

Santa Clarita Open Space Preservation District

Financial Report
Year Ended June 30, 2013

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Open Space Preservation District (the District) of the City of Santa Clarita (the City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District'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 an opinion 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the District as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, the financial statements only present the District and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2013 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed in the table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report under a separate cover dated January 29, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Irvine, CA
January 29, 2014

Basic Financial Statements

Government-Wide Financial Statements

Santa Clarita Open Space Preservation District

**Statement of Net Position
June 30, 2013**

Assets	Governmental Activities
<hr/>	
Current Assets	
Pooled cash and investments	\$ 4,600,437
Receivables:	
Accounts	6,497
Interest	13,224
Special assessments	39,364
Total current assets	<u>4,659,522</u>
Noncurrent Assets	
Restricted assets:	
Cash and investments	4,693,286
Cash and investments with fiscal agents	1,322,005
Capital assets:	
Nondepreciable assets	14,133,952
Depreciable assets, net	43,774
Capital assets, net	<u>14,177,726</u>
Total noncurrent assets	<u>20,193,017</u>
Total assets	<u>24,852,539</u>
<hr/>	
Liabilities	
<hr/>	
Current Liabilities	
Accounts payable and accrued liabilities	15,882
Interest payable	176,085
Certificates of participation, current portion	90,000
Total current liabilities	<u>281,967</u>
Noncurrent Liabilities	
Certificates of participation	15,284,898
Total noncurrent liabilities	<u>15,284,898</u>
Total liabilities	<u>15,566,865</u>
<hr/>	
Net Position	
<hr/>	
Net Investment in Capital Assets	4,818,119
Restricted for Open Space Preservation	3,145,550
Restricted for Debt Service	1,322,005
Total net position	<u>\$ 9,285,674</u>

See Notes to Financial Statements.

Santa Clarita Open Space Preservation District

**Statement of Activities
For the Year Ended June 30, 2013**

Functions/Programs	Expenses	Program Revenue <u>Charges for</u> Services	Net (Expense) Revenue and Changes in Net Position
<hr/>			
Governmental Activities			
General government	\$ 1,809,943	\$ 1,930,826	\$ 120,883
Interest and fiscal charges	713,687	-	(713,687)
Total governmental activities	<u>\$ 2,523,630</u>	<u>\$ 1,930,826</u>	<u>(592,804)</u>
General Revenues			
Investment income			20,137
Transfers to City			<u>(12,657)</u>
Total general revenues and transfers			<u>7,480</u>
Change in net position			<u>(585,324)</u>
Net position, beginning of year			<u>9,870,998</u>
Net position, end of year			<u><u>\$ 9,285,674</u></u>

See Notes to Financial Statements.

Fund Financial Statements

Santa Clarita Open Space Preservation District

**Balance Sheet
Governmental Funds
June 30, 2013**

Assets	General Fund
Pooled Cash and Investments	\$ 4,600,437
Receivables	
Accounts	6,497
Interest	13,224
Special assessments	39,364
Restricted Assets	
Cash and investments	4,693,286
Cash and investments with fiscal agents	<u>1,322,005</u>
Total assets	<u><u>\$ 10,674,813</u></u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable and accrued liabilities	<u>\$ 15,882</u>
Total liabilities	<u>15,882</u>
Fund Balance	
Restricted for open space preservation	9,336,926
Restricted for debt service	<u>1,322,005</u>
Total fund balance	<u>10,658,931</u>
Total liabilities and fund balance	<u><u>\$ 10,674,813</u></u>

See Notes to Financial Statements.

Santa Clarita Open Space Preservation District

**Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2013**

Fund balance of governmental funds	\$ 10,658,931
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those capital assets consist of:	
Nondepreciable assets	14,133,952
Depreciable assets, net of accumulated depreciation	43,774
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Those long-term liabilities consist of:	
Certificates of participation	(15,430,000)
Less: Unamortized net bond discount	55,102
Accrued interest payable on long-term liabilities does not require the use of current financial resources and therefore are not reported in the governmental funds.	(176,085)
Net position of governmental activities	<u><u>\$ 9,285,674</u></u>

See Notes to Financial Statements.

Santa Clarita Open Space Preservation District

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2013**

	General Fund
Revenues:	
Special assessments	\$ 1,908,826
Charges for services	2,000
Investment income	20,137
Other revenue	20,000
Total revenues	<u>1,950,963</u>
Expenditures:	
Current:	
General government	1,808,040
Capital outlay	206,614
Debt service:	
Principal	60,000
Interest and fiscal charges	711,051
Total expenditures	<u>2,785,705</u>
Excess (deficiency) of revenues over (under) expenditures	(834,742)
Other financing uses:	
Transfers out	<u>(12,657)</u>
Net change in fund balance	(847,399)
Fund balance, beginning of year	<u>11,506,330</u>
Fund balance, end of year	<u>\$ 10,658,931</u>

See Notes to Financial Statements.

Santa Clarita Open Space Preservation District

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balance to the Government-Wide Statement of Activities
For the Year Ended June 30, 2013**

Net change in fund balance—total governmental funds	\$ (847,399)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the costs of those assets are allocated over the estimated useful lives as depreciation expense. The following were the amounts of capital outlay and depreciation expense in the current period:	
Capital outlay	206,614
Depreciation expense	(1,903)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	60,000
Other expenses in the statement of activities that do not use current financial resources are not reported as expenditures in the governmental funds:	
Change in accrued interest	1,978
Amortization of bond premium	(4,614)
Change in net position of governmental activities	<u><u>\$ (585,324)</u></u>

See Notes to Financial Statements.

Santa Clarita Open Space Preservation District

Notes to Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies

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

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

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

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

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

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

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

Santa Clarita Open Space Preservation District

Notes to Financial Statements

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

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

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

The District's cash and investments with fiscal agents are pledged for payment or security of certain long-term debt issuances. The California Government Code provides that these monies, in the absence of specific statutory provisions governing the issuance of the bonds, may be invested in accordance with the ordinance, resolution or indentures specifying the types of investments its trustees or fiscal agents may make.

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

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

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

Special assessments: Special assessments are an enforceable lien on property and are assessed annually as of January 1 of each year. Special assessments are levied on the property tax roll on each July 1 and are payable in two installments on November 1 and February 1, which become delinquent on December 10 and April 10, respectively. The County of Los Angeles bills and collects special assessments for the District.

Net Position and Fund Balance

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

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

Santa Clarita Open Space Preservation District

Notes to Financial Statements

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

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

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

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

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

Restricted: This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

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

Assigned: Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has delegated the authority to the city manager.

Unassigned: This includes the residual amount that has not been restricted or committed to a specific purpose.

Spending Policy

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

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

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

Santa Clarita Open Space Preservation District

Notes to Financial Statements

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

Pronouncements issued but not yet adopted: The GASB has issued pronouncements that have an effective date subsequent to June 30, 2013, which may impact future financial presentations. Except as noted below, management has not currently determined what, if any, impact implementation of the following statements may have on future financial statements of the District:

GASB Statement No. 66, *Technical Corrections—2012*: Effective for the District's year ending June 30, 2014.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*: Effective for the District's fiscal year ending June 30, 2015. Management believes that there will be a significant impact on liabilities and net position when this statement is implemented; however, the amount of the impact has not yet been determined.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*: Effective for the District's fiscal year ending June 30, 2015.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*: Effective for the District's fiscal year ending June 30, 2014.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment to GASB Statement No. 68*: Effective simultaneously with GASB Statement No. 68.

Adoption of accounting standards: The District implemented the provisions of GASB Statement No. 63 (GASB 63), *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65 (GASB 65), *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2013. The implementation of GASB 63 resulted in the new financial reporting presentation of deferred outflows of resources, deferred inflows of resources, and net position. The implementation of GASB 65 applies to accounting and financial reporting for governmental activities, business-type activities, proprietary funds and fiduciary funds. The implementation of GASB 65 resulted in net position being restated as of June 30, 2012.

The District also implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The purpose of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the various pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

Note 2. Cash and Investments

The District's cash and investments consisted of the following at June 30, 2013:

Pooled cash and investments	\$ 4,600,437
Restricted:	
Cash and investments	4,693,286
Cash and investments with fiscal agent	1,322,005
Total	<u>\$ 10,615,728</u>

Santa Clarita Open Space Preservation District

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

Pooled cash and investments	\$ 4,600,437
U.S. Treasury Securities	2,499,161
Money market accounts	3,516,130
	<u>\$ 10,615,728</u>

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

Investments authorized by debt agreements: Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. 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 or Amount of Portfolio*	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	No limit	No limit
U.S. government-sponsored enterprise securities	5 years	No limit	No limit
Money market accounts	5 years	15%	10%
Local agency investment fund (LAIF)	Not applicable	\$ 50,000,000	No limit

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

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

At June 30, 2013, the District had the following investment maturities:

Investment Type	Fair Value	Investment Maturity (In Years) Less Than 1
Restricted investments:		
U.S. Treasury Securities	\$ 2,499,161	\$ 2,499,161

Santa Clarita Open Space Preservation District

Notes to Financial Statements

Note 2. Cash and Investments (Continued)

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

Investment Type	Minimum Rating	Fair Value	Rating AA
Restricted investments:			
U.S. Treasury Securities	None	\$ 2,499,161	\$ 2,499,161

As of June 30, 2013, none of the District's restricted cash and investments or restricted cash and investments with fiscal agents were subject to concentration of credit risk or custodial credit risk.

Note 3. Capital Assets

At June 30, 2013, the District's capital assets consisted of the following:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets, not being depreciated:				
Land	\$ 13,927,338	\$ 206,614	\$ -	\$ 14,133,952
Total capital assets, not being depreciated	13,927,338	206,614	-	14,133,952
Capital assets, being depreciated:				
Site improvements	47,580	-	-	47,580
Total capital assets, being depreciated	47,580	-	-	47,580
Less accumulated depreciation:				
Site improvements	(1,903)	(1,903)	-	(3,806)
Total accumulated depreciation	(1,903)	(1,903)	-	(3,806)
Total depreciable assets, net	45,677	(1,903)	-	43,774
Total capital assets, net	\$ 13,973,015	\$ 204,711	\$ -	\$ 14,177,726

Note 4. Long-Term Debt

The District had the following long-term liabilities at June 30, 2013:

	Balance			Balance June 30, 2013	Classification	
	July 1, 2012	Additions	Deletions		Due Within One Year	Due In More Than One year
	As Restated					
Governmental Activities						
Certificates of Participation:						
Series 2007	\$ 15,490,000	\$ -	\$ (60,000)	\$ 15,430,000	\$ 90,000	\$ 15,340,000
Less discount	(59,716)	-	4,614	(55,102)	-	(55,102)
Total Certificates of Participation	\$ 15,430,284	\$ -	\$ (55,386)	\$ 15,374,898	\$ 90,000	\$ 15,284,898

On December 12, 2007, the District issued \$15,525,000 in Certificates of Participation (the Certificates) to provide financing for the costs of acquiring open-space lands, parks and parkland in accordance with the City's open space, park and parkland programs, purchase a reserve fund surety and fund the costs of delivery of the Certificates. The Certificates are backed by lease payments to be made by the City to the District for the use and occupancy of the Aquatic Center and Sports Complex.

Santa Clarita Open Space Preservation District

Notes to Financial Statements

Note 4. Long-Term Debt (Continued)

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

The total principal of \$15,430,000 and interest of \$12,213,503 remain to be paid on the Certificates as of June 30, 2013. For the current year, principal and interest paid on the Certificates was \$771,051. The outstanding balance of the Certificates was \$15,430,000 at June 30, 2013.

Debt service for the Certificates is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 90,000	\$ 708,051	\$ 798,051
2015	120,000	703,851	823,851
2016	150,000	698,451	848,451
2017	185,000	691,752	876,752
2018	220,000	683,651	903,651
2019-2023	1,655,000	3,243,600	4,898,600
2024-2028	2,770,000	2,765,545	5,535,545
2029-2033	4,205,000	1,962,996	6,167,996
2034-2038	6,035,000	755,606	6,790,606
Total	<u>\$ 15,430,000</u>	<u>\$ 12,213,503</u>	<u>\$ 27,643,503</u>

Required Supplementary Information (Unaudited)

Santa Clarita Open Space Preservation District

**Budgetary Comparison Schedule
For the Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:				
Special assessments	\$ 1,866,941	\$ 1,866,941	\$ 1,908,826	\$ 41,885
Charges for services	-	-	2,000	2,000
Investment income	89,500	46,740	20,137	(26,603)
Other revenue	-	-	20,000	20,000
Total revenues	1,956,441	1,913,681	1,950,963	37,282
Expenditures:				
Current:				
General government	427,026	1,827,490	1,808,040	19,450
Capital outlay	-	306,120	206,614	99,506
Debt service:				
Principal	60,000	60,000	60,000	-
Interest and fiscal charges	711,051	711,051	711,051	-
Total expenditures	1,198,077	2,904,661	2,785,705	118,956
Excess (deficiency) of revenues over (under) expenditures	758,364	(990,980)	(834,742)	156,238
Other financing uses:				
Transfers out	(10,865)	(12,657)	(12,657)	-
Total other financing uses	(10,865)	(12,657)	(12,657)	-
Net change in fund balance	\$ 747,499	\$ (1,003,637)	(847,399)	\$ 156,238
Fund balance, beginning of year			11,506,330	
Fund balance, end of year			<u>\$ 10,658,931</u>	

See Note to Required Supplementary Information.

Santa Clarita Open Space Preservation District

Note to Required Supplementary Information

Budgetary Information

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

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

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

Under encumbrance accounting, purchase orders, contracts and other commitments for expenditures are recorded to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary accounting. Since encumbrances do not yet constitute expenditures or liabilities, encumbrances outstanding at year-end are reported as restricted fund balance. Unexpended appropriations lapse at year-end and at June 30, 2013. As of June 30, 2013, there are no outstanding encumbrances.