

# **Santa Clarita Open Space Preservation District**

Financial Report  
Year Ended June 30, 2015

## Contents

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Independent Auditor's Report	1-2
<hr/>	
Basic Financial Statements	
Government-wide financial statements:	
Statement of net position	3
Statement of activities	4
Fund financial statements:	
Governmental fund statements:	
Balance sheet	5
Reconciliation of the governmental funds balance sheet to the government-wide statement of net position	6
Statement of revenues, expenditures, and changes in fund balance	7
Reconciliation of the governmental funds statement of revenues, expenditures, and changes in fund balance to the government-wide statement of activities	8
Notes to financial statements	9-16
<hr/>	
Required Supplementary Information (Unaudited)	
Budgetary comparison schedule—Santa Clarita Open Space Preservation District	17
Note to required supplementary information	18

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RSM US LLP

## Independent Auditor's Report

To the Honorable Mayor and Members of the City Council  
of the City of Santa Clarita  
Santa Clarita, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Open Space Preservation District (the District) of the City of Santa Clarita (the City) as of and for the year ended June 30, 2015 and the related notes to the 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.

### Auditor's 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 District'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 District'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 opinion.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the District as of June 30, 2015 and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of a Matter**

As discussed in Note 1 to the financial statements, the financial statements present only the District and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2015, and the changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Matter***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed in the table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the 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 financial statements and other knowledge we obtained during our audit of the 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 the 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, which 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 under a separate cover dated December 24, 2015, on our consideration of the City'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* in considering the City's internal control over financial reporting and compliance.

*RSM US LLP*

Irvine, California  
December 24, 2015

## **Basic Financial Statements**

## **Government-Wide Financial Statements**

**Santa Clarita Open Space Preservation District**

**Statement of Net Position  
June 30, 2015**

<b>Assets</b>	<b>Governmental Activities</b>
Current Assets	
Pooled cash and investments	\$ 5,507,527
Receivables:	
Interest	10,979
Special assessments	25,063
<b>Total current assets</b>	<b>5,543,569</b>
Noncurrent Assets	
Restricted assets:	
Cash and investments	20,941
Cash and investments with fiscal agents	1,433,334
Capital assets:	
Nondepreciable assets	19,862,518
Depreciable assets, net	72,381
<b>Capital assets, net</b>	<b>19,934,899</b>
<b>Total noncurrent assets</b>	<b>21,389,174</b>
<b>Total assets</b>	<b>26,932,743</b>
<b>Liabilities</b>	
Current Liabilities	
Accounts payable and accrued liabilities	25,103
Interest payable	173,415
Certificates of participation, current portion	150,000
<b>Total current liabilities</b>	<b>348,518</b>
Noncurrent Liabilities	
Certificates of participation	15,024,126
<b>Total noncurrent liabilities</b>	<b>15,024,126</b>
<b>Total liabilities</b>	<b>15,372,644</b>
<b>Net Position</b>	
Net Investment in Capital Assets	6,215,048
Restricted for Open Space Preservation	5,345,051
<b>Total net position</b>	<b>\$ 11,560,099</b>

See Notes to Financial Statements.

**Santa Clarita Open Space Preservation District**

**Statement of Activities  
For the Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenue Charges for Services	Net Revenue (Expense) and Changes in Net Position
Governmental Activities			
General government	\$ 382,116	\$ 2,146,498	\$ 1,764,382
Interest and fiscal charges	705,510	-	(705,510)
<b>Total governmental activities</b>	<b>\$ 1,087,626</b>	<b>\$ 2,146,498</b>	<b>1,058,872</b>
General Revenues			
Investment income			48,982
Miscellaneous			10,000
Transfers from City of Santa Clarita			(10,714)
<b>Total general revenues and transfers</b>			<b>48,268</b>
<b>Change in net position</b>			<b>1,107,140</b>
Net position, beginning of year			10,452,959
Net position, end of year			<b>\$ 11,560,099</b>

See Notes to Financial Statements.

## **Fund Financial Statements**

**Santa Clarita Open Space Preservation District**

**Balance Sheet  
Governmental Funds  
June 30, 2015**

<b>Assets</b>	General Fund
Pooled Cash and Investments	\$ 5,507,527
Receivables	
Interest	10,979
Special assessments	25,063
Restricted Assets	
Cash and investments	20,941
Cash and investments with fiscal agents	1,433,334
<b>Total assets</b>	<u><u>\$ 6,997,844</u></u>
<b>Liabilities and Fund Balance</b>	
Liabilities	
Accounts payable and accrued liabilities	\$ 25,103
<b>Total liabilities</b>	<u>25,103</u>
Fund Balance	
Restricted for open space preservation	5,539,407
Restricted for debt service	1,433,334
<b>Total fund balance</b>	<u>6,972,741</u>
<b>Total liabilities and fund balance</b>	<u><u>\$ 6,997,844</u></u>

See Notes to Financial Statements.

**Santa Clarita Open Space Preservation District**

**Reconciliation of the Governmental Funds Balance Sheet  
to the Government-Wide Statement of Net Position  
June 30, 2015**

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Fund balance of governmental funds	\$ 6,972,741
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those capital assets consist of:	
Nondepreciable assets	19,862,518
Depreciable assets, net of accumulated depreciation	72,381
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Those long-term liabilities consist of:	
Certificates of participation	(15,220,000)
Less: Unamortized net bond discount	45,874
Accrued interest payable on long-term liabilities does not require the use of current financial resources and therefore are not reported in the governmental funds.	<u>(173,415)</u>
<b>Net position of governmental activities</b>	<b><u><u>\$ 11,560,099</u></u></b>

See Notes to Financial Statements.

**Santa Clarita Open Space Preservation District**

**Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For the Year Ended June 30, 2015**

	General Fund
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Revenues:	
Special assessments	\$ 2,146,498
Investment income	48,982
Other revenue	10,000
<b>Total revenues</b>	<u>2,205,480</u>
Expenditures:	
Current:	
Open space preservation	378,853
Capital outlay	5,728,566
Debt service:	
Principal	120,000
Interest and fiscal charges	703,944
<b>Total expenditures</b>	<u>6,931,363</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(4,725,883)</u>
Other financing sources (uses):	
Transfers to other funds of the City of Santa Clarita	<u>(10,714)</u>
<b>Total net other financing sources (uses)</b>	<u>(10,714)</u>
<b>Net change in fund balance</b>	<u>(4,736,597)</u>
Fund balance, beginning of year	<u>11,709,338</u>
Fund balance, end of year	<u><u>\$ 6,972,741</u></u>

See Notes to Financial Statements.

**Santa Clarita Open Space Preservation District**

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes  
in Fund Balance to the Government-Wide Statement of Activities  
For the Year Ended June 30, 2015**

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Net change in fund balance—total governmental funds \$ (4,736,597)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the costs of those assets are allocated over the estimated useful lives as depreciation expense. The following were the amounts of capital outlay and depreciation expense in the current period:

Capital outlay	5,728,566
Depreciation expense	(3,263)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 120,000

Other expenses in the statement of activities that do not use current financial resources are not reported as expenditures in the governmental funds:

Change in accrued interest	1,186
Amortization of bond premium	(2,752)

<b>Change in net position of governmental activities</b>	<b><u>\$ 1,107,140</u></b>
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See Notes to Financial Statements.

## Santa Clarita Open Space Preservation District

### Notes to Financial Statements

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#### Note 1. Organization and Summary of Significant Accounting Policies

**Organization:** On July 17, 2007, the City of Santa Clarita (the City) established the Santa Clarita Open Space Preservation District (the District) pursuant to the provisions of the Landscape and Lighting Act of 1972, being Part 2 of Division 15 of the California Street and Highway Code. The purpose of the District is to fund a portion of the City's open space, park and parkland program consisting of the acquisition, preservation, improvement, servicing, financing and maintenance of open-space land, parks and parkland, and appurtenant equipment and facilities, including the payment of debt service, of benefit to the property within the District. Facilities include, but are not limited to, open-space land, parks, parklands, the Santa Clarita River Watershed, trail systems and wildlife corridors. These are financed by special assessments levied on parcels within the City boundaries. The boundaries of the District are the same as the boundaries of the City. The City established a special revenue fund to account for the activities of the District.

**Basis of presentation:** The District's statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the acknowledged standard-setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States. The financial statements were prepared from only the accounts of the District and, therefore, do not present the financial position or results of operations of the City.

**Government-wide financial statements:** The District's government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the District.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

The government-wide financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

**Fund financial statements:** Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balance.

These statements are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in the fund balance. The primary revenue sources are special assessments and interest revenue. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are considered available if they are collected within 90 days of the end of the current fiscal period, except for special assessments, which are within 60 days.

## Santa Clarita Open Space Preservation District

### Notes to Financial Statements

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#### Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

**Cash and investments:** The District's cash and investments balance was pooled with various other City funds for deposit and investment purposes. The City's treasury is responsible for the cash management of the District's cash balance, which pools available cash for investment purposes. Each City fund owns a share of pooled cash and investments, which are separately maintained, and interest income was apportioned based on its average month-end cash balances to the total of the pooled cash and investments.

The unexpended bond proceeds of the District's bonds are classified as restricted assets because their use is completely restricted to the purpose for which the bonds were originally issued. The District's investments held by fiscal agents are pledged for payment or security of certain long-term debt issuances. The California Government Code provides that these monies, in the absence of specific statutory provisions governing the issuance of the bonds, may be invested in accordance with the ordinance, resolution or indentures specifying the types of investments its trustees or fiscal agents may make.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid investments with maturities of one year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than a forced or liquidation sale.

**Capital assets:** The District reports capital assets that are titled by the City, consisting of land and site improvements that were acquired or constructed with capital improvement debt that is pledged by the District's special assessment revenue. The District is responsible for the management and maintenance of the capital assets.

Capital assets are defined as assets having an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are capitalized in the governmental activities financial statement at historical cost or estimated historical cost if purchased or constructed. The site improvements are being depreciated over 25 years on a straight-line basis.

The governmental fund financial statements do not report capital assets. Instead, capital asset purchases are reported as capital outlay expenditures. As such, capital assets are reported as a reconciling item in the reconciliation of the governmental funds balance sheet to the government-wide statement of net position.

**Special assessments:** Special assessment taxes are attached as enforceable liens on real property on July 1, the beginning of the fiscal year, and are due in two installments on November 1 and February 1; however, no penalties or interest are assessed until December 10 and April 10, respectively. These taxes are determined annually based on property values, subject to limits based on Proposition 13, as of January 1 of the levy year, which is prior to the end of the previous fiscal year. The County of Los Angeles bills and collects these taxes for the District and are remitted on a monthly basis.

## Santa Clarita Open Space Preservation District

### Notes to Financial Statements

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#### Note 1. Organization and Summary of Significant Accounting Policies (Continued)

##### Net Position and Fund Balance

**Net position:** Net position represents the difference between assets and deferred outflows, and liabilities and deferred inflows, and is classified into three categories:

**Net investment in capital assets:** Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets, and excludes unspent debt proceeds. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are also included in this component of net position.

**Restricted:** Represents the net position that is not accessible for general use due to externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

**Unrestricted:** Represents the residual amounts not classified in the other two categories and represents the net equity available to the District.

**Fund financial statements:** In the governmental fund financial statements, fund balances are classified in the following categories:

**Nonspendable:** Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories; and items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

**Restricted:** Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

**Committed:** Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at the District's highest level of decision making, the City Council, and that remain binding unless removed in the same manner.

**Assigned:** Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The deputy city manager authorizes assigned amounts for specific purposes pursuant to the policy-making powers granted to him through a resolution adopted by the City Council.

**Unassigned:** This includes the excess residual amounts in the General Fund, and the residual deficit of all other governmental funds, which have not been restricted, committed or assigned to specific purposes.

## Santa Clarita Open Space Preservation District

### Notes to Financial Statements

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#### Note 1. Organization and Summary of Significant Accounting Policies (Continued)

##### Spending Policy

**Government-wide financial statements:** When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

**Fund financial statements:** When expenditures are incurred for purposes for which all restricted, committed, assigned and unassigned fund balances are available, the District's policy is to apply the following, in the following order, except for instances wherein an ordinance specifies the fund balance: restricted, committed, assigned then unassigned.

**Use of estimates:** The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

#### Note 2. Cash and Investments

The District's cash and investments consisted of the following at June 30, 2015:

Pooled cash and investments	\$ 5,507,527
Restricted:	
Cash and investments	20,941
Cash and investments with fiscal agent	1,433,334
Total	<u>\$ 6,961,802</u>
Pooled cash and investments	\$ 5,507,527
Money Market Funds	1,454,275
	<u>\$ 6,961,802</u>

The deposit and investment disclosures required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, as they relate to the pooled cash and investments, are reported in the annual report of the City. The pooled cash and investments are unrated, and average maturity is 30 days or less.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City treasury is responsible for the custodial credit risk of the restricted cash and investments, and is reported in the annual report of the City.

**Santa Clarita Open Space Preservation District**

**Notes to Financial Statements**

**Note 2. Cash and Investments (Continued)**

**Investments authorized by debt agreements:** Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees:

Authorized Investment Type	Maximum Maturity	Maximum Percentage or Amount of Portfolio*	Maximum Investment in One Issuer
U.S. Treasury obligations	5 years	No limit	No limit
U.S. government-sponsored enterprise securities	5 years	No limit	No limit
Money market accounts	5 years	15%	10%
Local agency investment fund	Not applicable	\$ 50,000,000	No limit

\* Excluding amounts held by bond trustees that are not subject to California Government Code restrictions.

**Interest rate risk:** Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

At June 30, 2015, the District had the following investment maturities:

Investment Type	Fair Value	Investment Maturity (In Years) Less Than 1
Restricted investments:		
Money Market Funds	\$ 20,941	\$ 20,941
Restricted investments with fiscal agent:		
Money Market Funds	1,433,334	1,433,334

## Santa Clarita Open Space Preservation District

### Notes to Financial Statements

#### Note 2. Cash and Investments (Continued)

**Credit risk:** Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating, as reported by Standard & Poor's, as of year-end for each investment type:

Investment Type	Minimum Rating	Fair Value	Investment Rating Unrated
Restricted investments:			
Money Market Funds	None	\$ 20,941	\$ 20,941
Restricted investments with fiscal agent:			
Money Market Funds	None	1,433,334	1,433,334

**Custodial credit risk:** Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City treasury is responsible for the custodial credit risk of the restricted cash and investments, and is reported in the annual report of the City.

#### Note 3. Capital Assets

At June 30, 2015, the District's capital assets consisted of the following:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 14,133,952	\$ 5,728,566	\$ -	\$ 19,862,518
Total capital assets, not being depreciated	14,133,952	5,728,566	-	19,862,518
Capital assets, being depreciated:				
Site improvements	81,580	-	-	81,580
Total capital assets, being depreciated	81,580	-	-	81,580
Less accumulated depreciation:				
Site improvements	(5,936)	(3,263)	-	(9,199)
Total accumulated depreciation	(5,936)	(3,263)	-	(9,199)
Total depreciable assets, net	75,644	(3,263)	-	72,381
Total capital assets, net	\$ 14,209,596	\$ 5,725,303	\$ -	\$ 19,934,899

## Santa Clarita Open Space Preservation District

### Notes to Financial Statements

#### Note 4. Long-Term Debt

The District had the following long-term liabilities at June 30, 2015:

	Balance			Balance June 30, 2015	Classification	
	June 30, 2014	Additions	Deletions		Due Within One Year	Due In More Than One Year
Governmental Activities						
Certificates of Participation:						
Series 2007	\$ 15,340,000	\$ -	\$ (120,000)	\$ 15,220,000	\$ 150,000	\$ 15,070,000
Less discount	(48,626)	-	2,752	(45,874)	-	(45,874)
Total Certificates of Participation	<u>\$ 15,291,374</u>	<u>\$ -</u>	<u>\$ (117,248)</u>	<u>\$ 15,174,126</u>	<u>\$ 150,000</u>	<u>\$ 15,024,126</u>

On December 12, 2007, the City, for the benefit of the District, issued \$15,525,000 in Certificates of Participation (the Certificates) to provide financing for the costs of acquiring open-space lands, parks and parkland in accordance with the City's open-space, park and parkland programs, purchase a reserve fund surety and fund the costs of delivery of the Certificates. The Certificates are secured by a pledge of special assessment revenues received by the City from the operation of the District. Additionally, there is a backed-up pledge of lease payments to be made by the City to the Santa Clarita Public Financing Authority for the use and occupancy of the Aquatic Center and Sports Complex.

The Certificates were issued at a discount of \$80,479, which will be amortized and recognized as interest expense over the life of the debt on a straight-line basis, and which approximates the effective interest method, for government-wide financial statement purposes. This issuance is composed of \$6,000,000 in serial Certificates maturing annually on October 1 from 2011 to 2028 and two-term Certificates (totaling \$9,525,000) maturing on October 1, 2033 and October 1, 2037 that are payable in annual sinking fund installments commencing October 1, 2029. Interest on the Certificates is payable semiannually on October 1 and April 1 at rates ranging from 4.00 percent to 4.60 percent for the serial Certificates and 4.75 percent for the term Certificates.

The City has pledged the future special assessment revenues received from the operation of the District to repay the Certificates. The Certificates are payable solely from all or a portion of the annual special assessment collected for the District. The total principal of \$15,220,000 and interest of \$10,801,597 remain to be paid on the Certificates as of June 30, 2015. For the current year, principal and interest paid on the Certificates was \$823,851 and total special assessment revenues were \$2,146,498. The outstanding balance of the Certificates was \$15,220,000 at June 30, 2015.

**Santa Clarita Open Space Preservation District**

**Notes to Financial Statements**

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**Note 4. Long-Term Debt (Continued)**

Debt service for the Certificates is as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 150,000	\$ 698,451	\$ 848,451
2017	185,000	691,751	876,751
2018	220,000	683,651	903,651
2019	255,000	674,151	929,151
2020	290,000	663,251	953,251
2021-2025	2,070,000	3,086,313	5,156,313
2026-2030	3,300,000	2,488,341	5,788,341
2031-2035	4,885,000	1,532,231	6,417,231
2036-2038	3,865,000	283,456	4,148,456
Total	<u>\$ 15,220,000</u>	<u>\$ 10,801,596</u>	<u>\$ 26,021,596</u>

**Required Supplementary Information (Unaudited)**

**Santa Clarita Open Space Preservation District**

**Budgetary Comparison Schedule  
For the Year Ended June 30, 2015**

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Revenues:</b>				
Special assessments	\$ 2,153,400	\$ 2,153,400	\$ 2,146,498	\$ (6,902)
Investment income	2,892	2,892	48,982	46,090
Other revenue	-	-	10,000	10,000
<b>Total revenues</b>	<u>2,166,292</u>	<u>2,166,292</u>	<u>2,205,480</u>	<u>39,188</u>
<b>Expenditures:</b>				
Current:				
Open space preservation	477,942	525,100	378,853	146,247
Capital outlay	-	6,556,662	5,728,566	828,096
Debt service:				
Principal	120,000	120,000	120,000	-
Interest and fiscal charges	703,852	703,667	703,944	(277)
<b>Total expenditures</b>	<u>1,301,794</u>	<u>7,905,429</u>	<u>6,931,363</u>	<u>974,066</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>864,498</u>	<u>(5,739,137)</u>	<u>(4,725,883)</u>	<u>1,013,254</u>
<b>Other financing uses:</b>				
Transfers to other funds of the City of Santa Clarita	(10,898)	(10,898)	(10,714)	184
<b>Total other financing uses</b>	<u>(10,898)</u>	<u>(10,898)</u>	<u>(10,714)</u>	<u>184</u>
<b>Net change in fund balance</b>	<u>\$ 853,600</u>	<u>\$ (5,750,035)</u>	<u>(4,736,597)</u>	<u>\$ 1,013,438</u>
Fund balance, beginning of year			11,709,338	
Fund balance, end of year			<u>\$ 6,972,741</u>	

See Note to Required Supplementary Information.

## **Santa Clarita Open Space Preservation District**

### **Note to Required Supplementary Information**

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#### **Budgetary Information**

Annual budgets are adopted on a basis consistent with U.S. GAAP for all governmental funds, except that encumbrances are shown in the year incurred for budgetary purposes. All annual appropriations lapse at fiscal year-end.

On or before the last day in January of each year, all operational units submit requests for appropriations to the city manager for budget preparation purposes. Before April 30, the proposed budget is presented to the City Council for review. The City Council holds public hearings and a final budget must be prepared and adopted no later than June 30.

The appropriated budget is prepared by fund, function and department. The City's department heads, with approval of the city manager, may make transfers of appropriations within a department and between departments within a fund. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Under encumbrance accounting, purchase orders, contracts and other commitments for expenditures are recorded to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary accounting. Since encumbrances do not yet constitute expenditures or liabilities, encumbrances outstanding at year-end are reported as restricted fund balance. Unexpended appropriations lapse at year-end and at June 30, 2015. As of June 30, 2015, there are no outstanding encumbrances.