

WATERSHED CONSERVATION AUTHORITY

ANNUAL FINANCIAL REPORT

June 30, 2021

WATERSHED CONSERVATION AUTHORITY
JUNE 30, 2021

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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES

9465 WILSHIRE BLVD., 3RD FLOOR
BEVERLY HILLS, CA 90212
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES

5800 HANNUM AVE., SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

Independent Auditor's Report

To the Honorable Board of Directors
Watershed Conservation Authority
Azusa, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Watershed Conservation Authority (Authority), as of and for the fiscal year ended June 30, 2021, 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 financial position of the Authority as of June 30, 2021, 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.

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 4 through 6 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Combining Fund Financial Statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Fund Financial Statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2022, 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
June 8, 2022

WATERSHED CONSERVATION AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

The Management's Discussion and Analysis (MD&A) of the financial activities of the Watershed Conservation Authority (the 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 financial statements, footnotes, and supplementary information. Amounts contained in this discussion have been rounded to facilitate their readability.

Financial Highlights

- During the current fiscal year, the Authority's net position increased by \$0.81 million to \$30.52 million. Cash deposited in the County Treasury Pool decreased by \$0.25 million to \$2.95 million.
- Operating revenues decreased by \$1.45 million to \$2.26 million, while operating expenses increased by \$0.20 million to \$1.74 million. The decrease in revenue and increase in expenses were primarily due to the decrease in grant funding, and the increase in grant spending for utilities, supplies and other charges.
- The Authority had construction in progress costs of approximately \$0.70 million during the fiscal year.
- The Authority continues to have no long-term debt.

Overview of Financial Statements

This MD&A serves as an introduction to the Authority's basic financial statements. The basic financial statements include five components: 1) Statement of Net Position; 2) Statement of Revenues, Expenses, and Changes in Net Position; 3) Statement of Cash Flows; 4) Notes to the Financial Statements; and 5) Supplemental information.

- The Statement of Net Position presents 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 sufficient cash flow is or is not being generated during the fiscal year to meet the operating needs of the Authority.

WATERSHED CONSERVATION AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Continued)

- The notes provide additional information that is essential for a full understanding of the data provided in the financial statements.
- The supplemental information includes combining fund financial statements showing the activity for each fund.

Financial Statement Analysis

Since its formation, Net Position of the Authority has gradually grown from \$1.00 million to over \$30.52 million. Most of the growth in Net Position is attributable to the Authority's acquisition of land and related capital assets. Operating revenues consist primarily of federal and State grants and leases of Authority owned buildings. Operating expenses consist primarily of contract and professional service fees, salaries and wages, depreciation, and services and supplies related to the acquisition and maintenance of the various Authority owned properties.

As of June 30, 2021, the Authority's Net Position was \$30.52 million compared to \$29.71 million as of June 30, 2020, an increase of 2.7%. Investments in Capital Assets accounted for \$28.67 million of the total Net Position. As of June 30, 2021, the Authority's long-term liabilities consisted of \$1.50 million related to subvention aid from the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy (RMC), one of the Authority's member agencies. During the fiscal year ended June 30, 2020, the Authority signed an agreement with the RMC to receive a perpetual, non-wasting grant to assist with cash flow on two major construction projects. A provision of the agreement also requires that that Authority maintain a minimum cash balance of no less than \$100,000 within a separate fund. See Note 3 for further details.

Capital Assets

As of June 30, 2021, the Authority's capital assets consisted of \$20.71 million in land, \$6.55 million in Construction in progress, \$1.85 million in buildings, \$2.27 million in improvements, and accumulated depreciation of \$2.71 million. During the fiscal year ended June 30, 2021, the Authority had construction costs of approximately \$0.70 million.

Economic Factors

In Fiscal Year (FY) 2020-2021, the Authority continued to utilize its Cost Allocation Billable Rates Plan to capture overhead costs in accordance with the Authority's existing grant requirements.

WATERSHED CONSERVATION AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Continued)

The Authority anticipates receiving many grants over the next two fiscal years to complete a variety of capital projects. Some of those grants and projects are as follows:

- The Authority anticipates accepting grants from the Rivers and Mountains Conservancy in FY 2021-2022 for \$3,000,000 for the LA River Ranger Pilot Program Implementation Project, \$1,000,000 for the San Gabriel River Floodplain Acquisition, \$466,820 for the Mount Baldy Wilderness Preserve – Fuel Modification, \$167,000 for the Parque Dos Rios Improvements Project, and \$50,000 for the Foothill Open Space Acquisition Stakeholder Engagement. In addition, The Authority anticipates accepting amended awards from Rivers and Mountains Conservancy in FY 2021-2022 of \$55,544 for the East Fork Sustainability River Access project.
- The Authority anticipates accepting an award of a U.S. Forest Service Supplemental Project Agreement in FY 2021-2022 for \$172,066 for the Crystal Lake Host Site Improvements.
- The Authority anticipates accepting grants from the Rivers and Mountains Conservancy in FY 2022-2023 for River Wilderness Park Entry Improvements Implementation, River Wilderness Park Early Action, River Park House Climate Resilience Project, River Park Equestrian Center Improvements, and Technical Assistance for Wildfire Prevention Program.
- The Authority anticipates accepting a work authorization from the Los Angeles County Flood Control District through a work order in FY 2022-2023 for a Citrus Spreading Grounds Project Concept Report.

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.

WATERSHED CONSERVATION AUTHORITY
Statement of Net Position
June 30, 2021

Assets

Cash deposited with County Treasurer (Note 3)	\$ 2,846,487
Restricted cash in escrow account (Note 4)	2,010,221
Restricted cash for subvention agreement (Notes 3 and 10)	100,000
Receivables:	
Grant	258,920
Leases	12,030
Accrued interest	4,369
Miscellaneous	555
Prepaid expenses	38,916
Capital assets: (Note 6)	
Land - nondepreciable	20,707,665
Construction in progress - nondepreciable	6,546,344
Buildings - depreciable	1,854,000
Improvements - depreciable	2,272,670
Accumulated depreciation	<u>(2,707,013)</u>

Total Assets

33,945,164

Liabilities

Security deposits	10,451
RMC subvention liability (Note 10)	1,500,000
Accrued expenses	<u>1,913,829</u>

Total Liabilities

3,424,280

Net Position (Deficit) (Note 5)

Net investment in capital assets	28,673,666
Restricted for subvention agreement	100,000
Restricted for Discovery Center	2,010,221
Unrestricted (Deficit)	<u>(263,003)</u>

Total Net Position

\$ 30,520,884

See accompanying notes to the basic financial statements

WATERSHED CONSERVATION AUTHORITY
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2021

Operating Revenues:	
Contributions from federal grants	\$ 342,095
Contributions from State and Local grants	1,426,552
Contributions from County departments	74,105
Leases	277,472
Miscellaneous	143,146
	<hr/>
Total Operating Revenues	2,263,370
Operating Expenses:	
Contract and professional service fees	683,636
Insurance	105,300
Maintenance	27,529
Utilities, supplies, and other charges	258,311
Depreciation	206,334
Salaries and wages	458,428
	<hr/>
Total Operating Expenses	1,739,538
Operating Income	523,832
Non-Operating Revenues and Expenses:	
Interest on deposited funds	16,179
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Total Non-Operating Revenues and Expenses	16,179
Change in Net Position	540,011
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Net Position, beginning of the fiscal year	29,712,100
Prior Period Adjustments (Note 9)	268,773
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Net Position, beginning of the fiscal year, restated	29,980,873
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Net Position, end of the fiscal year	\$ 30,520,884
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See accompanying notes to the basic financial statements

WATERSHED CONSERVATION AUTHORITY
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021

Cash Flows from Operating Activities:	
Cash received from federal, State, and Local grants	\$ 1,581,731
Cash received from County departments	29,105
Cash received from leases	269,555
Cash received from miscellaneous services	149,125
Cash received from utilities	4,002
Cash paid to employees for services	(460,209)
Cash paid to suppliers for goods and services	(1,160,923)
	<u>412,386</u>
Net Cash Provided by Operating Activities	
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	(696,411)
	<u>(696,411)</u>
Net Cash Used by Capital and Related Finance Activities	
Cash Flows from Investing Activities:	
Interest received	22,135
	<u>22,135</u>
Net Cash Provided by Investing Activities	
Net decrease in Cash	
	(261,890)
Cash, Beginning of Fiscal Year	<u>5,218,598</u>
Cash, End of Fiscal Year	<u><u>\$ 4,956,708</u></u>
Reconciliation of Cash to Statement of Net Position:	
Cash Deposited with County Treasurer	\$ 2,846,487
Restricted Cash in Escrow Account	2,010,221
Restricted Cash for subvention agreement	100,000
Total Cash	<u><u>\$ 4,956,708</u></u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating Income	\$ 523,832
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	206,334
Decrease (increase) in grant receivable	(258,920)
Decrease (increase) in lease receivable	(11,847)
Decrease (increase) in prepaid expenses	471
Decrease (increase) in accrued revenue	16,188
Decrease (increase) in miscellaneous receivable	329
Increase (decrease) in accrued expenses	(64,001)
Net Cash Provided by Operating Activities	<u><u>\$ 412,386</u></u>

See accompanying notes to the basic financial statements

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WATERSHED CONSERVATION AUTHORITY
Notes to the Basic Financial Statements
June 30, 2021

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Watershed Conservation Authority (Authority) was formed on April 17, 2003, as a joint powers authority by the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy (RMC) and the Los Angeles County Flood Control District. The Authority was established for the purpose of expanding and improving the open space and recreational opportunities for the conservation, restoration, and environmental enhancement of the San Gabriel and Lower Los Angeles Rivers Watershed area consistent with the goals of flood protection, water supply, groundwater recharge, and water conservation. Another purpose of the Authority is to acquire and protect lands for watershed protection, natural open space, and recreational purposes.

The Authority is governed by a Board of Directors composed of eight members: three voting members appointed by the Governing Board of the RMC, none of which shall be a member appointed by the Los Angeles County Board of Supervisors; four voting members of the Los Angeles County Board of Supervisors, or their designees, who represent the areas within the territory for the RMC; and the Director of the Los Angeles County Public Works, who will serve as a non-voting, ex-officio member. 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.

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 enterprise funds (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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The principal operating revenue of the Authority is State and federal grants and lease revenue from properties owned by the Authority. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

WATERSHED CONSERVATION AUTHORITY
Notes to the Basic Financial Statements
June 30, 2021

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

Significant Accounting Policies (Continued)

Basis of Accounting and Measurement Focus (continued)

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.

New Accounting Pronouncements

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

Governmental Accounting Standards Board Statement No. 84

GASB No. 84, "*Fiduciary Activities*," establishes criteria for the identification of fiduciary activities for accounting and financial reporting purposes. The focus of the criteria generally is on whether a government is controlling the assets of the fiduciary activity and also the beneficiaries with whom a fiduciary relationship exists. The statement is effective for reporting periods after December 31, 2020. This statement had no material impact upon the financial statements.

Governmental Accounting Standards Statement No. 90

GASB No. 90, "*Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*," improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The statement is effective for reporting periods after December 31, 2020. This statement did not have a material impact upon the financial statements.

Governmental Accounting Standards Statement No. 97

GASB No. 97, "*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*," (1) Increases the consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. GASB Statement No. 97 for paragraphs 6-9 is effective for reporting periods beginning after June 15, 2021. The County elected to early implement all requirements of this statement. This statement did not have a material impact upon the financial statements.

WATERSHED CONSERVATION AUTHORITY
Notes to the Basic Financial Statements
June 30, 2021

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

Significant Accounting Policies (Continued)

The following are descriptions of the Authority's funds:

The **Rio Hondo Trailhead Acquisition Project Fund** is used to account for financial activities of the project related to the acquisition of up to 11 acres fee simple land or up to 22 acres of conservation easement for open space, wildlife habitat, and future trailhead development adjacent to the Rio Hondo tributary of the Los Angeles River.

The **General Fund (Watershed Conservation Authority)** is used to account for the annual JPA contributions from Rivers and Mountains Conservancy and Los Angeles County Flood Control District and for administrative and funding opportunity expenditures.

The **River Park Leases Fund** is used to record and monitor lease revenues on the River Park property.

The **San Gabriel Mountain and Foothills Acquisition Master Plan Project Fund** is used to record RMC 17019 funds granted to WCA for the San Gabriel Mountains Foothills Open Space Acquisition Master Plan. The Plan will develop a comprehensive prioritized acquisition strategy and a recommended resource management and operations strategy to preserve critical habitat and open space, improve watershed health and increase public access for compatible uses such as multi-use trails and related passive recreational amenities. The funds support development of the plan as well as limited acquisition implementation such as property due diligence.

The **SGV Greenway Network Strategic Implementation Plan Fund** is used to record revenues and activities related to the development of a regional strategic implementation plan for the San Gabriel Valley Greenway Network and green infrastructure improvements along waterways and associated facilities owned and/or maintained and operated by the Los Angeles County Flood Control District.

The **WCA LA River Ranger Program Implementation Phase II Fund** is used to record a \$240,338 grant provided to complete a LA River Ranger study and Pilot Program recommendation to establish a network of river rangers along the 51 miles of the Los Angeles River and its tributaries to enhance public safety, provide watershed and environmental programming, and management of natural resources.

The **RMC Subvention Fund** is used to record the activities related to the River and Mountains Conservancy aid of \$1,500,000 to be utilized to assist the Authority in developing and constructing projects in the Lower Los Angeles and San Gabriel River watersheds. See Note 10 for further details.

The **EI Encanto Leases Fund** is used to record and monitor lease revenues on the EI Encanto property.

The **Southgate Riparian Habitat Property Fund** is used to monitor funds (rental income) deposited to the WCA-Southgate Riparian Habitat property.

WATERSHED CONSERVATION AUTHORITY
Notes to the Basic Financial Statements
June 30, 2021

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

Significant Accounting Policies (Continued)

The **Prop 40 RMC 3609 River Park Phase 1A Implementation Fund** is used to record funds granted to the Authority for the River Park Phase 1A implement project. The Phase 1A River Park project involves the development of a 23-acre river adjacent park project that includes a public access trail, 16.8 acres of riparian landscape, a community garden, a native plant nursery, a wildflower meadow, and a river promenade.

The **Prop 84 RMC 3640 Chapter 8 Defaulted Tax Property Fund** is used to record parcel acquisitions in the cities of Claremont, Glendora, La Puente, Long Beach, Monrovia, and South El Monte, if offered for sale by the Los Angeles County Department of the Treasurer and Tax Collector.

The **Supplemental Environmental Project – River Park Fund** is used to record Supplemental Environmental Project funds granted to the Authority for the River Park.

The **Prop A River Park Fund** is used to record Prop A funds granted to the Authority for the Rivier Park. The project is the development of a pocket park and trail access to passive recreation areas at the River Park as well as access to a newly developed river promenade on the east bank of the San Gabriel River.

The **Prop A SGR Fund** is used to record Prop A funds granted to the Authority for the Parque Dos Rios project for the development of a bike stop with overlook of new native plant habitat along the lower Los Angeles River in the City of South Gate as a passive recreational amenity for cyclists and pedestrians.

The **Prop 84 RMC 09102 WCA Capital Project Implementation Fund** is used to record Prop 84 RMC09102 funds granted to the Authority for the Authority Capital Project Implementation. The fund was activated primarily for the purpose of wiring the Authority payroll funds to ADP.

The **Prop 84 RMC 09103 San Gabriel and Rio Hondo Watershed Fund** is used to record Prop 84 RMC09103 funds granted to the Authority for the San Gabriel and Rio Hondo Watershed. The State enacted Prop 84 – the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 which provides funds to the RMC grant programs; RMC authorized a \$168,563 grant to the Authority.

The **Prop 84 RMC 10011 Azusa Springs Water System RWP Fund** is used to record Prop 84 RMC10011 funds granted to the Authority for the Azusa Springs Water System, River Wilderness Park. The State enacted Prop 13 – the Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Bond Act of 2000 which provides funds for the Rivers and Mountains Conservancy (RMC) grant programs; the Rivers and Mountains Conservancy authorized a \$460,000 grant to the Authority.

WATERSHED CONSERVATION AUTHORITY
Notes to the Basic Financial Statements
June 30, 2021

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

Significant Accounting Policies (Continued)

The **Prop 84 RMC 09105 Cattle Canyon Improvement Fund** is used for the San Gabriel River Confluence with Cattle Canyon Improvement Project. The project is the Phase I Planning for portions of the confluence of the East Fork of the San Gabriel River with Cattle Canyon and its creek. This project will include a feasibility study, development of the site, interpretive and directional signage, an interpretive program utilizing the Southern California Consortium project and a study on the effectiveness of the Interpretive Program. This pilot project will be completed with the intent that it is replicable in other areas of the Angeles National Forest and the San Gabriel River Watershed. This project is a collaboration of the United States Forest Service (USFS), RMC, Sierra Club, Southern California Consortium, and the Upper San Gabriel Valley Municipal Water District with all of the partners allocating staff time to the project.

The **Environmental Enhancement Mitigation Program EEMP River Park Fund** is used to account for the \$446,946 of grant funds received for the restoration of the River Park in Los Angeles County and to create a river-front parkway that will revitalize the space by providing a viable habitat for wildlife, storm water capture benefits, parkway, trails, and recreational opportunities for local underserved, park poor communities within the San Gabriel River Corridor.

The **USFS EcoVoices Fund** is used to record \$137,000 received from a U.S. Forest Service Urban and Community Forestry program to conduct development, implementation, and monitoring activities for the EcoVoices program held at the San Gabriel River Discovery Center site in the Whittier Narrows Natural Area. The EcoVoices program is an environmental and science education program with school and community program participants from traditionally underserved areas surrounding the site.

The **Oaks Picnic Area Maintenance Project Fund** is used to record National Forest Foundation funds granted to the Authority for the renovation and improvement of the Oaks Picnic Area located along the East Fork of the San Gabriel River and within the San Gabriel Mountains National Monument, as well as implement the San Gabriel Watershed Ranger Program.

The **Property Management Project Walnut Creek Fund** is used to account for the funds related to the property and project designated as the Walnut Creek Habitat and Open Space Project.

The **San Gabriel River Bike Trail Gateway Enhancement Project Fund** is used to account for \$84,000 of grant funds for the development of the San Gabriel River Bike Trail Gateway Enhancement Project.

The **Mt. Baldy Ranch Property Fund** is used to account for \$25,000 of grant funds related to the Mt. Baldy Ranch property.

The **Citrus Grove Heights Bike Stop Project Fund** is used to account for \$30,000 of grant funds related to the Citrus Grove Heights Bike Stop Project along the San Gabriel River.

WATERSHED CONSERVATION AUTHORITY
Notes to the Basic Financial Statements
June 30, 2021

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

Significant Accounting Policies (Continued)

The **Tree Planting Enhancement SGR Fund** is used to account for \$100,000 of grant funds from the Los Angeles County Regional Park & Open Space District for the purposes of planting approximately 150 trees adjacent to the San Gabriel River.

The **River Park 1A River Overlook-LACFCD Use Agreement Fund** is used to account for \$280,000 of grant funds from the Los Angeles County Flood Control District for the development of the River Park as a conservation, restoration, and environmental enhancement park along the San Gabriel River.

The **River Wilderness Park Entry Fund** is used to account for \$455,998 of grant funds from the RMC to complete the construction design documents for the entry improvements of the River Wilderness Park, as well as completion of California Environmental Quality Act (CEQA) documents and associated permits to construct.

The **RPG-River Park Riparian and Interpretive Elements Grant Fund** is used to record Prop 84 River Parkways funds granted to the Authority for the development of an urban greenway with riparian dry streambed, trails, landscaping, area development and interpretive stations located on the eastern bank of the San Gabriel River.

The **River Parkway Grant Citrus Grove Heights Rest Area Fund** is used to record Prop 12 Natural Resources Agency funds granted to the Authority for the development of a trailside amenity and rest stop along the San Gabriel River.

The **Roberts Canyon Foothill Area Project Fund** is used to account for \$52,500 of grant funds from the RMC to complete the Authority's pre-acquisition activities, including due diligence review, and the potential conveyance of the approximately 110 acres.

The **Conservation Easement Monitoring Fund** is used to record receipt of funds by the Authority to fund activities related to the acceptance, monitoring, and reporting of conservation easements.

The **Gateway Cities & River Urban Greening Plan Project Fund** is used to account for \$500,000 awarded from the Strategic Growth Council. The Gateway Cities study area is comprised of 26 cities within the South Eastern portion of County of Los Angeles. The Authority is currently developing an urban greening vision plan that will identify green infrastructure project opportunities, inventory greening opportunities and connectivity, and develop a menu of potential design solution concepts and tools to increase river parks, green streets, and multi-modal trails.

The **Emerald Necklace Master Plan Project Fund** is used to record Prop 84 RMC15106 funds granted to the Authority for project planning and project management services for the Emerald Necklace Feasibility Study and Implementation Plan to develop a master plan of trail connections and greenway project opportunities along the Emerald Necklace 17-mile River trail loop along the San Gabriel River and Rio Hondo.

WATERSHED CONSERVATION AUTHORITY
Notes to the Basic Financial Statements
June 30, 2021

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

Significant Accounting Policies (Continued)

The **Azusa Foothills Property Pre-Acquisition Project Fund** is used to record Prop 84 RMC15111 funds granted to the Authority for activities related to the acquisition and management of natural open space in the Azusa Foothills.

The **Green Regional Environmental Enhancement Network (GREEN) Project Fund** is to record financial activities of the project related to the Green Regional Environmental Enhancement Network project, a collaborative planning and project implementation approach supporting watershed based greening efforts.

The **Vasquez Property Acquisition Fund** is used to record financial activities of the project related to the acquisition of approximately 40 acres of foothill open space. This parcel of undeveloped open space located within the unincorporated Los Angeles County in the San Gabriel Mountains above the northern portion of the City of Azusa.

The **Discovery Center Escrow Fund** is used to account for \$2,200,000, which was placed into an escrow account by the County Sanitation Districts of Los Angeles County as part of a settlement agreement. These funds will be used for the construction of the San Gabriel River Discovery Center.

Net Position

The Authority's financial statements are presented in accordance with the provisions of GASB Statements No. 34 and No. 63. GASB Statement No. 63 requires the classification of net position 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 fiscal 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, 2021, the Authority had no debt obligations.

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 consequence of a restriction established by the reporting government's own 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. As of June 30, 2021, the Authority had restricted net position of \$2,110,221.

WATERSHED CONSERVATION AUTHORITY
Notes to the Basic Financial Statements
June 30, 2021

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

Net Position (Continued)

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

When both restricted and unrestricted net position are available, restricted resources are depleted first before the unrestricted resources are used.

Revenues

The Authority’s major sources of revenue are federal, State, and County funding and lease revenue from properties owned by the Authority.

Capital Assets

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

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

The Authority’s capitalization thresholds are \$100,000 for buildings and \$5,000 for improvements. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements that significantly increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost, and the related accumulated depreciation, as applicable, are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

Buildings and Improvements	20 Years
----------------------------	----------

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.

WATERSHED CONSERVATION AUTHORITY
Notes to the Basic Financial Statements
June 30, 2021

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

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.

NOTE 2 RELATED PARTY TRANSACTIONS

The County of Los Angeles maintains the books and records of the Authority, including the investment with the County Treasurer and Tax Collector.

NOTE 3 CASH ON DEPOSIT WITH COUNTY TREASURER

In accordance with the Government Code, cash balances of the Authority are deposited with and pooled and invested by the 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.

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 fiscal year ended June 30, 2021, to support the value of shares in the Pool.

WATERSHED CONSERVATION AUTHORITY
Notes to the Basic Financial Statements
June 30, 2021

NOTE 3 CASH ON DEPOSIT WITH COUNTY TREASURER (Continued)

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 unobservable inputs. Securities classified in Level 3 are valued using the income approach such as discounted cash flow techniques. Investments in an external government investment pool is not subject to reporting within the level hierarchy.

See the County of Los Angeles' Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021 for the disclosures related to cash and investments and the related interest rate risk, credit rate risk, custodial risk, and concentration risk.

Funds deposited in the Los Angeles County Treasury Pool amounted to \$2,946,487 as of June 30, 2021. These amounts represent less than 0.01% of the total balance of the Los Angeles County Treasury Pool.

The funds deposited in the Los Angeles County Treasury Pool included \$100,000 in restricted cash balance that must be maintained as part of the RMC Subvention Fund. See Note 10 for further details.

NOTE 4 RESTRICTED CASH IN ESCROW ACCOUNT

The Authority received \$2,200,000 from the County Sanitation Districts of Los Angeles County during the fiscal year ended June 30, 2007, as part of a settlement agreement. These funds are restricted for development of the San Gabriel River Discovery Center. As of June 30, 2021, these funds were held by U.S. Bank in an escrow account and are invested in unrated money market accounts, with a balance of \$2,010,221. The Authority spent \$5,500 of these funds for development of the San Gabriel River Discovery Center during the fiscal year ended June 30, 2021. These funds are not subject to the fair value measurements.

NOTE 5 NET POSITION (DEFICIT)

Net position at June 30, 2021, consisted of the following:

Net Investment in Capital Assets	\$ 28,673,666
Restricted for Discovery Center	2,010,221
Restricted for subvention agreement	100,000
Unrestricted Net Position (Deficit)	<u>(263,003)</u>
Total Net Position	<u><u>\$ 30,520,884</u></u>

WATERSHED CONSERVATION AUTHORITY
Notes to the Basic Financial Statements
June 30, 2021

NOTE 6 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021 is as follows:

	Balance at June 30, 2020	Additions	Deletions	Prior Period Adjustments	Balance at June 30, 2021
Capital Assets, Non Depreciable:					
Land	\$ 20,700,516	\$ 2,709	\$ -	\$ 4,440	\$ 20,707,665
Construction in progress	3,941,920	2,255,034	-	349,390	6,546,344
Total Capital Assets, non depreciable	<u>24,642,436</u>	<u>2,257,743</u>	<u>-</u>	<u>353,830</u>	<u>27,254,009</u>
Capital Assets, Depreciable:					
Buildings	1,854,000	-	-	-	1,854,000
Improvements	2,272,670	-	-	-	2,272,670
Less: Accumulated depreciation	<u>(2,500,679)</u>	<u>-</u>	<u>(206,334)</u>	<u>-</u>	<u>(2,707,013)</u>
Total Capital Assets, depreciable, net	<u>1,625,991</u>	<u>-</u>	<u>(206,334)</u>	<u>-</u>	<u>1,419,657</u>
Total Capital Assets, net	<u>\$ 26,268,427</u>	<u>\$ 2,257,743</u>	<u>\$ (206,334)</u>	<u>\$ 353,830</u>	<u>\$ 28,673,666</u>

See Note 9 for details on the prior period adjustments.

NOTE 7 COMMITMENTS AND CONTINGENCIES

The Authority has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under the terms of the grants, it is believed that any required reimbursements will not be material.

NOTE 8 DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all employees, age 21 and older, once they have completed the introductory period of employment. The Authority utilizes a modified 5-year vesting schedule. An employee earns a year of service for vesting purposes upon completion of 1,000 hours of service during the plan year. After 5 years, the employee can receive 100% of the vested employer contributions. The Omnibus Budget Reconciliation Act of 1990 mandates social security coverage for state and local government employees who are not covered by a retirement plan. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust by John Hancock Life Insurance Company (John Hancock USA) as custodian and administered by a third-party administrator (Raymond, Reeves, and Stout, LLP) for the exclusive benefit of the plan participants and their beneficiaries as prescribed by Internal Revenue Code Section 457 (g). Accordingly, these assets have been excluded from the accompanying financial statements.

WATERSHED CONSERVATION AUTHORITY
Notes to the Basic Financial Statements
June 30, 2021

NOTE 9 PRIOR PERIOD ADJUSTMENT

The Authority originally recorded expenses in previous fiscal years that should have been capitalized which resulted in an increase to net position of \$353,830 as of July 1, 2020. The Authority originally recorded as grant receivables pending transfers from internal funds during the fiscal year ended June 30, 2020. In addition, for the fiscal year ended June 30, 2020, the Authority recorded pending transfers from internal funds as grant receivables. This correction resulted in a decrease to net position in the amount of \$85,057. The net change to net position is \$268,773 as of July 1, 2020. See Note 6 for further details on the increase to capital assets.

NOTE 10 RMC SUBVENTION AGREEMENT

On September 10, 2020, the Authority signed an agreement with the RMC to receive a perpetual, non-wasting assistance grant of \$1.5 million during the fiscal year ending June 30, 2020 to avoid a negative cash flow due to two major construction projects. The subvention account will be continually replenished by the Authority's reimbursement payments of various grants and contracts and will allow the Authority to maintain a positive cash flow. The Authority does not have the ability to temporarily borrow funds or carry a short-term negative fund balance while awaiting reimbursement from grants. RMC and the Authority renewed the agreement for the fiscal year ending June 30, 2022. A provision of the agreement requires that the fund maintain a minimum cash balance of no less than \$100,000. This has been recorded as restricted cash as noted in Note 3. The full amount of the \$1.5 million is recorded as a liability in the Statement of Net Position.

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WATERSHED CONSERVATION AUTHORITY
Combining Statement of Net Position
June 30, 2021

	Rio Hondo Trailhead Acquisition Project	Watershed Conservation Authority	River Park Leases	San Gabriel Mountain & Foothills Acquisition Master Plan Project
Assets				
Cash deposited with County Treasurer	\$ 2,951	\$ 1,578	\$ 42,375	\$ 152,772
Restricted cash in escrow account				
Restricted cash for subvention agreement				
Receivables:				
Grant				
Leases				
Due from other funds				
Accrued interest	5	25	66	84
Miscellaneous			169	
Prepaid expenses		925	12,937	
Capital assets:				
Land - nondepreciable		17,502,519		21,454
Construction in progress - nondepreciable				
Buildings - depreciable		1,854,000		
Improvements - depreciable			65,687	
Accumulated depreciation		(1,430,400)	(44,984)	
Total Assets	<u>2,956</u>	<u>17,928,647</u>	<u>76,250</u>	<u>174,310</u>
Liabilities				
Security deposits		2,535	4,850	
RMC subvention liability				
Accrued expenses		70,169	45,969	
Due to other funds		21,739	9,965	67,156
Total Liabilities		<u>94,443</u>	<u>60,784</u>	<u>67,156</u>
Net Position				
Net investment in capital assets		17,926,119	20,703	21,454
Restricted for subvention agreement				
Restricted for Discovery Center				
Unrestricted	2,956	(91,915)	(5,237)	85,700
Total Net Position	<u>\$ 2,956</u>	<u>\$ 17,834,204</u>	<u>\$ 15,466</u>	<u>\$ 107,154</u>

SGV Greenway Network Strategic Implementation Plan	WCA LA River Ranger Program Implementation Phase II	RMC Subvention	El Encanto Leases	Southgate Riparian Habitat Property	Prop 40 RMC 3609 River Park Phase 1A Implementation
\$ 511,889	\$ 29,101	\$ 388,852	\$ 20,797	\$ 45,213	\$ 233
		100,000			
			12,030		
813	37	1,022,600			
		503	36	40	61
			386		
			20,486	288	
				16,299	601,889
					1,015,264
			573,645		1,264,708
			(384,870)		(658,194)
<u>512,702</u>	<u>29,138</u>	<u>1,511,955</u>	<u>242,510</u>	<u>61,840</u>	<u>2,223,961</u>
			3,066		
		1,500,000			
			29,163	571	229,584
				9,000	124,922
		<u>1,500,000</u>	<u>32,229</u>	<u>9,571</u>	<u>354,506</u>
			188,775	16,299	2,223,667
		100,000			
<u>512,702</u>	<u>29,138</u>	<u>(88,045)</u>	<u>21,506</u>	<u>35,970</u>	<u>(354,212)</u>
<u>\$ 512,702</u>	<u>\$ 29,138</u>	<u>\$ 11,955</u>	<u>\$ 210,281</u>	<u>\$ 52,269</u>	<u>\$ 1,869,455</u>

(Continued)

WATERSHED CONSERVATION AUTHORITY
Combining Statement of Net Position
June 30, 2021
(Continued)

	Prop 84 RMC 3640 Chapter 8 Defaulted Tax Property	Supplemental Environmental Project River Park	Prop A River Park	Prop A SGR
Assets				
Cash deposited with County Treasurer	\$ 23	\$ 259,512	\$ 85,389	\$ 384,200
Restricted cash in escrow account				
Restricted cash for subvention agreement				
Receivables:				
Grant				
Leases				
Due from other funds				
Accrued interest		448	155	753
Miscellaneous				
Prepaid expenses				
Capital assets:				
Land - nondepreciable	65,997			263
Construction in progress - nondepreciable		112,371	56,229	1,064,852
Buildings - depreciable				
Improvements - depreciable		81,428	10,000	
Accumulated depreciation		(42,750)	(5,250)	
Total Assets	<u>66,020</u>	<u>411,009</u>	<u>146,523</u>	<u>1,450,068</u>
Liabilities				
Security deposits				
RMC subvention liability				
Accrued expenses		19,388	2,800	38,700
Due to other funds				
Total Liabilities		<u>19,388</u>	<u>2,800</u>	<u>38,700</u>
Net Position				
Net investment in capital assets	65,997	151,049	60,979	1,065,115
Restricted for subvention agreement				
Restricted for Discovery Center				
Unrestricted	23	240,572	82,744	346,253
Total Net Position	<u>\$ 66,020</u>	<u>\$ 391,621</u>	<u>\$ 143,723</u>	<u>\$ 1,411,368</u>

Prop 84 RMC 09102 WCA Capital Project Implementation	Prop 84 RMC 09103 San Gabriel and Rio Hondo Watershed	Prop 84 RMC 10011 Azusa Springs Water System RWP	Prop 84 RMC 09105 Cattle Canyon Improvement	Environmental Enhancement Mitigation Program EEMP River Park	USFS EcoVoices
\$ 225,829	\$ 74	\$ 5	\$ 4,424	\$ 414,108	\$ 1,308
52,136					
186			7	659	47
1,546					
881,170					
2,282,928				151,583	
		268,786 (137,409)		8,416 (3,156)	
<u>3,443,795</u>	<u>74</u>	<u>131,382</u>	<u>4,431</u>	<u>571,610</u>	<u>1,355</u>
961,005				229,908	5,880
494,321			38,821		
<u>1,455,326</u>			<u>38,821</u>	<u>229,908</u>	<u>5,880</u>
3,164,098		131,377		156,843	
(1,175,629)	74	5	(34,390)	184,859	(4,525)
<u>\$ 1,988,469</u>	<u>\$ 74</u>	<u>\$ 131,382</u>	<u>\$ (34,390)</u>	<u>\$ 341,702</u>	<u>\$ (4,525)</u>

(Continued)

WATERSHED CONSERVATION AUTHORITY
Combining Statement of Net Position
June 30, 2021
(Continued)

	Oaks Picnic Area Maintenance Project	Property Management Project Walnut Creek	San Gabriel River Bike Trail Gateway Enhancement Project	Mt. Baldy Ranch Property
Assets				
Cash deposited with County Treasurer	\$ 6,011	\$ 557	\$ 204	\$ 4
Restricted cash in escrow account				
Restricted cash for subvention agreement				
Receivables:				
Grant				
Leases				
Due from other funds				
Accrued interest	10	2		
Miscellaneous				
Prepaid expenses		2,194		
Capital assets:				
Land - nondepreciable				968,150
Construction in progress - nondepreciable	26,975		1,427	
Buildings - depreciable				
Improvements - depreciable				
Accumulated depreciation				
Total Assets	32,996	2,753	1,631	968,154
Liabilities				
Security deposits				
RMC subvention liability				
Accrued expenses		14		
Due to other funds				
Total Liabilities		14		
Net Position				
Net investment in capital assets	26,975		1,427	968,150
Restricted for subvention agreement				
Restricted for Discovery Center				
Unrestricted	6,021	2,739	204	4
Total Net Position	\$ 32,996	\$ 2,739	\$ 1,631	\$ 968,154

Citrus Grove Heights Bike Stop Project	Tree Planting Enhancement SGR	RP Phase 1A River Overlook-LACFCD Use Agreement	River Wilderness Park Entry	RPG-RP Riparian and Interpretive Elements Grant	River Parkway Grant Citrus Grove Heights Rest Area
\$ 1,655	\$ 18,712	\$ 163,158	\$ 57,046	\$ 1,735	\$ 11,020
3	32	276	24	31	17
8,334	69,854	123,754	384,709	1,256,398	
9,992	88,598	287,188	441,779	1,258,164	11,037
	3,493	14,460	28,920	233,766	
			60,790	44,342	
	3,493	14,460	89,710	278,108	
8,334	69,854	123,754	384,709	1,256,398	
1,658	15,251	148,974	(32,640)	(276,342)	11,037
<u>\$ 9,992</u>	<u>\$ 85,105</u>	<u>\$ 272,728</u>	<u>\$ 352,069</u>	<u>\$ 980,056</u>	<u>\$ 11,037</u>

(Continued)

WATERSHED CONSERVATION AUTHORITY
Combining Statement of Net Position
June 30, 2021
(Continued)

	Roberts Canyon Foothill Area Project	Conservation Easement Monitoring	Gateway Cities & River Urban Greening Plan Project	Emerald Necklace Master Plan Project
Assets				
Cash deposited with County Treasurer	\$ 54	\$ 1,067	\$ 2,385	\$ 49
Restricted cash in escrow account				
Restricted cash for subvention agreement				
Receivables:				
Grant				
Leases				
Due from other funds				
Accrued interest		2	4	
Miscellaneous				
Prepaid expenses				
Capital assets:				
Land - nondepreciable	394			
Construction in progress - nondepreciable				
Buildings - depreciable				
Improvements - depreciable				
Accumulated depreciation				
Total Assets	<u>448</u>	<u>1,069</u>	<u>2,389</u>	<u>49</u>
Liabilities				
Security deposits				
RMC subvention liability				
Accrued expenses				
Due to other funds			71,979	
Total Liabilities			<u>71,979</u>	
Net Position				
Net investment in capital assets	394			
Restricted for subvention agreement				
Restricted for Discovery Center				
Unrestricted	54	1,069	(69,590)	49
Total Net Position	<u>\$ 448</u>	<u>\$ 1,069</u>	<u>\$ (69,590)</u>	<u>\$ 49</u>

Azusa Foothills Property Pre-Acquisition Project	Green Regional Environmental Enhancement Network Project	Vasquez Property Acquisition	Discovery Center Escrow	Total
\$ 24	\$ 41	\$ 12,132	\$ -	\$ 2,846,487
			2,010,221	2,010,221
				100,000
	206,784			258,920
				12,030
				1,022,600
		43		4,369
				555
	540			38,916
19,626		621,570		20,707,665
				6,546,344
				1,854,000
				2,272,670
				(2,707,013)
<u>19,650</u>	<u>207,365</u>	<u>633,745</u>	<u>2,010,221</u>	<u>34,967,764</u>
				10,451
				1,500,000
	39			1,913,829
	79,565			1,022,600
	<u>79,604</u>			<u>4,446,880</u>
19,626		621,570		28,673,666
				100,000
			2,010,221	2,010,221
24	127,761	12,175		(263,003)
<u>\$ 19,650</u>	<u>\$ 127,761</u>	<u>\$ 633,745</u>	<u>\$ 2,010,221</u>	<u>\$ 30,520,884</u>

WATERSHED CONSERVATION AUTHORITY
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2021

	Rio Hondo Trailhead Acquisition Project	Watershed Conservation Authority	River Park Leases	San Gabriel Mountain & Foothills Acquisition Master Plan Project
Operating Revenues:				
Contributions from Federal grants	\$ -	\$ -	\$ -	\$ -
Contributions from State and Local grants				165,944
Contributions from County departments		25,500		
Leases			143,422	
Miscellaneous		10,011	63,746	
Total Operating Revenues		<u>35,511</u>	<u>207,168</u>	<u>165,944</u>
Operating Expenses:				
Contract and professional service fees		119,433	63,908	65,319
Insurance		2,456	22,107	
Maintenance			5,390	
Utilities, supplies, and other charges		11,023	7,910	
Depreciation		92,701	3,284	
Salaries and wages				
Total Operating Expenses		<u>225,613</u>	<u>102,599</u>	<u>65,319</u>
Operating Income (Loss)		(190,102)	104,569	100,625
Non-Operating Revenues and Expenses:				
Interest on deposited funds	16	105	230	149
Change in Net Position before Transfers	16	(189,997)	104,799	100,774
Transfers in		38,900	29,433	
Transfers out			(115,128)	
Change in Net Position	16	(151,097)	19,104	100,774
Net Position, beginning of the fiscal year	2,940	17,985,301	(3,638)	6,380
Prior Period Adjustments				
Net Position, beginning of the fiscal year, restated	2,940	17,985,301	(3,638)	6,380
Net Position end of the fiscal year	<u>\$ 2,956</u>	<u>\$ 17,834,204</u>	<u>\$ 15,466</u>	<u>\$ 107,154</u>

SGV Greenway Network Strategic Implementation Plan	WCA LA River Ranger Program Implementation Phase II	RMC Subvention	El Encanto Leases	Southgate Riparian Habitat Property	Prop 40 RMC 3609 River Park Phase 1A Implementation
\$ -	\$ - 23,227	\$ -	\$ -	\$ -	\$ -
			103,050	31,000	
			38,721	2,000	
	23,227		141,771	33,000	
	74		86,452	1,009	
			33,143	532	
			21,860		
			21,715		
			28,682		63,235
	74		191,852	1,541	63,235
	23,153		(50,081)	31,459	(63,235)
2,754	62	2,205	138	102	244
2,754	23,215	2,205	(49,943)	31,561	(62,991)
		394,306	57,000	6,198	
		(394,306)	(9,900)		
2,754	23,215	2,205	(2,843)	37,759	(62,991)
509,948	5,923	9,750	213,124	14,510	1,928,785
					3,661
509,948	5,923	9,750	213,124	14,510	1,932,446
\$ 512,702	\$ 29,138	\$ 11,955	\$ 210,281	\$ 52,269	\$ 1,869,455

(Continued)

WATERSHED CONSERVATION AUTHORITY
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2021
(Continued)

	Prop 84 RMC 3640 Chapter 8 Defaulted Tax Property	Supplemental Environmental Project - River Park	Prop A River Park	Prop A SGR
Operating Revenues:				
Contributions from federal grants	\$ -	\$ -	\$ -	\$ -
Contributions from State and Local grants				
Contributions from County departments				
Leases				
Miscellaneous				
Total Operating Revenues	<u>-</u>		<u>-</u>	
Operating Expenses:				
Contract and professional service fees				
Insurance				
Maintenance		265		
Utilities, supplies, and other charges		27,861		
Depreciation		4,071	500	
Salaries and wages				
Total Operating Expenses		<u>32,197</u>	<u>500</u>	
Operating Income (Loss)		(32,197)	(500)	
Non-Operating Revenues and Expenses:				
Interest on deposited funds		1,665	530	2,804
Change in Net Position before Transfers		(30,532)	30	2,804
Transfers in			229	107,036
Transfers out		(19,253)	(13,450)	(175,441)
Change in Net Position		<u>(49,785)</u>	<u>(13,191)</u>	<u>(65,601)</u>
Net Position, beginning of the fiscal year	66,020	441,406	156,914	1,508,400
Prior Period Adjustments				(31,431)
Net Position, beginning of the fiscal year, restated	<u>66,020</u>	<u>441,406</u>	<u>156,914</u>	<u>1,476,969</u>
Net Position end of the fiscal year	<u>\$ 66,020</u>	<u>\$ 391,621</u>	<u>\$ 143,723</u>	<u>\$ 1,411,368</u>

Prop 84 RMC 09102 WCA Capital Project Implementation	Prop 84 RMC 09103 San Gabriel and Rio Hondo Watershed	Prop 84 RMC 10011 Azusa Springs Water System RWP	Prop 84 RMC 09105 Cattle Canyon Improvement	Environmental Enhancement Mitigation Program EEMP River Park	USFS EcoVoices
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 342,095
593,922					
48,605					
26,668					
<u>669,195</u>					<u>342,095</u>
247,147			22,043		
45,542					
181,370			459	5,866	
		13,440		421	
458,428					
<u>932,487</u>		<u>13,440</u>	<u>22,502</u>	<u>6,287</u>	
(263,292)		(13,440)	(22,502)	(6,287)	342,095
646			28	2,301	80
<u>(262,646)</u>		<u>(13,440)</u>	<u>(22,474)</u>	<u>(3,986)</u>	<u>342,175</u>
1,022,782				11,731	
<u>(540,832)</u>				<u>(227,178)</u>	<u>(347,975)</u>
219,304		(13,440)	(22,474)	(219,433)	(5,800)
1,442,536	74	144,822	(11,916)	561,135	1,275
<u>326,629</u>					
1,769,165	74	144,822	(11,916)	561,135	1,275
<u>\$ 1,988,469</u>	<u>\$ 74</u>	<u>\$ 131,382</u>	<u>\$ (34,390)</u>	<u>\$ 341,702</u>	<u>\$ (4,525)</u>

(Continued)

WATERSHED CONSERVATION AUTHORITY
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2021
(Continued)

	Oaks Picnic Area Maintenance Project	Property Management Project Walnut Creek	San Gabriel River Bike Trail Gateway Enhancement Project	Mt. Baldy Ranch Property
Operating Revenues:				
Contributions from Federal grants	\$ -	\$ -	\$ -	\$ -
Contributions from State and Local grants				
Contributions from County departments				
Leases				
Miscellaneous		2,000		
Total Operating Revenues		<u>2,000</u>		
Operating Expenses:				
Contract and professional service fees		138		
Insurance		1,520		
Maintenance		14		
Utilities, supplies, and other charges				
Depreciation				
Salaries and wages				
Total Operating Expenses		<u>1,672</u>		
Operating Income (Loss)		328		
Non-Operating Revenues and Expenses:				
Interest on deposited funds	33	5		
Change in Net Position before Transfers	<u>33</u>	<u>333</u>		
Transfers in		5,000		
Transfers out				
Change in Net Position	<u>33</u>	<u>5,333</u>		
Net Position, beginning of the fiscal year	5,988	(2,594)	1,631	968,154
Prior Period Adjustments	<u>26,975</u>			
Net Position, beginning of the fiscal year, restated	<u>32,963</u>	<u>(2,594)</u>	<u>1,631</u>	<u>968,154</u>
Net Position end of the fiscal year	<u>\$ 32,996</u>	<u>\$ 2,739</u>	<u>\$ 1,631</u>	<u>\$ 968,154</u>

Citrus Grove Heights Bike Stop Project	Tree Planting Enhancement SGR	RP Phase 1A River Overlook-LACFCD Use Agreement	River Wilderness Park Entry	RPG-RP Riparian and Interpretive Elements Grant	River Parkway Grant Citrus Grove Heights Rest Area
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			76,141	350,886	
			76,141	350,886	
				125	
				125	
			76,141	350,761	
9	169	996	42	192	59
9	169	996	76,183	350,953	59
	12,734		22,318	245,525	
	(53,626)	(15,567)	(22,318)	(18,346)	
9	(40,723)	(14,571)	76,183	578,132	59
9,983	179,454	287,299	275,886	401,924	10,978
	(53,626)				
9,983	125,828	287,299	275,886	401,924	10,978
\$ 9,992	\$ 85,105	\$ 272,728	\$ 352,069	\$ 980,056	\$ 11,037

(Continued)

WATERSHED CONSERVATION AUTHORITY
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2021
(Continued)

	Roberts Canyon Foothill Area Project	Conservation Easement Monitoring	Gateway Cities & River Urban Greening Plan Project	Emerald Necklace Master Plan Project
Operating Revenues:				
Contributions from Federal grants	\$ -	\$ -	\$ -	\$ -
Contributions from State and Local grants				
Contributions from County departments				
Leases				
Miscellaneous				
Total Operating Revenues				
Operating Expenses:				
Contract and professional service fees				
Insurance				
Maintenance				
Utilities, supplies, and other charges				
Depreciation				
Salaries and wages				
Total Operating Expenses				
Operating Income (Loss)				
Non-Operating Revenues and Expenses:				
Interest on deposited funds		6	13	
Change in Net Position before Transfers		6	13	
Transfers in				
Transfers out				
Change in Net Position		6	13	
Net Position, beginning of the fiscal year	448	1,063	(69,603)	49
Prior Period Adjustments				
Net Position, beginning of the fiscal year, restated	448	1,063	(69,603)	49
Net Position end of the fiscal year	\$ 448	\$ 1,069	\$ (69,590)	\$ 49

Azusa Foothills Property Pre-Acquisition Project	Green Regional Environmental Enhancement Network Project	Vasquez Property Acquisition	Discovery Center Escrow	Total
\$ -	\$ - 206,784	\$ - 9,648	\$ -	\$ 342,095 1,426,552 74,105 277,472 143,146 2,263,370
	206,784	9,648		2,263,370
	72,613		5,500	683,636 105,300 27,529 258,311 206,334 458,428 1,739,538
	1,982			
	74,595		5,500	1,739,538
	132,189	9,648	(5,500)	523,832
	2	135	459	16,179
	132,191	9,783	(5,041)	540,011
	128	4,440 (4,440)		1,957,760 (1,957,760)
	132,319	9,783	(5,041)	540,011
19,650	(4,558)	627,397	2,015,262	29,712,100
		(3,435)		268,773
19,650	(4,558)	623,962	2,015,262	29,980,873
\$ 19,650	\$ 127,761	\$ 633,745	\$ 2,010,221	\$ 30,520,884

WATERSHED CONSERVATION AUTHORITY
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021

	Rio Hondo Trailhead Acquisition Project	Watershed Conservation Authority	River Park Leases	San Gabriel Mountain & Foothills Acquisition Master Plan Project
Cash Flows from Operating Activities:				
Cash received from federal, State, and Local grants	\$ -	\$ -	\$ -	\$ 165,945
Cash received from County departments		25,500		
Cash received from leases			143,526	
Cash received from miscellaneous services		11	62,888	
Cash received from utilities			1,620	
Cash paid to employees for services			(64)	
Cash paid to suppliers for goods and services		(87,287)	(85,915)	(65,320)
Net Cash Provided (Used) by Operating Activities		<u>(61,776)</u>	<u>122,055</u>	<u>100,625</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets				(2,708)
Net Cash Provided (Used) by Capital and Related Financing Activities				<u>(2,708)</u>
Cash Flows from Non-Capital Financing Activities:				
Transfers in (out)		60,639	(86,231)	41,102
Net Cash Provided (Used) by Non-Capital Financing Activities		<u>60,639</u>	<u>(86,231)</u>	<u>41,102</u>
Cash Flows from Investing Activities:				
Interest received	20	98	213	120
Net Cash Provided (Used) by Investing Activities	<u>20</u>	<u>98</u>	<u>213</u>	<u>120</u>
Net Increase/(Decrease) in Cash	20	(1,039)	36,037	139,139
Cash, Beginning of Fiscal Year	<u>2,931</u>	<u>2,617</u>	<u>6,338</u>	<u>13,633</u>
Cash, End of Fiscal Year	<u>\$ 2,951</u>	<u>\$ 1,578</u>	<u>\$ 42,375</u>	<u>\$ 152,772</u>
Reconciliation of Cash to Statement of Net Position:				
Cash Deposited with County Treasurer	\$ 2,951	\$ 1,578	\$ 42,375	\$ 152,772
Restricted Cash in Escrow Account				
Restricted Cash for subvention agreement				
Total Cash	<u>\$ 2,951</u>	<u>\$ 1,578</u>	<u>\$ 42,375</u>	<u>\$ 152,772</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ -	\$ (190,102)	\$ 104,569	\$ 100,625
Adjustments to reconcile change in operating income (loss) to net cash provided (used) by operating activities:				
Depreciation		92,701	3,284	
Decrease (increase) in grant receivable				
Decrease (increase) in lease receivable				
Decrease (increase) in prepaid expenses		4,461	377	
Decrease (increase) in accrued revenue				
Decrease (increase) in miscellaneous receivable			714	
Increase (decrease) in accrued expenses		31,164	13,111	
Net Cash Provided (Used) by Operating Activities	<u>\$ -</u>	<u>\$ (61,776)</u>	<u>\$ 122,055</u>	<u>\$ 100,625</u>

SGV Greenway Network Strategic Implementation Plan	WCA LA River Ranger Program Implementation Phase II	RMC Subvention	El Encanto Leases	Southgate Riparian Habitat Property	Prop 40 RMC 3609 River Park Phase 1A Implementation
\$ -	\$ 27,990	\$ -	\$ 17,053	\$ -	\$ -
			95,029	31,000	
			26,500	2,000	
			2,382		
	(75)		(174,239)	(3,968)	(352)
	27,915		(33,275)	29,032	(5,000)
					(5,352)
					(112,678)
					(112,678)
		(93,520)	47,100	6,198	65,447
		(93,520)	47,100	6,198	65,447
3,426	30	3,641	127	97	281
3,426	30	3,641	127	97	281
3,426	27,945	(89,879)	13,952	35,327	(52,302)
508,463	1,156	578,731	6,845	9,886	52,535
\$ 511,889	\$ 29,101	\$ 488,852	\$ 20,797	\$ 45,213	\$ 233
\$ 511,889	\$ 29,101	\$ 388,852 100,000	\$ 20,797	\$ 45,213	\$ 233
\$ 511,889	\$ 29,101	\$ 488,852	\$ 20,797	\$ 45,213	\$ 233
\$ -	\$ 23,153	\$ -	\$ (50,081)	\$ 31,459	\$ (63,235)
			28,682		63,235
			(11,847)		
			(216)	55	
	4,762		11,426		
			(385)		
			(10,854)	(2,482)	(5,352)
\$ -	\$ 27,915	\$ -	\$ (33,275)	\$ 29,032	\$ (5,352)

(Continued)

WATERSHED CONSERVATION AUTHORITY
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021
(Continued)

	Prop 84 RMC 3640 Chapter 8 Defaulted Tax Property	Supplemental Environmental Project - River Park	Prop A River Park	Prop A SGR
Cash Flows from Operating Activities:				
Cash received from federal, State, and Local grants	\$ -	\$ -	\$ -	\$ -
Cash received from County departments				
Cash received from leases				
Cash received from miscellaneous services				
Cash received from utilities				
Cash paid to employees for services				
Cash paid to suppliers for goods and services		(24,562)		
Net Cash Provided (Used) by Operating Activities		<u>(24,562)</u>		
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets		(31,848)		(1,757)
Net Cash Provided (Used) by Capital and Related Financing Activities		<u>(31,848)</u>		<u>(1,757)</u>
Cash Flows from Non-Capital Financing Activities:				
Transfers in (out)		(19,251)	(13,450)	(175,441)
Net Cash Provided (Used) by Non-Capital Financing Activities		<u>(19,251)</u>	<u>(13,450)</u>	<u>(175,441)</u>
Cash Flows from Investing Activities:				
Interest received		1,700	663	3,950
Net Cash Provided (Used) by Investing Activities		<u>1,700</u>	<u>663</u>	<u>3,950</u>
Net Increase/(Decrease) in Cash		(73,961)	(12,787)	(173,248)
Cash, Beginning of Fiscal Year	23	333,473	98,176	557,448
Cash, End of Fiscal Year	<u>\$ 23</u>	<u>\$ 259,512</u>	<u>\$ 85,389</u>	<u>\$ 384,200</u>
Reconciliation of Cash to Statement of Net Position:				
Cash Deposited with County Treasurer	\$ 23	\$ 259,512	\$ 85,389	\$ 384,200
Restricted Cash in Escrow Account				
Restricted Cash for subvention agreement				
Total Cash	<u>\$ 23</u>	<u>\$ 259,512</u>	<u>\$ 85,389</u>	<u>\$ 384,200</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ -	\$ (32,197)	\$ (500)	\$
Adjustments to reconcile change in operating income (loss) to net cash provided (used) by operating activities:				
Depreciation		4,071	500	
Decrease (increase) in grant receivable				
Decrease (increase) in lease receivable				
Decrease (increase) in prepaid expenses				
Decrease (increase) in accrued revenue				
Decrease (increase) in miscellaneous receivable				
Increase (decrease) in accrued expenses		3,564		
Net Cash Provided (Used) by Operating Activities	<u>\$ -</u>	<u>\$ (24,562)</u>	<u>\$ -</u>	<u>\$</u>

Prop 84 RMC 09102 WCA Capital Project Implementation	Prop 84 RMC 09103 San Gabriel and Rio Hondo Watershed	Prop 84 RMC 10011 Azusa Springs Water System RWP	Prop 84 RMC 09105 Cattle Canyon Improvement	Environmental Enhancement Mitigation Program EEMP River Park	USFS EcoVoices
\$ 589,973 3,605	\$ -	\$ -	\$ -	\$ -	\$ 342,095
57,726					
(459,226)			(67)		
(597,730)			(23,063)	(5,866)	
(405,652)			(23,130)	(5,866)	342,095
(329,490)				(45,195)	
(329,490)				(45,195)	
709,885			21,800	11,731	(342,095)
709,885			21,800	11,731	(342,095)
839			38	2,658	37
839			38	2,658	37
(24,418)			(1,292)	(36,672)	37
250,247	74	5	5,716	450,780	1,271
\$ 225,829	\$ 74	\$ 5	\$ 4,424	\$ 414,108	\$ 1,308
\$ 225,829	\$ 74	\$ 5	\$ 4,424	\$ 414,108	\$ 1,308
\$ (263,292)	\$ -	\$ (13,440)	\$ (22,502)	\$ (6,287)	\$ 342,095
(52,136)		13,440		421	
(1,546)					
(88,678)			(628)		
\$ (405,652)	\$ -	\$ -	\$ (23,130)	\$ (5,866)	\$ 342,095

(Continued)

WATERSHED CONSERVATION AUTHORITY
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021
(Continued)

	Oaks Picnic Area Maintenance Project	Property Management Project Walnut Creek	San Gabriel River Bike Trail Gateway Enhancement Project	Mt. Baldy Ranch Property
Cash Flows from Operating Activities:				
Cash received from federal, State, and Local grants	\$ -	\$ 2,000	\$ -	\$ -
Cash received from County departments				
Cash received from leases				
Cash received from miscellaneous services				
Cash received from utilities				
Cash paid to employees for services		(13)		
Cash paid to suppliers for goods and services		(6,653)		
Net Cash Provided (Used) by Operating Activities		<u>(4,666)</u>		
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets				
Net Cash Provided (Used) by Capital and Related Financing Activities				
Cash Flows from Non-Capital Financing Activities:				
Transfers in (out)		5,000		
Net Cash Provided (Used) by Non-Capital Financing Activities		<u>5,000</u>		
Cash Flows from Investing Activities:				
Interest received	59	7	1	
Net Cash Provided (Used) by Investing Activities	<u>59</u>	<u>7</u>	<u>1</u>	
Net Increase/(Decrease) in Cash	59	341	1	
Cash, Beginning of Fiscal Year	5,952	216	203	4
Cash, End of Fiscal Year	<u>\$ 6,011</u>	<u>\$ 557</u>	<u>\$ 204</u>	<u>\$ 4</u>
Reconciliation of Cash to Statement of Net Position:				
Cash Deposited with County Treasurer	\$ 6,011	\$ 557	\$ 204	\$ 4
Restricted Cash in Escrow Account				
Restricted Cash for subvention agreement				
Total Cash	<u>\$ 6,011</u>	<u>\$ 557</u>	<u>\$ 204</u>	<u>\$ 4</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ -	\$ 328	\$ -	\$ -
Adjustments to reconcile change in operating income (loss) to net cash provided (used) by operating activities:				
Depreciation				
Decrease (increase) in grant receivable				
Decrease (increase) in lease receivable				
Decrease (increase) in prepaid expenses		(2,120)		
Decrease (increase) in accrued revenue				
Decrease (increase) in miscellaneous receivable				
Increase (decrease) in accrued expenses		(2,874)		
Net Cash Provided (Used) by Operating Activities	<u>\$ -</u>	<u>\$ (4,666)</u>	<u>\$ -</u>	<u>\$ -</u>

Citrus Grove Heights Bike Stop Project	Tree Planting Enhancement SGR	RP Phase 1A River Overlook-LACFCD Use Agreement	River Wilderness Park Entry	RPG-RP Riparian and Interpretive Elements Grant	River Parkway Grant Citrus Grove Heights Rest Area
\$ -	\$ -	\$ -	\$ 76,141	\$ 350,886	\$ -
		(8)		(99)	
		(8)	76,141	(362)	
				350,425	
		(22,499)	(83,108)	(62,688)	
		(22,499)	(83,108)	(62,688)	
	(53,626)	(15,567)	60,790	(287,783)	
	(53,626)	(15,567)	60,790	(287,783)	
11	348	1,426	27	851	74
11	348	1,426	27	851	74
11	(53,278)	(36,648)	53,850	805	74
1,644	71,990	199,806	3,196	930	10,946
\$ 1,655	\$ 18,712	\$ 163,158	\$ 57,046	\$ 1,735	\$ 11,020
\$ 1,655	\$ 18,712	\$ 163,158	\$ 57,046	\$ 1,735	\$ 11,020
\$ 1,655	\$ 18,712	\$ 163,158	\$ 57,046	\$ 1,735	\$ 11,020
\$ -	\$ -	\$ -	\$ 76,141	\$ 350,761	\$ -
		(8)		(336)	
\$ -	\$ -	(8)	\$ 76,141	\$ 350,425	\$ -

(Continued)

WATERSHED CONSERVATION AUTHORITY
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021
(Continued)

	Roberts Canyon Foothill Area Project	Conservation Easement Monitoring	Gateway Cities & River Urban Greening Plan Project	Emerald Necklace Master Plan Project
Cash Flows from Operating Activities:				
Cash received from federal, State, and Local grants	\$ -	\$ -	\$ -	\$ -
Cash received from County departments				
Cash received from leases				
Cash received from miscellaneous services				
Cash received from utilities				
Cash paid to employees for services				
Cash paid to suppliers for goods and services				
Net Cash Provided (Used) by Operating Activities				
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets				
Net Cash Provided (Used) by Capital and Related Financing Activities				
Cash Flows from Non-Capital Financing Activities:				
Transfers in (out)				
Net Cash Provided (Used) by Non-Capital Financing Activities				
Cash Flows from Investing Activities:				
Interest received		7	17	
Net Cash Provided (Used) by Investing Activities		7	17	
Net Increase/(Decrease) in Cash		7	17	
Cash, Beginning of Fiscal Year	54	1,060	2,368	49
Cash, End of Fiscal Year	<u>\$ 54</u>	<u>\$ 1,067</u>	<u>\$ 2,385</u>	<u>\$ 49</u>
Reconciliation of Cash to Statement of Net Position:				
Cash Deposited with County Treasurer	\$ 54	\$ 1,067	\$ 2,385	\$ 49
Restricted Cash in Escrow Account				
Restricted Cash for subvention agreement				
Total Cash	<u>\$ 54</u>	<u>\$ 1,067</u>	<u>\$ 2,385</u>	<u>\$ 49</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile change in operating income (loss) to net cash provided (used) by operating activities:				
Depreciation				
Decrease (increase) in grant receivable				
Decrease (increase) in lease receivable				
Decrease (increase) in prepaid expenses				
Decrease (increase) in accrued revenue				
Decrease (increase) in miscellaneous receivable				
Increase (decrease) in accrued expenses				
Net Cash Provided (Used) by Operating Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Azusa Foothills Property Pre-Acquisition Project	Green Regional Environmental Enhancement Network Project	Vasquez Property Acquisition	Discovery Center Escrow	Total
\$ -	\$ -	\$ 9,648	\$ -	\$ 1,581,731
				29,105
				269,555
				149,125
				4,002
	(388)			(460,209)
	(75,130)	(245)	(5,500)	(1,160,923)
	(75,518)	9,403	(5,500)	412,386
		(4,440)		(696,411)
		(4,440)		(696,411)
	74,693	(17,421)		-
	74,693	(17,421)		-
	7	117	1,245	22,135
	7	117	1,245	22,135
	(818)	(12,341)	(4,255)	(261,890)
24	859	24,473	2,014,476	5,218,598
\$ 24	\$ 41	\$ 12,132	\$ 2,010,221	\$ 4,956,708
\$ 24	\$ 41	\$ 12,132	\$ -	\$ 2,846,487
			2,010,221	100,000
\$ 24	\$ 41	\$ 12,132	\$ 2,010,221	\$ 2,010,221
\$ -	\$ 132,189	\$ 9,648	\$ (5,500)	\$ 523,832
				206,334
	(206,784)			(258,920)
	(540)			(11,847)
				471
				16,188
				329
	(383)	(245)		(64,001)
\$ -	\$ (75,518)	\$ 9,403	\$ (5,500)	\$ 412,386

WATERSHED CONSERVATION AUTHORITY
MANAGEMENT REPORT
AND
AUDITOR'S COMMUNICATION LETTER

June 30, 2021

WATERSHED CONSERVATION AUTHORITY
June 30, 2021

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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
9465 WILSHIRE BLVD., 3RD FLOOR
BEVERLY HILLS, CA 90212
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 E. HANNUM AVE., SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

June 8, 2022

To the Honorable Board of Directors
Watershed Conservation Authority
Azusa, California

We have audited the financial statements of the Watershed Conservation Authority (Authority) as of and for the fiscal year ended June 30, 2021. Professional standards require that we provide you with the information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit as described in work order 8-88C. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the basic financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the Authority during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimates included the estimated historical cost and useful lives of capital assets. These estimates are based on historical data and industry guidelines. We evaluated the key factors and assumptions used to develop the estimates above in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate to the financial statements taken as a whole. We noted no such misstatements during our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 8, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining Fund Financial Statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Directors of the Authority and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Moss, Levy & Hartzheim

MOSS, LEVY & HARTZHEIM, LLP
Culver City, CA



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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

To the Honorable Board of Directors
Watershed Conservation Authority
Azusa, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows of the Watershed Conservation Authority (Authority) as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 8, 2022.

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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a significant deficiency.

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 that are required to be reported under *Government Auditing Standards*.

The Authority's Response to Findings

The Authority's response to the findings identified in our audit are described in the accompanying schedule of findings. Watershed Conservation's response was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Very truly yours,



Moss, Levy & Hartzheim, LLP
Culver City, California
June 8, 2022

CURRENT YEAR FINDING

Significant Deficiency

2021-001 Capital additions were expensed rather than capitalized.

Criteria:

The Authority should record capital additions on the balance sheet in accordance with the Authority's capitalization thresholds.

Condition:

The Authority reported a prior period adjustment of approximately \$353,000 for capital additions in previous fiscal years that were reported as expenses instead of capitalized.

Effect:

Recording capital additions in accordance with the approved capitalization policies will result in the preparation of accurate financial statements.

Recommendation:

We recommend that the Authority revise their procedures over capital additions to better identify capital additions during the year end closing process.

Management's Response:

We agree with the finding. The Authority will review and update the procedures and policies regarding capital additions during the year-end closing process.

STATUS OF PRIOR YEAR FINDINGS

Significant Deficiency

2020-001 Grants receivable schedule was not prepared in accordance with revenue recognition policies.

Effect:

Recording grants receivable in accordance with the approved revenue recognition policies will result in the preparation of accurate financial statements.

Recommendation:

We recommend that the Authority regularly reviews financial reporting policies over revenue recognition with all personnel involved in the revenue recording process.

Status:

Implemented