squarmilner

Certified Public Accountants
and Financial Advisors

San Dieguito River Valley Regional Open Space Park

Joint Powers Authority

Financial Statements

June 30, 2015

INDEX TO FINANCIAL STATEMENTS

squarmilner
Certified Public Accountants
and Financial Advisors

Squar Milner LLP

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Dieguito River Valley Regional
Open Space Park Joint Powers Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund of San Dieguito River Valley Regional Open Space Park Joint Powers Authority, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the San Dieguito River Valley Regional Open Space Park Joint Powers 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 State Controller's Minimum Audit Requirements for California Special Districts. 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 and major fund of the San Dieguito River Valley Regional Open Space Park Joint Powers Authority, as of June 30, 2015, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Emphasis of Matter

Change in Accounting Principles

As discussed in Notes 2 and 9 to the basic financial statements, effective for the year ended June 30, 2015, the San Dieguito River Valley Regional Open Space Park Joint Powers Authority adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68.* As a result of the implementation of GASB Statement Nos. 68 and 71, the net position as of July 1, 2014, was restated and reduced by $1,309,580. See Note 12.

Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information Net Pension Liability and Plan Contributions on pages 4 through 9 and 38 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for 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 San Dieguito River Valley Regional Open Space Park America Joint Power's Authority's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The organizational structure schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

SQUAR MILNER LLP

Squar Milner LLP

San Diego, California
September 30, 2016

As management of the San Dieguito River Valley Regional Open Space Park Joint Powers Authority ("JPA"), we offer readers of the JPA's financial statements this narrative overview and analysis of the financial activities of the JPA for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the JPA's basic financial statements, which begin immediately following this analysis. This annual financial report consists of three main parts (1) Management's Discussion and Analysis and, (2) Basic Financial Statements, and (3) Other Required Supplementary Information.

These financial statements consist of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board Statement 34, *Basic Financial Statements-Management Discussion and Analysis for State and Local Governments*.

FINANCIAL HIGHLIGHTS

- The JPA's ending net position was $45,564,997.
- The change in net position for the year was a decrease of $869,745.
- The JPA had expenses in excess of revenues in the general fund (before Transfers) in the amount of $48,099 in the current year.
- The JPA had $68,741 of additions to capital assets this year.
- The JPA's general fund budget for this year showed $118,962 in excess revenues over expenditures compared to the actual amount of $48,099 in excess expenditures over revenues.
- Effective June 30, 2015, the JPA implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. GASB Statement No. 68 requires that the JPA record the Net Pension Liability of its defined benefit pension plan as of the measurement date. The implementation of GASB Statement No. 68 resulted in a prior period adjustment to the beginning net position of $1,309,580 and a net pension liability at June 30, 2015 of $1,298,694. Additional information is provided in the footnotes and Required Supplementary Information.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the JPA's basic financial statements. The JPA's basic financial statements are comprised of the following:

The basic financial statements include government-wide financial statements and fund statements. The two sets of statements are tied together by Reconciliations showing why they differ.

OVERVIEW OF FINANCIAL STATEMENTS (continued)

The JPA as a whole is reported in the government-wide statements and uses accounting methods similar to those used by companies in the private sector.

More detailed information about the JPA's most significant funds – not the JPA as a whole is provided in the fund financial statements. Funds are accounting devices the JPA uses to keep track of specific sources of funding and spending on particular programs.

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

The *Statement of Activities*, a government-wide statement, presents information showing how the JPA's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The *Balance Sheet* for governmental funds presents financial information by fund types showing money left at year-end available for spending.

The *Statement of Revenues*, Expenditures and Changes in Fund Balances for all governmental fund types focuses on how money flows into and out of the various funds.

The *Notes to the Basic Financial Statements* and this Discussion and Analysis support these financial statements.

In addition to the basic financial statements and notes this report also presents required supplementary information, budgetary comparison schedules, net pension liability and plan contibutions, and other supplementary information—organization structure.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The largest portion of the JPA's Net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress); less any related debt used to acquire those assets that are still outstanding. The JPA uses these capital assets to provide services to its constituents; consequently, these assets are not available for future spending.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Statement of Net Position

To begin our analysis, a summary of the JPA's statement of net position is presented in Table 1 below for the current year and the prior year.

Net position may serve over time, as a useful indicator of a government's financial position. In the case of the JPA, assets exceeded liabilities by $45,564,997 as of June 30, 2015.

The JPA's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

TABLE 1
Condensed Statement of Net position

	2015	2014	Change
ASSETS			
Current and other assets	$ 1,267,090	$ 1,340,494	$ (73,404)
Capital assets, net of depreciation	45,824,617	46,582,757	(758,140)
Total assets	47,091,707	47,923,251	(831,544)
DEFERRED OUTFLOWS OF RESOURCES	349,497	–	349,497
LIABILITIES			
Current liabilities	108,198	133,503	(25,305)
General long-term debt	1,334,782	45,426	1,289,356
Total liabilities	1,442,980	178,929	1,264,051
DEFERRED INFLOWS OF RESOURCES	433,227	–	433,227
Net position:			
Net investment in capital assets	45,824,617	46,582,757	(758,140)
Unrestricted	(259,620)	1,161,565	(1,421,185)
Total net position	$ 45,564,997	$ 47,744,322	$ (2,179,325)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Statement of Activities

- The JPA's total revenues for the fiscal year ended June 30, 2015, excluding inter-fund transfers, decreased by $331,688.
- The JPA's total expenses decreased by $210,135.
- The change in net position for 2015 was a decrease of $121,553 compared to 2014.

The following table presents a summary of the Statement of Activities for the fiscal year ended June 30, 2015:

TABLE 2
Condensed Statement of Activities

	2015	2014	Change
Program revenues			
Operating grants and contributions	$ 649,441	$ 985,906	$ (336,465)
General revenues			
Assessment – members	819,678	819,678	–
Off track betting (per state legislation)	–	20,251	(20,251)
Investment income	9,526	27,347	(17,821)
Donations	113,568	70,916	42,652
Miscellaneous	366	169	197
Total revenues	1,592,579	1,924,267	(331,688)
Operations	1,222,494	1,798,799	(576,305)
General administration	412,949	48,246	364,703
Unallocated depreciation	826,881	825,414	1,467
Total expenses	2,462,324	2,672,459	(210,135)
Change in net position	$ (869,745)	$ (748,192)	$ (121,553)
NET POSITION – BEGINNING, AS			
NET POSITION – BEGINNING, AS RESTATED*	46,434,742	48,492,514	(2,085,772)
NET POSITION – ENDING	$ 45,564,997	$ 47,744,322	$ (2,179,325)

**Restatement of Beginning Net Position relates to the 2015 Year for implementation of GASB 68 and 71. See Note 13 for details.*

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

General Fund Budgetary Highlights

The General fund had an Excess of Expenditures over appropriations (instances where actual amounts exceeded budgeted amounts) in the following individual categories:

	Final Budget	Actual	Expenditures Over Appropriations
Salaries and benefits	$ 971,844	$ 1,004,207	$ (32,363)
Professional and contracted services	146,031	218,787	(72,756)
Total	$ 1,117,875	$ 1,222,994	$ (105,119)

The JPA's total budget for the General Fund for this year showed an excess of revenues over expenditures of $118,962 (before transfers) compared to the actual excess of revenues over expenditures of $35,096 (before transfers).

The JPA incurred excess of expenditures over apportions largely due to hiring an Interim Director, and additional professional and contracted services being required for various projects.

CAPITAL ASSET AND DEBT ADMINISTRATION

TABLE 3
Changes in Capital Assets

	2015	2014	Change
Land	$ 33,927,783	$ 33,927,783	$ –
Improvement of sites	16,770,671	16,770,671	–
Furniture and equipment	236,286	167,545	68,741
Less: accumulated depreciation	(5,110,123)	(4,283,242)	(826,881)
Total capital assets, net of depreciation	$ 45,824,617	$ 46,582,757	$ (758,146)

The JPA had $68,741 of additions to capital assets during the fiscal year ended June 30, 2015.

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-Term Debt

The JPA has long-term debt in the amount of $1,215,948, of which $36,088 is accumulated unpaid employee vacation benefits and $1,179,860 is for the net pension liability under GASB Statement No. 68.

FACTORS BEARING ON THE JPA'S FUTURE

The JPA's Board of Directors and management considered many factors when setting the fiscal year 2015 budget. The Board appointed a Budget Committee which met to assess the available working capital, the operating and capital needs of the JPA, the impact of the State's fiscal condition on the JPA's member agencies and on the JPA's budget.

CONTACTING THE JPA

This financial report is designed to provide our citizens, member agencies, affiliated entities and creditors with a general overview of the JPA's finances and to demonstrate the JPA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the San Dieguito River Valley Regional Open Space Park Joint Powers Authority:

Address: 18372 Sycamore Creek Road, Escondido, California 92025.
Telephone: 858 674-2270
Website: www.sdrp.org

SAN DIEGUITO RIVER VALLEY REGIONAL OPEN SPACE PARK JOINT POWERS AUTHORITY
STATEMENT OF NET POSITION
June 30, 2015

ASSETS	
Cash in revolving fund	$ 300
Investments	1,150,571
Accounts receivable	116,219
Capital assets:	
Land	33,927,783
Improvement of sites	16,770,671
Furniture and equipment	236,286
Less: accumulated depreciation	(5,110,123)
Total assets	47,091,707
DEFERRED OUTFLOWS OF RESOURCES	
Pension related costs	349,497
LIABILITIES	
Current Liabilities:	
Deficit cash in County Treasury	65,193
Accounts payable	43,005
Long-term Liabilities:	
Net Pension Liability	1,298,694
Compensated absences	36,088
Total liabilities	1,324,146
DEFERRED INFLOWS OF RESOURCES	
Pension related costs	433,227
NET POSITION	
Net investment in capital assets	45,824,617
Unrestricted	(259,620)
Total net position	$ 45,564,997

The accompanying notes are an integral part of these financial statement.

SAN DIEGUITO RIVER VALLEY REGIONAL
OPEN SPACE PARK JOINT POWERS AUTHORITY
STATEMENTS OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Governmental Activities**
Governmental activities:				
Operations	$ 1,222,494	$ –	$ 649,441	$ (612,413)
General administration	412,949	–	–	(412,949)
Unallocated depreciation	826,881	–	–	(826,881)
Total governmental activities	$ 2,462,324	$ –	$ 649,441	$ (1,812,883)
		General revenues:		
		Assessments – members		819,678
		Investment income		9,526
		Donations		113,568
		Miscellaneous		366
		Total general revenues		943,138
		Changes in net position		(869,745)
		Net position – beginning, as restated		46,434,742
		Net position – ending		$ 45,564,997

The accompanying notes are an integral part of these financial statement.

SAN DIEGUITO RIVER VALLEY REGIONAL
OPEN SPACE PARK JOINT POWERS AUTHORITY
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2015

	General Fund
ASSETS	
Cash in revolving fund	$ 300
Investments	1,150,571
Accounts receivable	116,219
Total assets	$ 1,267,090
LIABILITIES AND FUND BALANCE	
Liabilities:	
Deficit cash in County Treasury	$ 65,193
Accounts payable	43,005
Total liabilities	108,198
Fund balance:	
Nonspendable	300
Unassigned	1,158,592
Total fund balance	1,158,892
Total liabilities and fund balances	$ 1,267,090

 The accompanying notes are an integral part of these financial statement.

SAN DIEGUITO RIVER VALLEY REGIONAL
OPEN SPACE PARK JOINT POWERS AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2015

Total fund balance – governmental fund balance sheet	$	1,158,892
Amounts reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not reported in the funds		45,824,617
Payables for compensated absences which are not due in the current period are not reported in the funds		(36,088)
Deferred outflows relating to pension costs which are applicable to future periods are not reported in the funds		349,497
Deferred inflows relating to pension costs which are applicable to future periods are not reported in the funds		(433,227)
Payables for pension liabilities which are not due in the current period are not reported in the funds.		(1,298,694)
Net position of governmental activities – statement of net position	$	45,564,997

The accompanying notes are an integral part of these financial statement.

SAN DIEGUITO RIVER VALLEY REGIONAL
OPEN SPACE PARK JOINT POWERS AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2015

	General Fund
REVENUES	
Assessments – members	$ 819,678
Contracts and grants	649,441
Investment income	9,526
Donations	113,568
Miscellaneous	366
Total revenues	1,592,579
EXPENDITURES	
Current	
Salaries and benefits	1,004,207
Auto and travel	10,131
Professional and contracted services	218,787
Miscellaneous	2,417
Non-capitalized	226,888
Operating	109,507
Capital Outlay	68,741
Total expenditures	1,640,678
NET CHANGE IN FUND BALANCE:	(48,099)
FUND BALANCE – BEGINNING	1,206,991
FUND BALANCE – ENDING	$ 1,158,892

 The accompanying notes are an integral part of these financial statement.

SAN DIEGUITO RIVER VALLEY REGIONAL
OPEN SPACE PARK JOINT POWERS 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

Net change in fund balances – total governmental funds	$ (48,099)
Amounts reported for governmental activities in the Statement of Activities ("SOA") is different because:	
The depreciation of capital assets used in governmental activities is not reported in the funds	(826,881)
Pension expense is reported in the SOA but is not reported in the funds	(112,204)
Pension costs are recognized when contributions are made in the funds, but are recognized on an accrual basis for the SOA	39,360
Capital outlay is not reported as an expense in the SOA	68,741
Compensated absences are not reported as the amount earned in the SOA but as the amount paid in funds.	9,338
Changes in net position of governmental activities – statement of activities	$ (869,745)

The accompanying notes are an integral part of these financial statement.

1. ORGANIZATION

The County of San Diego and the cities of Del Mar, San Diego, Escondido, Poway and Solana Beach formed the San Dieguito River Valley Regional Open Space Park Joint Powers Authority ("JPA") on June 12, 1989. The JPA was created in order to provide a coordinated program to create, preserve and enhance the San Dieguito River Valley Regional Open Space Park for the benefit of the public. As mandated by the Joint Powers Agreement, the JPA's goal is to:

- Preserve land within the focused planning area of the San Dieguito River Valley as a regional open space greenbelt and park system that protects the natural waterways and the natural and cultural resources and sensitive lands, and provides compatible recreational opportunities that do not damage sensitive lands.

- Provide a continuous and coordinated system of preserved lands with a connecting corridor of walking, equestrian, and bicycle trails, encompassing the San Dieguito River Valley from the ocean to the river's source.

The focused planning area of the San Dieguito River Park extends from the ocean at Del Mar to Volcan Mountain located north of Julian.

The Board of Directors consists of the following:

- Two elected members of the governing bodies of the County of San Diego and the City of San Diego appointed by their respective councils.

- One elected member of the City Council of the cities of Del Mar, Escondido, Poway and Solana Beach appointed by their respective councils.

- Chairperson of the San Dieguito River Park Citizens Advisory Committee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the JPA conform to accounting policies generally accepted in the United States of America as applicable to governments and to general practice within California Special Districts. The JPA accounts for its financial transactions in accordance with the policies and procedures of the State Controller's Office Division of Local Government Fiscal Affairs Minimum Audit Requirements and Reporting Guidelines for California Special Districts.

Reporting Entity

The JPA's financial statements include the accounts of all its operations. The JPA evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the JPA's reporting entity, as set forth in

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity (continued)

GASB Statement No. 14, *The Financial Reporting Entity*, and subsequently amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – an amendment of GASB Statement No. 14, and GASB No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, include whether:

- the organization is legally separate (can sue and be sued in its name)
- the JPA holds the corporate powers of the organization
- the JPA appoints a voting majority of the organization's board
- the JPA is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the JPA
- there is fiscal dependency by the organization on the JPA
- it would be misleading or cause the financial statements to be incomplete to exclude another organization

Based on these criteria, the JPA has no component units. Additionally, the JPA is not a component unit of any other reporting entity as defined by the GASB statement.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the JPA. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-Type activities are financed in whole or in part by fees charged to external parties. The JPA has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the JPA's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The JPA does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and 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 or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Fund Financial Statements: The fund financial statements provide information about the JPA's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major government funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. The JPA has no nonmajor funds.

The JPA reports the following major governmental fund:

General Fund. This is the JPA's primary operating fund. It accounts for all financial resources of the JPA except those required to be accounted for in another fund.

Measurement Focus

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the 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. Nonexchange transactions, in which the JPA gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Government Fund Financial Statements: 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. The JPA considers revenues collected within 60 days of year-end to be available to fund the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus (continued)

When the JPA incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the JPA's policy to use restricted resources first, then unrestricted resources.

Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the JPA's Board of Directors must adopt a final budget no later than July 1.

These budgets are revised by the JPA's Board of Directors and JPA executive director during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was used as a management control device during the year for all budgeted funds. The JPA employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object code. All appropriations lapse at year end.

Implementation of GASB Pronouncements

Effective June 30, 2015, the JPA implemented GASB Statement No. 68 ("GASB Statement No. 68"), *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and GASB Statement No. 71 ("GASB Statement No. 71"), *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. GASB Statement No. 68 requires that the JPA record the Net Pension Liability of its defined benefit pension plan as of the measurement date. The implementation of GASB Statement No. 68 resulted in a prior period adjustment to the beginning net position of $1,309,580 and a net pension liability at June 30, 2015 of $1,298,694. GASB Statement No. 71 relates to amounts that are deferred and amortized at the time GASB Statement No. 68 is first

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Implementation of GASB Pronouncements (continued)

implemented. The implementation of GASB Statement No. 71 resulted in the deferred outflows of $349,497 and deferred inflows of $433,227 at June 30, 2015. Additional information is provided in the footnotes 7 and 10 and Required Supplementary Information.

Upcoming Governmental Accounting Standards Implementation

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application.* This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement will become effective in fiscal year 2016.

In February 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The requirements of this statement extend the approach to accounting and financial reporting established in GASB 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in GASB 68 should not be considered pension plan assets. It also requires that information similar to that required by GASB 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and non-employer contributing entities. This statement also clarifies the application of certain provisions of GASB 67 and 68. Certain requirements of this statement will become effective in fiscal year 2016 while others will become effective in fiscal year 2017.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement establishes the hierarchy of generally accepted accounting principles ("GAAP") for all state and local governments. The GAAP hierarchy sets forth what constitutes GAAP for all state and local governmental entities. It establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply. This statement will become effective in fiscal year 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Equity

Cash and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Deposit Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

The JPA maintains the majority of its cash in the San Diego County Treasury. The county pools these funds with those of other JPAs in the county and invests the cash. These pooled funds are carried at market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq.

Information regarding the amount of dollars invested in derivatives with San Diego County Treasury indicates the amount was less than 1% for the year ended June 30, 2015.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Assets Class	Estimated Useful Lives
Buildings	25 – 50
Structures and Improvements	7 – 25
Equipment	5 – 20

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as long-term liabilities of the JPA.

Accumulated sick leave benefits are not recognized as liabilities of the JPA. The JPA's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Equity (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferral of outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditures) until then. The JPA has two items that qualify for reporting in this category.

The pension related costs are made up of various components: employer contributions paid during the year ended June 30, 2015 in the amount of $0, which is deferred under GASB Statement No. 68; and adjustments due to differences in proportions in the amount of $349,497, which is deferred under GASB Statement No. 71 and amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources which represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The JPA has one type of items that qualify for reporting in this category.

The pension related costs are made up of various components in the amount of $433,227, which is deferred under GASB Statement No. 71 and amortized on a straight-line basis over five years.

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 JPA’s San Diego County Employees Retirement Association (SDCERA) plans and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by SDCERA. 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.

GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. As of June 30, 2015, the following timeframes are used:

Valuation Date (VD)	June 30, 2013
Measurement Date (MD)	June 30, 2015
Measurement Period (MP)	July 1, 2014 to June 30, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Equity (continued)

Deferred Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent cash received, on specific projects and programs, exceeds qualified expenditures.

Fund Balance Reserves and Designations

The government-wide financial statements utilize a net positions presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- Net investment in capital assets. This category groups all capital assets into one component of net position. Accumulated depreciation on these assets and the outstanding principal of any unrelated debt reduce this category.

- Restricted Net Positions. This category represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by the law through constitutional provisions or enabling legislation.

- Unrestricted Net Position. This category represents the remaining net position of the JPA that does not meet the definition of the above two categories.

The JPA has adopted GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balances categories listed below:

- *Nonspendable*, such as fund balance associated with revolving funds, inventories, prepaids, long-term loans and notes receivable, and property held for resale.
- *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Committed* fund balance classification includes amounts that can be used for the specific purposes determined by a formal action of the Board of Directors.
- *Assigned* fund balance classification are intended to be used by the entity for specific purposes, but do not meet the criteria to be classified as restricted or committed.
- *Unassigned* fund balance is the residual classification for the entity's general fund and includes all spendable amounts not contained in the other classification.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Equity (continued)

Fund Balance Reserves and Designations (continued)

When the JPA incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the JPA's policy to use restricted resources first, then unrestricted resources.

When the JPA incurs an expenditure or expense for which committed, assigned, or unassigned amounts may be used, it is the JPA's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Classification of Items

Certain items may have been classified differently from one year to another.

Compliance and Accountability

Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Taken
None reported	Not Applicable

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compliance and Accountability (continued)

Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount	Remarks
None reported	Not Applicable	Not Applicable

3. CASH AND INVESTMENTS

Cash in County Treasury

The JPA maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool (($65,193) as of June 30, 2015). This deficit balance is listed as a liability in the accompanying financial statements.

The County Treasurer's investments consist of 29.64% negotiable CDs, 24.63% commercial paper, 24.07% federal agencies, 10.34% U.S. Treasury notes, 5.50% money market funds, 4.59% supranational, 0.65% FDIC CDs, 0.55% asset backed securities, and 0.03% repurchase agreements. The credit ratings for these investments included A1+/A1 by Moody's Investor Service, and AAA/AA- by Standard and Poor's.

Cash in Banks

Cash balances in banks ($0 as of June 30, 2015) are insured up to $250,000 by the Federal Deposit Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

3. CASH AND INVESTMENTS (continued)

Analysis of Specific Cash and Investments

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

Statement of Net Position:

	Credit Quality Rating		
Deficit cash in County Treasury	Not Rated	$	(65,193)
Cash in revolving fund	Not Applicable		300
Total		$	(64,893)

Investments held at Fidelity as of June 30, 2015, consist of the following:

Investment Type (Symbol)		Fair Value 06/30/2015	Weighted Average Maturity (yrs)	Credit Rating	Total % SDRV Investments
Morgan Stanley (MS)	$	59,155	NA	NA	5.14%
Other Individual Domestic Equities		180,851	NA	NA	15.72%
Wisdom Tree Dividend Equity (DLN)		150,417	NA	NA	13.07%
iShares Global Healthcare ETF (IKJ)		85,454	NA	NA	7.43%
iShares Global Financial Services ETF (IXG)		78,760	NA	NA	6.85%
iShares U.S. Consumer Services (IYC)		100,184	NA	NA	8.71%
iShares Russell 1000 Value ETF (IWD)		92,835	NA	NA	8.07%
Other Equity ETF’s		161,347	NA	NA	14.02%
Total Domestic Equities	$	909,003			79.00%
International Equity ETF’s	$	40,205	NA	NA	3.49%
Fidelity Cash Reserves (FDRXX)	$	201,363	0.125	AAA Equivalent	17.50%
Total	$	1,150,571			100.00%

Investments Authorized by the JPA’s Investment Policy

The JPA’s Board of Directors established an internally managed investment account at Fidelity Brokerage Services with two funds, a growth fund for long term reinvestment and a non-wasting income fund for land management purposes. At June 30, 2015, the principal balance of the JPA’s Fidelity ETF combined fund was $1,150,571.

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. The JPA does not have any long term investments that reduce interest rate risk.

3. CASH AND INVESTMENTS (continued)

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.

Concentration of Credit Risk

The investment policy of the JPA contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code, which is investments in any one issuer (other than U.S. Treasury Securities, mutual funds, and external investment pools) that represent 5% or more of total JPA investments. The JPA had an investment in Wisdom Tree Dividend Equity which made up approximately 15.72% of total JPA investments.

Custodial Credit Risk

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 an outside party. The JPA's investments at Fidelity are insured by the Securities Investor Protection Corporation (SIPC) for fraud and misappropriation, but not for market volatility. Foreign investments may involve greater risks than US investments.

Investment Accounting Policy

The JPA is required by GASB Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, to disclose its policy for determining which investments, if any, are reported at amortized cost.

The JPA's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earnings investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

3. CASH AND INVESTMENTS (continued)

Investment Accounting Policy (continued)

The JPA's investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the investment Company Act of 1940.

4. ACCOUNTS RECEIVABLE

Accounts Receivable as of June 30, 2015, consists of the following:

	General Fund
Contracts and grants	$ 94,202
Assessments – members	22,017
Total accounts receivable	$ 116,219

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015, is shown below:

	Beginning Balances	Additions	Deletions	Ending Balances
Capital assets, not being depreciated				
Land	$ 33,927,783	$ –	$ –	$ 33,927,783
Total capital assets, not being depreciated	33,927,783	–	–	33,927,783
Capital assets, being depreciated				
Improvement of sites	16,770,671	–	–	16,770,671
Furniture and equipment	167,545	68,741	–	236,286
Total capital assets, being depreciated	16,938,216	68,741	–	17,006,957
Less accumulated depreciation for:				
Improvement of sites	(4,131,052)	(810,387)	–	(4,941,439)
Furniture and equipment	(152,190)	(16,494)	–	(168,684)
Total accumulated depreciation	(4,283,242)	(826,881)	–	(5,110,123)
Total capital assets being depreciated, net	12,654,974	(758,140)	–	11,896,834
Capital assets, net of depreciation	$ 46,582,757	$ (758,140)	$ –	$ 45,824,617

Depreciation was charged to functions as follows:

Unallocated depreciation	$ 826,881

6. LONG-TERM OBLIGATIONS

Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2015, are as follows:

Government Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Compensated absences	$ 45,426	$ –	$ (9,338)	$ 36,088	$ –
Total governmental activities	$ 45,426	$ –	$ (9,338)	$ 36,088	$ –

7. OPERATING LEASES

The JPA has entered into operating leases for office space and a copier with lease terms in excess of one year. These agreements contain a purchase option. Future minimum lease payments under these agreements are as follows:

Year Ending June 30,	
2016	$ 3,938
2017	3,938
Long-term portion	$ 7,896

The JPA will receive no sublease rental revenues nor pay any contingent rentals associated with these leases. Total lease payments for the year ended June 30, 2015, was $4,069.

8. EMPLOYEE RETIREMENT SYSTEM

The JPA has entered into an agreement whereby all permanent employees who work twenty (20) or more hours per week are eligible to participate in the San Diego County Employees Retirement System (SDCERA).

Plan Description

The SDCERA administers a single-employer defined benefit pension plan which provides retirement, disability, and death benefits for plan members and beneficiaries pursuant to the County Retirement Law of 1937 enacted and amended by the State legislature. The plan is integrated with the Federal Social Security System. Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the SDCERA Board of Retirement. SDCERA issues a publicly available financial report that includes financial statements and required supplementary information for the pension plan. The financial report may be obtained by writing to the San Diego County Employees Retirement Association, 1495 Pacific Highway, Suite 400, San Diego, California 92101 or by calling (619) 515-6800.

8. EMPLOYEE RETIREMENT SYSTEM (continued)

Funding Policy

State statutes require member contributions to be actuarially determined to provide a specific statutory level of benefit. Member contribution rates as a percentage of salary vary according to age at entry, benefit tier level, and certain negotiated contracts which provide for the County to pay a portion of the employees' contribution. Participant's contribution rates expressed as a percentage of salary varies from 7.74% to 13.22% based on the age at the time of entry. The JPA is required to contribute at an actuarially determined rate; the current rate is 26.91%.

According to the most recently available Actuarial Valuation Report for the Safety and General Plans, for the year ended June 30, 2015, the JPA had total employer contributions of $171,857 which accounted for approximately 0.051% of the entire SDCERA general plan contributions of $353,841,251. The JPA's unfunded pension obligation as of June 30, 2015 is $1,298,694.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2015 (the measurement date), the total pension liability was determined. The June 30, 2015 pension liability was based on the following actuarial methods and assumptions as of June 30, 2014:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No.68
Actuarial Assumptions	
Discount Rate	7.50%
Mortality Rate Table	Derived using SDCERA's Membership Data for all funds
Investment rate of return	7.75%, net of pension plan investment expense, including inflation
Inflation rate	3.25%
Projected salary increases	General: 4.75% to 10.00% and Safety: 5.00% to 12.00%, vary by service, including inflation

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increases, mortality and retirement rates. The Experience Study report can be obtained at SDCERA's website under Forms and Publications.

8. EMPLOYEE RETIREMENT SYSTEM (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, SDCERA 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 SDCERA. The stress test results can be obtained at SDCERA's website under the GASB Statement No. 68 section.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.75% 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 7.9%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. SDCERA checked the materiality threshold for the difference in calculation and did not find it to be a material difference. SDCERA is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management ("ALM") 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, SDCERA expects to continue using a discount rate net of administrative expenses for GASB Statements No. 67 and 68 calculations through at least the 2017-18 fiscal year. SDCERA will continue to check the materiality of the difference in calculation until such time the JPA's methodology will remain unchanged.

In determining the long-term expected rate of return, SDCERA took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound 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.

The table below reflects the 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 rates of return are net of administrative expenses.

8. EMPLOYEE RETIREMENT SYSTEM (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity (U.S. and Non-U.S. Developed)	20%	6.37%
Emerging Market Equity	5%	8.42%
High Yield Bonds	5%	3.30%
TIPS	5%	0.48%
Emerging Market Debt	10%	4.36%
US Treasuries	40%	0.59%
Real Estate	10%	4.87%
Natural Resources and Other Real Assets	10%	6.49%
Hedge Funds – Macro	10%	6.89%
Hedge Funds – Relative Value	10%	3.20%
Private Equity	10%	10.83%
Total	135%	

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

The following presents the net pension liability/(asset) of the Plans as of the measurement date, calculated using the discount rate of 7.50%, as well as what the net pension liability 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:

	Discount Rate – 1.00% 6.50%	Current Discount Rate 7.50%	Discount Rate +1.00% 8.50%
Miscellaneous Plan's Net Pension Liability	$ 1,910,473	$ 1,298,694	$ 575,527

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the JPA's Plan, reported a liability of $1,298,694, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by applying updated procedures to an actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The JPA's proportion of the net pension liability was based on a projection of the JPA's long-term share of contributions to the pension plan relative to the projected contributions of all participating agencies, actuarially determined. At June 30, 2015, the JPA's proportion was 0.064% of the Plan, which did not change from its proportion measured as of June 30, 2014.

8. EMPLOYEE RETIREMENT SYSTEM (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (continued)

For the year ended June 30, 2015, the JPA recognized a pension expense of $112,204. At June 30, 2015, the JPA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows or Resources
Difference between expected and actual experience	$ –	$ 129,056
Net differences between projected and actual earnings on pension plan investments	199,263	142,802
Change in Assumptions	109,187	
Change in Proportion and Differences between employer contributions and proportionate share of contributions.	41,047	161,369
	$ 349,497	$ 433,227

The amount of $0 reported as deferred outflows of resources related to pensions resulting from JPA contributions to the Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows (inflows) of Resources
2016	$ (20,933)
2017	(20,933)
2018	(20,933)
2019	(20,933)
	$ (83,730)

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the JPA's GASB Statement No. 68 accounting valuation report may differ from the plan assets reported in the JPA's funding actuarial valuation report due to several reasons. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

9. ENDOWMENT FUNDS

At June 30, 2015, the JPA had four (4) endowment funds. The endowments were established at three different foundations whereby the JPA irrevocably donated funds to the foundations with the JPA to receive the net investment income. The principal of the endowments are the property of the foundations and are not reflected in the JPA's financial statements. The purpose of the endowments and the market value at June 30, 2015, including the amounts available for distribution to the JPA are as follows:

Rancho Santa Fe Foundation – Agreement dated September 9, 2003. The purpose of the fund is to provide funds for repair or replacement of the portion of the Coast to Crest Trail built by Crosby at Rancho Santa Fe within the 100-year floodplain. The balance of the fund at June 30, 2015, was $61,330.

Rancho Santa Fe Foundation – Agreement dated July 27, 2004. The purpose of the fund is to maintain and preserve certain parcels on Bernardo Mountain. The balance of the fund at June 30, 2015, was $211,660.

Del Mar Foundation – Agreement dated April 8, 2004. The purpose of the fund is to provide for the future physical maintenance and management of the San Dieguito Lagoon from the Pacific Ocean to El Camino Real. The balance of the fund at June 30, 2015, was $707,933.

The San Diego Foundation - Agreement dated May 7, 1997. The purpose of the fund is to support the operations and programs of the San Dieguito River Park. The balance of the fund at June 30, 2015, was $622,722.

Total earning on these endowment funds was $9,526 for the year ended June 30, 2015 and is included in investment income.

10. FEDERAL AND STATE GRANTS

The JPA has been awarded grants from the State of California and the Federal Government to fund land purchases in the San Dieguito River Valley. The State of California and the Federal Government both reserve certain rights with respect to all such land acquired using these funds.

11. COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

The JPA 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 grant, management believes that any required reimbursement will not be material.

Litigation, Claims and Assessments

The City of San Diego is seeking recovery of funds for what it contends are unpaid fees for resident engineering services provided in 2010. The JPA continues to dispute the fees sought by the City of San Diego. At this time, the JPA's evaluation of the likelihood of an unfavorable outcome has not been determined difficult to assess, but should the JPA be involved in a loss, the range of the potential loss is up to $100,000.

12. RESTATEMENT OF NET POSITION

The beginning net position of Governmental Activities has been restated in order to record the JPA's proportionate share of its net pension liability and deferred outflows of resources related to pension is in accordance with GASB Statement No. 68. The effect on beginning net position is presented as follows:

	Governmental Activities
Net position, beginning, as previously reported	$ 47,744,322
Restatement	(1,309,580)
Net position, beginning, as restated	$ 46,434,742

REQUIRED SUPPLEMENTARY INFORMATION SECTION

SAN DIEGUITO RIVER VALLEY REGIONAL
OPEN SPACE PARK JOINT POWERS AUTHORITY
BUDGETARY COMPARISON SCHEDULE GENERAL FUND
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Assessment – members	$ 819,679	$ 819,679	$ 819,678	$ (1)
Contracts and grants	38,356	38,356	649,441	611,085
Investment income	–	–	9,526	9,526
Donations	–	–	113,568	113,568
Miscellaneous	242,665	242,665	366	(242,299)
Total revenues	1,590,604	1,590,604	1,592,579	491,880
Expenditures:				
Salaries and benefits	971,844	971,844	1,004,207	(32,363)
Auto and travel	18,483	18,483	10,131	8,352
Professional and contracted services	146,031	146,031	218,787	(72,756)
Operating expenses	335,284	335,284	324,358	10,926
Total expenditures	1,471,642	1,471,642	1,557,483	(85,841)
Excess (deficiency) of revenues over (under) expenditures	118,962	118,962	35,096	406,039
Net change in fund balance	118,962	118,962	35,096	406,039
Fund balance, beginning	1,206,991	1,206,991	1,206,991	–
Prior period adjustment	–	–	(83,195)	(83,195)
Fund balance, ending	$ 1,325,953	$ 1,325,953	$ 1,158,892	$ 322,844

SAN DIEGUITO RIVER VALLEY REGIONAL
OPEN SPACE PARK JOINT POWERS AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – PLAN LAST 10 YEARS
For the Fiscal Year Ended June 30, 2015

		June 30, 2015
Proportion of the net pension liability		0.064%
Proportionate share of the net pension liability	$	1,298,694
Covered - employee payroll	$	615,657
Proportionate share of the net pension liability as percentage of covered - employee payroll		210.94%
Plan fiduciary net position as a percentage of the total pension liability		2.85%

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact 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 of Additional Service Credit (a.k.a. Golden Handshakes)

Change in Assumptions: None

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

SAN DIEGUITO RIVER VALLEY REGIONAL
OPEN SPACE PARK JOINT POWERS AUTHORITY
SCHEDULE OF PLAN CONTRIBUTIONS –
LAST 10 YEARS
For the Fiscal Year Ended June 30, 2015

		June 30, 2015
Contractually required contribution (actuarially determined)	$	171,857
Contributions in relation to the actuarially determined contributions		(171,857)
Contribution deficiency (excess)	$	–
Covered-employee payroll		615,657
Contributions as a percentage of covered employee payroll		27.88%

Notes to Schedule:

Valuation date:	June 30, 2015

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

OTHER SUPPLEMENTARY INFORMATION SECTION

SAN DIEGUITO RIVER VALLEY REGIONAL OPEN SPACE PARK JOINT POWERS AUTHORITY ORGANIZATION June 30, 2015

The Board of Directors for the fiscal year ended June 30, 2015, was comprised of the following members:

Name	Office	Agency
Don Mosier	Chair	Del Mar City Council
Dave Roberts	Vice-Chair	County of San Diego
Dave Grosch	Member	Poway City Council
Dave Zito	Member	Solana Beach City Council
Olga Diaz	Member	Escondido City Council
Dianne Jacob	Member	County of San Diego
Sherri Lightner	Member	San Diego City Council
Mark Kersey	Member	San Diego City Council

Administration

Name	Position
Mark Ochenduszko	Executive Director