



**CONEJO OPEN SPACE  
CONSERVATION AGENCY**

**ANNUAL FINANCIAL REPORT  
For The Fiscal Year Ended  
June 30, 2012**

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CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the Governing Board  
Conejo Open Space Conservation Agency  
Thousand Oaks, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Conejo Open Space Conservation Agency (COSCA, the "Agency") as of and for the year ended June 30, 2012, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency'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 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 the 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency, as of June 30, 2012, and the respective changes in financial position, and the budgetary comparison, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2012, on our consideration of the Agency'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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents 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



To the Honorable Mayor and Members of the Governing Board  
Conejo Open Space Conservation Agency  
Thousand Oaks, California

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.

*Lance, Soll & Luyhard, LLP*

Brea, California  
December 17, 2012

**CONEJO OPEN SPACE CONSERVATION AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Year ended June 30, 2012**

In 1977, the City of Thousand Oaks (City) entered into a Joint Powers Agreement with the Conejo Recreation and Park District (District) to form the Conejo Open Space Conservation Agency (COSCA). COSCA was formed to assist the City and the District in the conservation of open space in and around the City by acquiring and maintaining open space acreage.

COSCA is governed by a five-member board consisting of two City Council members, two District board members, and one private citizen of the City. Expenditures of COSCA are shared equally between the City and the District. The City is responsible for the fiscal management of COSCA activities. The City and District have an equity interest in COSCA of fifty percent each, which is reported in their respective annual financial reports.

**FINANCIAL HIGHLIGHTS**

COSCA assets exceeded liabilities at the close of fiscal year 2011-12 by \$68.4 million. Of this amount, \$67.4 million is invested in capital assets, while the remaining unrestricted net assets may be used to meet COSCA's ongoing obligation to acquire and maintain open space acreage (Page 5).

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to COSCA's basic financial statements. COSCA's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

**Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of COSCA's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of COSCA's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of COSCA is improving or deteriorating.

The statement of activities presents information showing how COSCA's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements can be found on pages 8-9 of this report.

**CONEJO OPEN SPACE CONSERVATION AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

*(Continued)*

**Year ended June 30, 2012**

**Fund financial statements**

The fund financial statements consist of COSCA's governmental funds. These governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The basic governmental fund financial statements can be found on pages 10-12 of this report.

**Notes to the basic financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 13-16 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of an Agency's financial position. COSCA's assets exceeded liabilities by \$68.4 million.

COSCA's capital assets are comprised primarily of \$67.0 million in open space land. Current assets of \$1.0 million are cash and investments held for future open space acquisitions. Current liabilities include security deposits related to lease agreements.

**CONEJO OPEN SPACE CONSERVATION AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

*(Continued)*

**Year ended June 30, 2012**

**SUMMARY OF NET ASSETS  
June 30, 2012 and 2011**

|                            | <u>2012</u>         | <u>2011</u>          |
|----------------------------|---------------------|----------------------|
| Current assets             | \$ 1,039,388        | \$ 959,274           |
| Capital assets             | <u>67,423,461</u>   | <u>67,188,889</u>    |
| Total assets               | <u>68,462,849</u>   | <u>68,148,163</u>    |
| <br>                       |                     |                      |
| Current liabilities        | <u>43,417</u>       | <u>44,674</u>        |
| Total liabilities          | <u>43,417</u>       | <u>44,674</u>        |
| Net assets:                |                     |                      |
| Invested in capital assets | 67,423,461          | 67,188,889           |
| Restricted                 | <u>995,971</u>      | <u>914,600</u>       |
| Total net assets           | <u>\$68,419,432</u> | <u>\$ 68,103,489</u> |

**Liquidity**

Due to the nature of COSCA business operations, there have been minimal cash transactions. The City and the District incur and fund most of COSCA's annual operating expenses. Therefore, COSCA's liquidity position usually remains constant. The increase in net cash was primarily from lease revenue and interest income.

**Statement of Activities**

The statement of activities shows how COSCA's net assets changed during fiscal year 2011-12. COSCA's net assets increased \$0.3 million compared to prior fiscal year.

Program revenues including contributions, decreased \$2.0 million mainly due to land donations of \$2.1 million in fiscal year in 2010-11.

Program expenses are primarily for maintenance of existing open space, completely offset by donations of services of equal value by the City and the District. Expenses decreased \$155,000 from previous fiscal year primarily due to: \$90,000 savings in salaries and benefits from an unfilled ranger position and \$65,000 decrease in maintenance costs.

**CONEJO OPEN SPACE CONSERVATION AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

*(Continued)*

**Year ended June 30, 2012**

**SUMMARY OF ACTIVITIES**

**Year ended June 30, 2012 and 2011**

|                        | <u>2012</u>          | <u>2011</u>          |
|------------------------|----------------------|----------------------|
| Program revenues       | \$ 1,391,447         | \$ 3,420,251         |
| General revenues       | 11,547               | 14,317               |
| Total revenues         | <u>1,402,994</u>     | <u>3,434,568</u>     |
| Program expenses       | <u>1,087,051</u>     | <u>1,241,581</u>     |
| Change in net assets   | 315,943              | 2,192,987            |
| Net assets - beginning | <u>68,103,489</u>    | <u>65,910,502</u>    |
| Net assets - ending    | <u>\$ 68,419,432</u> | <u>\$ 68,103,489</u> |

**GOVERNMENTAL FUND FINANCIAL ANALYSIS**

As noted earlier, COSCA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Fund**

At the close of fiscal year 2011-12, COSCA reported a fund balance of \$996,000, an increase of \$81,000 in comparison with prior fiscal year balance of \$915,000. The increase is primarily due to lease revenues. COSCA's annual operating expenses are reimbursed by the City and the District.

**FUND BALANCE**

**June 30, 2012**

|                             | <u>2012</u>       | <u>2011</u>       |
|-----------------------------|-------------------|-------------------|
| Revenues                    | \$ 1,402,994      | \$ 1,311,369      |
| Expenditures                | <u>1,321,623</u>  | <u>1,234,782</u>  |
| Operating Surplus/(Deficit) | 81,371            | 76,587            |
| Beginning Fund Balance      | <u>914,600</u>    | <u>838,013</u>    |
| Ending Fund Balance         | <u>\$ 995,971</u> | <u>\$ 914,600</u> |

**CONEJO OPEN SPACE CONSERVATION AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)  
Year ended June 30, 2012**

**Budgetary Highlights**

The budget to actual report can be found on page 12. Historically, COSCA's Board of Directors has chosen not to budget revenues. Total expenditures were \$1.3 million compared to budget of \$2.0 million. The variance included \$379,000 less in expenditures than budget for open space maintenance costs primarily due to one unfilled District position and reductions in overall maintenance projects. Capital outlay was \$283,000 less than budget primarily for the Rancho Potrero Specific Plan, not completed in fiscal year 2011-12.

**Capital Assets**

COSCA's capital assets at June 30, 2012 and 2011 were comprised of the following:

| Capital Assets<br>(Net of accumulated depreciation) |                      |                      |
|---|----------------------|----------------------|
|   | <u>2012</u>          | <u>2011</u>          |
| Land  | \$ 66,984,511        | \$ 66,984,011        |
| Improvements, net                                   | 347,429              | 67,961               |
| Work In Progress                                    | 91,331               | 134,447              |
| Equipment, net                                      | 190                  | 2,470                |
| Total, net  | <u>\$ 67,423,461</u> | <u>\$ 67,188,889</u> |

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of COSCA finances. Questions concerning information provided in this report, or requests for additional financial information may be addressed to the Finance Director, City of Thousand Oaks, 2100 Thousand Oaks Boulevard, Thousand Oaks, California 91362, or call (805) 449-2200.

**CONEJO OPEN SPACE CONSERVATION AGENCY**  
**Statement of Net Assets**  
**June 30, 2012**

|  | <b>Governmental<br/>Activities</b> |
|--|------------------------------------|
| <b><u>Assets:</u></b>                  |                                    |
| <b>Current assets:</b>                 |                                    |
| Cash and investments (Note 3)          | \$ 1,035,453                       |
| Interest receivable                    | 1,905                              |
| Accounts receivable                    | 2,030                              |
| <b>Total current assets</b>            | <b>1,039,388</b>                   |
| <b>Non-current assets:</b>             |                                    |
| <b>Capital assets (Note 2):</b>        |                                    |
| Land                                   | 66,984,511                         |
| Improvements, net of depreciation      | 347,429                            |
| Construction in progress               | 91,331                             |
| Equipment, net of depreciation         | 190                                |
| <b>Total non-current assets</b>        | <b>67,423,461</b>                  |
| <b>Total assets</b>                    | <b>68,462,849</b>                  |
| <br><b><u>Current liabilities:</u></b> |                                    |
| Accounts Payable                       | 3,745                              |
| Deposits in trust                      | 4,500                              |
| Unearned revenue                       | 35,172                             |
| <b>Total current liabilities</b>       | <b>43,417</b>                      |
| <br><b><u>Net assets:</u></b>          |                                    |
| Invested in capital assets             | 67,423,461                         |
| Restricted                             | 995,971                            |
| <b>Total net assets</b>                | <b>\$ 68,419,432</b>               |

See accompanying notes to basic financial statements.

**CONEJO OPEN SPACE CONSERVATION AGENCY**  
**Statement of Activities**  
**Year ended June 30, 2012**

| <u>Function/Programs</u>                                   | <u>Expenses</u>    | <u>Charges for<br/>Services</u> | <u>Program Revenues<br/>Operating Grants<br/>&amp; Contributions</u> | <u>Capital Grants<br/>&amp; Contributions</u> | <u>Net (Expense)<br/>Revenue &amp; Changes<br/>in Net Assets</u> |
|--|--------------------|---------------------------------|--|---|--|
| <b>Governmental Activities:</b>                            |                    |                                 |  |   |  |
| Open space acquisition,<br>maintenance, and administration | <u>\$1,087,051</u> | <u>\$83,030</u>                 | <u>\$1,067,047</u>   | <u>\$241,370</u>                              | <u>\$304,396</u>   |
| <br><b>General revenues:</b>                               |                    |                                 |  |   |  |
| Interest on investments                                    |                    |                                 |  |   | 11,547   |
| <b>Total general revenues</b>                              |                    |                                 |  |   | <u>11,547</u>  |
| Changes in net assets                                      |                    |                                 |  |   | 315,943  |
| Net assets - beginning                                     |                    |                                 |  |   | 68,103,489   |
| <b>Net assets - ending</b>                                 |                    |                                 |  |   | <u>\$68,419,432</u>  |

See accompanying notes to basic financial statements.

**CONEJO OPEN SPACE CONSERVATION AGENCY**  
**Balance Sheet**  
**June 30, 2012**

|   | <b>General Fund</b> |
|---|---------------------|
| <b><u>Assets</u></b>                              |                     |
| Cash and investments (Note 3)                     | \$ 1,035,453        |
| Interest receivable                               | 1,905               |
| Accounts receivable                               | 2,030               |
| Total assets                                      | 1,039,388           |
| <br><b><u>Liabilities and Fund Balances</u></b>   |                     |
| Liabilities:                                      |                     |
| Accounts Payable                                  | 3,745               |
| Deposits in trust                                 | 4,500               |
| Deferred revenue                                  | 35,172              |
| Total liabilities                                 | 43,417              |
| Fund balances:                                    |                     |
| Restricted for Trail/Capital Improvement (Note 4) | 995,971             |
| Total fund balances                               | 995,971             |
| <br>Total liabilities and fund balances           | <br>\$ 1,039,388    |

**Reconciliation of the Governmental Funds Balance Sheet  
To the Statement of Net Assets**

Amounts reported for governmental activities in the statement of net assets (page 8) are different because:

|   |               |
|---|---------------|
| Total fund balances - total governmental funds, as above  | \$ 995,971    |
| Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 67,423,461    |
| Net assets of governmental activities (page 8)  | \$ 68,419,432 |

See accompanying notes to basic financial statements.

**CONEJO OPEN SPACE CONSERVATION AGENCY**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year ended June 30, 2012**

|                             | <u>General Fund</u> |
|-----------------------------|---------------------|
| <b><u>Revenues</u></b>      |                     |
| Contributions and donations | \$ 1,297,375        |
| Rental Income               | 83,030              |
| Other Income                | 11,042              |
| Investment earnings         | 11,547              |
| Total revenues              | <u>1,402,994</u>    |
| <b><u>Expenditures</u></b>  |                     |
| Current:                    |                     |
| Culture and recreation      | 1,056,005           |
| Administrative Expenses     | 24,248              |
| Capital Outlay:             |                     |
| Improvements                | 240,870             |
| Land                        | 500                 |
| Total expenditures          | <u>1,321,623</u>    |
| Net change in fund balances | 81,371              |
| Fund balances - beginning   | 914,600             |
| Fund balances - ending      | <u>\$ 995,971</u>   |

**Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities**

Amounts reported for governmental activities in the statement of activities (page 9) are different because:

|                                       |           |
|---------------------------------------|-----------|
| Net change in fund balances, as above | \$ 81,371 |
|---------------------------------------|-----------|

The net effect of donations of capital assets is to increase net assets.

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of \$241,370 exceeded depreciation of (\$6,798).

|  |                   |
|--|-------------------|
|  | <u>234,572</u>    |
| Change in net assets of governmental activities (page 9) | <u>\$ 315,943</u> |

See accompanying notes to basic financial statements.

**CONEJO OPEN SPACE CONSERVATION AGENCY**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Year ended June 30, 2012**

|   | <u>Budgeted Amounts</u> |                     |                  | <b>Variance with Final<br/>Budget -<br/>Positive (Negative)</b> |
|---|-------------------------|---------------------|------------------|---|
|   | <u>Original Budget</u>  | <u>Final Budget</u> | <u>Actual</u>    |   |
| <b>Revenues:</b>  |                         |                     |                  |   |
| Contributions, donations and other revenue                | \$ -                    | -                   | 1,308,417        | (1,308,417)   |
| Rental Income   | -                       | -                   | 83,030           | (83,030)  |
| Investment earnings                                       | -                       | -                   | 11,547           | (11,547)  |
| <b>Total Revenues</b>                                     | <u>-</u>                | <u>-</u>            | <u>1,402,994</u> | <u>(1,402,994)</u>  |
| <b>Expenditures:</b>                                      |                         |                     |                  |   |
| Current:  |                         |                     |                  |   |
| Culture and recreation                                    | 1,459,652               | 1,459,652           | 1,080,253        | 379,399   |
| Capital Outlay:   |                         |                     |                  |   |
| Land  |                         | -                   | 500              | (500)   |
| Improvements  | 523,575                 | 523,575             | 240,870          | 282,705   |
| <b>Total expenditures</b>                                 | <u>1,983,227</u>        | <u>1,983,227</u>    | <u>1,321,623</u> | <u>661,604</u>  |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,983,227)</u>      | <u>(1,983,227)</u>  | <u>81,371</u>    | <u>(2,064,598)</u>  |
| Net change in fund balance                                | (1,983,227)             | (1,983,227)         | 81,371           | (2,064,598)   |
| Fund balance-beginning                                    | 914,600                 | 914,600             | 914,600          | -   |
| Fund balance-ending                                       | <u>\$ (1,068,627)</u>   | <u>(1,068,627)</u>  | <u>995,971</u>   | <u>(2,064,598)</u>  |

# CONEJO OPEN SPACE CONSERVATION AGENCY

## *Notes to Basic Financial Statements*

June 30, 2012

### (1) Summary of Significant Accounting Policies

#### (a) Description of Reporting Entity

In 1977, the City of Thousand Oaks, California (City) entered into a Joint Powers Agreement with the Conejo Recreation and Park District (District) to form the Conejo Open Space Conservation Agency (COSCA). COSCA is governed by a five-member board consisting of two City Council members, two District members, and one private citizen of the City. Expenditures of COSCA are shared equally between the City and the District. The City is responsible for the fiscal management of COSCA activities, but does not have primary oversight responsibility for COSCA, which is included as an Agency fund in the City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012.

#### (b) Implementation of New Accounting Principles

Effective July 1, 2010, COSCA adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The initial distinction that is made in reporting fund balance information is identifying amounts that are considered *nonspendable*, such as fund balance associated with inventories. This Statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

GASB Statement No. 54 improves financial reporting by providing fund balance categories and classifications that will be more easily understood. Elimination of the *reserved* component of fund balance in favor of a *restricted* classification will enhance the consistency between information reported in the government-wide statements and information in the governmental fund financial statements and avoid confusion about the relationship between reserved fund balance and restricted net assets.

#### (c) Government-wide Financial Statements

COSCA's government-wide financial statements include a statement of net assets and a statement of activities. These statements present a summary of COSCA's governmental activities.

The government-wide financial statements are reported using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of COSCA's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying statement of net assets. The statement of activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which

# CONEJO OPEN SPACE CONSERVATION AGENCY

## *Notes to Basic Financial Statements (Continued)*

June 30, 2012

### **(c) Government-wide Financial Statements (Continued)**

they are earned, while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for COSCA include charges for services, operating grants, and contributions.

In accordance with Governmental Standards Accounting Board Statement No. 34 (GASB 34), a reconciliation of the difference between the fund financial statements and the government-wide financial statements is provided. The General Fund has been identified as COSCA's major fund.

### **(d) Governmental Fund Financial Statements**

In accordance with GASB 34, COSCA's governmental fund financial statements include a balance sheet and statement of revenues, expenditures and changes in fund balances.

The accompanying governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. COSCA's only governmental fund is the General Fund. Revenues are recognized when received unless susceptible to accrual, i.e., measurable and available to finance COSCA's operations. Monies received to fund specific future expenditures, such as trail or capital improvements, are classified as deferred revenue and are recognized when the related expenditure is made. Expenditures generally are recorded when the related liability is incurred.

### **(e) Use of Estimates**

The preparation of basic financial statements in conformity with generally accepted accounting principles 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 amount of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

### **(f) Capital Assets**

Capital assets are reported in the government-wide financial statements. Included in capital assets are land, buildings and improvements, equipment, intangibles, infrastructure, and construction in progress. COSCA policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated fair market value at the date of donation. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and Improvements – 20 to 50 years  
Equipment – 3 to 15 years  
Intangibles – 2 to 50 years  
Infrastructure – 10 to 50 years

**CONEJO OPEN SPACE CONSERVATION AGENCY**

**Notes to Basic Financial Statements  
(Continued)**

**June 30, 2012**

**(g) Reconciliation of Government-wide and Fund Financial Statements**

**Explanations of certain differences between governmental fund balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes a reconciliation between fund balance – *total governmental funds and net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that, “capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds. The details of this \$67,423,461 difference are as follows:

|  |                            |
|--|----------------------------|
| Land   | \$66,984,511               |
| Improvements   | 374,536                    |
| Construction in Progress   | 91,331                     |
| Equipment  | 21,392                     |
| Depreciation   | <u>(48,309)</u>            |
| Net adjustment to increase fund balance – total governmental funds to arrive at net assets – governmental activities | <b><u>\$67,423,461</u></b> |

**Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds and changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of the reconciliation explains that the governmental funds report capital outlays and contributions as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay and contributions in the current period. The details of this \$234,572 difference are as follows:

|  |                         |
|--|-------------------------|
| Capital outlay   | \$241,370               |
| Depreciation expense   | <u>(6,798)</u>          |
| Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | <b><u>\$234,572</u></b> |

**CONEJO OPEN SPACE CONSERVATION AGENCY**

**Notes to Basic Financial Statements  
(Continued)**

**June 30, 2012**

**(2) Changes in Capital Assets**

The following is a summary of COSCA's changes in capital assets for the year ended June 30, 2012:

|   | Balance at<br>June 30, 2011 | Additions                | Disposals                | Balance at<br>June 30, 2012 |
|---|-----------------------------|--------------------------|--------------------------|-----------------------------|
| <b>Capital assets, not being depreciated:</b> |                             |                          |                          |                             |
| Land  | \$ 66,984,011               | \$ 500                   | \$ -                     | \$ 66,984,511               |
| Construction in Progress                      | 134,447                     | 91,331                   | 134,447                  | 91,331                      |
| Total   | <u>67,118,458</u>           | <u>91,831</u>            | <u>134,447</u>           | <u>67,075,842</u>           |
| <b>Capital assets, being depreciated:</b>     |                             |                          |                          |                             |
| Improvements                                  | 90,550                      | 283,986                  | -                        | 374,536                     |
| Equipment                                     | <u>87,591</u>               | <u>-</u>                 | <u>66,199</u>            | <u>21,392</u>               |
| Total   | 178,141                     | 283,986                  | 66,199                   | 395,928                     |
| Less accumulated depreciation for:            |                             |                          |                          |                             |
| Improvements                                  | 22,589                      | 4,518                    | -                        | 27,107                      |
| Equipment                                     | <u>85,121</u>               | <u>2,280</u>             | <u>66,199</u>            | <u>21,202</u>               |
| Total   | <u>107,710</u>              | <u>6,798</u>             | <u>66,199</u>            | <u>48,309</u>               |
| Total, net of accumulated depreciation        | <u>70,431</u>               | <u>277,188</u>           | <u>-</u>                 | <u>347,619</u>              |
| <b>Capital Assets, net</b>                    | <b><u>\$ 67,188,889</u></b> | <b><u>\$ 369,019</u></b> | <b><u>\$ 134,447</u></b> | <b><u>\$ 67,423,461</u></b> |

**(3) Cash and Investments**

COSCA's cash and investments are pooled with those of the City. The City's pooled cash and investments are stated at fair value. COSCA's share of the City's pooled cash and investments at June 30, 2012, was \$1,035,453. COSCA's underlying cash and investment pool instruments consist of demand deposits, money market funds, certificates of deposits, securities of U.S. government sponsored agencies, U.S. Treasury securities and the California Local Agency Investment Fund (LAIF).

For further information regarding the City's pooled cash and investments including, custodial risk, concentration of credit risk, and interest rate risk, please refer to the City's Comprehensive Annual Financial Report for the year ended June 30, 2012.

**(4) Fund Balance**

The fund balance of the General Fund has been restricted at June 30, 2012, as indicated below. The "Restricted" fund balance reflects restrictions imposed on COSCA by the City and the District.

Restricted:  
     Trail/Capital Improvement                      \$995,971



CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP  
*A Professional Corporation*
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA
- Deborah A. Harper, CPA

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 Chair and Members of the Governing Board  
Conejo Open Space Conservation Agency  
Thousand Oaks, California

We have audited the financial statements of the governmental activities and each major fund of the Conejo Open Space Conservation Agency (COSCA, the "Agency") as of and for the year ended June 30, 2012, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated December 17, 2012. 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 Agency is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Agency'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 Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Agency'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 Agency'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*.



CERTIFIED PUBLIC ACCOUNTANTS

To the Honorable Chair and Members of the Governing Board  
Conejo Open Space Conservation Agency  
Thousand Oaks, California

This report is intended solely for the information and use of management, the governing board and State Controller and is not intended to be and should not be used by anyone other than these specified parties.

*Lance, Solt & Lingham, LLP*

Brea, California  
December 17, 2012