	
	<u>34,108,887</u>	<u>428,480</u>
Total Land Acquired by the Authority		
Land Donated to the Authority		
a. Benson Ford Donation	104,000	
b. J. Grimont Donation	100,000	
c. Newbre Property	316,394	
	<u>520,394</u>	
Total Land Donated to the Authority		
Total Capital Assets as of June 30, 2014	<u>\$ 34,629,281</u>	<u>\$ 428,480</u>

**NOTE 6 COMMITMENTS AND CONTINGENCIES**

The Authority leases its office space from the City of Whittier. In September 2012, the Authority signed a lease renewal for the office space in the City of Whittier. This lease renewal agreement is effective from September 1, 2012 through August 31, 2017. Rent expense for the fiscal year June 30, 2014 amounted to \$6,668.

**PUENTE HILLS HABITAT PRESERVATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 7 CONTINGENT LIABILITIES**

Claims and suits have been filed against the Authority in the normal course of business. The outcome of these matters is not presently determinable. However, in the opinion of management, the resolution of these matters is not expected to have a significant impact on the financial condition of the Authority.

**NOTE 8 SUBSEQUENT EVENTS**

In preparing the accompanying financial statements, management has reviewed all known events that have occurred after June 30, 2014 and through February 25, 2015, the date when this financial statement was available to be issued, for inclusion in the financial statements and footnotes.