



# City of Whittier

13230 Penn Street, Whittier, California 90602-1772  
(562) 567-9850

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December 23, 2011

Agenda Item V(b) WCCA 2/10/12
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Joe Edmiston, FAICP  
Executive Officer  
Wildlife Corridor Conservation Authority  
5750 Ramirez Canyon  
Malibu, CA 90265

Dear Mr. Edmiston:

The audit of the Wildlife Corridor Conservation Authority's (WCCA) financial statements for the fiscal year ended June 30, 2011 has been completed. A copy of the audit is enclosed.

Pursuant to the WCCA Joint Exercise of Powers Agreement, copies of the audit have been sent to the parties to the agreement. It has also been sent to the State Controller.

If you have any questions regarding the audit, please call me at (562) 464-3330.

Sincerely,

Kathryn A. Marshall  
Treasurer  
Wildlife Corridor Conservation Authority

Enclosure

**WILDLIFE CORRIDOR CONSERVATION AUTHORITY**

**Financial Statements**

**Year ended June 30, 2011  
(with Independent Auditors' Report Thereon)**



**Vavrinek, Trine, Day & Co., LLP**

Certified Public Accountants

# WILDLIFE CORRIDOR CONSERVATION AUTHORITY

## Financial Statements

Year ended June 30, 2011

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Wildlife Corridor Conservation Authority  
Whittier, California

We have audited the accompanying financial statements of the governmental activities and the general fund of the Wildlife Corridor Conservation Authority ("Authority") as of and for the year ended June 30, 2011, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Authority, as of June 30, 2011, and the respective changes in financial position and the respective budgetary comparison information for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the Financial Statements, the Authority adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2011, 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* and should be considered in assessing the results of our audit.

The budgetary comparison schedule on page 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Authority has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Vavrieh, Train, Day & Co., LLP*

Rancho Cucamonga, California  
December 22, 2011

**WILDLIFE CORRIDOR CONSERVATION AUTHORITY**  
**Statement of Net Assets**  
**June 30, 2011**

	<u>Governmental Activities</u>
Assets:	
Cash and Investments (Note 2)	<u>\$          6,717</u>
Total Assets	<u><u>\$          6,717</u></u>
Net Assets	
Unrestricted	<u>\$          6,717</u>
Total Net Assets	<u><u>\$          6,717</u></u>

See accompanying notes to the basic financial statements.

**WILDLIFE CORRIDOR CONSERVATION AUTHORITY**  
**Statement of Activities**  
**Year Ended June 30, 2011**

	<u>Expenses</u>	<u>Program Revenues</u> Operating Contributions and Grants	<u>Net (Expense) Revenue and Changes in Net Assets</u>
			<u>Governmental Activities</u>
Governmental Activities:			
Community development	\$ 3,000	\$ 3,000	\$ -
Total Governmental Activities	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ -</u>
			-
			<u>6,717</u>
			<u>\$ 6,717</u>

See accompanying notes to the basic financial statements.

**WILDLIFE CORRIDOR CONSERVATION AUTHORITY**  
**Government Funds**  
**Balance Sheet**  
**June 30, 2011**

	<u>General Fund</u>
Assets:	
Cash and investments	\$ 6,717
Total Assets	<u>\$ 6,717</u>
Fund Balance:	
Unassigned	\$ 6,717
Total Fund Balance	<u>6,717</u>
Total Liabilities and Fund Balance	<u>\$ 6,717</u>

See accompanying notes to the basic financial statements.



**WILDLIFE CORRIDOR CONSERVATION AUTHORITY**  
**Government Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Year Ended June 30, 2011**

	<u>General Fund</u>
Revenues:	
Intergovernmental	\$ 3,000
Total Revenues	<u>3,000</u>
Expenditures:	
Current:	
Community Development	<u>3,000</u>
Total Expenditures	<u>3,000</u>
Net Change in Fund Balance	-
Fund Balance, Beginning	<u>6,717</u>
Fund Balance, Ending	<u><u>\$ 6,717</u></u>

See accompanying notes to the basic financial statements.

**WILDLIFE CORRIDOR CONSERVATION AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Wildlife Corridor Conservation Authority ("Authority") was organized on November 1, 1994 under the provisions of the Joint Exercise of Powers Act of the Government Code of the State of California. The purpose of the Authority is to provide for the proper planning, conservation, environmental protection, and maintenance of the habitat and wildlife corridor between the Whittier-Puente Hills and the Cleveland National Forest in the Santa Ana Mountains. The members consist of the cities of Diamond Bar, Brea, La Habra Heights, Whittier, Santa Monica Mountains Conservancy, and the County of Los Angeles.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

**Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all the nonfiduciary activities of the Authority. The Authority's activities are supported by operating fees from participating agencies. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment services, to meet operating grants.

**Fund Financial Statements**

Government fund financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Authority reports the following major governmental fund:

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

**WILDLIFE CORRIDOR CONSERVATION AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

C. Budgets and Budgetary Accounting

Budgets for governmental funds, which include encumbrances, are adopted on a basis which differs from accounting principles generally accepted in the United States of America (US-GAAP).

The Governing Board approves each year's budget submitted by the Executive Director prior to the beginning of the new fiscal year. Supplemental appropriations, where required during the period, are also approved by the Board. In most cases, expenditures may not exceed appropriations at the fund level. At year end, all operating budget appropriations lapse with the exception of encumbrances and continuing appropriations.

D. Annual Budgets

The Authority adopts an annual budget prepared on the modified accrual basis of accounting for its General Fund.

E. Cash and Investments

The Authority does not have its own approved investment policy. The Authority maintains cash and investments in accordance with an investment policy adopted by the City of Whittier, who is administering and managing the Authority's business. The investment policy complies with, or is more restrictive than, applicable state statutes.

The unexpended cash of the General Fund is deposited in a separate interest bearing bank account from the City of Whittier's funds. Investments are reported in the accompanying balance sheet at fair value. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**WILDLIFE CORRIDOR CONSERVATION AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

F. Net Asset/Fund Balance

Fund Balance:

The Authority maintains its equity in accordance with the fund balance policy adopted on June 14, 2011 by the City of Whittier, who is administering and managing the Authority's business. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented effective July 1, 2010 and as part of the process, the Authority formally adopted a fund balance policy on June 14, 2011. In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned and unassigned fund balances to identify the extent to which the commission is bound to honor constraints on the specific purposes for which amounts can be spent. Nonspendable fund balances are assets that are not in spendable form (ie. prepaid items) or are legally or contractually required to be maintained intact (ie. permanent endowments). Restricted fund balances include amounts that are constrained by the specific purpose stipulated by external resource providers and/or imposed constitutionally or by enabling legislation. Committed fund balances include amounts that can be used for specific purposes determined by formal action of the government's highest level of decision-making authority by resolution or formal board action. Assigned fund balances include amounts that are intended by the government to be used for specific purposes, but are neither committed nor assigned. The Authority has designated the authority to assign amounts used for specific purposes to the Executive Director and/or the City Controller. Unassigned fund balances include the residual funds for the General Fund and all amounts not contained in the other classifications. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use the most restricted resources first and then unrestricted resources in the following manner: committed, assigned and unassigned.

Net Assets:

In the government-wide financial statements, net assets represent the difference between assets and liabilities and are classified as unrestricted net assets.

Unrestricted net assets represent those assets that are available for general use.

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

G. Use of Estimates

The financial statements have been prepared in accordance with generally accepted accounting principles and necessarily include amounts based on estimates and assumptions by management. Actual results could differ from those amounts.

**WILDLIFE CORRIDOR CONSERVATION AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2011**

NOTE 2 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and investments	\$ 6,717
Total Cash and Investments	<u>\$ 6,717</u>

Cash and investments as of June 30, 2011 consist of the following:

Deposits with financial institutions	\$ 6,717
Total Cash and Investments	<u>\$ 6,717</u>

**Investments Authorized by the California Government Code and the City of Whittier's Investment Policy**

The table below identifies the investment types that are authorized for the authority by the California Government Code and the City of Whittier's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Investment Types Authorized by State Law	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
Local Agency Investment Fund (LAIF)	Yes	N/A	50%	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	60%	None
Certificates of Deposits	Yes	5 years	30%	None
Bankers Acceptance, Prime Quality	Yes	180 days	20%	10%
Commercial Paper, Prime Quality	Yes	270 days	20%	10%
Medium Term Corporate Notes	Yes	5 years	30%	None
JPA Pools (other investment pools)	Yes	N/A	20%	None

\*Based on state law requirements or investment policy requirements, whichever is more restrictive

\*Based on state law requirements or investment policy requirements, whichever is more restrictive.  
As of June, 30, 2011, the Authority held all funds in a collateralized bank account.

**WILDLIFE CORRIDOR CONSERVATION AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2011**

NOTE 2 - CASH AND INVESTMENTS, (CONTINUED)

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

**WILDLIFE CORRIDOR CONSERVATION AUTHORITY**  
**Statement of Revenues, Expenditures and Changes in Fund Balances –**  
**Budget and Actual – General Fund**  
**Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 3,000	3,000	3,000	-
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Expenditures				
Current:				
Postage	300	300	300	-
Travel	300	300	300	-
Miscellaneous operating	2,400	2,400	2,400	-
Total Expenditures	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning	<u>6,717</u>	<u>6,717</u>	<u>6,717</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 6,717</u>	<u>6,717</u>	<u>6,717</u>	<u>-</u>



**INDEPENDENT AUDITORS' 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***

Board of Directors  
Wildlife Corridor Conservation Authority  
Whittier, California

We have audited the financial statements of the governmental activities and the general fund of the Wildlife Corridor Conservation Authority, as of and for the year ended June 30, 2011, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 22, 2011. Our report included an explanatory paragraph regarding the Authority's adoption of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010. 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.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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*.

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

*Vavnick, Train, Day & Co., LLP*

Rancho Cucamonga, California

December 22, 2011