

DESERT AND MOUNTAIN CONSERVATION AUTHORITY

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2009 THROUGH 2013**

AND INDEPENDENT ACCOUNTANTS' REPORT

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DESERT AND MOUNTAIN CONSERVATION AUTHORITY
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CERTIFIED PUBLIC ACCOUNTANTS
877 EGAN 4 US EGANCPA.COM

INDEPENDENT ACCOUNTANTS' REPORT

The Board of Governors
Desert and Mountain Conservation Authority

We have reviewed the accompanying statements of financial position of Desert and Mountain Conservation Authority ("Authority") as of June 2013, 2012, 2011, 2010, and 2009, and the related statements of revenues, expenses and changes in net assets the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Authority.

A review consists principally of inquiries of entity personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

January 6, 2014

**DESERT AND MOUNTAIN CONSERVATION AUTHORITY
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2009 THROUGH 2013**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
ASSETS					
CASH	\$ <u>74,895</u>	<u>59,907</u>	<u>17,227</u>	<u>12,387</u>	<u>12,317</u>
NET ASSETS	\$ <u>74,895</u>	<u>59,907</u>	<u>17,227</u>	<u>12,387</u>	<u>12,317</u>

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The accompanying notes are an integral part of the financial statements.

**DESERT AND MOUNTAIN CONSERVATION AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2009 THROUGH 2013**

	2013	2012	2011	2010	2009
OPERATING REVENUES					
Program revenue	\$ 14,988	60,000	5,000	160	-
OPERATING EXPENSES					
Gates		17,320			
Administrative expense			160	90	150
Increase (decrease) in net assets	14,988	42,680	4,840	70	(150)
Net assets, beginning of year	<u>59,907</u>	<u>17,227</u>	<u>12,387</u>	<u>12,317</u>	<u>12,467</u>
Net assets, end of year	<u>\$ 74,895</u>	<u>59,907</u>	<u>17,227</u>	<u>12,387</u>	<u>12,317</u>

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The accompanying notes are an integral part of the financial statements.

**DESERT AND MOUNTAIN CONSERVATION AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 THROUGH 2013**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:					
Cash received from assessments and programs	\$ 14,988	60,000	5,000	160	-
programs					
Cash payments for projects		17,320			
Cash payments to other sources			160	90	150
Net cash provided (used) by operating activities	<u>14,988</u>	<u>42,680</u>	<u>4,840</u>	<u>70</u>	<u>(150)</u>
Cash, beginning of the year	<u>59,907</u>	<u>17,227</u>	<u>12,387</u>	<u>12,317</u>	<u>12,467</u>
Cash, end of the year	<u><u>74,895</u></u>	<u><u>59,907</u></u>	<u><u>17,227</u></u>	<u><u>12,387</u></u>	<u><u>12,317</u></u>

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The accompanying notes are an integral part of the financial statements.

DESERT AND MOUNTAIN CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 1. Overview and Summary of Significant Accounting Policies

1. Overview

The Desert and Mountain Conservation Authority (the "Authority") was formed under Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California relating to the joint exercise of powers between the Antelope Valley Resource Conservation District ("District") and the Santa Monica Mountains Conservancy ("Conservancy").

The purpose of the Authority is to jointly exercise the mutual purpose and objectives of both the District and Conservancy which includes:

- a. restoration and improvement of habitat
- b. acquisition of land for conservancy purposes
- c. watershed protection activities
- d. land management
- e. programs relating to air, land and water resources
- f. mitigation of environmental impacts
- g. receive donations of land
- h. provide land and resource technical assistance
- i. provide the benefit assessment method to finance the Authority's objectives

2. Basis of Accounting

The Board uses the accrual method of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred.

3. Cash

The Board defines cash as demand account balances and cash on hand.

4. Tax Status

The Authority has not been specifically exempted by the Internal Revenue Service from the filing of income tax returns. Management of the opinion that the Authority is considered a subdivision of the state of California and exempt from the filing of income tax returns.

5. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

DESERT AND MOUNTAIN CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 2. Cash Deposits

Cash consists of amounts on deposit at a bank.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools

The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Authority's name.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority does not believe a credit risk exists from its deposits.