

SANTA MONICA BAY RESTORATION AUTHORITY

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE PERIOD FROM OCTOBER 1, 2020 TO JUNE 30, 2021



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SANTA MONICA BAY RESTORATION AUTHORITY

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Santa Monica Bay Restoration Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Santa Monica Bay Restoration Authority (Authority), which comprise the statement of net position in liquidation as of June 30, 2021, the related statement of changes in net position in liquidation for the period October 1, 2020 to June 30, 2021, and the related statement of revenues, expenditures, and changes in fund balance for the period October 1, 2020 to June 30, 2021, and the related notes to the financial statements.

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 net position in liquidation of the Authority as June 30, 2021, and the changes in its net position in liquidation for the period from October 1, 2020 to June 30, 2021, and its statement of revenues, expenditures and changes in fund balance for the period from October 1, 2020 to June 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1 and 2 to the financial statements, the Governing Board of the Santa Monica Bay Restoration Commission adopted a resolution on October 24, 2019 to withdraw from and terminate the Authority's Joint Powers Agreement. Afterwards the Authority shall have no activity after the receipt of outstanding accounts receivable and payment of its accrual liabilities and disposal of any remaining assets. Thus, liquidation of the Authority's net position is imminent. As a result, the Authority has adopted the liquidation basis of accounting in the presentation of its financial statements as of June 30, 2021. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 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.



Torrance, California
December 30, 2021

SANTA MONICA BAY RESTORATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE PERIOD FROM OCTOBER 1, 2020 TO JUNE 30, 2021

The Management's Discussion and Analysis (MD&A) of the financial activities of the Santa Monica Bay Restoration Authority (Authority) provides a narrative overview of the Authority's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the accompanying basic financial statements, footnotes and supplementary information.

Background

The Authority was created by a joint exercise of powers agreement between the Santa Monica Bay Restoration Commission (SMBRC) and the Los Angeles County Flood Control District (LACFCD) and operates as a local public agency within the Santa Monica Bay Watershed and the jurisdictional boundaries of the SMBRC and the District. The purpose of the Authority is to broaden funding opportunities for projects beneficial to both the SMBRC and the LACFCD within the Santa Monica Bay Watershed, and it provides an efficient method by which state agencies can fund important programs of the Santa Monica Bay National Estuary Program. The Authority Governing Board approves its annual budget, monitors and supervises its various programs as funded by local, state, and federal sources, and enters into collaborative subaward agreements and/or subcontracts with local entities to carry out projects as needed. The Authority Governing Board is comprised of the Director of the Los Angeles County Department of Public Works or his/her designee, a member of the Los Angeles County Board of Supervisors appointee, and 3 other voting members elected by the SMBRC Governing Board. Appointment to the Authority Governing Board is made at SMBRC Governing Board meetings or Los Angeles County Board of Supervisors meetings, if needed due to a vacancy. There are no term limits for the Authority Governing Board members.

On October 24, 2019, SMBRC passed a resolution to withdraw from and terminate the Authority. As of June 30, 2021, all legal and financial obligations have been resolved to the satisfaction of SMBRC and LACFCD.

Financial Highlights

Because of the closure of the Authority, there are no assets, or liabilities remaining. The accompanying financial statements were presented in accordance with the Liquidation Basis of accounting following the guidance from the American Institute of Certified Public Accountants' Accounting Standard Codification (ASC) No. 205-30, which requires that the Statement of Net Position in Liquidation and the Statement of Changes in Net Position in Liquidation be presented as part of the financial statements

Overview of 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 components:

- Statement of Net Position in Liquidation
- Statement of Changes in Net Position in Liquidation
- Fund financial statements
- Notes to the basic financial statements

SANTA MONICA BAY RESTORATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE PERIOD FROM OCTOBER 1, 2020 TO JUNE 30, 2021
(Continued)

This report also includes other supplementary information in addition to the basic financial statements.

Statements of Net Position in Liquidation and Changes in Net Position in Liquidation

The Statement of Net Position in Liquidation presents information on all Authority assets reduced by liabilities, which represent net position.

The Statement of Changes in Net Position in Liquidation presents information that indicates how the Authority's net position changed during the period under audit.

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 all classified as governmental funds during the period from October 1, 2020 to June 30, 2021.

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. 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. The governmental funds statement of revenues, expenditures and changes in fund balances provides 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.

Capital Assets

There were no remaining Capital Assets as of June 30, 2021.

Economic Factors

The Authority was dissolved pursuant to the resolution 19-01 adopted by the Governing Board of the SMBRC on October 24, 2019. The Authority shall have no activity after the receipt of outstanding accounts receivable and payment of its accrual liabilities and disposal of any remaining assets.

SANTA MONICA BAY RESTORATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE PERIOD FROM OCTOBER 1, 2020 TO JUNE 30, 2021
(Continued)

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.

SANTA MONICA BAY RESTORATION AUTHORITY

**STATEMENT OF NET POSITION IN LIQUIDATION
AS OF JUNE 30, 2021**

Assets

Cash and investments	\$	-
Capital assets (Note 3)		-
Total Assets	\$	-

Liabilities

Accrued expenses	\$	-
Total Liabilities		-

Net Position

Unrestricted		-
Total Net Position	\$	-

See accompanying notes to the basic financial statements.

SANTA MONICA BAY RESTORATION AUTHORITY

**STATEMENT OF CHANGES IN NET POSITION IN LIQUIDATION
FOR THE PERIOD FROM OCTOBER 1, 2020 TO JUNE 30, 2021**

Net position in liquidation available for distribution as of October 1, 2020	\$	19,397
Interest income earned on cash balance		146
Payments of expenditures		(11,355)
Depreciation of capital assets		(225)
Transfer to the County of Los Angeles Department of Public Works		(7,963)
Net position in liquidation available for distribution as of June 30, 2021	\$	<u>-</u>

See accompanying notes to the basic financial statements.

SANTA MONICA BAY RESTORATION AUTHORITY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE PERIOD FROM OCTOBER 1, 2020 TO JUNE 30, 2021**

Revenues

Interest income	\$ 146
Total revenues	<u>146</u>

Expenditures

Contract and professional services	<u>11,355</u>
Total expenditures	<u>11,355</u>

Deficiency of revenues over expenditures (11,209)

Other financing uses

Transfer-out	<u>(7,963)</u>
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Net change in fund balance (19,172)

Fund balance, October 1, 2020 19,172

Fund balance, June 30, 2021 \$ -

See accompanying notes to the basic financial statements.

SANTA MONICA BAY RESTORATION AUTHORITY
RECONCILIATION OF THE FUND BALANCE TO THE
NET POSITION IN LIQUIDATION AVAILABLE FOR DISTRIBUTION
AS OF OCTOBER 1, 2020

Fund balance, October 1, 2020 (page 8)	\$ (19,172)
Add: capital assets balance as of October 1, 2020 not recognized in the fund financial statements.	225
Net position in liquidation available for distribution as of October 1, 2020 (page 7)	<u>\$ (19,397)</u>

See accompanying notes to the basic financial statements.

SANTA MONICA BAY RESTORATION AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 1 – REPORTING ENTITY AND TERMINATION OF OPERATIONS

The Santa Monica Bay Restoration Authority (Authority) was created by a joint exercise of powers agreement between the Santa Monica Bay Restoration Commission (SMBRC) and the Los Angeles County Flood Control District (LACFCD) and operates as a local public agency within the Santa Monica Bay Watershed and the jurisdictional boundaries of the SMBRC and the District. The purpose of the Authority is to broaden funding opportunities for projects beneficial to both the SMBRC and the LACFCD within the Santa Monica Bay Watershed, and it provides an efficient method by which state agencies can fund important programs of the Santa Monica Bay National Estuary Program. The Authority's Governing Board approves its annual budget, monitors and supervises its various programs as funded by local, state, and federal sources, and enters into collaborative subaward agreements and/or subcontracts with local entities to carry out projects as needed. The Governing Board is comprised of the Director of the Los Angeles County Department of Public Works or his/her designee, a member of the Los Angeles County Board of Supervisors appointee, and 3 other voting members elected by the SMBRC Governing Board. Appointment to the Authority's Governing Board is made at SMBRC Governing Board meetings or Los Angeles County Board of Supervisors meetings, if needed due to a vacancy.

On October 24, 2019, the Governing Board of the SMBRC adopted resolution No. 19-01 to withdraw from and terminate the Authority's Joint Powers Agreement. Consequently, the Authority shall have no activity after the receipt of outstanding accounts receivable and payment of its accrual liabilities and disposal of any remaining assets. The termination of the Authority's operation was completed on June 30, 2021 and the remaining net position was transferred to the County of Los Angeles Department of Public Works.

NOTE 2 – LIQUIDATION BASIS OF ACCOUNTING

The accompanying financial statements were presented in accordance with the Liquidation Basis of accounting following the guidance from the American Institute of Certified Public Accountants' Accounting Standard Codification (ASC) No. 205-30, which requires that the Statement of Net Position in Liquidation and the Statement of Changes in Net Position in Liquidation be presented as part of the financial statements.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the period October 1, 2020 to June 30, 2021:

	Balance at October 1, 2020	Increases	Decreases	Balance at June 30, 2021
Governmental activities:				
Capital asset being depreciated				
Data probe equipment	\$ 8,279	\$ -	\$ -	\$ 8,279
Electronic equipment	6,722	-	-	6,722
Total capital assets being depreciated	15,001	-	-	15,001
Less accumulated depreciation for:				
Data probe equipment	(8,279)	-	-	(8,279)
Electronic equipment	(6,497)	(225)	-	(6,722)
Total accumulated depreciation	(14,776)	(225)	-	(15,001)
Net capital assets	\$ 225	\$ (225)	\$ -	\$ -

The balance of the capital assets of \$225 was fully depreciated as of June 30, 2021.

SANTA MONICA BAY RESTORATION AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 – SUBSEQUENT EVENTS

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through December 30, 2021, the date the financial statements were issued. No subsequent events occurred that require recognition or additional disclosure in the financial statements.

**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
The Santa Monica Bay Restoration 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 Santa Monica Bay Restoration Authority (Authority), which comprise the statement of net position in liquidation as of June 30, 2021, the related statement of changes in net position in liquidation for the period October 1, 2020 to June 30, 2021, and the related statement of revenues, expenditures, and changes in fund balance for the period October 1, 2020 to June 30, 2021, and the related notes to the financial statements and have issued our report thereon dated December 30, 2021.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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 "BCA Watson Rice, LLP". The signature is written in a cursive, flowing style.

Torrance, California
December 30, 2021

SANTA MONICA BAY RESTORATION AUTHORITY
SCHEDULE OF FINDINGS
FOR THE PERIOD FROM OCTOBER 1, 2020 TO JUNE 30, 2021

There were no audit findings.

SANTA MONICA BAY RESTORATION AUTHORITY
STATUS OF PRIOR YEAR FINDINGS
FOR THE PERIOD FROM OCTOBER 1, 2020 TO JUNE 30, 2021

There were no prior year audit findings.