



City of Whittier

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MOUNTAINS RECREATION
WCCA
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& CONSERVATION
AUTHORITY - MALIBU

December 29, 2004

Joe Edmiston, FAICP
Executive Officer
Wildlife Corridor Conservation Authority
5810 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, 2004 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.

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

Sincerely,

A handwritten signature in cursive script that reads "K Marshall".

Kathryn A. Marshall
Treasurer

Enclosure

WILDLIFE CORRIDOR CONSERVATION AUTHORITY

BASIC FINANCIAL STATEMENTS

June 30, 2004

WILDLIFE CORRIDOR CONSERVATION AUTHORITY
For the Fiscal Year Ended June 30, 2004

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MEMBERSHIP PROFESSIONAL CORPORATION

Independent Auditor's Report

Board of Directors
Wildlife Corridor Conservation Authority
Whittier, California

We have audited the accompanying basic financial statements of the governmental activities and the major fund of the Wildlife Corridor Conservation Authority, California (Authority) as of and for the fiscal year ended June 30, 2004, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these basic 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Wildlife Corridor Conservation Authority, California, as of June 30, 2004, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 of the notes to the basic financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, No. 38, *Certain Financial Statement Note Disclosures*.

In accordance with Government Auditing Standards, we have also issued a report dated November 21, 2004, 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 the 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 Wildlife Corridor Conservation Authority has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim
Beverly Hills, California
November 21, 2004

WILDLIFE CORRIDOR CONSERVATION AUTHORITY
STATEMENT OF NET ASSETS
June 30, 2004

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 3,217
Total Assets	<u>3,217</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>2,426</u>
Total Current Liabilities	<u>2,426</u>
NET ASSETS	
Unrestricted	<u>791</u>
Total Net Assets	<u>\$ 791</u>

See notes to the basic financial statements

WILDLIFE CORRIDOR CONSERVATION AUTHORITY
STATEMENT OF ACTIVITES
For the Fiscal Year Ended June 30, 2004

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary Government: Community development	\$ 16,926	\$ 2,500	\$ 15,217	\$ -
Total Government Activities	<u>\$ 16,926</u>	<u>\$ 2,500</u>	<u>\$ 15,217</u>	<u>\$ -</u>

General Revenues:
Other income

Total general revenues

Change in net assets

Net assets at beginning of fiscal year

Net assets at end of fiscal year

See notes to the basic financial statements

Net (Expense)
Revenue and Change
in Net Assets

\$ 791

791

-

-

791

-

\$ 791

See notes to the basic financial statements

WILDLIFE CORRIDOR CONSERVATION AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2004

Assets	<u>General Fund</u>
Cash and investments (Note 3)	<u>\$ 3,217</u>
Total Assets	<u><u>\$ 3,217</u></u>
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	\$ 2,426
Fund balance:	
Unreserved	<u>791</u>
Total Liabilities and Fund Balance	<u><u>\$ 3,217</u></u>

See notes to the basic financial statements

WILDLIFE CORRIDOR CONSERVATION AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the Fiscal Year Ended June 30, 2004

Revenues	<u>General Fund</u>
Member assessments	\$ 2,500
Donations	14,500
Grants	<u>717</u>
Total Revenues	<u>17,717</u>
Expenditures	
Postage	1,926
Travel	250
Miscellaneous operating	250
Professional fees	<u>14,500</u>
Total Expenditures	<u>16,926</u>
Excess of Revenues Over (Under) Expenditures	791
Fund Balance at Beginning of Fiscal Year	<u> </u>
Fund Balance at End of Fiscal Year	<u><u>\$ 791</u></u>

See notes to the basic financial statements

**WILDLIFE CORRIDOR CONSERVATION AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues				
Member assessments	\$ 2,500	\$ 2,500	\$ 2,500	\$ -
Donations		20,000	14,500	(5,500)
Grants			717	717
			<u>17,717</u>	<u>(4,783)</u>
Total Revenues	<u>2,500</u>	<u>22,500</u>	<u>17,717</u>	<u>(4,783)</u>
Expenditures				
Postage	2,000	2,000	1,926	74
Travel	250	250	250	
Miscellaneous operating	250	250	250	
Professional fees		20,000	14,500	5,500
			<u>16,926</u>	<u>5,574</u>
Total Expenditures	<u>2,500</u>	<u>22,500</u>	<u>16,926</u>	<u>5,574</u>
Excess of Revenues Over (Under) Expenditures			791	791
Fund Balance at Beginning of Fiscal Year				
Fund Balance at End of Fiscal Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 791</u>	<u>\$ 791</u>

See accompanying notes to financial statements

WILDLIFE CORRIDOR CONSERVATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Wildlife Corridor Conservation Authority (Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (USGAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The Wildlife Corridor Conservation Authority (the "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, and the Santa Monica Mountains Conservancy.

B. Implementation of New Accounting Principles

Governmental Accounting Standards Board Statement No. 34

Effective July 1, 2003, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement affects the manner in which the Authority records transactions and presents information. State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports.

GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The statement was developed to make annual reports of state and local governments easier to understand and more useful to the people who use governmental financial information to make decisions.

Management's Discussion and Analysis – GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the Authority's financial activities in the form of "Management's Discussion and Analysis" (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations.

Government-Wide Financial Statements – The reporting model includes financial statements prepared using the full accrual accounting method for all of the Authority's activities. This approach includes not just current assets and liabilities but also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

WILDLIFE CORRIDOR CONSERVATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Implementation of New Accounting Principles (Continued)

Statement of Net Assets – The statement of net assets is designed to display the financial position of the government. All net assets of the Authority are unrestricted.

Statement of Activities – The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of the Authority's functions. The expense of individual functions is compared to the revenue generated directly by the functions.

Governmental Accounting Standards Board Statement No. 37

Effective July 1, 2003, the Authority adopted the provisions of GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*. The statement amends GASB Statement No. 34 to either 1) clarify certain provisions or 2) modify other provisions that GASB believes may have unintended consequences in some circumstances. Accordingly, the Authority considers the effects of this statement when adopting the provisions of GASB Statement No. 34 as previously described.

Governmental Accounting Standards Board Statement No. 38

Effective July 1, 2003, the Authority adopted the provisions of GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. This statement modifies, establishes, and rescinds certain financial statement disclosure requirements. Accordingly, certain footnote disclosures have been revised to conform to the provisions of GASB Statement No. 38.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information about the primary government. These statements include the financial activities of the overall Authority.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

WILDLIFE CORRIDOR CONSERVATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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. 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 the liability is incurred, as under accrual accounting.

E. Assets, Liabilities, Net Assets, or Fund Balance

Cash and Investments

The Wildlife Corridor Conservation Authority operates its investments under the prudent man rule. The prudent man rule states, in essence, that "In investing property for the benefit of another, a trustee shall exercise the judgment and care, under the circumstances then prevailing, which men of prudence, discretion, and intelligence exercise in the management of their own affairs." This affords the Authority a broad spectrum of investment opportunities as long as the investment is deemed prudent and is allowable under current legislation of the State of California.

Net Assets and Fund Balances

In the government-wide financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets. All net assets of the Authority are unrestricted.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Undesignated fund balance represents that portion of fund balance which is available for budgeting in future periods. The entire fund balance of the Authority is undesignated.

WILDLIFE CORRIDOR CONSERVATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

General Budget Policies

The Board of Directors of the Wildlife Corridor Conservation Authority adopts an annual budget for the government, which provides for the operation of the Authority. It includes proposed annual expenditures and estimated annual revenues.

The budget for the primary government is adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America.

NOTE 3 - CASH AND INVESTMENTS

Pooled Deposits/Credit Risk:

In accordance with Government Accounting Standards Board Statement No. 3, deposits of the Authority are classified as to credit risk by three categories as follows:

Category 1: Deposits which are insured by the FDIC.

Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent.

Category 3: Uncollateralized.

At fiscal year-end, the Authority had no investments and the carrying amount of its deposits was \$3,217. The bank balance was \$3,217. These deposits are as follows:

	Category			Bank Balance	Carrying Amount
	1	2	3		
Demand Account	<u>\$ 3,217</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,217</u>	<u>\$ 3,217</u>

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MEMBER PROFESSIONAL CORPORATION

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*

Members of the Governing Board
Wildlife Corridor Conservation Authority
Whittier, California

We have audited the accompanying financial statements of the governmental activities and the major fund of the Wildlife Corridor Conservation Authority (Authority) as of and for the fiscal year ended June 30, 2004, and has issued our report thereon dated November 21, 2004. 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

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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 Authority's Board of Directors, management, and the California State Controller's Office Division of Accounting and Reporting, and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim
Beverly Hills, California
November 21, 2004