

**BALDWIN HILLS REGIONAL
CONSERVATION AUTHORITY**

Governing Board Special Meeting

August 3, 2023

NOTICE IS HEREBY GIVEN pursuant to Government Code § 54956 and 54953 that the Governing Board of the Baldwin Hills Regional Conservation Authority will hold a special meeting on Thursday, August 3rd at 3:00 p.m. at the LA County Board of Supervisors 2nd District Vermont Corridor Office 510 S. Vermont Ave., Suite G-100, Los Angeles, CA 90020. Members of the public can join via zoom or call into the conference using the link or by dialing +1 669 444-9171, Meeting ID 87619961477#, Passcode 286805#.

Join Zoom Meeting

<https://us06web.zoom.us/j/87619961477?pwd=KzJRbXkyd3ZmdXArcUJBLzgqYmZHUT09>

Meeting ID: 876 1996 1477

Passcode: 286805

AGENDA

- I. Call to order.
- II. Roll call.
- III. Approval of Minutes for the December 16, 2022 meeting.
- IV. Public Testimony on all agenda items and public comment on matters not on the agenda.
- V. Consideration of resolution 23-001 adopting the Fiscal Year 2023/2024 Budget for the Baldwin Hills Regional Conservation Authority.
- VI. Receive and file BHRCA Management and Financial Reports for Fiscal Year 2021-22.
- VII. Chair's Report: Status of proposed amendment to the Joint Exercise of Powers Agreement.

VIII. Statements, questions, and directions to staff pursuant to Section 54954.2 of the Government Code.

IX. Announcement of future meetings and adjournment.

Public comment is welcome on any agenda item and matters not on the agenda. Unless otherwise ordered, individuals will be allowed three minutes to speak.

Note: In accordance with the Americans with Disabilities Act of 1990, if you require a disability related modification or accommodation to participate in this meeting, including auxiliary aids or services, please contact the Board Secretary at 310-202-3010, or via email at info@bhc.ca.gov as soon as possible. Every effort will be made to make reasonable accommodations to facilitate participation in this meeting and to resolve any doubt whatsoever in favor of accessibility.

Note: The entire agenda package and any meeting related writings or documents provided to a majority of the Board members after distribution of an agenda package, unless exempt from disclosure pursuant to California Law, will be available on the world wide web.

**Minutes of the Meeting
of the
Governing Board
of the
BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY**

AGENDA

- I. Call to order.
The regular meeting of the Governing Board of the Baldwin Hills Regional Conservation Authority was called to order by Hon. Holly J. Mitchell at 1:03 p.m. on December 15, 2022 at various locations via internet and telephone pursuant to Government Code § 54953 (b).
- II. Roll call.
The roll was called and the following members were present; William Vanderberg; Norma E. Garcia, Vice Chairperson, and Hon. Holly J. Mitchell, Chairperson.

Staff present: Thomas Parker, Deputy County Counsel, Laura Muraida, Office of Supervisor Mitchell, and Liz Jennings, MRCA.
- III. Adopt findings to hold meetings by teleconference pursuant to Government Code § 54953 (b).
A roll-call vote was administered. On motion of Ms. Garcia, the findings were unanimously adopted.
- IV. Approval of minutes for the September 1, 2022 meeting.
A roll-call vote was administered. On motion of Ms. Garcia, the minutes were unanimously adopted.
- V. Public testimony on all agenda items and public comment on matters not on the agenda.
The Authority received no public comment, but noted that David McNeil was present, representing the Baldwin Hills & Urban Watersheds Conservancy.
- VI. Receive and file Baldwin Hills Regional Conservation Authority Management Report and Auditor's Communication Letter and Annual Financial Report dated June 30, 2021
No roll-call vote was administered. No questions were raised.
- VII. Chair's Report: Report on administrative and financial matters
 - Status of proposed amendment to the Joint Exercise of Powers Agreement
 - Report on Park-to-Playa Trail MOU
 - Report on Q3 Financials
 - Potential 2023 Projects

BHRCA Counsel, Thomas Parker, provided an update on the status of the BHRCA JPA amendment, noting that the amendment language had been reviewed by the State Attorney General on behalf of the Conservancy and has been reviewed by BHRCA and Parks Department Counsel. No significant changes to the draft amendment language have been proposed. The next step will to have the Santa Monica Mountains Conservancy Board approve the final JPA language changes, followed by the LA County Board of Supervisors.

BHRCA Counsel also provided an update on the status of the MOU between County Parks and County Public Works Department on the maintenance of the Park to Playa Trail. County Parks will take on graffiti abatement, whereas Public Works will maintain the bridge. These roles needed to be delineated in the MOU.

Laura Muraida, SD 2 Staff, reviewed the Q3 Financials and the potential projects report. Potential projects discussed included: transit to parks and access improvements, park and pedestrian amenities, cooling strategies, and fencing needs. Member Garcia noted that the fencing near La Brea was a significant issue. Member Vanderberg emphasized the park entrance near Baldwin Village and the connection between trail improvements and increased access. Member Garcia mentioned the need for a comprehensive study of access points to Kenneth Hahn State Park, particularly for pedestrians. Chair Mitchell noted the tension between some nearby residents and the desire for increased access and shared the Metro Micro Mini pilot as a successful example, particularly if community partners can help promote these resources.

- VIII. Announcement of future meetings and adjournment.
The next meeting of this Board will be held on a date to be determined.

There being no further business, the meeting was adjourned at 1:54 p.m.

Respectfully submitted:

Approved:

Joseph T. Edmiston, FAICP, ASLA
Executive Officer

Hon. Holly J. Mitchell
Chairperson

Item V

BHRCA 2023-24 Budget

Resolution 23-001

<u>Operations</u>				<i>Budgeted Amount 23-24</i>	
Audit Fees			\$		15,000
Parcel Maintenance			\$		-
Legal Fees			\$		20,000
Administration (staff support)			\$		130,000
					-
					-
Total Proposed Operations Expenses			\$		165,000
<u>Capital Projects</u>					
KHSRA (Fairfax) Remediation & Community Engagement			\$		401,407.34
Opportunity Sites (S8C)			\$		750,000.00
Improving Safe Access and Signage at Hahn Park (S8 C and S8 D in equal split expense)			\$		500,000.00
Total Proposed Capital Expenditures					\$1,151,407.34
<hr/>					
TOTAL FY 23/24 Projected Expenditures					<i>\$1,316,407.34</i>
<hr/>					
<hr/>					
Ending Reserves (S8 C) Balance 22/23 Carry Over to FY 23/24			\$		1,867,082.78
FY23/24 Total Projected Interest			\$		46,791.99
	\$11,598.99 Actual	23-24 Q1	\$		11,598.99
	Projected	23-24 Q2	\$		11,693.00
	Projected	23-24 Q3	\$		11,710.00
	Projected	23-24 Q4	\$		11,790.00
BillBoard (S8 D) Cash Balance/Carry Over to FY 23/24			\$		1,523,830.73
BillBoard FY23/24 - Projected Revenue plus Interest			\$		89,328.31
	\$22,243.31 Actual	23-24 Q1	\$		22,243.31
	Projected	23-24 Q2	\$		22,300.00
	Projected	23-24 Q3	\$		22,365.00
	Projected	23-24 Q4	\$		22,420.00
<hr/>					
TOTAL FY 23/24 Total Projected Available Funding			\$		3,527,033.81

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY

August 3, 2023 - Agenda Item V
Resolution No. 23 – 001

**RESOLUTION OF THE GOVERNING BOARD OF THE BALDWIN HILLS REGIONAL
CONSERVATION AUTHORITY ADOPTING BUDGET
FOR FISCAL YEAR 2023-2024**

RESOLVED that the Governing Board of the Baldwin Hills Regional Conservation Authority (BHRCA) adopts the budget attached to this item; and

BE IT FURTHER RESOLVED that the Governing Board of BHRCA hereby instructs the Executive Officer to take all steps required to implement the budget as adopted.

Chair

AYES:

NOES:

ABSENT:

ABSTAIN:

I HEREBY CERTIFY that the foregoing resolution was adopted at a special meeting of the Governing Board of the Baldwin Hills Regional Conservation Authority, duly noticed and held according to law, on the 4th day of August 4, 2023.

Executive Officer

Item VI

Receive and File

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY

Basic Financial Statements with Independent Auditor's Report For the Fiscal Year Ended June 30, 2022



2355 Crenshaw Blvd. Suite 150 Torrance, CA 90501
t: (310) 792-4640 f: (310) 792-4331

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY

Basic Financial Statements with Independent Auditor's Report For the Fiscal Year Ended June 30, 2022

Table of Contents

	<u>Page</u>
Independent Auditor's Report.....	1
Management's Discussion and Analysis (Unaudited).....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	7
Statement of Activities.....	8
Fund Financial Statements:	
Balance Sheet - Governmental Fund.....	9
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Fund.....	11
Reconciliation of Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Net Activities	12
Notes to the Basic Financial Statements	13
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 <i>Government Auditing Standards</i>	21
Schedule of Audit Findings	23

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

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Baldwin Hills Regional Conservation Authority (Authority), as of and for the year ended June 30, 2022, 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, 2022, 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 Opinions

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 opinions.

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 opinions. 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.

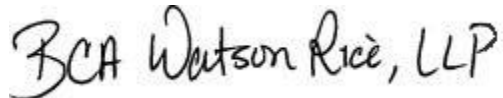
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 7 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.

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

Torrance, California
January 9, 2023

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Fiscal Year Ended June 30, 2022

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, 2022. 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 increased \$0.18 million from \$3.28 million as of June 30, 2021 to \$3.46 million as of June 30, 2022.
- There was no significant change in the Authority's capital assets balance. The balance was \$18.36 million at June 30, 2021 and June 30, 2022, respectively.
- The total net position of the Authority increased \$0.09 million from \$19.54 million as of June 30, 2021, to \$19.63 million as of June 30, 2022.
- The Authority's total revenues amounted to \$0.12 million for the year ended June 30, 2022. Total revenues increased \$0.01 million compared to \$0.11 million for the year ended June 30, 2021.
- The Authority's total expenditures amounted to \$0.03 million for the year ended June 30, 2022. Total expenditures decreased \$0.37 million compared to \$0.40 million for the year ended June 30, 2021.
- 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, 2022

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, 2022, the Authority's net position was \$19.63 million compared to \$19.54 million as of June 30, 2021. The Authority's net position increased \$0.09 million or 0.46%. Net investment in capital assets accounted for \$18.36 million or 93.53% of the Authority's net position. The Authority implemented GASB 87 during the fiscal year, which resulted in a prior period adjustment of \$465 in relation to lease revenue applicable to the previous fiscal year.

Revenues for the year ended June 30, 2022 consist of lease revenue from properties owned by the Authority totaling \$0.10 million and interest income totaling \$0.02 million. Total expenditures in the amount of \$0.03 million for the year ended June 30, 2022 consisted mainly of administration expenses. Revenues for the year ended June 30, 2021 consisted of lease revenues from properties owned by the Authority totaling \$0.09 million and interest income totaling \$0.02 million. Total expenditures in the amount of \$0.40 million for the year ended June 30, 2021 consisted mainly of capital outlay and administration expenses. The decrease in expenditures was due to decreased capital outlay and administrative expenses.

Capital Assets

As of June 30, 2022, the Authority's capital assets consisted of land in the amount of \$18.36 million.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Fiscal Year Ended June 30, 2022

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 2022-23.

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, 2022

ASSETS	Governmental Activities
Cash and Investments (Note 3)	\$ 3,270,965
Lease Receivable (Note 4)	175,978
Interest Receivable	8,808
Capital Assets - Land (Note 5)	18,358,477
Total Assets	<u>21,814,228</u>
 LIABILITIES	
Accounts Payable (Note 6)	<u>2,068,029</u>
Total Liabilities	<u>2,068,029</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources - Lease (Note 4)	<u>114,491</u>
 NET POSITION	
Invested in Capital Assets	18,358,477
Unrestricted	<u>1,273,231</u>
Total Net Position	<u>\$ 19,631,708</u>

See accompanying notes to the basic financial statements.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY**STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2022

Function/Program	Expenses	Program Revenues Capital Grants and Contribution	Net (Expense) Revenue and Change in Net Position
Governmental activities:			Governmental Activities
Conservation programs	\$ 25,538	\$ -	\$ (25,538)
Total	<u>\$ 25,538</u>	<u>\$ -</u>	<u>(25,538)</u>
General Revenues:			
Interest earnings			20,733
Lease revenue			<u>98,953</u>
Total general revenues			<u>119,686</u>
Change in net position			<u>94,148</u>
Net position, July 1, 2021, as previously stated			19,537,095
Prior Period Adjustment (Note 8)			<u>465</u>
Net position, July 1, 2021, as restated			<u>19,537,560</u>
Net position, June 30, 2022			<u>\$ 19,631,708</u>

See accompanying notes to the basic financial statements.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
GOVERNMENTAL FUND
BALANCE SHEET
June 30, 2022

ASSETS

Cash and Investments (Note 3)	\$ 3,270,965
Lease Receivable (Note 4)	175,978
Interest Receivable	<u>8,808</u>
Total Assets	<u><u>\$ 3,455,751</u></u>

LIABILITIES

Accounts Payable (Note 6)	<u>\$ 2,068,029</u>
Total Liabilities	<u>2,068,029</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows of Resources - Lease (Note 4)	<u>114,491</u>
--	----------------

FUND BALANCE

Unassigned	<u>1,273,231</u>
------------	------------------

Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u><u>\$ 3,455,751</u></u>
---	----------------------------

See accompanying notes to the basic financial statements.

**BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2022**

Fund balance - Governmental Fund	\$ 1,273,231
----------------------------------	--------------

Amount reported for governmental activities in the statement of net position is different because:

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

Net Position of Governmental Activities	<u>\$ 19,631,708</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, 2022

REVENUES

Interest earnings	\$ 20,733
Lease revenue	<u>98,953</u>
Total Revenues	<u>119,686</u>

EXPENDITURES

Current:	
Administration	<u>25,538</u>
Total Expenditures	<u>25,538</u>

Net Change in Fund Balance	<u>94,148</u>
----------------------------	---------------

Fund Balance, beginning of fiscal year, as previously stated	1,178,618
Prior-period Adjustment (Note 8)	<u>465</u>
Fund Balance, beginning of fiscal year, as restated	<u>1,179,083</u>

Fund Balance, end of fiscal year	<u><u>\$ 1,273,231</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, 2022

Net Change in Fund Balance	\$ 94,148
Change in Net Position of Governmental Activities	<u>\$ 94,148</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, 2022

NOTE 1 – REPORTING ENTITY

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Measurement Focus

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

Government-wide Financial Statements

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

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting and Measurement Focus (Continued)

Government Fund Financial Statements

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

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

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

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

Cash, Pooled Cash, and Investments

Cash includes amounts to conduct daily operations of the Authority in demand deposits with the Los Angeles County Treasurer and Tax Collector (TTC). The Authority deposits all of its cash with TTC. The Authority’s deposits, along with funds from other local agencies such as the county government, other school districts, and special districts, make up a pool, which TTC manages for investment purposes. 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.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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 4 for additional information.

Net position and Fund Balance Classification

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

Net Investment in Capital Assets

This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. As of June 30, 2022, the Authority had no debt obligations.

Restricted Net Position

This category represents external restriction 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 net position for fiscal year ending June 30, 2022.

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 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:

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net position and Fund Balance Classification (Continued)

Fund Balance Classification (Continued)

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 include 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.

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 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 lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

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

GASB Statement No. 87 - Statement No. 87, Leases, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is effective for reporting periods beginning after June 15, 2021. The Authority implemented the Statement in fiscal year 2021-22. See Note 2 and 4 for additional information.

GASB Statement No. 92 - Statement No. 92, Omnibus 2020, enhances comparability in the application of accounting and financial reporting requirements and improves the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. The statement is effective for reporting periods beginning after June 15, 2021. This statement did not have an impact on the Authority's financial statements.

GASB Statement No. 93 - Statement No. 93, Replacement of Interbank Offered Rates, addresses the accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate. GASB Statement No. 93, except for paragraphs 11b, 13 and 14 is effective for reporting periods beginning after June 15, 2020 and was implemented in the prior year. Paragraph 11b is effective for reporting periods ending after December 31, 2021 and the requirements in paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021. This statement did not have an impact on the Authority's financial statements.

GASB Statement No. 99 - Statement No. 99, "Omnibus", enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. GASB Statement No. 99, paragraphs 26-32 were effective upon issuance. 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, 2022

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, 2022 was \$3,270,965.

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 joint Powers Authority (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 of Los Angeles has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2022, to support the value of shares in the Pool.

Investments are stated at fair value and are valued on a monthly basis. The TTC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using other observable inputs such as matrix pricing techniques or based on quoted prices for assets in markets that are not active. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs. Securities classified in Level 3 are valued using the income approach such as discounted cash flow techniques. Investment in an external government investment pool is not subject to reporting within the level hierarchy oversight, quarterly financial review, and annual financial reporting. The Treasurer also maintains Other Specific Investments, which are invested pursuant to the California Government Code.

Investment policies and associated risk factors applicable to the Authority are included in the County of Los Angeles' Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. Detailed deposit and investment risk disclosures are included in noted of the County of Los Angeles Annual Comprehensive Financial Report.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2022

NOTE 4 - LEASE

The Authority, as a lessor, entered into lease agreement involving a real estate property. An initial lease receivable was recorded in the amount of \$190,818. The Authority recognized \$98,953 in lease revenue and \$829 in interest revenue during the fiscal year 2021-22. Also, the Authority has a deferred inflows of resources associated with the lease that will be recognized over the lease term. As of June 30, 2022, the balance of the lease receivable and deferred inflows of resources was \$175,978 and \$114,491, respectively.

NOTE 5 - CAPITAL ASSETS

Capital assets activities for the fiscal year ended June 30, 2022 is as follows:

	Balance at June 30, 2021	Increases	Decreases	Balance at June 30, 2022
Capital assets				
Land	\$ 18,358,477	\$ -	\$ -	\$ 18,358,477
Total Capital Assets	<u>\$ 18,358,477</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,358,477</u>

NOTE 6 – ACCOUNTS PAYABLE

Accounts payable in the amount of \$2,068,029 as of June 30, 2022, represents unpaid reimbursable project expenditures for the grants awarded by the Authority to the Los Angeles County Department of Parks and Recreation for Park to Playa Trail Project Stoneview Nature Center to Hahn Park Segment and the Park to Playa Trail Project Stoneview Nature Center to Scenic Overlook Segment for the fiscal years ended June 30, 2016 to June 30, 2021.

NOTE 7 - RELATED PARTY TRANSACTIONS

The Authority's cash and investments are pooled and invested by TTC. Interest income amounted to \$19,904 for the fiscal year ended June 30, 2022 and interest receivable was \$8,808 as of June 30, 2022. The County also provides legal services to the Authority. Total legal fees amounted to \$17,086 for the fiscal year ended June 30, 2022. In addition, the County maintains the books and records of the Authority without charging any costs to the Authority.

NOTE 8 – PRIOR PERIOD ADJUSTMENT

The fund balance at the beginning of the fiscal year was restated to reflect a prior-period adjustment of \$465 in relation to the lease revenue applicable to the previous fiscal year. This adjustment was the result of the implementation of *GASB 87, Leases* during fiscal year 2021-22.

NOTE 9 - 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, 2022.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2022

NOTE 10 – SUBSEQUENT EVENTS

In preparing these basic financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through January 9, 2022, 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, 2022, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 9, 2023.

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 have not been identified.

Report on Compliance and Other Matters

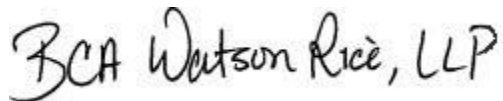
As part of obtaining reasonable assurance about whether the Authority's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit findings as findings #2022-01 and #2022-02.

Authority's Responses to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and 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.

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

Torrance, CA
January 9, 2023

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
SCHEDULE OF AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2022

Finding #2022-01: The Authority did not provide preliminary and final budget for the Fiscal Year 2021-22.

Compliance Reference

Section 15 of the Joint Exercise of Powers Agreement (JPA) states *“The Governing Board of the Authority shall approve a preliminary budget for the succeeding fiscal year prior to May 1 of each year. The governing board shall adopt a final budget subject to annual contributions from the member agencies. The member agencies share of the Authority’s annual budget shall be approved by the member agencies.”*

Condition

The Governing Board of the Authority did not approve a preliminary and final budget for the fiscal year 2021-22.

Cause

Authority staff timely notified the outgoing Executive Director of the need for a preliminary and final budget for each fiscal year. The outgoing Executive Director did not adequately budget his time, among his other official state conservancy duties, to timely prepare said budgets for the Authority.

Effect

The Authority was not in compliance with Section 15 of the Joint Exercise of Powers Agreement.

Recommendation

We recommend that the Authority prepare a preliminary and final budget for each fiscal year to comply with the JPA requirements.

Management’s Response

The 2022-23 budget was approved at the Authority's September 2022 meeting. A new Authority Executive Director is expected to take office shortly and will be made aware of the need for and importance of timely preliminary and final budgets for each fiscal year.

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY
SCHEDULE OF AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2022

Finding #2022-02: 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.

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 current public member of the board was confirmed to continue serving. The Joint Exercise of Powers requirement to appoint an additional member was overlooked.

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 will be appointing, in the first few months of 2023, the second public member as set forth in the Authority's governing document.

January 9, 2023

To the Board of Directors of
Baldwin Hills Regional Conservation Authority

We have audited the financial statements of the governmental activities and each major fund of Baldwin Hills Regional Conservation Authority (Authority) as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated January 9, 2023. Professional standards require that we advise you of the following matters relating to our audit:

Our Responsibility in Relation to the Financial Statements Audit

Our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight is presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of the financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

There were no findings regarding significant control deficiencies over financial reporting and material noncompliance items noted during our audit.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to the Authority.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant policies adopted by the Authority is included in Note 2 to the financial statements. There have been no changes in significant accounting policies or their applications during fiscal year ended June 30, 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions, and; (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. There are no uncorrected misstatements relating to the financial statements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Authority's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain representations from management, which are included in the management representation letter dated January 9, 2023

Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Findings or Issues

In the normal course of our professional association with the Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Authority's auditors.

This report is intended for the information and use of the Los Angeles County Auditor-Controller and Baldwin Hills Regional Conservation Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

Torrance, CA

BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY

A public entity of the State of California exercising joint powers of the County of Los Angeles and the Santa Monica Mountains Conservancy

Holly Mitchell
Chairperson
Norma E. Garcia
Vice-Chairperson
William Vanderberg
Member

February 14, 2023

BCA Watson Rice LLP
2355 Crenshaw Boulevard
Torrance, CA 90501

This representation letter is provided in connection with your audit of the financial statements of Baldwin Hills Regional Conservation Authority (Authority), which comprise the respective financial position of the governmental activities and each major fund as of June 30, 2022, and the respective changes in financial position for the fiscal year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of January 9, 2023, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement Work Order No. 9-37A dated October 6, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the Authority required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, transfers, guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

8) Guarantees, whether written or oral, under which the Authority is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

9) We have provided you with:

- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters [and all audit or relevant monitoring reports, if any, received from funding sources].
- b) Additional information that you have requested from us for the purpose of the audit.
- c) Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
- d) Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

10) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

11) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

12) We have no knowledge of any fraud or suspected fraud that affects the Authority and involves:

- Management,
- Employees who have significant roles in internal control, or
- Others where the fraud could have a material effect on the financial statements.

13) We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements communicated by employees, former employees, regulators, or others.

14) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

15) We have disclosed to you the names of the Authority's related parties and all the related party relationships and transactions.

Authority-specific

16) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

17) We have a process to track the status of audit findings and recommendations.

18) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

19) The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.

20) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

21) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any

related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

22) As part of your audit, you assisted with the preparation of the financial statements and disclosures (nonaudit services). We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.

23) The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

24) The Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

25) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, as amended.

26) All funds that meet the quantitative criteria in GASB Statement No. 34 and No. 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

27) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

28) Investments, derivative instrument transactions, and land are properly valued.

29) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

30) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.

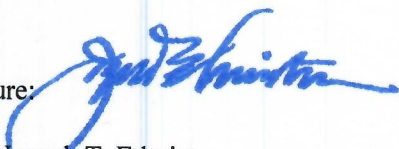
31) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.

32) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

33) We have appropriately disclosed the Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

34) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

Signature:



Name: Joseph T. Edmiston
Title: Executive Director

Signature:

Name:
Title: Division Chief, Auditor-Controller Accounting
Division

Item VIII

Chair's Report

(See JPA Draft Amendment Attached)

**FIRST AMENDMENT TO THE
JOINT EXERCISE OF POWERS AGREEMENT OF THE
BALDWIN HILLS REGIONAL CONSERVATION AUTHORITY**

This First Amendment to Joint Exercise of Powers Agreement of the Baldwin Hills Regional Conservation Authority (the "Authority"), is made as of _____, 2023, (the "First Amendment"), by and between the County of Los Angeles, a body corporate and politic (the "County"), the Santa Monica Mountains Conservancy, an agency of the State of California (the "SMMC") and the Baldwin Hills and Urban Watersheds Conservancy, an agency of the State of California (the "BHUWC").

RECITALS

WHEREAS, the Authority was initially formed in 1999 pursuant to a Joint Exercise of Powers Agreement by and between the County and the SMMC (the "JPA Agreement") for the purpose of providing for a comprehensive program to acquire, expand and improve open space, natural habitat and recreational opportunities within the Baldwin Hills, to improve connections between the Baldwin Hills and other natural and recreational areas, including Ballona Creek, and for the conservation, protection of natural habitat restoration, and environmental enhancement of the Baldwin Hills area and protection of the Ballona Creek watershed and water quality; and

WHEREAS, the SMMC and the BHUWC recognize that the State of California's interests in the Baldwin Hills area can be best served by replacing the SMMC with the BHUWC as a member agency; and

WHEREAS, the BHUWC has a demonstrated record of success in providing open space and recreation opportunities within the Baldwin Hills region and desires to assist in the protection, enhancement, and appropriate recreational development of urban space areas and the pursuit of outside funding sources at local, state, and federal levels so that the benefits of natural lands and open space can be more equitably distributed among all residents of the greater Los Angeles Metropolitan Area; and

WHEREAS, pursuant to Section 22 of the JPA Agreement, the provisions of the JPA Agreement may be amended upon the unanimous agreement of the parties to the Agreement; and

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, and pursuant to the Joint Exercise of Powers Act (Gov. Code §§ 6500 et seq.), the County, the SMMC and the BHUWC agree as follows:

1. **ADDITION OF A NEW MEMBER AGENCY.** The JPA Agreement is hereby amended by adding the BHUWC as an additional party thereto. By its execution of this First Amendment, the BHUWC shall become a member agency of the Authority for all purposes thereof and shall be deemed a signatory to the JPA Agreement. From and after the Effective Date of this First Amendment, the BHUWC shall be deemed a "Party" or "Member Agency" of the JPA Agreement within the meaning thereof. As of the Effective Date of this First Amendment, all references to the "Conservancy" in the JPA Agreement shall mean the BHUWC.

2. **REMOVAL OF THE SMMC AS A MEMBER AGENCY.** The JPA Agreement is hereby further amended by removing the SMMC as a member agency of the Authority. By its execution of this First Amendment, the SMMC shall cease to be a member agency of the Authority for all purposes thereof. The SMMC hereby represents and warrants that it has not incurred any debt, liability, or obligation on behalf of the Authority and shall not seek any reimbursements from the Authority. Upon the Effective Date, the SMMC hereby releases and discharges the Authority and the County, each of their respective assigns and successors, and each of their directors, officers, employees, and agents, from any all claims, actions, debts, liabilities, demands, obligations, promises, acts, agreements, costs and expenses (including without limitation, court cost and attorneys' fees), damages, and causes of action of whatever kind or nature, whether known or unknown, suspected or unsuspected, arising or accruing before the Effective Date, based on arising out of, or in connection with the operation of the Authority since its inception, including without limitation, the ownership, management, development, and disposition of its assets.

The SMMC agrees and acknowledges that the release contained herein applies to both known and unknown claims and agrees to waive the benefits of California Civil Code section 1542, which states as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

3. **MEETINGS.** Section 7.0 of the JPA Agreement shall be deleted in its entirety and replaced with the following:

The Governing Board shall provide for its regular meetings provided that it shall hold at least two regular meetings each year and such further meetings as may be reasonable. All meetings of the Governing Board shall be called, held, and conducted in accordance with the provisions of the Ralph M. Brown Act and with such further rules of the Governing Board as are not inconsistent therewith.

4. **ADMINISTRATION.** Section 10.1 of the JPA Agreement shall be deleted in its entirety and replaced with the following:

The Executive Officer of the Conservancy shall serve 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.

5. **EFFECT OF AMENDMENT.** The JPA Agreement shall remain in full force and effect, except as referenced herein, and the Authority shall continue its existence as a joint exercise of

powers agency under the laws of the State of California, at all times following the execution and delivery of this First Amendment.

6. **EFFECTIVE DATE.** This First Amendment shall take effect immediately upon the adoption of a resolution and/or appropriate action approving the execution and delivery hereof by the respective governing bodies of the County, the SMMC, and the BHUWC.

7. **GOVERNING LAW.** This First Amendment shall be governed by and construed in accordance with the laws of the State of California.

8. **COUNTERPARTS.** This First Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

APPROVED AS TO FORM:

DAWYN R. HARRISON
County Counsel

By: 
Senior Deputy County Counsel


COUNTY OF LOS ANGELES,
a body corporate and politic

By: _____
Name: _____
Title: _____

SANTA MONICA MOUNTAINS
CONSERVANCY

By: 
Name: Joseph T. Edmiston, FAICP, ASLA
Title: Executive Director

BALDWIN HILLS AND URBAN
WATERSHEDS CONSERVANCY

By: 
Name: David F. McNeill
Title: Executive Officer