

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY

ANNUAL FINANCIAL REPORT

June 30, 2020

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
JUNE 30, 2020

TABLE OF CONTENTS

Independent Auditor’s Report	1
Management’s Discussion and Analysis (Unaudited).....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	7
Statement of Activities.....	8
Fund Financial Statements:	
Balance Sheet – Governmental Fund	9
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	11
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Net Activities.....	12
Notes to the Basic Financial Statements	13
Required Supplemental Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Unaudited).....	20



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Independent Auditor's Report

To the Honorable Board of Directors
Baldwin Hills Regional Conservation Authority
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Baldwin Hills Regional Conservation Authority (Authority), as of and for the fiscal year ended June 30, 2020, 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 opinions 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Authority, as of June 30, 2020, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 7 to the financial statements, in March 2020, the World Health Organization declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business interruption and related financial impact cannot be reasonably estimated at this time. 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 through 6 and the required supplementary information on page 20, 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 March 15, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
March 15, 2021

**BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended June 30, 2020**

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 year ended June 30, 2020. Please read it in conjunction with the accompanying basic financial statements, notes to the basic financial statements, and supplementary information.

FINANCIAL HIGHLIGHTS

- The Authority's assets other than capital assets have decreased \$1.2 million from \$5.09 million as of June 30, 2019 to \$3.89 million as of June 30, 2020.
- There was no change in the Authority's capital assets balance. The balance was \$18.36 million at June 30, 2019 and June 30, 2020, respectively.
- The total net position of the Authority has decreased \$1.07 million from \$23.26 million as of June 30, 2019, to \$22.19 million as of June 30, 2020.
- The Authority's total revenues amounted to \$0.25 million for the year ended June 30, 2020. Total revenues have decreased \$0.01 million compared to \$0.26 million for the year ended June 30, 2019.
- The Authority's total expenditures amounted to \$1.32 million for the year ended June 30, 2020. Total expenditures have decreased \$0.89 million compared to \$2.21 million for the year ended June 30, 2019.
- The Authority has no short-term or long-term debt.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis are 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

**BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended June 30, 2020**

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 and deferred outflows of resources, reduced by liabilities and deferred inflows of resources, 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.

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.

**BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended June 30, 2020**

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 the year ended June 30, 2020.

FINANCIAL ANALYSIS

As of June 30, 2020, the Authority's net position was \$22.19 million compared to \$23.26 million as of June 30, 2019. The Authority's net position decreased \$1.07 million or 4.58%. Net investment in capital assets accounted for \$18.36 million or 82.73% of the Authority's net position.

Revenues for the year ended June 30, 2020 consist of lease revenue from properties owned by the Authority totaling \$0.17 million and interest income totaling \$0.08 million. Total expenditures in the amount of \$1.32 million for the year ended June 30, 2020 consisted of capital outlays, conservation and educational programs, and administration in the amount of \$1.28 million, \$0.01 million, and \$0.03 million, respectively. Capital outlays consisted of design and construction costs of various capital projects on land owned by other governments and/or capital projects that are not on Authority owned property and that will be maintained by other governments. Revenues for the year ended June 30, 2019 consisted of lease revenue from properties owned by the Authority totaling \$0.13 million and interest income totaling \$0.13 million. Total expenditures in the amount of \$2.21 million for the year ended June 30, 2019 consisted of capital outlays, transfers, conservation and educational programs, and administration in the amount of \$0.16 million, \$2.00 million, \$0.03 million, and \$0.02 million, respectively.

CAPITAL ASSETS

As of June 30, 2020, the Authority's capital assets balance consisted of land in the amount of \$18.36 million.

ECONOMIC FACTORS

Since inception, the main funding source for the Authority has been LACRPOSD, along with interest income and revenue generated from a billboard lease. The original two propositions that provided funding have expired. However, on November 8, 2016, Los Angeles County voters approved The Los Angeles County Safe, Clean Neighborhood Parks and Beaches Measure of 2016 (Measure A). Measure A will continue to provide funding for LACRPOSD to support local parks, beaches, open space, and water resources through an annual parcel tax of 1.5 cents per square foot of development. The Authority is expected to receive future grants from the LACRPOSD as a result of this annual parcel tax.

**BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended June 30, 2020**

CONTACTING THE AUTHORITY'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.

**BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2020**

	Governmental Activities
ASSETS	
Cash and investments (Note 3)	\$ 3,855,847
Accounts receivable	15,645
Interest receivable	13,729
Capital Assets - Land (Note 4)	18,358,477
Total Assets	\$ 22,243,698
 LIABILITIES	
Accounts payable	\$ 53,928
Total Liabilities	53,928
 NET POSITION	
Net investment in capital assets	18,358,477
Unrestricted	3,831,293
Total Net Position	22,189,770
 TOTAL LIABILITIES AND NET POSITION	 \$ 22,243,698

See accompanying notes to the basic financial statements.

**BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenues Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Change in Net Position Governmental Activities</u>
Governmental Activities:			
Conservation programs	\$ 1,319,870	\$ -	\$ (1,319,870)
Total Governmental Activities	\$ 1,319,870	\$ -	(1,319,870)
General Revenues:			
Interest earnings			82,943
Lease revenue			170,896
			253,839
Change in net position			(1,066,031)
Net Position, beginning of fiscal year			23,255,801
Net Position, end of fiscal year			\$ 22,189,770

See accompanying notes to the basic financial statements.

**BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
GOVERNMENTAL FUND
BALANCE SHEET
JUNE 30, 2020**

ASSETS

Cash and investments (Note 3)	\$ 3,855,847
Accounts receivable	15,645
Interest receivable	13,729
Total Assets	<u>\$ 3,885,221</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 53,928
Total Liabilities	<u>53,928</u>

FUND BALANCE

Unassigned	<u>3,831,293</u>
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Total Liabilities and Fund Balance	<u>\$ 3,885,221</u>
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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, 2020**

Fund Balance of Governmental Fund	\$ 3,831,293
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity	<u>18,358,477</u>
Net Position of Governmental Activities	<u><u>\$ 22,189,770</u></u>

See accompanying notes to the basic financial statements.

**BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

REVENUES

Interest earnings	\$ 82,943
Lease revenue	170,896
Total Revenues	253,839

EXPENDITURES

Conservation and educational programs	14,187
Capital outlay	1,276,054
Administration	29,629
Total Expenditures	1,319,870

Net Change in Fund Balance	(1,066,031)
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Fund Balance, Beginning of Fiscal Year	4,897,324
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Fund Balance, End of Fiscal Year	\$ 3,831,293
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See accompanying notes to the basic financial statements.

**BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Net change in Fund Balance	\$ (1,066,031)
Change in Net Position of Governmental Activities	<u>\$ (1,066,031)</u>

See accompanying notes to the basic financial statements.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

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 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

Basis of Accounting and Measurement Focus

The Authority's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States. The Governmental 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.

The Authority's government-wide financial statements include a statement of net position and statement of activities. 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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements rather than reporting them as expenditures.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus (Continued)

Government 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 sheet. 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 fiscal 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 and to design and construct capital projects are recorded as capital outlays in the fiscal 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.

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 3 for additional information.

Capital Assets

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 fund financial statements.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Capital assets 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. The reported value excludes cost in relation to capital projects on land owned by other governments and/or capital projects that are not on Authority owned property that will be maintained by other governments.

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 4 for additional information.

Net Position and Fund Balance Classification

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 June 30, 2020, the Authority had no debt obligations.

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 year ending June 30, 2020.

Unrestricted Net Position

This category represents the residual net position of the Authority in excess of what cannot 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.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position and Fund Balance Classification (Continued)

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 year ending June 30, 2020.

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 year ending June 30, 2020.

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, 2020, 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, 2020, the Authority had no assigned fund balance.

Unassigned – this classification includes the residual fund balance. The Authority has only unassigned fund balance as of June 30, 2020.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Authority considers restricted funds to have been spent first. When an expenditure is incurred for which amounts in any of the unrestricted classifications of fund balance could be used, the Authority considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

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.

New Accounting Pronouncements

The following GASB Statements have been implemented in the current basic financial statements.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Accounting Standards Board Statement No. 89

GASB #89, "Accounting for Interest Cost Incurred before the End of Construction Period," establishes accounting requirements for interest cost incurred before the end of a construction period. This GASB had no material impact upon the financial statements.

Governmental Accounting Standards Statement No. 95

GASB #95, "Postponement of the Effective Dates of Certain Authoritative Guidance," provides temporary relief to governments in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statement and Implementation Guides that are scheduled to become effective for periods beginning after June 15, 2018.

NOTE 3 CASH AND INVESTMENTS

In accordance with the California Government Code, cash balances of the Authority are deposited with and pooled and invested by the Los Angeles County Treasurer and Tax Collector (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 Authority's cash and investments balance as of June 30, 2020 was \$3,855,847.

California Government Code Sections 53601 and 53635 authorize the Treasurer to invest the External Investment Pool (Pool) and SPI funds in obligations of the United States Treasury, federal agencies, municipalities, asset-backed securities, bankers' acceptances, commercial paper, negotiable certificates of deposit, medium-term notes, corporate notes, repurchase agreements, reverse repurchase agreements, forwards, futures, options, shares of beneficial interest of a Joint Powers Authority (JPA) that invests in authorized securities, shares of beneficial interest issued by diversified management companies known as money market mutual funds (MMF) registered with the Securities and Exchange Commission (SEC), securities lending agreements, the State of California's Local Agency Investment Fund (LAIF), and supranational institutions. California Government Code Section 53534 authorizes the Treasurer to enter into interest rate swap agreements. However, these agreements should only be used in conjunction with the sale of the bonds approved by the Board. As permitted by the California Government Code, the Treasurer developed, and the Board adopted, an Investment Policy that further defines and restricts the limits within which the Treasurer may invest. The investments are managed by the Treasurer, which reports investment activity to the Board on a monthly basis. In addition, the Treasurer's investment activity is subject to an annual investment policy review, compliance oversight, quarterly financial review, and annual financial reporting. The Treasurer also maintains Other Specific Investments, which are invested pursuant to Section 1300.76.1, Title 28, California Code of Regulations. The County has not provided nor obtained any legally binding guarantees during the year ended June 30, 2020, to support the value of shares in the Pool.

Investments are stated at fair value and are valued on a monthly basis. The TTC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using other observable inputs such as matrix pricing techniques or based on quoted prices for assets in markets that are not active. Matrix Pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

unobservable inputs. Securities classified in Level 3 are valued using the income approach such as discounted cash flow techniques. Investment in an external government investment pool is not subject to reporting within the level hierarchy oversight, quarterly financial review, and annual financial reporting. The Treasurer also maintains Other Specific Investments, which are invested pursuant to the California Government Code.

Investment policies and associated risk factors applicable to the Authority are included in the County of Los Angeles' Comprehensive Annual Financial Report for the year ended June 30, 2020. Detailed deposit and investment risk disclosures are included in notes of the County of Los Angeles' Comprehensive Annual Financial Report.

NOTE 4 CAPITAL ASSETS

Capital activities for the fiscal year ended June 30, 2020 is as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets:				
Land	\$ 18,358,477	\$ -	\$ -	\$ 18,358,477
Construction in progress	-	1,276,054	(1,276,054)	-
Total capital assets	<u>\$ 18,358,477</u>	<u>\$ 1,276,054</u>	<u>\$(1,276,054)</u>	<u>\$ 18,358,477</u>

The additions and deletions of construction in progress in the amount of \$1,276,054 represent construction projects on land owned by other governments and/or are not on Authority owned property that will be maintained by other governments. These deletions were transfers made to capital outlay within the Authority to recognize the full expense of these costs for historical purposes.

NOTE 5 RELATED PARTY TRANSACTIONS

The Authority's cash and investments are pooled and invested by TTC. Interest income amounted to \$82,943 for the year ended June 30, 2020 and interest receivable was \$13,729 as of June 30, 2020. The County also provides legal services to the Authority. Total legal fees amounted to \$13,554 for the fiscal year ended June 30, 2020. In addition, the County maintains the books and records of the Authority without charges.

NOTE 6 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 year ending June 30, 2020 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.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 SUBSEQUENT EVENTS

The World Health Organization has declared the outbreak of Novel Coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The COVID-19 outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact. Nevertheless, the outbreak presents uncertainty and risk with respect to the Authority’s performance, and financial results.

**BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Lease revenue	\$ 76,000	\$ 76,000	\$ 170,896	\$ 94,896
Interest Income	30,000	30,000	82,943	52,943
Total Revenues	<u>106,000</u>	<u>106,000</u>	<u>253,839</u>	<u>147,839</u>
EXPENDITURES				
Conservation and educational programs	31,712	31,712	14,187	17,525
Parcel maintenance	50,000	50,000	-	50,000
Capital outlay	3,533,445	3,533,445	1,276,054	2,257,391
Administration	50,000	50,000	29,629	20,371
Total Expenditures	<u>3,665,157</u>	<u>3,665,157</u>	<u>1,319,870</u>	<u>2,345,287</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,559,157)	(3,559,157)	(1,066,031)	2,493,126
Fund balance, beginning of fiscal year	<u>4,897,324</u>	<u>4,897,324</u>	<u>4,897,324</u>	
Fund balance, end of fiscal year	<u>\$ 1,338,167</u>	<u>\$ 1,338,167</u>	<u>\$ 3,831,293</u>	<u>\$ 2,493,126</u>

Note to Required Supplementary Information:

The Authority prepares an annual budget which is adopted by the Board of Directors. The Authority monitors and controls expenditures on a budgetary basis. The current fiscal year expenditures are charged against appropriations. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items.