

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY

Basic Financial Statements with Independent Auditor's Report For the Fiscal Year Ended June 30, 2024



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BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
Basic Financial Statements with Independent Auditor’s Report
For the Fiscal Year Ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities of the Baldwin Hills Regional Conservation Authority (Authority), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Authority, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Management has omitted the budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2025, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Authority's internal control over the 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 related to the financial statements.

BCA Watson Rice, LLP

Torrance, California
February 18, 2025

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2024

Management's discussion and analysis of the financial activities of the Baldwin Hills Regional Conservation Authority (Authority) provides a narrative overview of the Authority's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the accompanying basic financial statements, footnotes, and supplementary information.

Financial Highlights

- The Authority's assets other than capital assets have decreased \$0.02 million from \$1.50 million as of June 30, 2023 to \$1.48 million as of June 30, 2024.
- There was no significant change in the Authority's capital assets balance. The balance was \$18.36 million at June 30, 2024 and June 30, 2023.
- The total net position of the Authority increased \$0.06 million from \$19.73 million as of June 30, 2023, to \$19.79 million as of June 30, 2024.
- The Authority's total revenues amounted to \$0.10 million for the year ended June 30, 2024. Total revenues decreased \$0.07 million compared to \$0.17 million for the year ended June 30, 2023.
- The Authority's total expenditures amounted to \$0.04 million for the year ended June 30, 2024. Total expenditures decreased \$0.02 million compared to \$0.06 million for the year ended June 30, 2023.
- The Authority had no short-term or long-term debt.

Overview of the Basic Financial Statements

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

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

Government-Wide Financial Statements

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

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

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

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2024

Fund Financial Statements

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

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

Notes to the Basic Financial Statements

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

Financial Analysis

As of June 30, 2024, the Authority's net position was \$19.79 million compared to \$19.73 million as of June 30, 2023. The Authority's net position increased \$0.06 million or 0.30%. Net investment in capital assets accounted for \$18.36 million or 92.78% of the Authority's net position.

Revenues for the year ended June 30, 2024 consist of lease revenue from properties owned by the Authority totaling \$0.04 million and interest income totaling \$0.06 million. Total expenditures in the amount of \$0.04 million for the year ended June 30, 2024 consisted mainly of administration expenses. Revenues for the year ended June 30, 2023 consisted of lease revenues from properties owned by the Authority totaling \$0.07 million and interest income totaling \$0.10 million. Total expenditures in the amount of \$0.06 million for the year ended June 30, 2023 consisted mainly of administration expenses. The decrease in expenditures was due to decreased administrative expenses.

Capital Assets

As of June 30, 2024, the Authority's capital assets consisted of land in the amount of \$18.36 million.

Economic Factors

Funding sources of interest income and billboard lease revenue are expected to be consistent in future fiscal years. The Authority has set aside approximately \$1.15 million for capital expenditures in fiscal year 2024-25.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2024

Contacting the Authority's Financial Management

This financial report is designed to provide our citizens and other interested parties with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the County of Los Angeles, Department of Auditor-Controller, 500 West Temple Street, Room 525, Los Angeles, CA 90012.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
STATEMENT OF NET POSITION
June 30, 2024

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS | |
| Current assets | |
| Cash and investments (Note 3) | \$ 1,418,914 |
| Lease receivable (Note 4) | 41,861 |
| Interest receivable | <u>15,529</u> |
| Total current assets | 1,476,304 |
| | |
| Capital assets - Land (Note 5) | <u>18,358,477</u> |
| | |
| Total Assets | <u>19,834,781</u> |
| LIABILITIES | |
| Current liabilities | |
| Accounts payable (Note 6) | <u>8,682</u> |
| Total liabilities | <u>8,682</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred Inflows of Resources - Lease (Note 4) | <u>38,164</u> |
| Total deferred inflows of resources | <u>38,164</u> |
| NET POSITION | |
| Invested in capital assets | 18,358,477 |
| Unrestricted | <u>1,429,458</u> |
| Total net position | \$ <u><u>19,787,935</u></u> |

See accompanying notes to the basic financial statements.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2024

| Function/Program | Expenses | Program Revenues Capital Contributions and Grants | Net (Expense) Revenue and Changes in Net Position Governmental Activities |
|-----------------------------|------------------|---|--|
| Governmental activities: | | | |
| Conservation programs | \$ <u>41,541</u> | \$ <u>-</u> | \$ <u>(41,541)</u> |
| Total | | | <u>(41,541)</u> |
| General Revenues: | | | |
| Lease revenue | | | 38,164 |
| Interest income | | | <u>57,102</u> |
| Total general revenues | | | <u>95,266</u> |
| Change in net position | | | 53,725 |
| Net position, July 1, 2023 | | | <u>19,734,210</u> |
| Net position, June 30, 2024 | | | \$ <u><u>19,787,935</u></u> |

See accompanying notes to the basic financial statements.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
GOVERNMENTAL FUND
BALANCE SHEET
June 30, 2024

ASSETS

| | |
|-------------------------------|---------------------|
| Cash and investments (Note 3) | \$ 1,418,914 |
| Lease receivable (Note 4) | 41,861 |
| Interest receivable | <u>15,529</u> |
| Total assets | <u>\$ 1,476,304</u> |

LIABILITIES

| | |
|---------------------------|-----------------|
| Accounts payable (Note 6) | \$ <u>8,682</u> |
| Total liabilities | <u>8,682</u> |

DEFERRED INFLOWS OF RESOURCES

| | |
|--|---------------|
| Deferred Inflows of Resources - Lease (Note 4) | <u>38,164</u> |
| Total deferred inflows of resources | <u>38,164</u> |

FUND BALANCE

| | |
|---|---------------------|
| Unassigned | <u>1,429,458</u> |
| Total fund balance | <u>1,429,458</u> |
| Total liabilities, deferred inflows of resources and fund balance | <u>\$ 1,476,304</u> |

See accompanying notes to the basic financial statements.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2024

| | |
|---|--------------|
| Fund balance - Governmental Fund (Page 9) | \$ 1,429,458 |
|---|--------------|

Amounts reported for Government Activities in the Statement of Net Position are different from those reported in the Governmental Fund Balance Sheet because of the following:

| | |
|---|-------------------|
| Capital assets used in governmental activities are not current financial resources and, therefore not reported in the governmental fund balance sheet | <u>18,358,477</u> |
|---|-------------------|

| | |
|--|-----------------------------|
| Net position of Governmental Activities (Page 7) | <u><u>\$ 19,787,935</u></u> |
|--|-----------------------------|

See accompanying notes to the basic financial statements.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
June 30, 2024

| | |
|---------------------------------|--------------------------------|
| Revenues | |
| Lease revenue | \$ 38,164 |
| Interest income | <u>57,102</u> |
| Total revenues | <u>95,266</u> |
| Expenditures | |
| Administration | <u>41,541</u> |
| Total expenditures | <u>41,541</u> |
| Net change in fund balance | 53,725 |
| Fund balance, July 1, 2023 | <u>1,375,733</u> |
| Fund balance, June 30, 2024 | \$ <u><u>1,429,458</u></u> |

See accompanying notes to the basic financial statements.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE
STATEMENT OF ACTIVITIES
June 30, 2024

| | |
|--|------------------|
| Net change in fund balance - governmental funds (page 11) | \$ 53,725 |
| Change in net position of governmental activities (page 8) | \$ <u>53,725</u> |

See accompanying notes to the basic financial statements.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 1 – REPORTING ENTITY

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

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

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

On November 7, 2023, the Joint Exercise of Powers Agreement of the Authority was amended as follows:

1. To add the Baldwin Hills and Urban Watersheds Conservancy (BHUWC) as an additional party to the Joint Powers Authority (JPA) Agreement and become a member agency of the Authority for all purposes;
2. To remove the Santa Monica Mountains Conservancy as a member agency of the Authority;
3. The Governing Board will hold at least two regular meetings each year and such further meetings as may be reasonable; and
4. The Executive Officer of the BHUWC serves as ex officio, without additional compensation, as Executive Officer of the Authority. The Authority may appoint a new Executive Officer of the Authority, to serve at the pleasure of the Authority Board on such terms as the Authority Board may provide.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Measurement Focus

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

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting and Measurement Focus (Continued)

Government-wide Financial Statements

The Authority's government-wide financial statements include a statement of net position and a statement of activities. The government-wide financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the Authority's assets and liabilities, including capital assets, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements rather than reporting them as expenditures.

Governmental Fund Financial Statements

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balance. An accompanying schedule is presented to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the government-wide financial statements.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

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

Amounts expended to acquire capital assets and to design and construct capital projects are recorded as capital outlays in the fiscal year that resources were expended rather than recording them as fund assets. The reconciliations of the fund financial statements to the government-wide financial statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Pooled Cash, and Investments

Cash includes amounts to conduct daily operations of the Authority in demand deposits with the County Treasurer and Tax Collector (TTC). The Authority deposits all of its cash with TTC. The Authority's deposits, along with funds from other local agencies such as the county government, other school districts, and special districts, make up a pool, which TTC manages for investment purposes. Investment income earned by the pooled investments is allocated to the various funds based on the fund's average cash and investment balance, as provided by California Government Code Section 53647. See Note 3 for additional information.

Capital Assets

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

Capital assets are reported at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The reported value excludes cost in relation to capital projects on land owned by other governments and/or capital projects that are not on Authority owned property that will be maintained by other governments.

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

Net Position and Fund Balance Classification

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

Net Investment in Capital Assets

This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation, and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. As of June 30, 2024, the Authority had no debt obligations.

Restricted Net Position

This category represents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions enabling legislation. The Authority had no restrictions on net position for fiscal year ending June 30, 2024.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position and Fund Balance Classification (Continued)

Unrestricted Net Position

This category represents the residual net position of the Authority in excess of what cannot properly be classified as “net investment in capital assets” or “restricted net position” as defined above.

Fund Balance Classifications

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts can be spent. The fund balance classifications used in the governmental fund financial statements are as follows:

Nonspendable fund balance – amounts that cannot be spent because they are either (a) not spendable in form, or (b) legally or contractually required to be maintained intact.

Restricted fund balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the Authority’s highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned fund balance – amounts that are constrained by the Authority’s intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose.

Unassigned fund balance – the residual classification for the Authority’s funds that includes amounts not contained in the other classifications.

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

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Authority is a lessor for a noncancellable lease of a real estate property. The Authority recognized a lease receivable and deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Authority uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and 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.

New Accounting Pronouncements Issued and Implemented

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

GASB Statement No. 99 - Statement No. 99, Omnibus 2022, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during the implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. GASB Statement No. 99, paragraphs 4-10, the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53, are effective for reporting periods beginning after June 15, 2023. This statement did not have an impact on the Authority's financial statements.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements Issued and Implemented (Continued)

GASB Statement No. 100 - *Statement No. 100, Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement for changes in accounting principles apply to the implementation of a new pronouncement in the absence of specific transition provisions in the new pronouncement. This statement also requires that the aggregate amount of adjustments to and restatements of the beginning net position, fund balance, or fund net position, as applicable, be displayed by the reporting unit in the financial statements. This statement did not have a material impact on the financial statements. We will apply the statement as appropriate in the future.

NOTE 3 – CASH AND INVESTMENTS

In accordance with the California Government Code, cash balances of the Authority are deposited with, and pooled and invested by, the TTC, for the purpose of increasing interest earnings through investment activities. Interest earned on pooled investments is deposited to participating funds based upon each fund's average daily balance during the allocation period. The Authority's cash and investments balance as of June 30, 2024, was \$1,418,914.

California Government Code Sections 53601 and 53635 authorize the Treasurer to invest the External Investment Pool (Pool) and Specific Purpose Investment 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 JPA that invests in authorized securities, shares of beneficial interest issued by diversified management companies known as money market mutual funds registered with the Securities and Exchange Commission, securities lending agreements, the State of California's Local Agency Investment Fund, 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 County Board of Supervisors (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, 2024, to support the value of shares in the Pool.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 3 – CASH AND INVESTMENTS (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. Investment in an external government investment pool is not subject to reporting within the level hierarchy oversight, quarterly financial review, and annual financial reporting. The Treasurer also maintains Other Specific Investments, which are invested pursuant to the California Government Code.

Investment policies and associated risk factors applicable to the Authority are included in the County’s Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. Detailed deposit and investment risk disclosures are included in notes of the County’s Annual Comprehensive Financial Report.

NOTE 4 – LEASE

The Authority, as a lessor, entered into a lease agreement involving a real estate property. An initial lease receivable was recorded in the amount of \$190,818. The Authority recognized \$38,164 in lease revenue and \$363 in interest revenue during the fiscal year 2023-24. Also, the Authority has a deferred inflow of resources associated with the lease that will be recognized over the lease term. As of June 30, 2024, the balance of the lease receivable and deferred inflows of resources was \$41,861 and \$38,164, respectively.

NOTE 5 – CAPITAL ASSETS

Capital assets activities for the fiscal year ended June 30, 2024, is as follows:

| | Balance at June 30, 2023 | Increases | Decreases | Balance at June 30, 2024 |
|----------------------|-----------------------------|-----------|-----------|-----------------------------|
| Capital Assets | | | | |
| Land | \$ 18,358,477 | \$ - | \$ - | \$ 18,358,477 |
| Total Capital Assets | \$ 18,358,477 | \$ - | \$ - | \$ 18,358,477 |

NOTE 6 – ACCOUNTS PAYABLE

Accounts payable in the amount of \$8,682 as of June 30, 2024, represent unpaid general liability insurance.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 7 – RELATED PARTY TRANSACTIONS

The Authority's cash and investments are pooled and invested by TTC. Interest income amounted to \$56,739 for the fiscal year ended June 30, 2024 and interest receivable was \$15,529 as of June 30, 2024. The County also provides legal services to the Authority. Total legal fees amounted to \$6,393 for the fiscal year ended June 30, 2024. In addition, the County maintains the books and records of the Authority without charging any costs to the Authority.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Claims and suits have been filed against the Authority in the normal course of business. The outcome of these matters is not presently determinable. However, in the opinion of management, the resolution of these matters is not expected to have a significant impact on the financial condition of the Authority. There were no claims filed against the Authority for the fiscal year ended June 30, 2024.

NOTE 9 – SUBSEQUENT EVENTS

In preparing these basic financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through February 18, 2025, the date the basic financial statements were available to be issued. It was determined that no subsequent events occurred that require recognition or additional disclosure in the basic financial statements.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF THE BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Baldwin Hills Regional Conservation Authority (Authority), a component unit of the County of Los Angeles, as of and for the fiscal year ended June 30, 2024, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 18, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

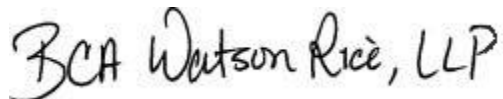
As part of obtaining reasonable assurance about whether the Authority's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the basic 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of audit findings as finding #2024-01.

Authority's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying schedule of findings. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Authority'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.

Handwritten signature in black ink that reads "BCA Watson Rice, LLP". The signature is written in a cursive, flowing style.

Torrance, CA
February 18, 2025

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
SCHEDULE OF AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2024

Finding #2024-01: The Governing Board of the Authority lacks the required member composition as required by the Joint Powers Agreement.

Compliance Reference

Section 5.1 of Joint Exercise of Powers Agreement (JPA) states “*The Governing Board of the Authority is hereby established as follows:*”

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

On November 7, 2023, the Joint Exercise of Powers Agreement of the Authority was amended (Amendment No. 1) as follows:

1. *“To add the Baldwin Hills and Urban Watersheds Conservancy (BHUWC) as an additional party to the JPA Agreement and become a member agency of the Authority for all purposes.*
2. *To remove the Santa Monica Mountains Conservancy as a member agency of the Authority.”*

Condition

The Governing Board of the Authority did not include two public members appointed by the Santa Monica Mountains Conservancy as required by the original Joint Powers Agreement (JPA).

Amendment No. 1 to the JPA, which became effective in fiscal year 2023-24, removed the Santa Monica Mountains Conservancy as a member agency and added the BHUWC as a new member agency of the Authority. Despite this amendment, the Governing Board did not include appointee members by the BHUWC, as required under the Amended Agreement.

This finding is a repeat issue from prior-year Finding #2023-01 and indicates continued noncompliance with the JPA provisions regarding Governing Board composition.

Cause

The BHRCA Board has been vetting board members for addition to the JPA board since July 2024. Two members have been recommended and interviews are being conducted. After vetting, the recommended appointees must be approved by the BHUWC board.

Effect

The Authority was not in compliance with the requirements of the JPA.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
SCHEDULE OF AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2024

Finding #2024-01: The Governing Board of the Authority lacks the required member composition as required by the Joint Powers Agreement. (Continued)

Recommendation

We recommend that the Authority:

1. Coordinate with the BHUWC to appoint representatives to the Governing Board as required by Amendment No. 1 to the JPA.
2. Implement procedures to monitor and ensure the Board's composition complies with the JPA and any amendments.

Management's Response

Pursuant to the affirmative vetting of potential appointees, one member, Prophet Walker was approved for appointment by the Baldwin Hills and Urban Watersheds Conservancy during the December 13, 2024 meeting. The new Member will submit a Form 700 and receive conflict of interest/ethics training and be sworn into service during BHRCA's board meeting on April 11, 2025.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
STATUS OF PRIOR YEAR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2024

Finding #2023-01: The Governing Board of the Authority lacks the required members compositions as required by the Joint Powers Agreement.

Compliance Reference

Section 5.1 of Joint Exercise of Powers Agreement (JPA) states “*The Governing Board of the Authority is hereby established as follows:*

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

Condition

The present Governing Board of the Authority did not include two public members appointed by the Conservancy. This is a repeat from prior-year finding #2022-02.

Cause

After the election of Ms. Holly J. Mitchell to the position of Supervisor for the Second District of Los Angeles County on November 3, 2020, the public member of the board was confirmed to continue serving. The public member of the Board has since left the seat and Authority continues to search for candidate to fill the two seats.

Effect

The Authority was not in compliance with the requirements of the JPA.

Recommendation

We recommend that the Authority review the composition of its Governing Board and consider adding two members which are appointed by the Conservancy to comply with the JPA.

Management’s Response

The Authority agrees with the finding and recommendation of the audit. The Authority’s governing board has appointed one public member since June 2023, and they are continuing to search to fill the second public seat.

Current Year Status

As of the date of this audit report, this finding #2023-01 remains unresolved. While Amendment No. 1 to the JPA was implemented during fiscal year 2023-24, removing the Santa Monica Mountains Conservancy as a member agency and adding the BHUWC as a member and has one member approved for appointment to the Governing Board by April 2025, the Board is still continuing to search to fill the second seat. This reflects continued noncompliance with the JPA provisions regarding Governing Board composition.