MOUNTAINS RECREATION AND CONSERVATION AUTHORITY

BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY

June 30, 2015

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and aggregate remaining fund information of the Mountains Recreation and Conservation Authority, California (Authority), as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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

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Emphasis of Matter

As discussed in note 1 of the notes to the basic financial statements, effective July 1, 2014, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 the budgetary information, on page 26, the schedule of the Authority's proportionate share of the net pension liability on page 27, and the schedule of pension contributions on page 28, be presented to supplement the basic financial statements. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements as a whole. The combining agency funds financial statements on pages 30 through 32 are presented for purposes of additional analysis and are not required parts of the financial statements. The combining agency funds financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2016, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
March 25, 2016

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities
ASSETS	
Cash and investments	$ 6,596,450
Accounts receivable	8,138,019
Interest receivable	3,713
Due from fiduciary funds	190,162
Prepaid items	235,110
Capital assets:	
Non-depreciable	471,222,944
Depreciable:	
Buildings and improvements	46,628,443
Machinery and equipment	4,094,116
Accumulated depreciation	(9,047,319)
Total assets	528,061,638
DEFERRED OUTFLOW OF RESOURCES	
Pension	414,958
Total deferred outflow of resources	414,958
LIABILITIES	
Accounts payable	2,139,351
Accrued liabilities	392,903
Retention payable	212,748
Deposits payable	338,620
Line of credit payable	2,360,181
Noncurrent liabilities:	
Due within one year	249,670
Due in more than one year	2,996,258
Total liabilities	8,689,731
DEFERRED INFLOW OF RESOURCES	
Pension	832,754
Total deferred inflow of resources	832,754
NET POSITION	
Net investment in capital assets	510,143,587
Restricted	5,823,128
Unrestricted	2,987,396
Total net position	$ 518,954,111

The accompanying notes are an integral part of these basic financial statements.

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position
Governmental activities:					
Parks and recreation	$ 16,935,515	$ 5,778,737	$ 8,026,783	$ 26,580,141	$ 23,450,146
Total governmental activities	$ 16,935,515	$ 5,778,737	$ 8,026,783	$ 26,580,141	23,450,146
General revenue					
Use of money and property					13,866
Other					212,148
Total general revenue					226,014
Change in net position					23,676,160
Net position at beginning of fiscal year					377,477,493
Prior period adjustments					117,800,458
Net position at beginning of fiscal year, restated					495,277,951
Net position at end of fiscal year					$ 518,954,111

The accompanying notes are an integral part of these basic financial statements.

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY

BALANCE SHEET

GOVERNMENTAL FUND

June 30, 2015

	General Fund
ASSETS:	
Cash and investments	$ 6,596,450
Accounts receivable	8,138,019
Interest receivable	3,713
Due from fiduciary funds	190,162
Prepaid items	235,110
Total assets	$ 15,163,454
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:	
Liabilities	
Accounts payable	$ 2,139,351
Accrued liabilities	392,903
Retention payable	212,748
Deposits payable	338,620
Line of credit payable	2,360,181
Total liabilities	5,443,803
Deferred inflows of resources	
Deferred revenue: mitigation for encroachment damage	506,483
Deferred revenue: real property acquisition	1,270,000
Deferred revenue: intergovernmental agreements	1,937,419
Total deferred inflows of resources	3,713,902
Fund balances	
Nonspendable	235,110
Restricted	
Mitigation projects	5,243,195
Endowments for resource protection	372,963
Donations for resource protection	206,970
Unassigned	(52,489)
Total fund balances	6,005,749
Total liabilities, deferred inflows of resources, and fund balances	$ 15,163,454

The accompanying notes are an integral part of these basic financial statements.

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2015

Fund balances for the governmental funds		$ 6,005,749
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 funds.		
Nondepreciable capital assets	$ 471,222,944	
Depreciable capital assets, net	41,675,240	512,898,184
Revenues received but not utilized are not recognized as revenue on the governmental funds and are offset with deferred revenue.		3,713,902
Long-term liabilities and compensated absences are not due and payable in the current period and therefore are not reported in the funds.		
Capital lease	(394,416)	
Compensated absences	(558,554)	
Net pension liability	(2,292,958)	(3,245,928)
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred outflow of resources: pension	414,958	
Deferred inflow of resources: pension	(832,754)	(417,796)
Net position of governmental activities		$ 518,954,111

The accompanying notes are an integral part of these basic financial statements.

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
For the Fiscal Year Ended June 30, 2015

	General Fund
Revenues:	
Intergovernmental	$ 28,077,524
Fees, permits, and leases	5,778,737
Contributions	138,994
Mitigations	905,875
Endowments	392,000
Donations	208,074
Interest	13,866
Other	212,148
Total revenues	35,727,218
Expenditures:	
Current:	
Parks and recreation:	
Salaries and benefits	8,174,048
Services and supplies	6,354,031
Grants	252,583
Mitigations	1,420,638
Endowments	446,662
Donations	89,604
Capital outlay	18,889,134
Debt service:	
Principal	148,945
Interest	105,102
Total expenditures	35,880,747
Net Change in Fund Balance	(153,529)
Fund balance, July 1, 2014	6,329,413
Prior period adjustment	(170,135)
Fund balance, July 1, 2014, restated	6,159,278
Fund balance, June 30, 2015	$ 6,005,749

The accompanying notes are an integral part of these basic financial statements.

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

The schedule below reconciles the Net Change in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, which measure only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

Net change in fund balance - Governmental Funds	$ (153,529)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital outlay and contribution of $23,792,622 exceeded depreciation expense of $1,168,270 and $359,281 in CIP deleted and expensed in the period.	22,265,071
In governmental funds, certain restricted revenues are not recognized until the project or real property acquisition for which the funds were restricted has incurred expenditures, at which time, revenue is recognized in the same amount to match the expenditures. In the government-wide statements, such restricted revenues are recognized in the period in which they are received. This is the amount of revenue received that is to be recognized during this fiscal year.	1,307,688
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities.	148,945
In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, vacation used exceeded the amounts earned by $61,233.	61,233
In governmental funds, pension costs are recognized when employer contributions are made; however, in the statement of activities, pension costs are recognized on the accrual basis. This is the difference between accrual-basis pension costs and actual employer contributions.	46,752
Change in net position of governmental activities	$ 23,676,160

The accompanying notes are an integral part of these basic financial statements.

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY

FIDUCIARY FUNDS

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2015

		Agency Funds
ASSETS		
Cash and investments	$	1,899,450
Cash and investments with fiscal agents		5,334,944
Assessments receivable		72,049
Total Assets	$	7,306,443
LIABILITIES		
Accounts payable	$	112,393
Due to General Fund		190,162
Due to bondholders		6,626,718
Deposits		377,170
Total Liabilities	$	7,306,443

The accompanying notes are an integral part of these basic financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Mountains Recreation and Conservation Authority (MRCA) is a local government public entity established in 1985 pursuant to the Joint Powers Act. The MRCA is a local partnership between the Santa Monica Mountains Conservancy, which is a state agency established by the Legislature, and the Conejo Recreation and Park District and the Rancho Simi Recreation and Park District both of which are local park agencies established by the vote of the people in those communities. The MRCA is dedicated to the preservation and management of local open space and parkland, watershed lands, trails, and wildlife habitat. The MRCA manages and provides ranger services for almost 69,000 acres of public lands and parks that it owns and that are owned by the Santa Monica Mountains Conservancy or other agencies and provides comprehensive education and interpretation programs for the public.

B. Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities include the financial activities of the overall Authority government. Eliminations have been made to minimize the double counting of internal activities.

Deferred Outflows of Resources represent outflows of resources that apply to future periods and, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources that apply to future periods and, therefore, are not recognized as revenue until that time.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of Authority's activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational need or capital requirements of a particular program and, (c) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes and interest, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about Authority's funds. The emphasis of fund financial statements is on individual major funds, each of which is displayed in a separate column.

C. Major Fund

Governmental Accounting Standards Board (GASB) Statement No. 34 defines major funds and requires that Authority's major governmental funds are identified and presented separately in the fund financial statements. Major funds are defined as funds that have assets, liabilities, revenues, or expenditures equal to ten percent of their fund-type total and five percent of the grand total for both governmental and proprietary fund types. The Authority has determined that its fund is a major governmental fund.

MRCA reported the following major governmental fund in the accompanying financial statements:

General Fund – The General Fund is the main operating fund of Authority.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fiduciary Funds

This fund accounts for assets held by the Authority as an agent. The Authority maintains four agency funds: Benefit Assessment District No.1, Benefit Assessment District No.2, Community Facilities District No.1, and Community Facilities District No. 2.

E. Basis of Accounting

The government-wide financial statements are reported using the *economic measurement focus* and the full accrual basis of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available.* MRCA considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety days after fiscal year-end, and one year for grant revenues. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as *other financing sources.*

Non-exchange transactions, in which MRCA gives or receives value without immediately receiving or giving equal value in exchange, include property assessments, grants, and donations. On the accrual basis, revenues from property assessments are recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Under the terms of grant agreements, MRCA funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. MRCA policy is to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

F. Budgetary 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.

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standard Board (GASB) and the American Institute of Certified Public Accountants (AICPA), requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets

Purchased capital assets are stated at historical cost or estimated historical cost when original cost is not available. Donated capital assets are recorded at their estimated fair value at the date of donation. Additions that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the capital assets or materially extend the capital asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using the straight-line method over the estimated useful lives of the capital assets, which range from 3 to 50 years.

I. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. Net Position and Fund Balances

Net Position

The government-wide statement of net position includes three equity categories entitled net investment in capital assets, restricted net position; and unrestricted net position.

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

Restricted Net Position – This amount consists of amounts restricted from external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

Fund Financial Statements – Fund Balances

As of June 30, 2015, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the governing board is the highest level of decision-making authority for the MRCA. Commitments may be established, modified, or rescinded only through resolutions approved by the governing board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The governing board may assign amounts for specific purposes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Net Position and Fund Balances (Continued)

Fund Financial Statements – Fund Balances (Continued)

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, MRCA considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, MRCA considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

K. Compensated Leave

The Authority accrues accumulated vacation and annual leave and expenses the cost as paid in the General Fund. It is the policy of the Authority to pay all accumulated vacation and annual 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. However, in the case of retirement only, 50% of an employee's accumulated unpaid sick leave is converted to PERS service credit.

Vacation and annual leave pay are 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.

L. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 68
For the fiscal year ended June 30, 2015, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* as well as the requirements of Statement No. 50, *Pension Disclosures*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pensions. Implementation of GASB Statement No. 68 did have an impact on the Authority's financial statements for the fiscal year ended June 30, 2015. See Notes 6 and 10 for more details.

Governmental Accounting Standards Board Statement No. 71
For the fiscal year ended June 30, 2015, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to address an issue regarding application of the transition of GASB Statement No. 68 Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement will eliminate the source of potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB Statement No. 68 in the accrual-basis financial statements of employers and non-employer contributing entities. Implementation of the GASB Statement No. 71 did have an impact on the Authority's financial statements for the fiscal year ended June 30, 2015. See Notes 6 and 10 for more details.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Statement of Net Position:		
Cash and investments	$	6,596,450
Fiduciary funds:		
Cash and investments		1,899,450
Cash and investments with fiscal agents		5,334,944
Total cash and investments	$	13,830,844

Cash and investments at June 30, 2015, consisted of the following:

Cash on hand	$	578
Deposits with financial institutions		4,064,915
Investments		9,765,351
Total cash and investments	$	13,830,844

A. Investments Authorized by the California Government Code and the Authority's Investment Policy

The table below identifies the investment types that are authorized for the MRCA (Authority) by the California Government Code (or the Authority's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Authority's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the Authority, rather than the general provisions of the California Government Code or the Authority's investment policy.

Authorized Investment Type	Maximum Maturity	Percentage of Portfolio	Investment in One Issuer
Local Agency Investment Fund (State Pool)	N/A	None	None
Ventura County Investment Pool	N/A	None	None

B. Investments Authorized by Debt Agreements

Investment 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 Authority's investment policy. The table below identifies the Investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address and concentration of credit risk.

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

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

C. 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 trustee) 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	Totals	12 Months or Less	13 to 24 Months	25-60 Months	More Than 60 Months
State Investment Pool (LAIF)	$ 4,430,407	$ 4,430,407	$ -	$ -	$ -
Investments held by fiscal agent:					
Money Market Funds	3,701,028	3,701,028			
Guaranteed Investment Contracts	1,633,916				1,633,916
	$ 9,765,351	$ 8,131,435	$ -	$ -	$ 1,633,916

D. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The Authority has no investments (including investments held by bond trustees) that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

E. 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 a 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.

				Rating as of Fiscal Year End			
Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	AAA	AA	A	Not Rated
State Investment Pool (LAIF)	$ 4,430,407	N/A	$ -	$ -	$ -	$ -	$4,430,407
Investments held by fiscal agent:							
Money Market Funds	3,701,028	N/A		3,701,028			
Guaranteed Investment Contracts	1,633,916	N/A				1,633,916	
Total	$ 9,765,351		$ -	$ 3,701,028	$ -	$ 1,633,916	$4,430,407

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

F. 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 except: US Treasury Obligations and investment pools. In addition, purchases of commercial paper from US corporations must not exceed 10% of the value of the portfolio at any time and single issuer holdings to no more than 10% per user. Since 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, they are excluded from the 10% portfolio calculation.

G. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The 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, 2015, all of the Authority's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts as required under California law.

H. Investment in State Investment Pool

The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE 3 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance at July 1, 2014	Additions	Deletions	Prior Period Adjustments	Balance at June 30, 2015
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 317,463,123	$ 18,888,928	$ -	$ 121,203,319	$ 457,555,370
Art collection	179,000				179,000
Construction in progress	15,272,122	4,806,753	(6,590,301)		13,488,574
Total capital assets not being depreciated	332,914,245	23,695,681	(6,590,301)	121,203,319	471,222,944
Capital assets being depreciated:					
Buildings and improvements	40,397,423	6,231,020			46,628,443
Vehicles	3,180,882		(105,927)		3,074,955
Equipment	922,220	96,941			1,019,161
Total capital assets, being depreciated	44,500,525	6,327,961	(105,927)		50,722,559
Less accumulated depreciation:					
Buildings and improvements	(4,656,379)	(901,240)			(5,557,619)
Vehicles	(2,537,087)	(211,197)	105,927		(2,642,357)
Equipment	(791,510)	(55,833)			(847,343)
Total accumulated depreciation	(7,984,976)	(1,168,270)	105,927		(9,047,319)
Total capital assets, being depreciated, net	36,515,549	5,159,691			41,675,240
Governmental activities capital assets, net	$ 369,429,794	$ 28,855,372	$ (6,590,301)	$ 121,203,319	$ 512,898,184

Depreciation expense of $1,168,270 was charged to the parks and recreation function on the Statement of Activities.

NOTE 4 – LINE OF CREDIT

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 lines of credit were amended on August 9, 2009, and again on October 3, 2014. Draws on the lines currently accrue interest at the rate of 110% and 75% of the Prime Rate, respectively. The interest rate is reset at the beginning of each calendar month. The balance outstanding at June 30, 2015 on the capital line is $2,360,181, which was borrowed for construction costs of various projects. The balance on the operating line at June 30, 2015 is zero. The last date to draw on the line of credit is August 31, 2019, and individual draws on the capital line must be paid within three years of each individual draw.

NOTE 5 – LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the fiscal year ended June 30, 2015:

	Balance at July 1, 2014	Additions	Repayments	Prior Period Adjustments	Balance at June 30, 2015	Due Within One Year
Capital lease	$ 68,141	$ -	$ (148,945)	$ 475,220	$ 394,416	$ 110,032
Compensated absences	619,787	558,668	(619,901)		558,554	139,638
Net pension liability		1,543,300	(2,278,309)	3,027,967	2,292,958	
Total	$ 687,928	$ 2,101,968	$ (3,047,155)	$ 3,503,187	$ 3,245,928	$ 249,670

NOTE 5 – LONG-TERM DEBT (CONTINUED)

1. Zion First National Bank #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 an annual interest rate at 4.55%. The lease was fully paid during the fiscal year ended June 30, 2015. The amount of principal paid during the fiscal year ended June 30, 2015 was $18,441.

2. Zion First National Bank #9002

The Authority entered into a lease agreement with Zions First National Bank for two vehicles during the fiscal year ended June 30, 2012. The lease has been classified as a capital lease obligation. The principal amount financed was $80,488 with an annual interest rate at 3.20%. The amount of principal paid during the fiscal year ended June 30, 2015 was $16,043.

Annual debt service requirements for the capital lease are shown below:

Fiscal Year	Capital Lease Payable		
Ended June 30,	Principal	Interest	Total
2016	$ 16,561	$ 945	$ 17,506
2017	17,096	411	17,507
	$ 33,657	$ 1,356	$ 35,013

3. Zion First National Bank #9003

The Authority entered into a lease agreement with Zions First National Bank for 14 vehicles during the fiscal year ended June 30, 2014. The lease has been classified as a capital lease obligation. The principal amount financed was $475,220 with an annual interest rate at 2.10%. The amount of principal paid during the fiscal year ended June 30, 2015 was $114,461.

Annual debt service requirements for the capital lease are shown below:

Fiscal Year	Capital Lease Payable		
Ended June 30,	Principal	Interest	Total
2016	$ 93,471	$ 7,089	$ 100,560
2017	95,448	5,112	100,560
2018	97,464	3,102	100,566
2019	74,376	1,041	75,417
	$ 360,759	$ 16,344	$ 377,103

3. 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 the accumulated vacation and annual 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. However, in the case of retirement only, 50% of an employee's accumulated unpaid sick leave is converted to PERS service credit.

NOTE 6 – PENSION PLAN

Plan Description and Funding Policy

All qualified employees are eligible to participate in the Authority's Miscellaneous Employee Pension Plan, administered by the California Public Employees Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Authority resolution. CalPERS issues publicly available report that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. The Authority participates in a pension "pool" with other governmental agencies.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous
Benefit formula	2% @ 60
Benefit vesting schedule	5 years service
Benefit payments	Monthly for life
Retirement age	50-63
Monthly benefits, as a % of eligible compensation	1.09%-2.42%
Required employee contribution rates	7.00%
Required employer contribution rates	8.92%

Contributions

Section 20814 (c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employees be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the fiscal year ended June 30, 2015, the contributions recognized as part of pension expense for the Plan were as follow:

Contributions – employer	$ 270,461

NOTE 6 – PENSION PLAN (CONTINUED)

Contributions (Continued)

As of June 30, 2015, the Authority reported net pension liabilities for its proportionate share of the net position liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Classic Miscellaneous	$ 2,292,958
Total Net Pension Liability	$ 2,292,958

The Authority's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability for the Plan as of June 30, 2013 and 2014 was as follows:

	Classic Miscellaneous
Proportion - June 30, 2013	0.09241%
Proportion - June 30, 2014	0.09278%
Change - (Decrease)	(0.00037%)

For the fiscal year ended June 30, 2015, the Authority recognized pension expense of $368,206. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 414,958	$
Net differences between projected and actual earnings on pension plan investments		(687,001)
Adjustment due to differences in proportions		(145,753)
Total	$ 414,958	$ (832,754)

NOTE 6 – PENSION PLAN (CONTINUED)

Contributions (Continued)

$414,958 reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	
2016	$ (223,804)
2017	(223,804)
2018	(213,395)
2019	(171,751)
Total	$ (832,754)

Actuarial Assumptions

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increases	3.30% to 14.20% (1)
Investment Rate of Return	7.5% (2)
Mortality	Data for all Funds (3)

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

(3) The mortality table used was developed based CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality, and retirement rates. The experience study report can be obtained at CalPERS' website under Forms and Publications.

NOTE 6 – PENSION PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expenses. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as it changes its methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach.

Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

NOTE 6 – PENSION PLAN (CONTINUED)

Discount Rate (Continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	336.00%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	(0.55%)	(1.05%)
Total	100.00%		

(a) An expected inflation of 2.50% used for this period.
(b) An expected inflation of 3.00% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.50%, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50%) or 1 percentage-point higher (8.50%) than the current rate:

	Miscellaneous
1% Decrease	6.50%
Net Pension Liability	$ 3,923,997
Current Discount Rate	7.50%
Net Pension Liability	2,292,958
1% Increase	8.50%
Net Pension Liability	939,351

NOTE 6 – PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 7 – MITIGATION PROGRAM

The Authority manages a mitigation program, funded by developers who, as a condition of receiving development permits, contribute funds and/or land to offset ("mitigate") environmental losses resulting from the proposed developments. The funds may be used to purchase additional land and/or conservation easements as well as restoring and/or enhancing the existing and/or newly purchased land/easements. The actual mitigation fees are based on the type and severity of the habitat disturbed by the proposed developments. Mitigation program funds are restricted pursuant to agreements between the Authority, the developers and the permit agencies. Developers may also provide funds for maintenance of properties within the mitigation program, and in rare cases provide non-wasting endowments, whereby the Authority maintains the funds in perpetuity and uses any interest to maintain associated properties.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants
MRCA has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

Litigation
MRCA is a defendant in a certain number of 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 March 25, 2016, in the opinion of Authority Management, there were no additional outstanding matters that would have a significant effect on the financial position of the Authority.

NOTE 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 (Bonds). The Bonds were issued to finance costs for acquiring and maintaining certain open space lands, hillsides, viewsheds and watersheds, riparian corridors, wildlife corridors, parklands and fuel modification within the Assessment District, establish the Reserve Fund, and 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, 2015 is $10,860,000.

Assessment District No. 2004-02

In March 2004, the Authority issued $13,805,000 of Assessment District No. 2004-02 Limited Obligation Improvement Bonds Series 2004 (Bonds). The Bonds were issued to finance costs for acquiring and maintaining certain open space lands, hillsides, viewsheds and watersheds, riparian corridors, wildlife corridors, parklands and fuel modification within the Assessment District, establish the Reserve Fund, and 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, 2015 is $9,675,000.

NOTE 10 – PRIOR PERIOD ADJUSTMENTS

The prior period adjustment of $117,800,458 in the Government-Wide Statement of Activities was due to the following: 1) Implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date,* which resulted in an understatement of deferred outflow of resources – Authority's contribution to pension subsequent to measurement date in the amount of $270,461 and an understatement of net pension liability in the amount of ($3,027,967); 2) $121,203,319 was due to an understatement of land in the prior fiscal year; 3) ($170,135) was due to an understatement of deferred revenue in the prior fiscal year; and 4) ($475,220) was due to an understatement of capital lease payable in the prior fiscal year.

In fiscal year 2013-14, the Authority began a year-long project to reconcile the Authority's internal underlying accounting records for land to their actual land holdings. MRCA found that a significant number of easements and donations of land were not valued and/or added to their underlying accounting records. In fiscal year 2014-15 MRCA management prepared estimates of the cost value of easements and donations at acquisition date which led to a $121,203,319 prior period adjustment for land.

The prior period adjustment of ($170,135) in the General Fund was due to an understatement of deferred revenue in the prior fiscal year.

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	$ 40,318,000	$ 41,788,000	$ 28,077,524	$ (13,710,476)
Fees, permits and leases	4,983,000	4,930,437	5,778,737	848,300
Contributions			138,994	138,994
Mitigations			905,875	905,875
Endowments			392,000	392,000
Donations			208,074	208,074
Interest	8,000	8,000	13,866	5,866
Other	87,000	87,000	212,148	125,148
Total Revenues	45,396,000	46,813,437	35,727,218	(11,086,219)
Expenditures:				
Current:				
Parks and recreation:				
Salaries and benefits	9,027,000	9,027,000	8,174,048	852,952
Services and supplies	5,315,000	6,732,437	6,354,031	378,406
Grants	100,000	100,000	252,583	(152,583)
Mitigations			1,420,638	(1,420,638)
Endowments			446,662	(446,662)
Donations			89,604	(89,604)
Capital outlay	30,894,000	30,894,000	18,889,134	12,004,866
Debt service:				
Principal			148,945	(148,945)
Interest	60,000	60,000	105,102	(45,102)
Total Expenditures	45,396,000	46,813,437	35,880,747	10,932,690
Net Change in Fund Balance			(153,529)	(153,529)
Fund Balance - July 1, 2014	6,329,413	6,329,413	6,329,413	
Prior period adjustment			(170,135)	(170,135)
Fund balance, July 1, 2014, restated	6,329,413	6,329,413	6,159,278	(170,135)
Fund Balance - June 30, 2015	$ 6,329,413	$ 6,329,413	$ 6,005,749	$ (323,664)

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
LAST 10 FISCAL YEARS*

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	Measurement Date June 30, 2014 **Miscellaneous**
Proportion of the net pension liability	0.03685%
Proportionate share of the net pension liability	$ 2,292,958
Covered-employee payroll	$ 4,695,868
Proportionate Share of the net pension liability as a percentage of covered-employee payroll	48.83%
Plan's fiduciary net position	$ 10,001,667
Plan's total pension liability	$ 12,294,625
Plan fiduciary net position as a percentage of total pension liability	81.35%

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change in Assumptions: None

*Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
LAST 10 FISCAL YEARS*

SCHEDULE OF PENSION CONTRIBUTIONS

	Miscellaneous Fiscal Year 2014-15 [1]
Actuarially Determined Contribution[2]	$ 414,958
Contributions in Relation to the Actuarially Determined Contribution[2]	(414,958)
Contribution Deficiency (Excess)	$ -
Covered-Employee Payroll[3]	$ 4,646,786
Contributions as a Percentage of Covered-Employee Payroll[3]	8.93%

[1]Historical information is required only for measurement periods for which GASB 68 is applicable.

[2]Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

[3]Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees in the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2012 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For detail, see June 30, 2012 Funding Valuation Report
Assets Valuation Method	Actuarial Value of Assets. For details, see June 30, 2012 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates included 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

Fiduciary Funds

The Authority has four agency funds – two Benefit Assessment Districts ("BAD") and two Community Facilities Districts ("CFD").

The BADs were approved by voters to raise local funding for acquiring and preserving open space and annual fuel modification to reduce fire hazards in the BAD geographic areas. The BADs issued bonds secured by property assessments for acquisition of 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 a deposit into a debt service reserve fund for the bonds, and to pay certain costs of issuing the bonds. The BADs administer the bond proceeds and the repayment of bond principal and interest.

The CFDs were approved by voters to finance maintenance, acquisition, improvement, servicing, protection, and preservation of open space, parkland, wildlife corridors, natural habitats, lands, waters and facilities owned or managed by the MRCA within the CFD; and administrative or incidental expenses thereto. This includes but is not limited to, the protection of water quality, the reduction of the risk of wildfires, park ranger safety and security services, and the collection and accumulation of reserves for the aforementioned purposes.

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Benefit Assessment District One				
Assets:				
Cash and investments	$ 573,901	$ 1,830,186	$ (1,964,341)	$ 439,746
Cash and investments with fiscal agents	2,919,139	1,627,105	(2,173,946)	2,372,298
Assessments receivable	11,994	29,256	(11,994)	29,256
Total assets	$ 3,505,034	$ 3,486,547	$ (4,150,281)	$ 2,841,300
Liabilities				
Accounts payable	$ 10,073	$ 491,151	$ (462,714)	$ 38,510
Due to General Fund	2,975	82,999	(2,975)	82,999
Due to bondholders	3,491,986	2,912,397	(3,684,592)	2,719,791
Total liabilities	$ 3,505,034	$ 3,486,547	$ (4,150,281)	$ 2,841,300
Benefit Assessment District Two				
Assets:				
Cash and investments	$ 678,917	$ 1,624,262	$ (1,518,537)	$ 784,642
Cash and investments with fiscal agents	3,033,593	1,455,019	(1,525,966)	2,962,646
Assessments receivable	7,904	20,361	(7,904)	20,361
Total assets	$ 3,720,414	$ 3,099,642	$ (3,052,407)	$ 3,767,649
Liabilities				
Accounts payable	$ 22,696	$ 208,474	$ (157,287)	$ 73,883
Due to General Fund	2,475	-	(215,636)	(213,161)
Due to bondholders	3,695,243	2,891,168	(2,679,484)	3,906,927
Total liabilities	$ 3,720,414	$ 3,099,642	$ (3,052,407)	$ 3,767,649

(Continued)

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2015
(Continued)

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Community Facilities District No. 1				
Assets:				
Cash and investments	$ 253,651	$ 765,328	$ (680,441)	$ 338,538
Assessments receivable	7,524	16,545	(7,526)	16,543
Total assets	$ 261,175	$ 781,873	$ (687,967)	$ 355,081
Liabilities				
Accounts payable	$ 8,210	$ 5,348	$ (13,558)	$ -
Due to General Fund	59,606	332,568	(125,565)	266,609
Deposits	193,359	443,957	(548,844)	88,472
Total liabilities	$ 261,175	$ 781,873	$ (687,967)	$ 355,081
Community Facilities District No. 2				
Assets:				
Cash and investments	$ 195,569	$ 309,065	$ (168,110)	$ 336,524
Assessments receivable	2,575	5,889	(2,575)	5,889
Total assets	$ 198,144	$ 314,954	$ (170,685)	$ 342,413
Liabilities				
Accounts payable	$ 4,135	$ 1,516	$ (5,651)	$ -
Due to General Fund	29,675	89,908	(65,868)	53,715
Deposits	164,334	223,530	(99,166)	288,698
Total liabilities	$ 198,144	$ 314,954	$ (170,685)	$ 342,413

(Continued)

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2015
(Continued)

Totals - All Agency Funds

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Assets:				
Cash and investments	$ 1,702,038	$ 4,528,841	$ (4,331,429)	$ 1,899,450
Cash and investments with fiscal agents	5,952,732	3,082,124	(3,699,912)	5,334,944
Assessments receivable	29,997	72,051	(29,999)	72,049
Total assets	$ 7,684,767	$ 7,683,016	$ (8,061,340)	$ 7,306,443
Liabilities				
Accounts payable	$ 45,114	$ 706,489	$ (639,210)	$ 112,393
Due to General Fund	94,731	505,475	(410,044)	190,162
Due to bondholders	7,187,229	5,803,565	(6,364,076)	6,626,718
Deposits	357,693	667,487	(648,010)	377,170
Total liabilities	$ 7,684,767	$ 7,683,016	$ (8,061,340)	$ 7,306,443