DATE: **May 14, 2015**

TO: **Watershed Conservation Authority Governing Board**

FROM: **Jennifer Thompson, Fiscal Manager**

THROUGH: **Mark Stanley, Executive Officer**

SUBJECT: **Item 12: Consideration of a resolution to 1) accept the FY 13/14 WCA Financial Compliance Audit and related findings; and, 2) approve remediation actions.**

RECOMMENDATION: That the Watershed Conservation Authority Governing Board accept the FY 13/14 WCA Financial Compliance Audit and related finding; and approve remediation actions in response to the audit finding.

BACKGROUND: Attached are the results of the FY 13/14 WCA Financial Compliance Audit, including the Management Report and Auditor's Communication Letter (Exhibit A) and the Annual Financial Report (Exhibit B).

SUMMARY/FINANCIAL HIGHLIGHTS:

- Moss, Levy & Hartzheim, LLP conducted the audit with the cooperation of the County of Los Angeles Auditor-Controller's Office and WCA staff.

- During the current fiscal year, the Authority's net position increased by $1.59 million to $25.39 million. The increase in net position is primarily related to funds received by WCA's Proposition A South Gate/Parque dos Rios project in the amount of $1.39 million dollars. Cash deposited in the County Treasury Pool decreased by $1.59 million to $2.70 million.

- Operating revenues increased by $1.83 million to $2.84 million and operating expenses increased by $.08 million to $1.26 million. The increase in revenue was primarily due to an increase in grant funding.

- The Authority acquired land at a cost of $25,875 during the fiscal year. The Authority also made improvements of $16,216 to existing facilities and had construction in progress costs of $100,565 during the fiscal year.

- The Authority continues to have no long-term debt.

- No material weaknesses were found. However, the Auditors identified one audit findings. This finding exists to assist the WCA in strengthening and identifying areas where internal control and oversight can be improved. All prior year audit findings were remediated.

AUDIT FINDING #1: During our review of Board minutes, we noted that there is no signature by the Board Chair.

WCA RESPONSE AUDIT FINDING #1: The Authority previously included only the Board Chair's signature on its minutes. The WCA has accepted this recommendation and has modified templates for the minutes to include both the preparer and the Board Chair on all minutes going forward.

FISCAL INFORMATION: Acceptance of the FY 13/14 audit findings, audit and subsequent response to audit findings has no financial impact.

WATERSHED CONSERVATION AUTHORITY

MANAGEMENT REPORT
AND
AUDITOR'S COMMUNICATION LETTER

June 30, 2014

WATERSHED CONSERVATION AUTHORITY
June 30, 2014

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January 28, 2015

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

We have audited the financial statements of the Watershed Conservation Authority (Authority) as of and for the fiscal year ended June 30, 2014. Professional standards require that we provide you with the information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 30, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the basic financial statements. As discussed in Note 1 of the notes to the basic financial statements, four new accounting policies were adopted during the fiscal year. The new policies are Governmental Accounting Standards Board (GASB) Statement Nos. 65, 66, 67, and 70. We noted no transactions entered into by the Authority during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or by the aggregate to the financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 28, 2015.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining Fund Financial Statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America,

the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Very truly yours,

MOSS, LEVY & HARTZHEIM, LLP
Culver City, CA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Watershed Conservation Authority (Authority) as of and for the fiscal year ended June 30, 2014, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 28, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.*

We noted a certain other matter that is reported in the current year recommendation section as #2014-01.

Authority's Response to the Finding

The Authority's response to the finding identified in our audit is described in the current year recommendation section. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Very truly yours,

Moss, Levy & Hartzheim, LLP
Culver City, California
January 28, 2015

CURRENT YEAR RECOMMENDATION

Other Matter

2014-01 Finding – Lack of signature on Board minutes:
During our review of Board minutes, we noted that there is no signature by the Board Chair.

Effect:
Without an approval signature by someone other than the preparer, it is difficult to determine if the minutes presented are the actual approved minutes.

Recommendation:
We recommend that all Board minutes contain the signatures of the preparer and the Board Chair's.

Management's Response:
We are in receipt of this recommendation. The Authority will follow the Robert's Rules of Order and require both the Board Chair and Secretary signatures on all future Authority board meeting minutes.

STATUS OF PRIOR YEAR RECOMMENDATIONS

Significant Deficiency

2013-01 Finding – Action for Uncollected Rent and Late Fees:
During our audit fieldwork, it was noted that four tenants had late fees and past due rent balances owed as of 6/30/13.

Effect:
Uncollected balances have a negative impact on the financial position of the Authority.

Recommendation:
We recommend that the Authority take appropriate action to collect all unpaid late fees and past due rent, immediately.

Status:
Implemented.

Other Matters

2013-02 Finding – Deficiency in Employee Reimbursement:
During our test of employee reimbursements, it was noted that one receipt was not obtained/retained.

Effect:
Without proper documentation, a misappropriation of funds could occur and go undetected.

Recommendation:
We recommend that Authority ensure that all employee reimbursements have adequate supporting documentation prior to processing the payment.

Status:
Implemented.

2013-03 Finding - Lack of Accounting of Restricted Cash in Escrow Account
During our audit, it was noted that the Authority's restricted cash in an escrow account was never accounted for on the books and records of the Authority.

Effect:
Restricted cash and net position were understated in the prior fiscal years.

Recommendation:
We recommend that all assets and liabilities of the Authority be accounted for on the books and records of the Authority.

Status:
Implemented.

WATERSHED CONSERVATION AUTHORITY

ANNUAL FINANCIAL REPORT

June 30, 2014

WATERSHED CONSERVATION AUTHORITY
JUNE 30, 2014

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Watershed Conservation Authority (Authority), as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2014, and the respective changes in financial position and cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principles

As discussed in Note 1 to the basic financial statements effective July 1, 2013, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities,* Statement No. 66, *Technical Correction-2012,* Statement No. 67, *Financial Reporting for Pension Plans,* and Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2015, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim, LLP
Culver City, California
January 28, 2015

WATERSHED CONSERVATION AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

The Management's Discussion and Analysis (MD&A) of the financial activities of the Watershed Conservation Authority (the Authority) provides a narrative overview of the Authority's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the accompanying financial statements, footnotes, and supplementary information. Amounts contained in this discussion have been rounded to facilitate their readability.

Financial Highlights

- During the current fiscal year, the Authority's net position increased by $1.59 million to $25.39 million. Cash deposited in the County Treasury Pool increased by $1.59 million to $2.70 million.

- Operating revenues increased by $1.83 million to $2.84 million while operating expenses increased by $.08 million to $1.26 million. The increase in revenue was primarily due to an increase in grant funding.

- The Authority acquired land valued at $25,875 during the fiscal year. The Authority also made improvements to existing facilities at a cost of $16,216 and had construction in progress costs of $100,565 during the fiscal year.

- The Authority continues to have no long-term debt.

Overview of Financial Statements

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

- The Statement of Net Position presents all of the Authority's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator to determine whether the financial position of the Authority is improving or deteriorating.

- The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the Authority's net position changed during the fiscal year. All changes in net position (revenues and expenses) are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Accordingly, revenues and expenses are reported in this statement for items that will result in cash flows in future fiscal periods (e.g. accrued but unpaid contract and professional service fees).

WATERSHED CONSERVATION AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2014
(Continued)

- The Statement of Cash Flows presents information regarding the Authority's use of cash during the fiscal year and is an indicator of whether or not sufficient cash flow is being generated during the fiscal year to meet the operating needs of the Authority.

- The notes provide additional information that is essential for a full understanding of the data provided in the financial statements.

- The supplemental information includes combining fund financial statements showing the activity for each fund.

Financial Statement Analysis

Since formation, Net Position of the Authority has gradually grown from $1 million to over $25.39 million. Most of the growth in Net Position has been attributable to the Authority's acquisition of land and related capital assets. Operating revenues consist primarily of Federal and State grants and leases of Authority owned buildings. Operating expenses consist primarily of contract and professional service fees, salaries and wages, depreciation, and services and supplies related to the acquisition and maintenance of the various Authority owned properties.

As of June 30, 2014, the Authority's Net Position was $25.39 million compared to $23.81 million as of June 30, 2013, an increase of 6.7%. Investments in Capital Assets accounted for $20.54 million of the total Net Position. Liabilities as of June 30, 2014 were $86,000 compared to $212,000 as of June 30, 2013.

Capital Assets

As of June 30, 2014, the Authority's capital assets consisted of $17.57 million in land, $101,000 in construction in progress, $1.85 million in buildings, $2.27 million in improvements, and accumulated depreciation of $1.26 million. During the fiscal year ended June 30, 2014, the Authority acquired land valued at $26,000, made improvements to existing capital assets at a cost of $16,000, and had construction costs of $101,000.

Economic Factors

In fiscal year 2014-15, the Authority will continue to utilize its Cost Allocation Plan to capture overhead costs in accordance with the Authority's existing grant requirements. In fiscal year 2013-2014 the Authority contracted with a consultant to develop a Cost Allocation Plan Model that could be regularly updated as part of the annual budgeting process.

The following capital project activity is anticipated for fiscal year 2014-2015:

WATERSHED CONSERVATION AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Continued)

- The Authority was awarded a grant from the Rivers and Mountains Conservancy totaling approximately $456,000 in fiscal year 2013-2014 and expects to contract with a consultant to complete planning and design documents for the River Wilderness Park's entry project.

- The Authority expects to acquire approximately 237 acres of open space in the Angeles National Forest referred to as the Mount Baldy Ranch with plans to protect the property's significant natural and scenic resources in perpetuity. The Authority received a grant in the amount of $25,000 to conduct due diligence tasks associated with acceptance of the land which is expected to be acquired through a donation from the Conservation Fund.

- The Authority anticipates completing the second year of the two year interpretive program and begin developing the design for U.S. Forest Service's Cattle Canyon site utilizing grant received by the Rivers and Mountains Conservancy totaling approximately $770,000.

- The Duck Farm is continuing to move towards construction with a variety of grants secured over the past several years, including the newly received grant from Natural Resource Agency totaling $1.4 million in addition to $280,000 expected to be received during this period from Los Angeles County Flood Control District.

- The Citrus Grove Heights Bike Stop project will acquire the land and begin design of a multi-purpose bike stop along the San Gabriel River utilizing funds provided by the Natural Resources Agency and the Rivers & Mountains Conservancy.

- The Authority is continuing to move towards completion of design and start of construction of its Parque Dos Rios/South Gate and Sante Fe Bike projects for which it received two Proposition A funded grants. The project will include construction of a bike stop and overlook of new native landscape habitat along the Los Angeles River bike trail and a sculptural art installation at the Santa Fe Dam location along the San Gabriel River bikeway, respectively.

- The Authority anticipates, in conjunction with the City of San Dimas, to complete Environmental Documents for the project and begin design and installation of a trail connection to implement the initial components of the adopted Conceptual Master Plan on the Walnut Creek Habitat and Open Space project.

- The Authority expects to continue to provide professional services for the Walnut Creek Habitat and Open Space project, Coyote Creek/City of Los Alamitos, and the San Gabriel River Discovery Center Authority.

Contacting the Authority's Financial Management

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

WATERSHED CONSERVATION AUTHORITY
Statement of Net Position
As of June 30, 2014

Assets		
Cash deposited with County Treasurer (Note 3)	$	2,697,347
Restricted cash in escrow account (Note 4)		2,202,516
Receivables:		
Leases		14,670
Accrued interest		5,807
Miscellaneous		5,197
Prepaid expenses		15,449
Capital assets: (Note 6)		
Land - nondepreciable		17,573,154
Construction in progress - nondepreciable		100,565
Buildings - depreciable		1,854,000
Improvements - depreciable		2,272,670
Accumulated depreciation		(1,262,678)
Total Assets		25,478,697
Liabilities		
Security deposits		10,335
Unearned revenue		2,333
Accrued expenses		73,322
Total Liabilities		85,990
Net Position (Note 5)		
Net investment in capital assets		20,537,711
Restricted for Discovery Center		2,202,570
Unrestricted		2,652,426
Total Net Position	$	25,392,707

See accompanying notes to basic financial statements

WATERSHED CONSERVATION AUTHORITY
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2014

Operating Revenues:	
Contributions from Federal, State, and Local grants	$ 2,399,189
Contributions from County departments	25,500
Leases	242,999
Miscellaneous	173,300
Total Operating Revenues	2,840,988
Operating Expenses:	
Contract and professional service fees	641,295
Insurance	35,286
Maintenance	33,319
Utilities, supplies, and other charges	81,614
Depreciation	205,926
Salaries and wages	259,177
Total Operating Expenses	1,256,617
Operating Income	1,584,371
Non-Operating Revenues and Expenses:	
Interest on deposited funds	9,544
Total Non-Operating Revenues and Expenses	9,544
Change in Net Position	1,593,915
Net Position, beginning of the fiscal year	23,805,219
Prior Period Adjustments (Note 11)	(6,427)
Net Position, beginning of the fiscal year, restated	23,798,792
Net Position, end of the fiscal year	$ 25,392,707

See accompanying notes to basic financial statements

WATERSHED CONSERVATION AUTHORITY
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014

Cash Flows from Operating Activities:	
Cash received from Federal, State, and Local grants	$ 2,390,740
Cash received from County departments	115,500
Cash received from leases	211,242
Cash received from miscellaneous services	176,451
Cash paid to employees for services	(258,376)
Cash paid to suppliers for goods and services	(916,125)
Net Cash Provided by Operating Activities	1,719,432
Cash Flows from Capital and Related Financing Activities:	
Acquisitions of capital assets	(142,656)
Net Cash Used by Capital and Related Financing Activities	(142,656)
Cash Flows from Non-Capital Financing Activities:	
Transfers in	408,734
Transfers out	(399,353)
Net Cash Provided by Non-Capital Financing Activities	9,381
Cash Flows from Investing Activities:	
Interest received	6,442
Net Cash Provided by Investing Activities	6,442
Net Increase in Cash	1,592,599
Cash, Beginning of Fiscal Year	3,307,264
Cash, End of Fiscal Year	$ 4,899,863
Reconciliation of Cash to Statement of Net Position:	
Cash Deposited with County Treasurer	$ 2,697,347
Restricted Cash in Escrow Account	2,202,516
Total Cash	$ 4,899,863
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income	$ 1,584,371
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	205,926
Decrease (increase) in grant receivable	80,050
Decrease (increase) in lease receivable	(10,660)
Decrease (increase) in prepaid expenses	(8,483)
Decrease (increase) in due from other funds	4,223
Decrease (increase) in miscellaneous receivable	(154)
Increase (decrease) in due to other funds	(2,541)
Increase (decrease) in due to LA County	(10,533)
Increase (decrease) in unearned revenue	(21,097)
Increase (decrease) in accrued expenses	(101,670)
Net Cash Provided by Operating Activities	$ 1,719,432

See accompanying notes to basic financial statements

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WATERSHED CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

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

The Authority is governed by a Board of Directors composed of eight members: three voting members appointed by the Governing Board of the RMC, none of which shall be a member appointed by the Los Angeles County Board of Supervisors; four voting members of the Los Angeles County Board of Supervisors, or their designees, who represents the areas within the territory for the RMC; and the Director of the Los Angeles County Public Works, who will serve as a non-voting, ex-officio member. The Authority is legally separate and fiscally independent from each of the member entities. This means it can incur debt, set and modify its own budget and fees, enter into contracts, and sue and be sued in its own name.

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

B. Significant Accounting Policies

The Authority's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

<u>Basis of Accounting and Measurement Focus</u>

The Authority is accounted for as enterprise funds (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. The Authority utilizes the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the liability is incurred.

WATERSHED CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

B. Significant Accounting Policies (Continued)

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

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

The Authority has implemented the requirements of GASB Statements No. 65, 66, 67, and 70 during the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 65

For the fiscal year ended June 30, 2014, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of the GASB Statement No. 65 did not have an impact on the Authority's financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 66

For the fiscal year ended June 30, 2014, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 66, "Technical Correction - 2012." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," and GASB Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement No. 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement No. 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. Implementation of the GASB Statement No. 66 did not have an impact on the Authority's financial statements for the fiscal year ended June 30, 2014.

WATERSHED CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

B. Significant Accounting Policies (Continued)

Governmental Accounting Standards Board Statement No. 67

For the fiscal year ended June 30, 2014, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 67, "Financial Reporting for Pension Plans." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and No. 50 "Pension Disclosures" as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. Implementation of the GASB Statement No. 67 did not have an impact on the Authority's financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 70

For the fiscal year ended June 30, 2014, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 70, "Accounting and Financial Reporting for Non-exchange Financial Guarantees." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are non-exchange transactions. Implementation of the GASB Statement No. 70 did not have an impact on the Authority's financial statements for the fiscal year ended June 30, 2014.

The following are descriptions of the Authority's funds:

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

- The **Duck Farm Leases Fund** is used to record and monitor lease revenues on the Duck Farm property.

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

WATERSHED CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

B. Significant Accounting Policies (Continued)

The following are descriptions of the Authority's funds (continued):

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

- The **Prop 40 RMC 3596 Azusa River Fund** is used to record Prop 40 RMC3596 funds granted to the Authority for the Azusa River Project.

- The **Prop 50 RMC 3596 Azusa River Fund** is used to record Prop 50 RMC3596 funds granted to the Authority for the Azusa River Project.

- The **Prop 50 RMC 3619 Whittier Narrows Dam Recreation Area Plan Fund** is used to record Prop 50 RMC3619 funds granted to the Authority for the Whittier Narrows Dam Recreation Area project (located in the City of Pico Rivera, City of South El Monte, City of Montebello, and unincorporated Los Angeles County; a recreation and open space area that cover over 772 acres). Prop 50 - Water security, clean drinking water, coastal and beach protection bond act of 2002.

- The **Prop 50 RMC 3618 Emerald Necklace San Jose Creek Property Fund** is used to record Prop 50 RMC3618 funds granted to the Authority for the Emerald Necklace San Jose Creek project. The project is a fee simple acquisition of approximately 4 acres within the San Jose Creek area in unincorporated Los Angeles County, Avocado Heights. The project will be developed as a passive open space with equestrian features and water quality elements and the Los Angeles County will be the long-term steward of the property.

- The **Prop 84 RMC 3522 Walnut Creek Habitat & Open Space Acquisition Fund** is used to record Prop 84 RMC3522 funds granted to the Authority for the Walnut Creek Habitat & Open Space project. The project is the acquisition of a portion of the 60.76 acres within the riparian area of Walnut Creek and west of the 57 Freeway, in unincorporated Los Angeles County, 5th District, surrounded by the City of San Dimas.

- The **Prop 50 RMC 3615 Canyon Inn/Theological Seminary Property Fund** is used to record Prop 50 RMC3615 funds granted to the Authority for the Canyon Inn/Theological Seminary project. The project is a fee simple acquisition of approximately 26.06 acre International Theological Seminary (Canyon Inn/Cool Springs) property in Azusa within the Azusa River Wilderness Park project.

WATERSHED CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

B. Significant Accounting Policies (Continued)

The following are descriptions of the Authority's funds (continued):

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

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

- The **Supplemental Environmental Project - Duck Farms Fund** is used to record Supplemental Environmental Project funds granted to the Authority for the Duck Farm.

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

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

- The **Resources Agency Canyon Inn Acquisition Fund** is used to record Resources Agency funds granted to the Authority for the Canyon Inn Acquisition. Funds will be used for the purchase of 26.06 acres in fee title along the San Gabriel River. It will become part of the Azusa Wilderness Park where greenways and bike paths will connect many communities. Upon acquisition, the restoration of the river banks and establishment of approximately 15 miles of trails will start.

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

WATERSHED CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

B. Significant Accounting Policies (Continued)

The following are descriptions of the Authority's funds (continued):

- The **Prop 84 RMC 09103 San Gabriel and Rio Hondo Watershed Fund** is used to record Prop 84 RMC09103 funds granted to the WCA for the San Gabriel and Rio Hondo Watershed. State enacted Prop 84 – the safe drinking water, water quality and supply, flood control, river and coastal protection bond act of 2006 which provides funds to the RMC grant programs; RMC authorized $168,563 grant to the WCA.

- The **Prop 84 RMC 10011 Azusa Springs Water System RWP Fund** is used to record Prop 84 RMC10011 funds granted to the WCA for the Azusa Springs Water System, River Wilderness Park. State enacted Prop 13 – the safe drinking water, clean water, watershed protection, and flood protection bond act of 2000 which provides funds for the Rivers and Mountains Conservancy (RMC) grant programs; the Rivers and Mountains Conservancy authorized a $460,000 grant to the WCA.

- The **Prop 84 RMC09105 Cattle Canyon Improvement Fund** is used for the San Gabriel River Confluence with Cattle Canyon Improvement Project. The project is the Phase I Planning for portions of the confluence of the East Fork of the San Gabriel River with Cattle Canyon and its creek. This project will include a feasibility study, development of the site, interpretive and directional signage, an interpretive program utilizing the Southern California Consortium project and a study on the effectiveness of the Interpretive Program. This pilot project will be completed with the intent that it is replicable in other areas of the Angeles National Forest and the San Gabriel River Watershed. This project is a collaboration of the USFS, RMC, Sierra Club, Southern California Consortium and the Upper San Gabriel Valley Municipal Water District with all of the partners allocating staff time to the project.

- The **Prop 84 RMC10007 98th Street Park Project Fund** is used to record funds granted to the Prop 84 RMC10007 98th Street Park Project. WCA will partner with a local community based group in the South Los Angeles/Watts area to conduct the community visioning and feasibility study for a passive rail enhancement along 98th Street, a Dept. of Water and Power right-of-way. The study will form the basis for findings under the California Environmental Quality Act. The site is currently used as a walkway by the local community as well as a passive recreational amenity.

- The **LACFCD Emerald Necklace Feasibility Study/Implementation Fund** is used to record funding from the California Community Foundation, Los Angeles County Flood Control District (LACFCD), and Southern California Edison. Emerald Necklace is a 17-mile loop of proposed and existing parks, greenways, bikeways, and multi-use trails along the San Gabriel River and the Rio Hondo between Peck Road Water Conservation Park and Whittier Narrows Recreation Area.

WATERSHED CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

B. Significant Accounting Policies (Continued)

The following are descriptions of the Authority's funds (continued):

- **LACFCD Emerald Necklace Feasibility Study/Implementation Fund – (Continued)** A Vision Plan for the Emerald Necklace was developed by Amigos de los Rios, a non-profit organization, in conjunction with various stakeholders, and identifies potential opportunities for development of greening and tributary channel naturalization projects along the San Gabriel River and the Rio Hondo including its proximity; including projects proposed on property of facilities under the LACFCD or County of Los Angeles Dept. of Parks and Recreation jurisdiction. WCA has proposed to retain a consultant to prepare the LACFCD/County of Los Angeles Emerald Necklace Feasibility Study and Implementation Plan to analyze the technical feasibility of the projects identified in the Vision Plan.

- The **Environmental Enhancement Mitigation Program EEMP Duck Farm Fund** is used for the restoration of the Duck Farm in Los Angeles County and to create a river-front parkway adjacent to the Caltrans 1-10 HOV lanes addition project that will revitalize the space by providing a viable habitat for wildlife, storm water capture benefits, parkway, trails, and recreational opportunities for local underserved, park poor communities within the San Gabriel River Corridor.

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

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

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

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

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

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

WATERSHED CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

The following are descriptions of the Authority's funds (continued):

- The **Discovery Center Escrow Fund** is used to account for the funds that were placed into an escrow account by the County Sanitation Districts of Los Angeles County as part of a settlement agreement. These funds will be used for the construction of the San Gabriel River Discovery Center.

C. Net Position

The Authority's financial statements are presented in accordance with the provisions of Governmental Accounting Standards Board Statement (GASB) No. 34 and No. 63. GASB Statement No. 63 requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at 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, 2014, the Authority had no debt obligations.

Restricted net position – This component of net position represents restricted assets net of liabilities that relate to those specific restricted assets. A restricted asset is an asset for which constraints have been placed on the asset's use by creditors, contributors, laws, or regulations of other governments, or as a consequence of a restriction established by the reporting government's own governing body at the time a particular fee, charge, levy, or assessment was approved. These restrictions must be narrower than the general purposes for which the reporting government can use its resources. As of June 30, 2014, the Authority had no restricted net position.

Unrestricted net position – This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

D. Revenues

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

E. Capital Assets

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

WATERSHED CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

E. Capital Assets (Continued)

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

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

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

Buildings and Improvements	20 Years

F. Estimates

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

G. Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash represents balances that can be readily withdrawn without substantial notice or penalty. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of three months or less.

NOTE 2 RELATED PARTY TRANSACTIONS

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

NOTE 3 CASH ON DEPOSIT WITH COUNTY TREASURER

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

WATERSHED CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 3 CASH ON DEPOSIT WITH COUNTY TREASURER (Continued)

Statutes authorize the County of Los Angeles to invest pooled investments in obligations of the United States Treasury, federal agencies, municipalities, commercial paper rated A-1 by Standard and Poor's Corporation and P-1 by Moody's Commercial Paper Record, bankers' acceptances, negotiable certificates of deposits, floating rate notes, repurchase agreements, and reverse repurchase agreements.

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

Funds deposited in the Los Angeles County Treasury Pool amounted to $2,697,347 as of June 30, 2014. These amounts represent approximately 0.01% of the total balance of the Los Angeles County Treasury Pool.

NOTE 4 RESTRICTED CASH IN ESCROW ACCOUNT

The Authority received $2,200,000 from the County Sanitation Districts of Los Angeles County during the fiscal year ended June 30, 2007, as part of a settlement agreement. These funds are restricted for development of the San Gabriel River Discovery Center. As of June 30, 2014, these funds were held by U.S. Bank in an escrow account and are invested in unrated money market accounts, with a balance of $2,202,516. As of June 30, 2014, the development of the San Gabriel River Discovery Center has not commenced.

NOTE 5 NET POSITION

Net position at June 30, 2014, consisted of the following:

Net Investment in Capital Assets	$ 20,537,711
Restricted for Discovery Center	2,202,570
Unrestricted Net Position	2,652,426
Total Net Position	$ 25,392,707

NOTE 6 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014 is as follows:

	Balance at June 30, 2013	Additions	Deletions	Prior Period Adjustments	Balance at June 30, 2014
Capital Assets, Non Depreciable:					
Land	$ 17,547,279	$ 25,875	$	$	$ 17,573,154
Construction in progress		100,565			100,565
Total Capital Assets, non depreciable	17,547,279	126,440			17,673,719
Capital Assets, Depreciable:					
Buildings	1,854,000				1,854,000
Improvements	2,265,116	16,216		(8,662)	2,272,670
Less: Accumulated depreciation	(1,058,987)	(205,926)		2,235	(1,262,678)
Total Capital Assets, depreciable, net	3,060,129	(189,710)		(6,427)	2,863,992
Total Capital Assets, net	$ 20,607,408	$ (63,270)	$	$ (6,427)	$ 20,537,711

WATERSHED CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 7 COMMITMENTS AND CONTINGENCIES

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

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 material impact on the financial condition of the Authority.

NOTE 8 DEFERRED COMPENSATION PLAN

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

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

NOTE 9 DEFICIT NET POSITION

As of June 30, 2014, the USFS EcoVoices Fund has a deficit net position of $7,499. It is the Authority's expectations that future revenues will alleviate this deficit net position.

NOTE 10 PRIOR PERIOD ADJUSTMENT

A prior period adjustment of ($6,427) was made due to an overstatement of capital assets in the prior fiscal year.

NOTE 11 SUBSEQUENT EVENTS

The Authority's management has reviewed all known events that have occurred after June 30, 2014 and through January 28, 2015, the date when these financial statements were available to be issued, for inclusion in the financial statements and footnotes.

WATERSHED CONSERVATION AUTHORITY
Combining Statement of Net Position
June 30, 2014

	Watershed Conservation Authority	Duck Farm Leases	El Encanto Leases
Assets			
Cash deposited with County Treasurer	$ 27,076	$ 308,545	$ 21,292
Restricted cash in escrow account			
Receivables:			
Leases		7,710	6,960
Due from other funds	661		
Accrued interest	177	820	84
Miscellaneous			326
Prepaid expenses	3,567	2,474	6,103
Capital assets:			
Land - nondepreciable	17,502,519		
Construction in progress - nondepreciable			
Buildings - depreciable	1,854,000		
Improvements - depreciable		65,688	573,645
Accumulated depreciation	(781,500)	(21,993)	(184,095)
Total Assets	18,606,500	363,244	424,315
Liabilities			
Security deposits	2,535	4,850	2,950
Unearned revenue		2,333	
Accrued expenses	12,639	490	16,969
Due to other funds			
Total Liabilities	15,174	7,673	19,919
Net Position			
Net investment in capital assets	18,575,019	43,695	389,550
Restricted for Discovery Center			
Unrestricted	16,307	311,876	14,846
Total Net Position (Deficit)	$ 18,591,326	$ 355,571	$ 404,396

Southgate Riparian Habitat Property	Prop 40 RMC 3596 Azusa River	Prop 50 RMC 3596 Azusa River	Prop 50 RMC 3619 Whittier Narrows Dam Recreation Area Plan	Prop 50 RMC 3618 Emerald Necklace San Jose Creek Property	Prop 84 RMC 3522 Walnut Creek Habitat & Open Space Acquisition
$ 9,965	$ 180	$	$ 3,473	$ 666	$ 799
21			10	2	2
17					
16,299					
26,302	180		3,483	668	801
16,299					
10,003	180		3,483	668	801
$ 26,302	$ 180	$	$ 3,483	$ 668	$ 801

(Continued)

WATERSHED CONSERVATION AUTHORITY
Combining Statement of Net Position
June 30, 2014
(Continued)

	Prop 50 RMC 3615 Canyon Inn/Theological Seminary Property	Prop 40 RMC 3609 Duck Farm Phase 1A Implementation	Prop 84 RMC 3640 Chapter 8 Defaulted Tax Property	Supplemental Environmental Project - Duck Farms
Assets				
Cash deposited with County Treasurer	$ 1,682	$ 55,577	$ 27,643	$ 181,678
Restricted cash in escrow account				
Receivables:				
Leases				
Due from other funds				
Accrued interest	5	136	98	532
Miscellaneous				
Prepaid expenses		907		
Capital assets:				
Land - nondepreciable			54,336	
Construction in progress - nondepreciable		65,028		
Buildings - depreciable				
Improvements - depreciable		1,264,708		81,429
Accumulated depreciation		(215,546)		(14,250)
Total Assets	1,687	1,170,810	82,077	249,389
Liabilities				
Security deposits				
Unearned revenue				
Acrrued expenses		16,133	263	
Due to other funds				
Total Liabilities		16,133	263	
Net Position				
Net investment in capital assets		1,114,190	54,336	67,179
Restricted for Discovery Center				
Unrestricted	1,687	40,487	27,478	182,210
Total Net Position (Deficit)	$ 1,687	$ 1,154,677	$ 81,814	$ 249,389

Prop A Duck Farm	Prop A SGR	Resources Agency Canyon Inn Acquisition	Prop 84 RMC 09102 WCA Capital Project Implementation	Prop 84 RMC 09103 San Gabriel and Rio Hondo Watershed	Prop 84 RMC 10011 Azusa Springs Water System RWP	Prop 84 RMC 09105 Cattle Canyon Improvement
$ 111,418	$1,387,512	$ 629	$ 34,464	$ 44	$ 4,259	$ 55,289
138	1,761	2	697	24	14	119
			4,871			
			2,381			
	34,187					
10,000					268,785	
(1,750)					(43,334)	
119,806	1,423,460	631	42,413	68	229,724	55,408
	5,000		12,501			907
	5,000		12,501			907
8,250	34,187				225,451	
111,556	1,384,273	631	29,912	68	4,273	54,501
$ 119,806	$1,418,460	$ 631	$ 29,912	$ 68	$ 229,724	$ 54,501

(Continued)

WATERSHED CONSERVATION AUTHORITY
Combining Statement of Net Position
June 30, 2014
(Continued)

	Prop 84 RMC 10007 98th Street Park Project	LACFCD Emerald Necklace Feasibility Study/ Implementation	Environmental Enhancement Mitigation Program EEMP Duck Farm	USFS EcoVoices
Assets				
Cash deposited with County Treasurer	$ 17,397	$ 2,425	$ 247,558	$
Restricted cash in escrow account				
Receivables:				
Leases				
Due from other funds				
Accrued interest	49	73	727	7
Miscellaneous				
Prepaid expenses				
Capital assets:				
Land - nondepreciable				
Construction in progress - nondepreciable				
Buildings - depreciable				
Improvements - depreciable			8,415	
Accumulated depreciation			(210)	
Total Assets	17,446	2,498	256,490	7
Liabilities				
Security deposits				
Unearned revenue				
Accrued expenses				6,845
Due to other funds				661
Total Liabilities				7,506
Net Position				
Net investment in capital assets			8,205	
Restricted for Discovery Center				
Unrestricted	17,446	2,498	248,285	(7,499)
Total Net Position (Deficit)	$ 17,446	$ 2,498	$ 256,490	$ (7,499)

Property Management Project Walnut Creek	San Gabriel River Bike Trail Gateway Enhancement Project	Mt. Baldy Ranch Property	Citrus Grove Heights Bike Stop Project	Tree Planting Enhancement SGR	Discovery Center Escrow	Total
$ 1,502	$ 73,516	$ 12,681	$ 20,074	$ 90,003	$	$ 2,697,347
					2,202,516	2,202,516
						14,670
						661
2	93	24	28	108	54	5,807
						5,197
						15,449
						17,573,154
	1,350					100,565
						1,854,000
						2,272,670
						(1,262,678)
1,504	74,959	12,705	20,102	90,111	2,202,570	25,479,358
						10,335
						2,333
		1,575				73,322
						661
		1,575				86,651
	1,350					20,537,711
					2,202,570	2,202,570
1,504	73,609	11,130	20,102	90,111		2,652,426
$ 1,504	$ 74,959	$ 11,130	$ 20,102	$ 90,111	$ 2,202,570	$ 25,392,707

WATERSHED CONSERVATION AUTHORITY
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2014

	Watershed Conservation Authority	Duck Farm Leases	El Encanto Leases
Operating Revenues:			
Contributions from Federal, State, and Local grants	$ 10,139	$	$
Contributions from County departments	25,500		
Leases		138,668	90,373
Miscellaneous	73,619	4,499	19,230
Total Operating Revenues	109,258	143,167	109,603
Operating Expenses:			
Contract and professional service fees	137,291	34,914	69,399
Insurance	6,725	1,450	3,034
Maintenance	5,414	1,689	16,406
Utilities, supplies, and other charges		5,612	23,702
Depreciation	92,700	3,284	28,487
Salaries and wages			
Total Operating Expenses	242,130	46,949	141,028
Operating Income (Loss)	(132,872)	96,218	(31,425)
Non-Operating Revenues and Expenses:			
Interest on deposited funds	422	1,767	189
Change in Net Position before Transfers	(132,450)	97,985	(31,236)
Transfers in	37,535	12,200	7,000
Transfers out	(17,959)	(50,854)	(2,622)
Change in Net Position	(112,874)	59,331	(26,858)
Net Position, beginning of the fiscal year	18,704,200	302,667	431,254
Prior Period Adjustments		(6,427)	
Net Position, beginning of the fiscal year, restated	18,704,200	296,240	431,254
Net Position (Deficit), end of the fiscal year	$ 18,591,326	$ 355,571	$ 404,396

Southgate Riparian Habitat Property	Prop 40 RMC 3596 Azusa River	Prop 50 RMC 3596 Azusa River	Prop 50 RMC 3619 Whittier Narrows Dam Recreation Area Plan	Prop 50 RMC 3618 Emerald Necklace San Jose Creek Property	Prop 84 RMC 3522 Walnut Creek Habitat & Open Space Acquisition
$	$	$	$	$	$
13,958					
1,000					
14,958					
791					
10					
23					4
824					4
14,134					(4)
50	1		22	4	5
14,184	1		22	4	1
9,545					
(13,428)					
10,301	1		22	4	1
16,001	179		3,461	664	800
16,001	179		3,461	664	800
$ 26,302	$ 180	$	$ 3,483	$ 668	$ 801

(Continued)

WATERSHED CONSERVATION AUTHORITY
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2014
(Continued)

	Prop 50 RMC 3615 Canyon Inn/Theological Seminary Property	Prop 40 RMC 3609 Duck Farm Phase 1A Implementation	Prop 84 RMC 3640 Chapter 8 Defaulted Tax Property	Supplemental Environmental Project - Duck Farms
Operating Revenues:				
Contributions from Federal, State, and Local grants	$	$ 257,000	$	$
Contributions from County departments				
Leases				
Miscellaneous				
Total Operating Revenues		257,000		
Operating Expenses:				
Contract and professional service fees		46,243	2,547	11,138
Insurance				
Maintenance		2,423		5,009
Utilities, supplies, and other charges		18,866		18,435
Depreciation		63,235		4,071
Salaries and wages				
Total Operating Expenses		130,767	2,547	38,653
Operating Income (Loss)		126,233	(2,547)	(38,653)
Non-Operating Revenues and Expenses:				
Interest on deposited funds	11	260	251	1,247
Change in Net Position before Transfers	11	126,493	(2,296)	(37,406)
Transfers in		12,105		
Transfers out		(96,120)	(11,014)	(7,142)
Change in Net Position	11	42,478	(13,310)	(44,548)
Net Position, beginning of the fiscal year	1,676	1,112,199	95,124	293,937
Prior Period Adjustments				
Net Position, beginning of the fiscal year, restated	1,676	1,112,199	95,124	293,937
Net Position (Deficit), end of the fiscal year	$ 1,687	$ 1,154,677	$ 81,814	$ 249,389

Prop A Duck Farm	Prop A SGR	Resources Agency Canyon Inn Acquisition	Prop 84 RMC 09102 WCA Capital Project Implementation	Prop 84 RMC 09103 San Gabriel and Rio Hondo Watershed	Prop 84 RMC 10011 Azusa Springs Water System RWP	Prop 84 RMC 09105 Cattle Canyon Improvement	Prop 84 RMC 10007 98th Street Park Project
$ 111,610	$1,479,801	$	$	$	$	$ 308,956	$
			69,524				
111,610	1,479,801		69,524			308,956	
90	8,280		42,887	1,039	39	199,735	
			24,063				
			5,677			9,295	
500					13,439		
			259,177				
590	8,280		331,804	1,039	13,478	209,030	
111,020	1,471,521		(262,280)	(1,039)	(13,478)	99,926	
143	1,833	4	52	87	37	228	109
111,163	1,473,354	4	(262,228)	(952)	(13,441)	100,154	109
	1,461		312,280				
(227)	(56,355)		(30,315)	(25,200)	(4,494)	(58,781)	
110,936	1,418,460	4	19,737	(26,152)	(17,935)	41,373	109
8,870		627	10,175	26,220	247,659	13,128	17,337
8,870		627	10,175	26,220	247,659	13,128	17,337
$ 119,806	$1,418,460	$ 631	$ 29,912	$ 68	$ 229,724	$ 54,501	$ 17,446

(Continued)

WATERSHED CONSERVATION AUTHORITY
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2014
(Continued)

	LACFCD Emerald Necklace Feasibility Study/ Implementation	Environmental Enhancement Mitigation Program EEMP Duck Farm	USFS EcoVoices
Operating Revenues:			
Contributions from Federal, State, and Local grants	$	$	$ 26,583
Contributions from County departments			
Leases			
Miscellaneous	3,928		
Total Operating Revenues	3,928		26,583
Operating Expenses:			
Contract and professional service fees	39,302	11,571	31,129
Insurance			
Maintenance			
Utilities, supplies, and other charges			
Depreciation		210	
Salaries and wages			
Total Operating Expenses	39,302	11,781	31,129
Operating Income (Loss)	(35,374)	(11,781)	(4,546)
Non-Operating Revenues and Expenses:			
Interest on deposited funds	208	1,638	12
Change in Net Position before Transfers	(35,166)	(10,143)	(4,534)
Transfers in			
Transfers out	(7,342)	(5,531)	(2,965)
Change in Net Position	(42,508)	(15,674)	(7,499)
Net Position, beginning of the fiscal year	45,006	272,164	
Prior Period Adjustments			
Net Position, beginning of the fiscal year, restated	45,006	272,164	
Net Position (Deficit), end of the fiscal year	$ 2,498	$ 256,490	$ (7,499)

Property Management Project Walnut Creek	San Gabriel River Bike Trail Gateway Enhancement Project	Mt. Baldy Ranch Property	Citrus Grove Heights Bike Stop Project	Tree Planting Enhancement SGR	Discovery Center Escrow	Total
$	$ 75,600	$ 19,000	$ 20,500	$ 90,000	$	$ 2,399,189
						25,500
						242,999
1,500						173,300
1,500	75,600	19,000	20,500	90,000		2,840,988
3,252		1,648				641,295
4						35,286
2,378						33,319
						81,614
						205,926
						259,177
5,634		1,648				1,256,617
(4,134)	75,600	17,352	20,500	90,000		1,584,371
2	96	26	30	111	699	9,544
(4,132)	75,696	17,378	20,530	90,111	699	1,593,915
5,706						397,832
(70)	(737)	(6,248)	(428)			(397,832)
1,504	74,959	11,130	20,102	90,111	699	1,593,915
					2,201,871	23,805,219
						(6,427)
					2,201,871	23,798,792
$ 1,504	$ 74,959	$ 11,130	$ 20,102	$ 90,111	$ 2,202,570	$ 25,392,707

WATERSHED CONSERVATION AUTHORITY
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014

	Watershed Conservation Authority	Duck Farm Leases	El Encanto Leases
Cash Flows from Operating Activities:			
Cash received from Federal, State, and Local grants	$ 10,139	$	$
Cash received from County departments	25,500		
Cash received from leases		123,819	87,423
Cash received from miscellaneous services	73,619	4,499	19,077
Cash paid to employees for services			
Cash paid to suppliers for goods and services	(156,379)	(61,083)	(120,868)
Net Cash Provided (Used) by Operating Activities	(47,121)	67,235	(14,368)
Cash Flows from Capital and Related Financing Activities:			
Acquisitions of capital assets			(7,800)
Net Cash Provided (Used) by Capital and Related Financing Activities			(7,800)
Cash Flows from Non-Capital Financing Activities:			
Transfers in	37,535	12,200	7,000
Transfers out	(17,959)	(52,376)	(2,622)
Net Cash Provided (Used) by Non-Capital Financing Activities	19,576	(40,176)	4,378
Cash Flows from Investing Activities:			
Interest received	364	1,403	166
Net Cash Provided (Used) by Investing Activities	364	1,403	166
Net Increase/(Decrease) in Cash	(27,181)	28,462	(17,624)
Cash, Beginning of Fiscal Year	54,257	280,083	38,916
Cash, End of Fiscal year	$ 27,076	$308,545	$ 21,292
Reconciliation of Cash to Statement of Net Position:			
Cash Deposited with County Treasurer	$ 27,076	$308,545	$ 21,292
Restricted Cash in Escrow Account			
Total Cash	$ 27,076	$308,545	$ 21,292
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$ (132,872)	$ 96,218	$ (31,425)
Adjustments to reconcile change in operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	92,700	3,284	28,487
Decrease (increase) in grant receivable			
Decrease (increase) in lease receivable		(7,710)	(2,950)
Decrease (increase) in prepaid expenses	2,721	(2,034)	(5,982)
Decrease (increase) in due from other funds	(661)		
Decrease (increase) in miscellaneous receivable			(154)
Increase (decrease) in due to other funds	(1,253)		
Increase (decrease) in due to LA County	(10,533)		
Increase (decrease) in unearned revenue		(7,139)	
Increase (decrease) in accrued expenses	2,777	(15,384)	(2,344)
Net Cash Provided (Used) by Operating Activities	$ (47,121)	$ 67,235	$ (14,368)

Southgate Riparian Habitat Property	Prop 40 RMC 3596 Azusa River	Prop 50 RMC 3596 Azusa River	Prop 50 RMC 3619 Whittier Narrows Dam Recreation Area Plan	Prop 50 RMC 3618 Emerald Necklace San Jose Creek Property	Prop 84 RMC 3522 Walnut Creek Habitat & Open Space Acquisition	Prop 50 RMC 3615 Canyon Inn/Theological Seminary Property
$	$	$	$	$	$	$
1,000						
(1,450)					(1,755)	
(450)					(1,755)	
9,545					1,523	
(13,428)						
(3,883)					1,523	
77	1		18	3	5	9
77	1		18	3	5	9
(4,256)	1		18	3	(227)	9
14,221	179		3,455	663	1,026	1,673
$ 9,965	$ 180	$	$ 3,473	$ 666	$ 799	$ 1,682
$ 9,965	$ 180	$	$ 3,473	$ 666	$ 799	$ 1,682
$ 9,965	$ 180	$	$ 3,473	$ 666	$ 799	$ 1,682
$ 14,134	$	$	$	$	$ (4)	$
(17)						
(13,958)						
(609)					(1,751)	
$ (450)	$	$	$	$	$ (1,755)	$

(Continued)

WATERSHED CONSERVATION AUTHORITY
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014
(Continued)

	Prop 40 RMC 3609 Duck Farm Phase 1A Implementation	Prop 84 RMC 3640 Chapter 8 Defaulted Tax Property	Supplemental Environmental Project - Duck Farms
Cash Flows from Operating Activities:			
Cash received from Federal, State, and Local grants	$ 257,000	$	$
Cash received from County departments			
Cash received from leases			
Cash received from miscellaneous services			
Cash paid to employees for services			
Cash paid to suppliers for goods and services	(64,391)	(2,285)	(57,549)
Net Cash Provided (Used) by Operating Activities	192,609	(2,285)	(57,549)
Cash Flows from Non-Capital Financing Activities:			
Acquisitions of capital assets	(65,028)	(25,875)	
Net Cash Provided (Used) by Capital and Related Financing Activities	(65,028)	(25,875)	
Cash Flows from Non-Capital Financing Activities:			
Transfers in	12,105		
Transfers out	(96,120)	(11,014)	(7,141)
Net Cash Provided (Used) by Non-Capital Financing Activities	(84,015)	(11,014)	(7,141)
Cash Flows from Investing Activities:			
Interest received	246	230	1,100
Net Cash Provided (Used) by Investing Activities	246	230	1,100
Net Increase/(Decrease) in Cash	43,812	(38,944)	(63,590)
Cash, Beginning of Fiscal Year	11,765	66,587	245,268
Cash, End of Fiscal year	$ 55,577	$ 27,643	$ 181,678
Reconciliation of to Statement of Net Position:			
Cash Deposited with County Treasurer	$ 55,577	$ 27,643	$ 181,678
Restricted Cash in Escrow Account			
Total Cash	$ 55,577	$ 27,643	$ 181,678
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$ 126,233	$ (2,547)	$ (38,653)
Adjustments to reconcile change in operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	63,235		4,071
Decrease (increase) in grant receivable			
Decrease (increase) in lease receivable			
Decrease (increase) in prepaid expenses	(790)		
Decrease (increase) in due from other funds			
Decrease (increase) in miscellaneous receivable			
Increase (decrease) in due to other funds			
Increase (decrease) in due to LA County			
Increase (decrease) in unearned revenue			
Increase (decrease) in accrued expenses	3,931	262	(22,967)
Net Cash Provided (Used) by Operating Activities	$ 192,609	$ (2,285)	$ (57,549)

Prop A Duck Farm	Prop A SGR	Resources Agency Canyon Inn Acquisition	Prop 84 RMC 09102 WCA Capital Project Implementation	Prop 84 RMC 09103 San Gabriel and Rio Hondo Watershed	Prop 84 RMC 10011 Azusa Springs Water System RWP	Prop 84 RMC 09105 Cattle Canyon Improvement	Prop 84 RMC 10007 98th Street Park Project
$ 111,610	$1,479,801	$	$	$	$	$ 357,139	$
			74,328				
			(258,376)				
(90)	(3,280)		(73,841)	(10,591)	(7,257)	(243,512)	
111,520	1,476,521		(257,889)	(10,591)	(7,257)	113,627	
	(34,187)						
	(34,187)						
	1,460		321,660				
(227)	(56,356)		(30,315)	(25,199)	(4,494)	(58,781)	
(227)	(54,896)		291,345	(25,199)	(4,494)	(58,781)	
5	74	3	31	130	72	119	90
5	74	3	31	130	72	119	90
111,298	1,387,512	3	33,487	(35,660)	(11,679)	54,965	90
120		626	977	35,704	15,938	324	17,307
$ 111,418	$1,387,512	$ 629	$ 34,464	$ 44	$ 4,259	$ 55,289	$ 17,397
$ 111,418	$1,387,512	$ 629	$ 34,464	$ 44	$ 4,259	$ 55,289	$ 17,397
$ 111,418	$1,387,512	$ 629	$ 34,464	$ 44	$ 4,259	$ 55,289	$ 17,397
$ 111,020	$1,471,521	$ -	$ (262,280)	$ (1,039)	$ (13,478)	$ 99,926	$ -
500					13,439		
						48,182	
			(2,381)				
			4,884				
				(1,576)	(7,218)		
	5,000		1,888	(7,976)		(34,481)	
$ 111,520	$1,476,521	$	$ (257,889)	$ (10,591)	$ (7,257)	$ 113,627	$

(Continued)

WATERSHED CONSERVATION AUTHORITY
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014
(Continued)

	LACFCD Emerald Necklace Feasibility Study/ Implementation	Environmental Enhancement Mitigation Program EEMP Duck Farm	USFS EcoVoices
Cash Flows from Operating Activities:			
Cash received from Federal, State, and Local grants	$	$ 31,868	$ 26,583
Cash received from County departments			
Cash received from leases			
Cash received from miscellaneous services	3,928		
Cash paid to employees for services			
Cash paid to suppliers for goods and services	(70,893)	(11,571)	(23,623)
Net Cash Provided (Used) by Operating Activities	(66,965)	20,297	2,960
Cash Flows from Capital and Related Financing Activities:			
Acquisitions of capital assets		(8,416)	
Net Cash Provided (Used) by Capital and Related Financing Activities		(8,416)	
Cash Flows from Non-Capital Financing Activities:			
Transfers in			
Transfers out	(7,342)	(5,531)	(2,965)
Net Cash Provided (Used) by Non-Capital Financing Activities	(7,342)	(5,531)	(2,965)
Cash Flows from Investing Activities:			
Interest received	310	1,326	5
Net Cash Provided (Used) by Investing Activities	310	1,326	5
Net Increase/(Decrease) in Cash	(73,997)	7,676	
Cash, Beginning of Fiscal Year	76,422	239,882	
Cash, End of Fiscal year	$ 2,425	$ 247,558	$ -
Reconciliation of Cash to Statement of Net Position:			
Cash Deposited with County Treasurer	$ 2,425	$ 247,558	$ -
Restricted Cash in Escrow Account			
Total Cash	$ 2,425	$ 247,558	$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$ (35,374)	$ (11,781)	$ (4,546)
Adjustments to reconcile change in operating income (loss) to net cash provided (used) by operating activities:			
Depreciation		210	
Decrease (increase) in grant receivable		31,868	
Decrease (increase) in lease receivable			
Decrease (increase) in prepaid expenses			
Decrease (increase) in due from other funds			
Decrease (increase) in miscellaneous receivable			
Increase (decrease) in due to other funds			7,506
Increase (decrease) in due to LA County			
Increase (decrease) in unearned revenue			
Increase (decrease) in accrued expenses	(31,591)		
Net Cash Provided (Used) by Operating Activities	$ (66,965)	$ 20,297	$ 2,960

Property Management Project Walnut Creek	San Gabriel River Bike Trail Gateway Enhancement Project	Mt. Baldy Ranch Property	Citrus Grove Heights Bike Stop Project	Tree Planting Enhancement SGR	Discovery Center Escrow	Total
$ 1,500	$ 75,600	$ 19,000	$ 20,500	$	$	$ 2,390,740
				90,000		115,500
						211,242
						176,451
						(258,376)
(5,634)		(73)				(916,125)
(4,134)	75,600	18,927	20,500	90,000		1,719,432
	(1,350)					(142,656)
	(1,350)					(142,656)
5,706						408,734
(70)	(737)	(6,248)	(428)			(399,353)
5,636	(737)	(6,248)	(428)			9,381
	3	2	2	3	645	6,442
	3	2	2	3	645	6,442
1,502	73,516	12,681	20,074	90,003	645	1,592,599
					2,201,871	3,307,264
$ 1,502	$ 73,516	$ 12,681	$ 20,074	$ 90,003	$ 2,202,516	$ 4,899,863
$ 1,502	$ 73,516	$ 12,681	$ 20,074	$ 90,003	$	$ 2,697,347
					2,202,516	2,202,516
$ 1,502	$ 73,516	$ 12,681	$ 20,074	$ 90,003	$ 2,202,516	$ 4,899,863
$ (4,134)	$ 75,600	$ 17,352	$ 20,500	$ 90,000	$	$ 1,584,371
						205,926
						80,050
						(10,660)
						(8,483)
						4,223
						(154)
						(2,541)
						(10,533)
						(21,097)
		1,575				(101,670)
$ (4,134)	$ 75,600	$ 18,927	$ 20,500	$ 90,000	$	$ 1,719,432

May 14, 2015 - Item 12

RESOLUTION NO. 2015-18

RESOLUTION OF THE WATERSHED CONSERVATION AUTHORITY TO 1) ACCEPT THE FY 13/14 WCA FINANCIAL COMPLIANCE AUDIT AND RELATED FINDINGS; AND 2) APPROVE REMEDIATION ACTIONS.

WHEREAS, The Watershed Conservation Authority has been established as a joint powers agency between the Rivers and Mountains Conservancy (RMC) and the Los Angeles County Flood Control District (District); and

WHEREAS, the Watershed Conservation Authority (WCA) has further been established to focus on projects which will provide open space, habitat restoration, and watershed improvement projects in both the San Gabriel and Lower Los Angeles Rivers watershed; and

WHEREAS, this action will 1) accept the FY 13/14 WCA Financial Compliance Audit, related findings; and 2) approve remediation actions.

WHEREAS, the proposed action is exempt from the provisions of the California Environmental Quality Act; NOW

Therefore be it resolved that the WCA hereby:

1. **FINDS** that this action is consistent with the purposes and objectives of the WCA.
2. **FINDS** that the actions contemplated by this resolution are exempt from the environmental impact report requirements of the California Environmental Quality Act (CEQA).
3. **ADOPTS** the staff report dated May 14, 2015.
4. **ACCEPTS** the FY 13/14 WCA Compliance Audit and corresponding audit findings.
5. **APPROVES** the remediation actions completed by the staff to include both the preparer and the Board Chair's signature on all Board approved minutes.

~ End of Resolution ~

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Motion: _____ Second: _____

Ayes: _____ Nays: _____ Abstentions: _____

Resolution 2015-18

Passed and Adopted by the Board of the
WATERSHED CONSERVATION AUTHORITY
ON May 14, 2015.

_____
Brian Mejia, Chairperson

ATTEST:_____
Terry Fujimoto
Deputy Attorney General