

**PUENTE HILLS HABITAT
PRESERVATION AUTHORITY**

**MANAGEMENT REPORT
AND
AUDITOR'S COMMUNICATION LETTER**

June 30, 2024

PUENTE HILLS HABITAT PRESERVATION AUTHORITY

**MANAGEMENT REPORT
AND
AUDITOR'S COMMUNICATION LETTER**

June 30, 2024

Required Communication under Statement on Auditing Standards No. 114 1

**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* 3**

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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE, CPA
WILSON LAM, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
8383 WILSHIRE BLVD., SUITE 800
BEVERLY HILLS, CA 90211
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

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

To the Honorable Board of Directors
Puente Hills Habitat Preservation Authority
Whittier, California

We have audited the financial statements of the Puente Hills Habitat Preservation Authority (Authority) for the fiscal year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit as noted in Work Order No. 9-33C. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

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

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

Management's estimates of the historical cost and useful lives of certain capital assets. These estimates were based on historical data, industry guidelines and information from Authority staff. We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

We encountered no 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 clearly trivial, and communicate them to the appropriate level of

management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's 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 July 21, 2025.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

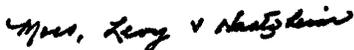
Other Matters

We applied certain limited procedures to 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.

Restriction on Use

This information is intended solely for the use of Board of Directors and management of Puente Hills Habitat Preservation 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, California
July 21, 2025



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
Puente Hills Habitat Preservation Authority
Whittier, 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 Puente Hills Habitat Preservation Authority (Authority) as of and for the fiscal year ended June 30, 2024, which collectively comprise the Authority's basic financial statements, and have issued our report thereon, dated July 21, 2025.

Report on 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and recommendations as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws,

regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Authority's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
July 21, 2025

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

MATERIAL WEAKNESS

2024-001 The Authority needs to establish a clear and consistent policy on the recording of estimates of accounts receivables.

Condition:

The Authority's estimates of accounts receivable at fiscal year end were revised several times during the audit process.

Criteria:

Estimates of accounts receivable should be recorded for the amounts earned during the fiscal year.

Cause:

The Authority lacks a clear process on recording estimates of accounts receivable at fiscal year end.

Recommendation:

The Authority should clarify their procedures over recording accounts receivable at fiscal year end.

Authority response:

We agree. We have reviewed our procedures to record accounts receivable to ensure amounts are correctly stated in the proper period by maintaining a detailed schedule of all receivables. During the FY 2023-24 audit, we implemented internal controls to properly record accounts receivable.

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

MATERIAL WEAKNESS

2023-001 Estimate of accounts payable at fiscal year end

Condition:

The Authority did not record \$400,746 in accounts payable for services received during the fiscal year ending June 30, 2023.

Criteria:

Goods and services received during the fiscal year should be recorded as accounts payable if not paid by fiscal year end.

Cause:

The vendor billed the Authority more than four months after fiscal year end and the Authority did not have a process in place to record estimates of liabilities for services received but not billed to the Authority as of the fiscal year end.

Recommendation:

The Authority should create procedures to review their open service contracts to determine an accurate estimate of accounts payable due at fiscal year-end.

Status:

Implemented.

**PUENTE HILLS
HABITAT PRESERVATION AUTHORITY**

ANNUAL FINANCIAL REPORT

June 30, 2024

PUENTE HILLS HABITAT PRESERVATION AUTHORITY
JUNE 30, 2024

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Independent Auditor's Report

To the Honorable Board of Directors
Puente Hills Habitat Preservation Authority
Whittier, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying basic financial statements of the Puente Hills Habitat Preservation Authority (the Authority) as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2025, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
July 21, 2025

PUENTE HILLS HABITAT PRESERVATION AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

Management's discussion and analysis (MD&A) of the Puente Hills Habitat Preservation Authority (the Authority) provides a narrative overview of the Authority's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the accompanying financial statements, footnotes, and supplementary information.

Financial Highlights

- During the current fiscal year, the Authority's net position increased by \$4.30 million to \$68.44 million.
- The Authority has investments of \$25.82 million in various government securities that have interest rates ranging from 2.00% to 5.14%.
- Operating revenues increased by \$5.50 million to \$5.83 million and operating expenses increased by \$0.74 million to \$2.76 million.

Overview of Financial Statements

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

- The Statement of Net Position presents all the Authority's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator to determine whether the financial position of the Authority is improving or deteriorating.
- The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the Authority's net position changed during the fiscal year. All changes in net position (revenues and expenses) are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Accordingly, revenues and expenses are reported in this statement for items that will result in cash flows in future fiscal periods (e.g. accrued but unpaid contract and professional service fees).
- The Statement of Cash Flows presents information regarding the Authority's use of cash during the fiscal year and is an indicator of whether 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.

PUENTE HILLS HABITAT PRESERVATION AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

Financial Statement Analysis

Since its formation, Net Position of the Authority has gradually grown from \$1.8 million to about \$68.44 million. Most of the growth in Net Position has been attributable to the Authority's acquisition of land and related capital assets. Operating revenues increased from \$0.33 million as of June 30, 2023, to \$5.83 million as of June 30, 2024. The operating revenues consisted primarily of site mitigation fees, state grants, and donations. Operating expenses increased from \$2.02 million as of June 30, 2023, to \$2.77 million as of June 30, 2024. Operating expenses consisted primarily of contract and professional service fees, salaries and benefits, and administrative expenses.

The Authority's Net Position was \$68.44 million as of June 30, 2024, compared to \$64.14 million as of June 30, 2023. Net Investments in Capital Assets accounted for \$35.76 million of the total Net Position. Liabilities were \$0.37 million as of June 30, 2024, compared to \$0.80 million as of June 30, 2023.

Capital Assets

As of June 30, 2024, the Authority's capital assets consisted of \$35.76 million in land, \$0.43 million in buildings, and \$0.43 million in accumulated depreciation.

Debt Administration

As of June 30, 2024, the Authority had no outstanding debt.

Economic Factors

The majority of the Authority's current specific portfolio investments were made when the economy was struggling with the international coronavirus pandemic; they are invested in stable long-term instruments which do not generate enough to meet the needs of the agency. To take advantage of subsequent higher interest rates from a recovering economy, the Authority has made short-term investments when funding is available. Consequently, the operating budget of the Authority has been decreased to partially mitigate the decrease in overall revenue, and the increase of inflation and overall costs for services. The Authority sought and explored additional revenue streams such as environmental mitigation fees from regional projects, a financing mechanism, grants, and short-term portfolio investments.

In fiscal year (FY) 2023-2024, the Authority relied on funding from the Rivers and Mountains Conservancy (RMC), CalFire and Caltrans to help to mitigate partial revenue shortfalls. Additionally, in FY 2023-2024 the Authority onboarded a new mitigation habitat restoration project referred to as Metro Heights which generates some discretionary revenue while also funding much needed habitat restoration.

The Authority is adjusting to the grant guideline amendments made by Los Angeles County Regional Parks and Open Space District regarding Measure A Maintenance and Services (M&S)

PUENTE HILLS HABITAT PRESERVATION AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

funding. Measure A grant guideline amendments made over the years prohibit the Authority from using its annually allocated M&S funds on Proposition A purchased property that it manages (City of Whittier-owned property). In response, the City of Whittier has committed to partial reimbursement through the City's M&S allocation on expenditures on their land which is managed by the Authority, which will assist in a limited capacity. Additionally, the Authority is responding to information from the County to correct its qualification for accessing its M&S funding on land it owns, Sycamore Canyon. The Proposition A grant used to acquire Sycamore Canyon needs to be closed by the Santa Monica Mountains Conservancy (grantor of the Proposition A funds), City of Whittier, and Authority before the Authority can claim M&S reimbursement costs on Sycamore Canyon property. These M&S issues further strained the operating budget of the Authority.

The budget, investments, other revenue sources, and expenditures will continue to be closely monitored by the Authority moving forward to maintain solvency.

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.

Puente Hills Habitat Preservation Authority
Statement of Net Position
June 30, 2024

Assets

Cash on deposit (Note 2)	\$	5,874,770
Restricted cash on deposit with County Treasurer (Note 2)		263,179
Cash on deposit with outside bank (Note 2)		3,703
Investments (Note 2)		25,820,846
Receivables:		
Accrued interest		90,643
Accounts receivable		906,292
Prepaid expense		92,223
Capital Assets: (Note 4)		
Land - nondepreciable		35,759,977
Buildings and improvements		428,480
Accumulated depreciation		(428,480)
Total Assets		68,811,633

Liabilities

Accrued liabilities		373,022
Total Liabilities		373,022

Net Position (Note 3)

Net investment in capital assets		35,759,977
Restricted		263,179
Unrestricted		32,415,455
Total Net Position	\$	68,438,611

See accompanying notes to the basic financial statements

Puente Hills Habitat Preservation Authority
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2024

Operating Revenues:	
Oil Revenue	\$ 79,548
State Grants	1,919,738
Site Mitigation	3,605,364
Miscellaneous	229,587
Total Operating Revenues	5,834,237
Operating Expenses:	
Contract and Professional Service Fees	2,147,810
Salaries and Benefits	435,387
Insurance	62,348
Rent (Note 5)	1
Taxes and Assessments	5,666
Treasurer and Tax Collector - Management Fees	17,107
Auditor-Controller Services	32,000
Utilities, Supplies, and Other Charges	64,767
Total Operating Expenses	2,765,086
Operating Income	3,069,151
Non-Operating Revenues (Expenses):	
Interest on Deposited Funds	287,852
Investment Income	897,548
Total Non-Operating Revenues (Expenses)	1,185,400
Change in Net Position	4,254,551
Net Position, beginning of the fiscal year	64,144,442
Prior Period Adjustment (Note 1H)	39,618
Net Position, beginning of the fiscal year, as restated	64,184,060
Net Position, end of the fiscal year (Note 3)	\$ 68,438,611

See accompanying notes to the basic financial statements

Puente Hills Habitat Preservation Authority
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024

Cash Flows from Operating Activities:

Cash received from State of California	\$ 1,551,461
Cash received from other governmental agencies	3,605,364
Cash received from other agencies	125,353
Cash paid to employees for services	(461,767)
Cash paid to suppliers for goods and services	(2,774,236)

Net Cash Provided by Operating Activities	2,046,175
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Cash Flows from Investing Activities:

Investment purchases	(3,993,459)
Investment sales	3,900,000
Investment income	856,875
Interest received	239,644

Net Cash Provided by Investing Activities	1,003,060
--	------------------

Net Increase in Cash and Cash Equivalents	3,049,235
--	------------------

Cash and Cash Equivalents, Beginning of Fiscal Year	3,092,417
--	------------------

Cash and Cash Equivalents, End of Fiscal Year	\$ 6,141,652
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Reconciliation of Cash and Cash Equivalents to amounts reported on the statement of net position

Cash on deposit (Note 2)	\$ 5,874,770
Cash on deposit with outside bank (Note 2)	3,703
Restricted cash on deposit with County Treasurer (Note 2)	263,179
Cash and Cash Equivalents, End of Fiscal Year	\$ 6,141,652

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

Operating Income	\$ 3,069,151
Change in assets and liabilities	
(Increase) in accounts receivable	(551,662)
(Increase) in prepaid expense	(40,414)
(Decrease) in accrued liabilities	(430,900)

Net Cash Provided by Operating Activities	\$ 2,046,175
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See accompanying notes to the basic financial statements

NOTES TO THE BASIC FINANCIAL STATEMENTS

PUENTE HILLS HABITAT PRESERVATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Puente Hills Habitat Preservation Authority (Authority) was formed on February 15, 1994, as a joint powers authority by the County of Los Angeles, certain County Sanitation Districts, and the City of Whittier. The Authority was established for the purpose of acquiring, restoring, and/or maintaining additional open space lands in the La Puente/Whittier Hills area in order to create or preserve native habitat areas. Additionally, the Authority will give special consideration to land acquisitions, habitat restoration, trailhead construction, and recreational and/or educational amenities on open space lands within and for the benefit of the community of Hacienda Heights. It serves as a condition of approval to address impacts on oak tree resources and natural open space resulting from the operation of the Puente Hills Landfill. The term of the Authority will continue indefinitely unless cancelled by the County of Los Angeles (County), certain County Sanitation Districts, and the City of Whittier. The Authority is governed by a Board of Directors composed of four appointed directors: one by the Board of Directors of the Sanitation Districts, one by the County, one by the supervisor representing the Supervisorial District which geographically includes the Puente Hills Landfill, and one by the City of Whittier. 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.

Basis of Accounting and Measurement Focus

The Authority is accounted for as an enterprise fund (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.

PUENTE HILLS HABITAT PRESERVATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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 revenues of the Authority are contributions from state grants, donations, and site mitigation fees. Operating expenses include administrative expenses and contract and professional service fees. 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's financial statements are presented in accordance with the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Statement No. 34 established standards for external financial reporting for all state and local governmental entities and Statement No. 63 established standards for reporting deferred outflows of resources, deferred inflow of resources, and net position in a statement of financial position. The net position is required to be classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at fiscal year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

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 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.

PUENTE HILLS HABITAT PRESERVATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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

B. Significant Accounting Policies (Continued)

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

See note 3 for additional disclosures regarding net position.

C. Revenue Recognition

Revenue is recognized on the accrual basis of accounting and donation revenue is recognized according to the conditions of the promise.

D. Land

Acquisition of land and buildings and improvements are recorded at cost or, if donated, at fair value at date of donation. Land basically consists of open space acquired in accordance with the joint powers agreement that created the Authority. Buildings and improvements consist of houses and improvements that were located on the land at the time of purchase or donation. When land and buildings and improvements are 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.

E. 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.

F. 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.

G. Lease Liability

As a lessee, a lease is defined as a contractual agreement that conveys control of the right-to-use another entity’s nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The Authority has no lease liabilities that meet the criteria to be recognized at June 30, 2024.

PUENTE HILLS HABITAT PRESERVATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

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

H. Prior Period Adjustment

The Authority restated their opening equity of \$64,144,442 by \$39,618 to \$64,184,060 resulting from the receipt of grant proceeds during the fiscal year that were for grant expenditures from previous fiscal years.

NOTE 2 CASH AND INVESTMENTS

In accordance with the Joint Powers Authority (JPA) agreement and Government Code, cash balances of the Authority are deposited and pooled and invested by the County Treasurer and Tax Collector (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. The Authority maintains a deposit account for donations with Wells Fargo Bank which at June 30, 2024 had a balance of \$3,703.

California Government Code Sections 53601 and 53635 authorize the Treasurer to invest the External Investment Pool (Pool) and Specific Purpose Investment (SPI) funds in obligations of the United States Treasury, federal agencies, municipalities, asset-backed securities, bankers' acceptances, commercial paper, negotiable certificates of deposit, medium-term notes, corporate notes, repurchase agreements, reverse repurchase agreements, forwards, futures, options, shares of beneficial interest 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 Board of Supervisors. As permitted by the California Government Code, the Treasurer developed, and the Board of Supervisors 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 of Supervisors 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 by the County. The Treasurer also maintains Other Specific Investments, which are invested pursuant to Section 1300.76.1, Title 28, California Code of Regulations. The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2024, to support the value of shares in the Pool.

Also, the Authority's Memorandum of Understanding (MOU) with the Treasurer, executed in May 2011, enables the County to make investments for the Authority using the SPI program that is within the guidelines of the County's investment policy. Section III of that MOU instructs the Authority to create its own investment policy or adopt that of the County, either of which shall be approved by the Authority on an annual basis. The investment policy needs to comply with the California Government Code and Education Code and may not be less restrictive than the Treasurer's investment policy.

PUEENTE HILLS HABITAT PRESERVATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 2 CASH AND INVESTMENTS (Continued)

The Authority’s Board annually adopts the County’s investment policy. The investments are managed by the Treasurer, which reports investment activity to the Authority’s Board on a monthly basis.

Disclosures Relating to Interest Rate Risk

Cash and investments as of June 30, 2024, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash on deposit	\$	5,878,473
Restricted cash on deposit with County Treasurer		263,179
Investments		25,820,846
Total cash and investments	\$	31,962,498

Cash and investments as of June 30, 2024, consist of the following:

Demand deposits - outside bank	\$	3,703
Total demand deposits		3,703
Cash and investments with County Treasurer		5,874,770
Restricted cash and investments on deposit with County Treasurer		263,179
Investments		25,820,846
Total Investments		31,958,795
Total cash and investments	\$	31,962,498

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Authority manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair value of the Authority’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority’s investments by maturity:

PUEENTE HILLS HABITAT PRESERVATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 2 CASH AND INVESTMENTS (Continued)

Investment Type	Fair Value	Remaining Maturity (in Months)		
		12 Months or Less	13 - 60 Months	More than 60 Months
Cash and Investments				
with County Treasurer	\$ 6,137,949	\$ 6,137,949	\$ -	\$ -
U.S Treasuries	4,025,092	4,025,092		
Federal Agency				
Securities	21,795,754			21,795,754
Total	\$ 31,958,795	\$ 10,163,041	\$ -	\$ 21,795,754

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the Authority's investment policy, and the actual rating as of fiscal year end for each investment type (Standard & Poor's).

Investment Type	Fair Value	Minimum Legal Rating	Ratings as of Fiscal Year End		
			AA+	Exempt	Not Rated
Cash and Investments with					
County Treasurer	\$ 6,137,949	N / A	\$ -	\$ -	\$ 6,137,949
U.S Treasuries	4,025,092	N / A		4,025,092	
Federal Agency					
Securities	21,795,754	N / A	21,795,754		
Total	\$ 31,958,795		\$ 21,795,754	\$ 4,025,092	\$ 6,137,949

Concentration of Credit Risk

The investment policy of the Authority contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments (other than external investment pools and U.S. Treasuries) in any one issuer that represent 5% or more of total Authority's investments are as follows:

Issuer	Investment Type	Reported Amount	Maturity	Interest Rate
Federal Farm Credit Bank	Federal Agency Securities	\$ 15,885,424	2042	2.50%
Federal Home Loan Mortgage Corporation	Federal Agency Securities	5,910,330	2044	2.00%

PUENTE HILLS HABITAT PRESERVATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 2 CASH AND INVESTMENTS (Continued)

Investments are stated at fair value and are valued on a monthly basis. The Treasurer 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 securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs. Securities classified in Level 3 are valued using the income approach such as discounted cash flow techniques. Investments in an external government investment pool are not subject to reporting within the level hierarchy.

See the County's Annual Comprehensive 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 County Treasury Pool amounted to \$6,137,949 as of June 30, 2024; however, this external pool is not measured under Level 1, 2, or 3. This represents less than 0.02% of the total Treasury Pool.

Fair Value Measurements

The Authority categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered active; and
- Level 3: Investments reflect prices based on unobservable sources.

The Authority has the following recurring fair value measurements as of June 30, 2024:

Investments by Fair Value	Total	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasuries	\$ 4,025,092	\$ 4,025,092	\$ -	\$ -
Federal Agency Securities	21,795,754	-	21,795,754	-
Total investments measured at fair value	<u>\$ 25,820,846</u>	<u>\$ 4,025,092</u>	<u>\$ 21,795,754</u>	<u>\$ -</u>

The investment activity of the Authority with the County Treasurer occurs separately from the County's investment pool and is reported as a Specific Purpose Investment on behalf of the Authority.

PUENTE HILLS HABITAT PRESERVATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 3 NET POSITION

Net position at June 30, 2024 consisted of the following:

Net Investment in Capital Assets	\$ 35,759,977
Restricted Net Position *	263,179
Unrestricted Net Position	<u>32,415,455</u>
Total Net Position	<u>\$ 68,438,611</u>

*Under the purchase agreement for the Brearley/Malkenhorst/Turnbull Property, the Authority agreed to pledge \$263,179 of the funds on deposit with the County Treasurer as security for obligations, including street improvements that would need to be made in the event that the property ceases to be used for open space, habitat restoration, or other biological preservation activities consistent with open space management, and passive recreational use.

NOTE 4 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024, is as follows:

	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024
Capital Assets, Non-depreciable:				
Land (Acquired by the Authority)	\$ 34,520,585	\$ -	\$ -	\$ 34,520,585
Land (Donated to the Authority)	<u>1,239,392</u>			<u>1,239,392</u>
Total Capital Assets, Non-depreciable	<u>35,759,977</u>			<u>35,759,977</u>
Capital Assets, Depreciable:				
Buildings and improvements	428,480			428,480
Accumulated depreciation	<u>(428,480)</u>			<u>(428,480)</u>
Total Capital Assets, Depreciable				
Total Capital Assets, net	<u>\$ 35,759,977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,759,977</u>

PUENTE HILLS HABITAT PRESERVATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 CAPITAL ASSETS (Continued)

Capital assets, at cost, or fair value at the time of donation, for the fiscal year ended June 30, 2024, consist of the following:

Property Name	Land Amount	Building Amount	Construction In Progress
Assets Acquired by the Authority			
a. Powder Canyon	\$ 2,398,188	\$ -	\$ -
b. Hacienda Hills Property	790,467		
c. Unocal Properties	46,524		
d. Davies Property	726,100		
e. Weisel/Sanders Property	352,363	300,000	
f. Old Coach Property	3,616,020		
g. Pellkofer Properties	236,699		
h. Lim Property	450,875		
i. Roberts/Pellkofer Property	769,550		
j. Fan/Huang/Chen Property	481,921		
k. Newbre II Property	501,868		
l. Shuey Property	75,877		
m. Canlas Property	396,151		
n. Rose Hills Foundation Property	14,213,405		
o. Kou Property	650,854		
p. Javaid Property	2,204,100		
q. Viola Berg Property	355,737		
r. Public Works Property - La Habra Heights	320,302		
s. Gibson Property	790,440		
t. Ranney Property	2,729		
u. Brearley/Malkenhorst	2,124,500		
v. Corona Property	438,175		
w. Maico Property	601,200		
x. Sycamore Canyon Property	1,505,032	128,480	
y. Seirafi Parcel No. 8239-045-903	3,987		
z. Housely Parcel No. 8239-045-904	21,026		
aa. Easement on Parcel No. 8126-024-004	2,800		
bb. Moravek APN 8221-026-010	22,156		
cc. Johns APN 8221-004-013, 014, 015	421,539		
Total Assets Acquired by the Authority	34,520,585	428,480	
Assets donated to the Authority			
a. Benson Ford Donation	104,000		
b. J. Grimont Donation	100,000		
c. Newbre Property	316,394		
d. Gale Property	708,667		
e. OCWR Project easement	9,401		
f. Ridgewood/BroadrockBrea/ Power II easement	930		
Total Assets Donated to the Authority	1,239,392		
Total Capital Assets as of June 30, 2024	\$ 35,759,977	\$ 428,480	\$ -

PUENTE HILLS HABITAT PRESERVATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 5 COMMITMENTS AND CONTINGENCIES

The Authority leases its office space from the City of Whittier (City). In August 2021, the Authority signed a lease renewal for the office space in the City, effective from August 1, 2021 through July 31, 2026, with an option to renew for two consecutive five year terms. According to the lease agreement, the base rent will start at \$471.68 per month and will be adjusted annually, based on the Authority's proportionate share of the operating expenses incurred by the City. On August 23, 2022, the lease agreement was amended to change the base rent to \$1 annually, commencing August 23, 2022. The lease does not meet the criteria for being recorded under Governmental Accounting Standards Board Statement No. 87 "Leases".

The Authority's personnel are employees of the City. Their CalPERS benefits and related pension liabilities are disclosed in the City's financial statements.

NOTE 6 CONTINGENT LIABILITIES

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.

NOTE 7 SUBSEQUENT EVENTS

On November 5, 2024, the qualified electors within the Community Facilities District No. 2024-01 (Puente Hills Preserve Protection) (CFD) approved a ballot measure to levy special taxes within the CFD at the rate of one cent per building square footage per parcel with annual adjustments limited to 3% on all taxable developed real property. The measure is to prevent Puente Hills Preserve wildfires/emergencies; clear brush from first responder emergency access roads; protect natural wildlife habitats; prevent homeless encampments; clean up illegal dumping; and for other open space purposes. The special taxes will commence in FY 2025-26 and in each fiscal year thereafter until ended by voters which will generate revenue to assist the Authority in continuing to provide critical public services.



Puente Hills Habitat Preservation Authority

Endowment Provided by the Puente Hills Landfill

MEMBERS OF THE BOARD OF DIRECTORS

Ivan Sulic
Chair
County of Los Angeles

Mary Ann Pacheco
Vice Chair
City of Whittier

Robert Ferrante
Director Sanitation Districts of
Los Angeles County

Cassandra Garcia
Director
Hacienda Heights

July 21, 2025

Moss, Levy & Hartzheim, LLP
5800 Hannum Avenue, Suite E
Culver City, California 90230

This representation letter is provided in connection with your audit(s) of the financial statements of the Puente Hills Habitat Preservation Authority (Authority), which comprise the statement of net position as of June 30, 2024, the respective changes in financial position, the statement of cash flows for the period 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 to be 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 July 21, 2025, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of Work Order No. 9-33C, 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 primary government and all component units 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) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and 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) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the Authority is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 10) 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 the general and subsidiary ledgers), documentation, and other matters
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity 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.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 12) 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.
- 13) We have no knowledge of any fraud or suspected fraud that affects the Authority and involves:
 - o Management,
 - o Employees who have significant roles in internal control, or
 - o Others where the fraud could have a material effect on the financial statements.
- 14) 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.
- 15) 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.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) We have a process to track the status of audit findings and recommendations.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

- 22) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 23) 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, fund balance or net position.
- 24) 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.
- 25) We have appropriately identified, recorded, and disclosed all leases in accordance with GASBS No. 87.
- 26) We have appropriately disclosed all information for conduit debt obligations and/or certain arrangements with conduit debt obligations in accordance with GASBS No. 91.
- 27) We have appropriately identified, recorded, and disclosed subscription-based information technology arrangements in accordance with GASBS No. 96.
- 28) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 29) 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.
- 30) As part of your audit, you assisted with preparation of the financial statements and related notes. 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 related notes.
 - a) The financial statements were reviewed and approved by Elaine Wu, Division Chief.
- 31) 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.
- 32) 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.
- 33) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 34) The financial statements include all fiduciary activities required by GASB Statement No. 84, as amended.
- 35) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, as amended.
- 36) 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.
- 37) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

- 38) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 39) Provisions for uncollectible receivables have been properly identified and recorded.
- 40) 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.
- 41) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 42) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 43) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 44) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 45) 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.
- 46) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signature: Andrea Jullo

Signature: Elaine Or

Title: Executive Director

Title: Division-Chief, Accounting Division
Auditor-Controller