

**WILDLIFE CORRIDOR
CONSERVATION AUTHORITY**

Financial Statements

**Year ended June 30, 2018
(with Independent Auditors' Report Thereon)**

WILDLIFE CORRIDOR CONSERVATION AUTHORITY

Financial Statements

Year ended June 30, 2018

TABLE OF CONTENTS

Independent Auditors' Report	1
Financial Statements:	
Government-wide:	
Statement of Net Position	3
Statement of Activities.....	4
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	5
Statement of Revenues, Expenditures and Changes in Fund Balance	6
Notes to the Basic Financial Statements	7
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	11
Note to the Required Supplementary Information – Budgetary Information	12
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 <i>Government Auditing Standards</i>	13



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Wildlife Corridor Conservation Authority
Whittier, California

Report on the Financial Statements

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, 2018 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.

Auditors' Responsibility

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 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 opinions.

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, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 11 and 12 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December __, 2018, 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 solely 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 the effectiveness of the Authority's 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.

Vannich, Train, Day & Co., LLP

Rancho Cucamonga, California
December 17, 2018

WILDLIFE CORRIDOR CONSERVATION AUTHORITY
Statement of Net Position
June 30, 2018

	Governmental Activities
Assets:	
Cash (Note 2)	\$ 3,717
Total Assets	3,717
Liabilities:	
Accounts payable	3,000
Total Liabilities	3,000
Net Position	
Unrestricted	717
Total Net Position	\$ 717

See accompanying notes to the basic financial statements.

WILDLIFE CORRIDOR CONSERVATION AUTHORITY
Statement of Activities
Year Ended June 30, 2018

	Expenses	Program Revenues Operating Contributions and Grants	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:			Governmental Activities
Community development	\$ 3,000	\$ 3,000	\$ -
Change in net position			-
Net Position, Beginning of Year			717
Net Position, Ending			\$ 717

See accompanying notes to the basic financial statements.

WILDLIFE CORRIDOR CONSERVATION AUTHORITY
Governmental Funds
Balance Sheet
June 30, 2018

	<u>General Fund</u>
Assets:	
Cash	<u>\$ 3,717</u>
Liabilities:	
Accounts payable	<u>\$ 3,000</u>
Fund Balance:	
Unassigned	<u> 717</u>
Total Liabilities and Fund Balance	<u>\$ 3,717</u>

See accompanying notes to the basic financial statements.

WILDLIFE CORRIDOR CONSERVATION AUTHORITY
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2018

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

See accompanying notes to the basic financial statements.

WILDLIFE CORRIDOR CONSERVATION AUTHORITY
Notes to the Basic Financial Statements
Year Ended June 30, 2018

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 position and the statement of activities) report information on all 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, to meet operating grants.

Fund Financial Statements

Governmental 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 of the Authority.

WILDLIFE CORRIDOR CONSERVATION AUTHORITY
Notes to the Basic Financial Statements
Year Ended June 30, 2018

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

C. Cash and Investments

The unexpended cash of the General Fund is deposited in a separate interest bearing bank account from the City of Whittier's funds.

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.

D. Net Position/Fund Balance

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned and unassigned fund balances to identify the extent to which the Authority 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 delegated the Executive Director and/or the Director of Administrative Services the authority to assign amounts used for specific purposes. Unassigned fund balances represent the residual funds for the General Fund. 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 Position:

In the government-wide financial statements, net position represents the difference between assets and liabilities and is classified as unrestricted net position.

Unrestricted net position represents those assets that are available for general use.

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

WILDLIFE CORRIDOR CONSERVATION AUTHORITY
Notes to the Basic Financial Statements
Year Ended June 30, 2018

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

E. 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.

NOTE 2 - CASH AND INVESTMENTS

Cash as of June 30, 2018 is classified in the accompanying financial statements as follows:

Statement of net position:

Cash	\$ 3,717
Total Cash	\$ 3,717

Cash as of June 30, 2018 consist of the following:

Deposits with financial institutions	\$ 3,717
Total Cash	\$ 3,717

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

*Based on state law requirements or investment policy requirements, whichever is more restrictive. As of June, 30, 2018, the Authority held all funds in a collateralized bank account.

WILDLIFE CORRIDOR CONSERVATION AUTHORITY
Notes to the Basic Financial Statements
Year Ended June 30, 2018

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.

REQUIRED SUPPLEMENTARY INFORMATION

WILDLIFE CORRIDOR CONSERVATION AUTHORITY
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual – General Fund
Year Ended June 30, 2018

	<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	-
Expenditures				
Current:				
Community Development	3,000	3,000	3,000	-
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning	717	717	717	-
Fund Balances, Ending	<u>\$ 717</u>	<u>717</u>	<u>717</u>	<u>-</u>

WILDLIFE CORRIDOR CONSERVATION AUTHORITY
Note to the Required Supplementary Information – Budgetary Information
Year Ended June 30, 2018

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.

Annual Budgets

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



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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

To the Board of Directors
Wildlife Corridor Conservation 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 governmental activities and the general fund of the Wildlife Corridor Conservation Authority (Authority), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 17, 2018.

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 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.

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*.

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.

Vavriach, Train, Day & Co., LLP

Rancho Cucamonga, California
December 17, 2018