Mountains Recreation and Conservation Authority

Los Angeles, California

Basic Financial Statements and Independent Auditors' Report

For the year ended June 30, 2012

PUN & McGEADY LLP
Certified Public Accountants and Business Advisors

Mountains Recreation and Conservation Authority
Basic Financial Statements
For the year ended June 30, 2012

TABLE OF CONTENTS

PUN & McGEADY LLP
Certified Public Accountants and Business Advisors

9 Corporate Park
Suite 130
Irvine, California 92606

Phone: (949) 777-8800
Fax: (949) 777-8850
www.pm-llp.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Mountains Recreation and Conservation Authority
Los Angeles, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mountains Recreation and Conservation Authority (the "Authority"), as of and for the year ended June 30, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and 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 opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the Authority as of June 30, 2012, and the respective changes in financial position thereof 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 March 27, 2013 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required 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 ("GASB"), who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Information and the Schedule of Funding Progress on page 39 - 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Statement of Changes in Assets and Liabilities is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Statement of Changes in Assets and Liabilities has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Changes in Assets and Liabilities is fairly stated in all material respects in relation to the basic financial statements as a whole.

Pun & McGeady LLP

Irvine, California
March 27, 2013

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This page intentionally left blank.

Mountains Recreation and Conservation Authority
Statement of Net Assets
June 30, 2012

	Governmental Activities
ASSETS	
Cash and investments	$ 4,007,037
Restricted cash	177,325
Accounts receivable	6,353,109
Interest receivable	3,389
Prepaid items	341,847
Due from fiduciary funds	157,341
Capital assets:	
Nondepreciable	307,894,920
Depreciable, net	34,830,729
Total capital assets, net	342,725,649
Total assets	353,765,697
LIABILITIES	
Current liabilities:	
Accounts payable	1,693,848
Accrued expenses	177,005
Retention payable	349,729
Line of credit payable	1,343,751
Unearned revenue	839,644
Deposits	295,005
Capital leases - due within one year	154,810
Compensated absences - due within one year	71,354
Noncurrent liabilities:	
Capital leases - due in more than one year	190,440
Compensated absences - due in more than one year	577,321
Total liabilities	5,692,907
NET ASSETS	
Invested in capital assets, net of related debt	341,036,648
Restricted:	
Mitigation projects	5,044,314
Endowments	417,625
Donations	206,211
Unrestricted	1,367,992
Total net assets	$ 348,072,790

See accompanying Notes to the Basic Financial Statements.

Mountains Recreation and Conservation Authority
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2012

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Governmental activities:					
Parks and recreation	$ 20,601,378	$ 5,769,827	$ 10,608,383	$ 3,589,109	$ (634,059)
Total governmental activities	$ 20,601,378	$ 5,769,827	$ 10,608,383	$ 3,589,109	(634,059)
		General Revenues:			
		Investment earnings			21,282
		Other			250,202
		Gain on sale of easements			1,241,000
		Total general revenues			1,512,484
		Changes in net assets			878,425
		Net assets:			
		Beginning of year			347,194,365
		End of year			$ 348,072,790

See accompanying Notes to the Basic Financial Statements.

FUND FINANCIAL STATEMENTS

This page intentionally left blank.

Mountains Recreation and Conservation Authority
Balance Sheet
Governmental Fund
June 30, 2012

		General Fund
ASSETS		
Cash and investments	$	4,007,037
Restricted cash		177,325
Accounts receivable		6,353,109
Interest receivable		3,389
Due from fiduciary funds		157,341
Prepaid items		341,847
Total assets	$	11,040,048
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$	1,693,848
Accrued liabilities		177,005
Retention payable		349,729
Deposits payable		295,005
Deferred revenue		839,644
Line of credit payable		1,343,751
Total liabilities		4,698,982
Fund Balances:		
Nonspendable		341,847
Restricted:		
Mitigation projects		5,044,314
Endowments		417,625
Donations		206,211
Assigned		310,808
Unassigned		20,261
Total fund balances		6,341,066
Total liabilities and fund balances	$	11,040,048

See accompanying Notes to the Basic Financial Statements.

Mountains Recreation and Conservation Authority
Reconciliation of the Governmental Fund Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2012

Total Fund Balances - Governmental Fund		$ 6,341,066
Amounts reported for governmental activities in the Government-Wide Statement of Net Assets were different because:		
In governmental fund, only current assets were reported. In the statement of net assets, all assets were reported, including capital assets and accumulated depreciation.		
Nondepreciable capital assets	$ 307,894,920	
Depreciable capital assets, net	34,830,729	342,725,649
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the governmental fund.		
Capital leases - due within one year		(154,810)
Capital leases - due in more than one year		(190,440)
Compensated absences - due within one year		(71,354)
Compensated absences - due in more than one year		(577,321)
Net assets of governmental activities		$ 348,072,790

See accompanying Notes to the Basic Financial Statements.

Mountains Recreation and Conservation Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund
For the Year Ended June 30, 2012

	General Fund
REVENUES:	
Intergovernmental revenues	$ 11,182,843
Fees, permits, and leases	5,495,105
Assessment districts reimbursements	274,722
Contributions	3,014,649
Interest revenue	21,282
Other	250,202
Total revenues	20,238,803
EXPENDITURES:	
Current:	
Parks and recreation:	
Salaries and employee benefits	7,824,652
Services and supplies	5,360,694
Grants	1,602,954
Capital outlay	3,964,267
Debt service:	
Principal	170,061
Interest	55,125
Total expenditures	18,977,753
REVENUES OVER (UNDER) EXPENDITURES	1,261,050
OTHER FINANCING SOURCES:	
Proceeds from sale of easements	1,241,000
Proceeds from sale of assets	119,000
Issuance of capital lease	80,488
Total other financing sources	1,440,488
Net change in fund balances	2,701,538
FUND BALANCES:	
Beginning of year	3,639,528
End of year	$ 6,341,066

See accompanying Notes to the Basic Financial Statements.

Mountains Recreation and Conservation Authority
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2012

Net change in fund balances - Governmental Fund:	$ 2,701,538
Amounts reported for governmental activities in the Statement of Activities were different because:	
Acquisition of capital assets was reported as expenditures in the governmental fund. However, in the government-wide Statement of Activities and Changes in Net Assets, the cost of those assets was allocated over the estimated useful lives as depreciation expense. The following was the amount of capital assets recorded in the current period:	
Park and recreation	(375,158)
Capital outlay	3,964,267
Disposal of capital assets	(4,098,111)
Depreciation expense on capital assets was reported in the government-wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, depreciation expense was not reported as an expenditure in the governmental fund.	(1,251,520)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of debt principal consumes the current financial resources of governmental fund. Neither transaction, however, has any effect on net assets.	
Issuance of capital lease	(80,488)
Principal payment on capital leases	170,061
Compensated absences were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, compensated absences were not reported as expenditures in governmental fund.	(152,164)
Change in net assets of governmental activities	$ 878,425

See accompanying Notes to the Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

This page intentionally left blank.

Mountains Recreation and Conservation Authority
Statement of Fiduciary Net Assets
Agency Funds
June 30, 2012

		Agency Funds
ASSETS		
Cash and investments	$	2,218,542
Cash and investments with fiscal agent		6,380,511
Assessments receivable		101,141
Total assets	$	8,700,194
LIABILITIES		
Accounts payable	$	50,620
Due to General Fund		157,341
Due to bondholders		8,492,233
Total liabilities	$	8,700,194

See accompanying Notes to the Basic Financial Statements.

This page intentionally left blank.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mountains Recreation and Conservation Authority
Notes to the Basic Financial Statements
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Mountains Recreation and Conservation Authority (the "Authority"), was established on June 27, 1985, under a joint powers agreement entered into by Conejo Recreation and Park District (the "District") and Santa Monica Mountains Conservancy for and with the purpose of acquiring, developing, and conserving additional park and green space land with special emphasis on water-oriented recreation and conservation projects within both the Santa Monica Mountains Zone and the District's boundaries. On August 3, 1987, Rancho Simi Recreation and Park District became a party to the joint powers agreement and a member of the Authority.

B. Basis of Presentation

The Authority's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

Government-Wide Financial Statements

The Authority's Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of governmental activities for the Authority. Fiduciary Activities of the Authority are not included in these statements.

The Government-Wide Financial Statements are presented on an *"economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all of the Authority's assets and liabilities, including capital assets, as well as infrastructure 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 they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions reported as program revenues for the Authority are reported in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the Government-Wide Financial Statements. The Authority has presented all major funds that met those qualifications.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Presentation, Continued

The governmental fund is 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 sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. 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 recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Authority are grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences between the "economic resources" measurement focus and the "current financial resources" measurement focus.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Fiduciary Net Assets. The Authority's fiduciary funds represent agency funds. Fiduciary fund types are accounted for according to the nature of the fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are accounted for using accrual basis accounting.

Major Fund

The Authority reported the following major governmental fund in the accompanying financial statements:

General Fund - The General Fund is used for all general revenues of the Authority not specifically levied or collected for other Authority funds and the related expenditures. The General Fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.

Fiduciary Funds

Agency Funds – This fund accounts for assets held by the Authority as an agent. The Authority maintains two agency funds: Benefit Assessment District One Fund and Benefit Assessment District Two Fund.

C. Cash, Cash Equivalents, and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as cash and investments.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash, Cash Equivalents, and Investments, Continued

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The Authority participates in an investment pool managed by the State of California titled *Local Agency Investment Fund* ("LAIF") which has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk as to change in interest rates.

D. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

E. Capital Assets

Capital assets are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair value at the date of the contribution. Capital assets are defined by the Authority as assets with an initial, individual cost of more than $3,000 and estimated useful life in excess of two years.

The Authority depreciates capital assets with limited useful lives over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The Authority has assigned the useful lives listed below to capital assets:

	Useful Lives Years	Capitalization Threshold
Equipment	3-10	$ 3,000
Improvements	5-20	3,000
Structures	50	3,000

Major outlays for capital assets and improvements are capitalized as projects are constructed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Long-Term Debt

Government-Wide Financial Statements - Long-term debt and other long-term obligations are reported as liabilities in the governmental activities.

Fund Financial Statements - The fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Assets.

G. Compensated Absences

The Authority accrues accumulated vacation leave and then expenses the cost as paid in the General Fund. It is the policy of the Authority to pay all accumulated vacation leave when an employee retires or is otherwise terminated.

Sick leave costs are expensed as paid in the General Fund. Employees have no vested rights in their accumulated unpaid sick leave upon retirement or termination.

Vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund only if they have matured, for example, as a result of employee resignations and retirements.

H. Unearned and Deferred Revenues

Government-Wide Financial Statements - Unearned revenue is recognized for transactions for which revenue has not yet been earned. Unearned revenue includes program and grant monies received in advance and prepaid charges for services.

Fund Financial Statements - Deferred revenue represents money received during the current or previous years that has not been earned or is not considered available to finance expenditures of the current period.

I. Use of Restricted and Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Authority's policy is to apply restricted net assets first, then unrestricted net assets as they are needed.

J. Net Assets and Fund Balances

Government-Wide Financial Statements

In the Government-Wide Financial Statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the capital assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Net Assets and Fund Balances, Continued

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of governments.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets" as defined above.

Fund Financial Statements

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable Fund Balance – This amount indicates that portion of fund balance which cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted Fund Balance – This amount indicates that portion of fund balance which has been restricted to specific purposes by external parties, constitutional provisions, or enabling legislation.

Committed Fund Balance – This amount indicates that portion of fund balance which can only be used for specific purposes pursuant to formal action of the Authority's Board of Directors and can only be rescinded by the same formal action.

Assigned Fund Balance – This amount indicates that portion of fund balance which is constrained by the District's intent to be used for a specific purpose, but is neither restricted nor committed. The Financial Officer was authorized by the Board of Directors to determine assigned fund balances.

Unassigned Fund Balance – This amount indicates the residual portion of fund balances.

Use of Restricted and Unrestricted Fund Balances

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the Authority's policy is to apply restricted fund balances first, then unrestricted fund balances as they are needed. When expenditures are incurred for purposes for which unrestricted fund balances are available, the Authority uses the unrestricted resources in the following order: committed, assigned, and unassigned.

K. Use of Estimates

The preparation of the basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates and assumptions.

2. CASH AND INVESTMENTS

The Authority pools idle cash from all funds for the purpose of increasing income through investment. Earnings from such investments are allocated to the respective funds on the basis of applicable cash balances of each fund. The following is a summary of cash and investments at June 30, 2012:

	Government-Wide Statement of Net Assets Governmental Activities	Fiduciary Funds Statement of Net Assets	Total
Cash and investments	$ 4,007,037	$ 2,218,542	$ 6,225,579
Restricted cash	177,325	-	177,325
Cash and investment with fiscal agent	-	6,380,511	6,380,511
Total cash and investments	$ 4,184,362	$ 8,599,053	$ 12,783,415

Cash and investments were comprised of the following at June 30, 2012:

Cash and cash equivalents:	
Demand deposits	$ 3,106,299
Petty cash	2,825
Cash held in escrow	177,325
Total cash and cash equivalents	3,286,449
Investments:	
Local Agency Investment Fund	3,116,455
Investments held by fiscal agent:	
Money Market Mutual Fund	4,746,597
Guaranteed Investment Contracts	1,633,914
Total investments	9,496,966
Total cash and investments	$ 12,783,415

Investments Authorized by the California Government Code

Under the provisions of the Authority's investment policy, and in accordance with California Government Code 53601, the Authority is authorized to invest in the following:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (LAIF)	2 years	NONE	NONE
Ventura County Investment Pool	2 years	NONE	NONE

2. CASH AND INVESTMENTS, Continued

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by the provisions of the debt agreements, rather than the general provisions of the California Government Code or the Authority's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
Guaranteed Investment Contracts	N/A	None	None
Money Market Mutual Funds	N/A	None	None

Disclosures Relating to 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. One of the ways that the Authority manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Authority's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity:

	Remaining Maturity (in Months)		
Investment Type	Fair Value	12 Months Or Less	5 Years Or More
Local Agency Investment Fund	$ 3,116,455	$ 3,116,455	$ -
Investments held by fiscal agent:			
Money Market Mutual Fund	4,746,597	4,746,597	-
Guaranteed Investment Contracts	1,633,914	-	1,633,914
Total	$ 9,496,966	$ 7,863,052	$ 1,633,914

Disclosures Relating to 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 rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Authority's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

2. CASH AND INVESTMENTS, Continued

Investment Type	Carrying Amount	Minimum Legal Rating	Rating as of Fiscal Year End AAA	A-	Not Rated
Local Agency Investment Fund	$ 3,116,455	N/A	$ -	$ -	$ 3,116,455
Investment held by fiscal agent:					
Money Market Mutual Fund	4,746,597	N/A	4,746,597	-	-
Guaranteed Investment Contracts	1,633,914	N/A	-	1,633,914	-
Total	$ 9,496,966		$ 4,746,597	$ 1,633,914	$ 3,116,455

Concentration of Credit Risk

The California Government Code states that not more than 10% of the portfolio shall be invested in any one entity or any one instrument to protect the Authority from concentration of credit risk, with the following exceptions: U.S. Treasury Obligations and investment pools (LAIF and County). In addition, purchases of commercial paper from U.S. corporations must not exceed 10% of the value of the portfolio at any time and single issuer holdings to no more than 10 percent per issuer.

The following is a chart of the Authority's investment portfolio:

Investments	**Amount Invested**	**Percentage of Investments**
Investments:		
Local Agency Investment Fund	$ 3,116,455	100.00%
Total investments	$ 3,116,455	100.00%

Custodial Credit Risk

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

As of June 30, 2012, the Authority's deposits with financial institutions were fully insured by the Federal Depository Insurance Corporation ("FDIC").

2. CASH AND INVESTMENTS, Continued

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF and the Los Angeles County Investment Pool).

Investment in State Investment Pool

The Authority is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. As of June 30, 2012, the Authority had $3,116,455 invested in LAIF. The Authority valued its investments in LAIF as of June 30, 2012, by multiplying the account balance by a fair value factor determined by LAIF. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value resulting in a factor of 1.001219643.

The Authority's investments with LAIF at June 30, 2012, included 3.47% of the pooled funds invested in structured notes and asset-backed securities. These investments included the following:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statutes.

3. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2012, was as follows:

	Balances at July 1, 2011	Additions	Deletions	Reclassifications	Balances at June 30, 2012
Governmental activities:					
Nondepreciable capital assets:					
Land	$ 298,761,209	$ 1,264,758	$ -	$ -	$ 300,025,967
Construction in progress	11,637,413	1,913,547	(4,084,731)	(1,776,276)	7,689,953
Art collections	-	179,000	-	-	179,000
Total nondepreciable capital assets	310,398,622	3,357,305	(4,084,731)	(1,776,276)	307,894,920
Depreciable capital assets:					
Building and improvements	35,298,232	-	-	1,776,276	37,074,508
Vehicles	2,890,876	118,489	(40,380)	-	2,968,985
Equipment	783,396	113,315	-	-	896,711
Total depreciable capital assets	38,972,504	231,804	(40,380)	1,776,276	40,940,204
Less accumulated depreciation:					
Accumulated depreciation	(4,884,955)	(1,251,520)	27,000	-	(6,109,475)
Net depreciable capital assets	34,087,549	(1,019,716)	(13,380)	1,776,276	34,830,729
Net capital assets	$ 344,486,171	$ 2,337,589	$ (4,098,111)	$ -	$ 342,725,649

4. LINE OF CREDIT PAYABLE

On August 10, 2006, the Authority obtained a $1,000,000 operating line of credit and a $3,000,000 capital line of credit from Zions First National Bank. The line of credit was amended on August 9, 2009 and draws on the lines were amended to accrue interest at the rate of 130% and 90% of the Prime Rate, respectively. The interest rate is reset at the beginning of each calendar month. The balance outstanding at June 30, 2012 was $1,343,751, borrowed for construction costs of various projects. The interest rates at June 30, 2012 were 3.0875% and 2.925% for $1,000,000 and $3,000,000 line of credit, respectively. The lines of credit are secured by Authority owned property.

5. ENDOWMENTS

The Authority receives endowments from developers who contribute funds to the Authority 1) as a condition to receiving development permits from agencies such as the Army Corps of Engineers or the California Department of Fish and Game and 2) as donations to the Authority for maintenance of specific parcel of land donated to the Authority by the developers. When the developers develop land in areas that impact the Los Angeles River watershed, the developers pay restoration and enhancement fees to the Authority to restore another parcel of land to suitable riparian habitat. Acreage to be restored is based on ratio of type and severity of habitat disturbed. This process is referred to as the mitigation program. The mitigation funds are reserved in fund balances as the fund is restricted pursuant to memorandum of agreement between the Authority, the developers, and the permit agencies for mitigation projects only. In conjunction with the mitigation program, the developers are required to pay endowments for maintenance of the restored land. These endowments are also restricted pursuant to the same memorandum of agreement. The Authority plans to hold the principal of the endowments in perpetuity and use the interest earned to finance the maintenance of the restored land.

Endowments with accrued interest consisted of the following at June 30, 2012:

Tierra Rejada	$ 132,633
Fornaldes	28,311
NW Homes	56,873
Thompson Land	27,783
West Lake Village	6,730
SunCal	12,769
Beezer	64,324
Save Our Sherman Oaks	15,198
Pardee/Violin	50,368
Forest Lawn II	7,584
Veteran Holdings	7,585
Glendale Power & Water	7,467
Total	$ 417,625

6. LONG-TERM DEBT

The following is a summary of long-term debt transactions for the fiscal year ended June 30, 2012:

	Balance July 1, 2011	Additions	Deletions	Balance June 30,2012	Due within One Year	Due in more than One Year
Capital leases	$ 434,823	$ 80,488	$ (170,061)	$ 345,250	$ 154,810	$ 190,440
Compensated absences	496,511	369,370	(217,206)	648,675	71,354	577,321
Total	$ 931,334	$ 449,858	$ (387,267)	$ 993,925	$ 226,164	$ 767,761

6. LONG-TERM DEBT, Continued

A. *Capital Leases*

	Balance July 1, 2011	Additions	Deletions	Balance June 30,2012	Due within One Year	Due in more than One Year
Ford Motor Credit - 7116407	$ 28,457	$ -	$ (28,457)	$ -	$ -	$ -
Ford Motor Credit - 7116408	9,742	-	(9,742)	-	-	-
Ford Motor Credit - 7116409	148,163	-	(49,310)	98,853	52,507	46,346
Ford Motor Credit - 7116410	49,118	-	(15,355)	33,763	16,352	17,411
GE Government Finance No. 1	46,034	-	(21,502)	24,532	22,597	1,935
GE Government Finance No. 2	3,250	-	(1,582)	1,668	1,668	-
Key Government Finance	29,272	-	(11,521)	17,751	12,348	5,403
Zions First National Bank - 9001	120,787	-	(32,592)	88,195	34,092	54,103
Zions First National Bank - 9002	-	80,488	-	80,488	15,246	65,242
Total	$ 434,823	$ 80,488	$ (170,061)	$ 345,250	$ 154,810	$ 190,440

Ford Motor Credit– Lease #7116407

The Authority entered into a lease agreement with Ford Motor Credit Company for fourteen vehicles during fiscal year ended June 30, 2007. The lease has been classified as a capital lease obligation. The principal amount financed was $504,748 with interest rate of 5.4% per year. Accumulated depreciation for the vehicles was $451,763 at June 30, 2012. The lease was paid off in fiscal year ended June 30, 2012.

Ford Motor Credit– Lease #7116408

The Authority entered into a lease agreement with Ford Motor Credit Company for one vehicle during fiscal year ended June 30, 2007. The lease has been classified as a capital lease obligation. The principal amount financed was $52,780 with interest rate of 5.4% per year. Accumulated depreciation for the vehicle was $47,482 at June 30, 2012. The lease was paid off in fiscal year ended June 30, 2012.

Ford Motor Credit– Lease #7116409

The Authority entered into a lease agreement with Ford Motor Credit Company for ten vehicles during fiscal year ended June 30, 2009. The lease has been classified as a capital lease obligation. The principal amount financed was $246,228 with interest rate of 6.3% per year. Accumulated depreciation for the vehicles was $155,941 at June 30, 2012.

Year Ending June 30,	Principal	Interest	Total
2013	$ 52,507	$ 4,729	$ 57,236
2014	46,346	1,351	47,697
Total	$ 98,853	$ 6,080	$ 104,933

6. LONG-TERM DEBT, Continued

A. *Capital Leases, Continued*

Ford Motor Credit - Lease #7116410

The Authority entered into a lease agreement with Ford Motor Credit Company for four vehicles during fiscal year ended June 30, 2010. The lease has been classified as a capital lease obligation. The principal amount financed was $77,485 with interest rate at 6.3% per year. Accumulated depreciation for the vehicles was $46,236 at June 30, 2012.

Year Ending June 30,	Principal	Interest	Total
2013	$ 16,352	$ 1,660	$ 18,012
2014	17,411	601	18,012
Total	$ 33,763	$ 2,261	$ 36,024

GE Government Finance No. 1

The Authority entered into a lease agreement with GE Government Finance, Inc. for two vehicles during fiscal year ended June 30, 2008. The lease has been classified as a capital lease obligation. The principal amount financed was $102,706 with interest rate of 4.98% per year. Accumulated depreciation for the vehicles was $83,790 at June 30, 2012.

Year Ending June 30,	Principal	Interest	Total
2013	$ 22,597	$ 711	$ 23,308
2014	1,935	8	1,943
Total	$ 24,532	$ 719	$ 25,251

GE Government Finance No. 2

The Authority entered into a lease agreement with GE Government Finance, Inc. for one communication equipment during fiscal year ended June 30, 2009. The lease has been classified as a capital lease obligation. The principal amount financed was $7,297 with interest rate at 5.45% per year. Accumulated depreciation for the equipment was $4,047 at June 30, 2012.

Year Ending June 30,	Principal	Interest	Total
2013	$ 1,668	$ 50	$ 1,718
Total	$ 1,668	$ 50	$ 1,718

6. LONG-TERM DEBT, Continued

A. *Capital Leases, Continued*

Key Government Finance

The Authority entered into a lease agreement with Key Government Finance, Inc. for one vehicle during fiscal year ended June 30, 2009. The lease has been classified as a capital lease obligation. The principal amount financed was $55,590 with interest rate at 6.95% per year. Accumulated depreciation for the vehicle was $39,839 at June 30, 2012.

Year Ending June 30,	Principal	Interest	Total
2013	$ 12,348	$ 845	$ 13,193
2014	5,403	94	5,497
Total	$ 17,751	$ 939	$ 18,690

Zions First National Bank – Lease #9001

The Authority entered into a lease agreement with Zions First National Bank for nine vehicles during fiscal year ended June 30, 2010. The lease has been classified as a capital lease obligation. The principal amount financed was $167,007 with interest rate at 4.55% per year. Accumulated depreciation for the vehicles was $91,854 at June 30, 2012.

Year Ending June 30,	Principal	Interest	Total
2013	$ 34,092	$ 3,630	$ 37,722
2014	35,662	2,060	37,722
2015	18,441	420	18,861
Total	$ 88,195	$ 6,110	$ 94,305

Zions First National Bank – Lease #9002

The Authority entered into a lease agreement with Zions First National Bank for two vehicles during fiscal year ended June 30, 2012. The lease has been classified as a capital lease obligation. The principal amount financed was $80,488 with interest rate at 3.20% per year. Accumulated depreciation for the vehicles was $4,024 at June 30, 2012.

Year Ending June 30,	Principal	Interest	Total
2013	$ 15,246	$ 2,260	$ 17,506
2014	15,542	1,965	17,507
2015	16,043	1,463	17,506
2016	16,561	945	17,506
2017	17,096	411	17,507
Total	$ 80,488	$ 7,044	$ 87,532

6. LONG-TERM DEBT, Continued

B. Compensated Absences

The Authority accrues accumulated vacation leave and then expenses the cost as paid in the General Fund. It is the policy of the Authority to pay all accumulated vacation leave when an employee retires or is otherwise terminated.

Sick leave costs are expensed as paid in the General Fund. Authority employees have no vested rights in accumulated unpaid sick leave upon retirement or termination.

The estimated liability for compensated absences $648,675 at June 30, 2012.

7. RETIREMENT PLAN

Plan Description

The Authority contributes to the California Public Employee Retirement System ("PERS"). The miscellaneous employees of the Authority are part of an agent multiple-employer defined benefit pension plan. Miscellaneous employees are public employees who are not member of local police, local fire, other local safety, and school police. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and Authority ordinance. Copies of PERS' annual financial report may be obtained from their executive office at 400 P Street, Sacramento, CA 95814.

Funding Policy

Participants are required to contribute 7% for miscellaneous employees of their annual covered salary. The Authority makes the contributions required of Authority employees on their behalf. For the fiscal year ended June 30, 2012, the Authority's contribution was 8.486% for miscellaneous. The contribution requirements of plan members and the Authority are established and may be amended by PERS.

Annual Pension Costs

The Authority's annual pension cost of $418,519 was equal to the Authority's required and actual contribution. The required contribution was determined as part of the June 30, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.55% to 14.45% depending upon entry age, and (c) 3.00% for inflation compounded annually. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen-year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization period at June 30, 2009 was 7 years.

7. RETIREMENT PLAN, Continued

Annual Pension Costs

Three-Year Trend Information for PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	$ 305,507	100.0%	$ -
2011	367,925	100.0%	-
2012	418,519	100.0%	-

Funding Status

The Authority's retirement plan is a part of the CalPERS risk pool for cities and other government entities that have fewer than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, standalone information of the schedule of the funding progress for the Authority's employees is no longer available or disclosed.

8. CONTINGENCIES AND COMMITMENTS

On April 1, 1999, the City of Los Angeles loaned the Authority $1,305,385 for the purchase of 6.8 acres in the Lawry's California Center. The loan proceeds were used to transform the property into and operate a "River Center", develop and maintain a 2.8 acre park with an adjoining parking lot, and preserve the existing gardens and buildings at the site. The loan will be repaid over a term of fifteen years at an annual rate of 8.47%. The payments will be made to the City of Los Angeles on a monthly basis. The collateral for the City of Los Angeles is a deed of trust in first lien position recorded against the 2.8 acre parcel of the Authority. In the agreement, if sales tax generated from the Center is adequate to repay the debt of the Authority, then the Authority will not be required to make their monthly payments. In the current fiscal year, the Authority was not required to service the debt because the sales tax generated was sufficient to cover the debt service. If the sales tax revenue is not sufficient to cover the debt, the Authority is liable for the shortfall. As of June 30, 2012, the principal balance outstanding on the loan totaled $375,433.

Lawsuits

The Authority is a defendant in certain other legal actions arising in the normal course of operations. In the opinion of management and legal counsel, any liability resulting from these actions will not result in a material adverse effect on the Authority's financial position.

As of June 30, 2012, in the opinion of Authority management, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the Authority.

Federal and State Grant Programs

The Authority has received Federal and State grants for specific purposes that are subject to review and audit by the granting agencies. Although such audits could result in expenditure disallowance under grant terms, any required reimbursements are not expected to be material.

8. CONTINGENCIES AND COMMITMENTS, Continued

Construction Projects

The Authority has several outstanding or planned construction projects as of June 30, 2012. These projects are evidenced by contractual commitments with contractors that total to $645,846.

9. DEBT ISSUED WITHOUT GOVERNMENT COMMITMENT – CONDUIT DEBT

Assessment District No. 2004-01

In March 2004, the Authority issued $14,805,000 of Assessment District No. 2004-01 Limited Obligation Improvement Bonds, Series 2004 (the "Bonds"). The Bonds were issued to finance costs for acquiring and maintaining certain open space lands, hillsides, view sheds and water sheds, riparian corridors, wildlife corridors, parklands, and brush clearing within the Assessment District, establish the Reserve Fund, and to pay the cost of issuing the Bonds.

The Authority is in no way liable for repayment but is only acting as an agent for the property owners in collecting the assessments, forwarding the collections to the bondholders, and initiating foreclosure proceedings for the benefit of the bondholders. For these reasons, neither the debt nor the related debt service transactions are recorded in the Authority's basic financial statements. The principal balance outstanding at June 30, 2012, is $11,965,000.

Assessment District No. 2004-02

In March 2004, the Authority issued $13,165,000 of Assessment District No, 2004-02, Limited Obligation Improvement Bond Series 2004 (the "Bonds"). The Bonds were issued to finance costs for acquiring and maintaining certain open space lands, hillsides, view sheds and water sheds, riparian corridors, wildlife corridors, parklands, and brush clearing within the Assessment District, establish the Reserve Fund, and to pay the cost of issuing the Bonds.

The Authority is in no way liable for repayment but is only acting as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings for the benefit of the bondholders. For these reasons, neither the debt nor the related debt service transactions are recorded in the Authority's basic financial statements. The principal balance outstanding at June 30, 2012, is $10,660,000.

10. OTHER REQUIRED DISCLOSURE

<u>Excess of Expenditures over Appropriations</u>

The General Fund expenditures were over the appropriations for the parks and recreation function by $2,392,522. The primary reasons for the excess expenditures were as follows: there was an increase in the fire department hiring on part-time, seasonal staff to assist in fighting fires during the fiscal year; substantial legal fees were incurred on various cases; and payments made for the Washington Street Elementary Park construction that were originally budgeted as a subcontractor expense.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

1. BUDGETS AND BUDGETARY ACCOUNTING

The Authority adopts a preliminary annual budget before July 1 and if necessary, a final budget before August 31. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the various Authority departments.

The Board of Directors may amend the budget by motion during each fiscal year. Any revisions that alter the total expenditures of any fund must be approved by the Board of Directors. The original and revised budgets are presented for the General Fund in the financial statements. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the object level.

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended. Operating lease contracts entered into by the Authority are subject to annual review by the Board of Directors; hence, they legally are one year contracts with an option for renewal for another fiscal year.

Mountains Recreation and Conservation Authority
Required Supplementary Information (Unaudited), Continued
For the year ended June 30, 2012

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

Budgetary Comparison Schedule - General Fund

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental revenues	$ 18,970,966	$ 18,971,166	$ 11,182,843	$ (7,788,323)
Fees, permits, and leases	5,922,250	5,922,250	5,495,105	(427,145)
Assessment districts reimbursements	201,478	201,478	274,722	73,244
Contributions	1,153,376	1,153,376	3,014,649	1,861,273
Interest	-	-	21,282	21,282
Other	90,473	90,473	250,202	159,729
Total revenues	26,338,543	26,338,743	20,238,803	(6,099,940)
EXPENDITURES:				
Current:				
Parks and recreation:				
Salaries and benefits	9,564,780	6,979,327	7,824,652	(845,325)
Supplies and services	5,119,946	5,046,451	5,360,694	(314,243)
Grants	-	370,000	1,602,954	(1,232,954)
Capital outlay	11,483,756	13,742,504	3,964,267	9,778,237
Debt service:				
Principal	170,061	170,061	170,061	-
Interest	-	30,000	55,125	(25,125)
Total expenditures	26,338,543	26,338,343	18,977,753	7,360,590
REVENUES OVER (UNDER) EXPENDITURES	-	400	1,261,050	1,260,650
OTHER FINANCING SOURCES:				
Proceeds from sale of easements	-	-	1,241,000	1,241,000
Proceeds from sale of assets	-	-	119,000	119,000
Issuance of capital lease	-	-	80,488	80,488
Total other financing sources	-	-	1,440,488	1,440,488
Net change in fund balance	$ -	$ 400	2,701,538	$ 2,701,138
FUND BALANCES:				
Beginning of year			3,639,528	
End of year			$ 6,341,066	

2. SCHEDULE OF FUNDING PROGRESS – PENSION PLAN

In fiscal year ended June 30, 2004, CalPERS established a risk pool for cities and other government entities that have less than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, standalone information of the schedule of the funding progress for the Authority's miscellaneous employees is no longer available or disclosed.

SUPPLEMENTARY INFORMATION

FIDUCIARY FUNDS

The ***Agency Funds*** of the Authority were established for the purpose of administering the bond proceeds and the repayment of bond principal and interest. These bonds were issued to finance the acquisition of certain open space lands, hillsides, viewsheds and watersheds, riparian corridors, wildlife corridors and parklands (collectively, the improvements), to prepay a Promissory Note issued by the Authority for the purchase of improvements, to make deposit into a debt service reserve fund for the bonds and to pay certain costs of issuing the bonds.

Mountains Recreation and Conservation Authority
Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2012

Benefit Assessment District One	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Assets:				
Cash and investments	$ 672,878	$ 1,153,038	$ (660,544)	$ 1,165,372
Cash and investments with fiscal agent	2,922,177	934,005	(1,361,131)	2,495,051
Assessments receivable	49,204	60,177	(49,204)	60,177
Total assets	$ 3,644,259	$ 2,147,220	$ (2,070,879)	$ 3,720,600
Liabilities:				
Accounts payable	$ 2,500	$ 130,982	$ (92,442)	$ 41,040
Due to other funds	59,038	186,607	(116,828)	128,817
Due to bondholders	3,582,721	-	(31,978)	3,550,743
Total liabilities	$ 3,644,259	$ 317,589	$ (241,248)	$ 3,720,600

Benefit Assessment District Two	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Assets:				
Cash and investments	$ 591,101	$ 1,043,383	$ (581,314)	$ 1,053,170
Cash and investments with fiscal agent	4,325,567	502,618	(942,725)	3,885,460
Assessments receivable	32,247	40,964	(32,247)	40,964
Total assets	$ 4,948,915	$ 1,586,965	$ (1,556,286)	$ 4,979,594
Liabilities:				
Accounts payable	$ 2,500	$ 100,396	$ (93,316)	$ 9,580
Due to other funds	71,959	53,642	(97,077)	28,524
Due to bondholders	4,874,456	67,034	-	4,941,490
Total liabilities	$ 4,948,915	$ 221,072	$ (190,393)	$ 4,979,594

Total Agency Funds	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Assets:				
Cash and investments	$ 1,263,979	$ 2,196,421	$ (1,241,858)	$ 2,218,542
Cash and investments with fiscal agent	7,247,744	1,436,623	(2,303,856)	6,380,511
Assessments receivable	81,451	101,141	(81,451)	101,141
Total assets	$ 8,593,174	$ 3,734,185	$ (3,627,165)	$ 8,700,194
Liabilities:				
Accounts payable	$ 5,000	$ 231,378	$ (185,758)	$ 50,620
Due to other funds	130,997	240,249	(213,905)	157,341
Due to bondholders	8,457,177	67,034	(31,978)	8,492,233
Total liabilities	$ 8,593,174	$ 538,661	$ (431,641)	$ 8,700,194