



**COMMUNITY CENTER AUTHORITY**  
(A Component Unit of the City of Anaheim, California)

Financial Statements

June 30, 2015

(With Independent Auditors' Report Thereon)

**COMMUNITY CENTER AUTHORITY**  
(A Component Unit of the City of Anaheim, California)

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## **Independent Auditors' Report**

The Board of Directors  
Community Center Authority:

We have audited the accompanying financial statements of the Community Center Authority, a component unit of the City of Anaheim, California, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Community Center 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 U.S. generally accepted accounting principles; 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.

### ***Auditors' 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. 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 auditors' 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 Community Center Authority as of June 30, 2015, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.



***Emphasis of Matter***

As discussed in note 1 to the financial statements, the financial statements present only the Community Center Authority, a nonprofit civic agency created under the terms of the Joint Exercise of Powers Agreement entered into by the City of Anaheim, California and the Anaheim Union High School District, and do not purport to, and do not, present fairly the financial position of the City of Anaheim, California as of June 30, 2015, and the changes in its financial position and its cash flows, where applicable, for the year then ended, in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

***Other Matter***

***Required Supplementary Information***

Management has omitted management's discussion and analysis that U.S. generally accepted accounting principles requires 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 who considers it to be an essential part of the 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.

**KPMG LLP**

February 23, 2016

**COMMUNITY CENTER AUTHORITY**  
(A Component Unit of the City of Anaheim, California)

Statement of Net Position

June 30, 2015

**Assets**

Assets:

Restricted cash equivalents (note 2b)

\$ —

Restricted investments (note 2b)

—

Lease receivable (note 3)

—

Total assets

\$ —

**Liabilities and Net Position**

Liabilities:

Certificates of participation (note 4)

\$ —

Total liabilities

—

Total net position

—

Total liabilities and net position

\$ —

See accompanying notes to financial statements.

**COMMUNITY CENTER AUTHORITY**  
(A Component Unit of the City of Anaheim, California)  
Statement of Revenue, Expenses, and Changes in Net Position  
Year ended June 30, 2015

Operating revenue:		
Facility lease revenue	\$	823,000
Operating expenses:		
Interest expense		<u>(858,000)</u>
Operating loss		(35,000)
Nonoperating revenue:		
Interest income		<u>35,000</u>
Change in net position		—
Total net position – beginning of year		<u>—</u>
Total net position – end of year	\$	<u><u>—</u></u>

See accompanying notes to financial statements.

**COMMUNITY CENTER AUTHORITY**  
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Statement of Cash Flows

Year ended June 30, 2015

Cash flows from operating activities:	
Lease payments received	\$ 29,163,000
Interest paid	(868,000)
Principal paid	(3,500,000)
Transfer to Escrow Agent for final interest payment	(164,000)
Transfer to Escrow Agent	<u>(34,500,000)</u>
Net cash used for operating activities	<u>(9,869,000)</u>
Cash flows from investing activities:	
Proceeds from sale of investment securities	6,490,000
Interest received	<u>390,000</u>
Net cash provided by investing activities	<u>6,880,000</u>
Decrease in restricted cash equivalents	(2,989,000)
Restricted cash equivalents – beginning of year	<u>2,989,000</u>
Restricted cash equivalents – end of year	<u>\$ —</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (35,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities that used cash:	
Lease receivable	28,340,000
Certificates of Participation	(38,000,000)
Accrued interest payable	<u>(174,000)</u>
Net cash used by operating activities	<u>\$ (9,869,000)</u>

See accompanying notes to financial statements.

**COMMUNITY CENTER AUTHORITY**  
(A Component Unit of the City of Anaheim, California)

Notes to Financial Statements

June 30, 2015

**(1) Organization**

The Community Center Authority (the CCA) is a nonprofit civic agency created under the terms of the Joint Exercise of Powers Agreement entered into by the City of Anaheim, California (the City) and the Anaheim Union High School District on March 1, 1965. The CCA was established to render financial assistance with the financing, acquisition, construction, operations, and maintenance of public auditoriums and exhibition buildings and facilities located within the City.

The CCA is governed by a five-member board of directors appointed by the City Council and has no employees. During a portion of fiscal 2015, the City operated the Anaheim Convention Center under a facility lease with the CCA (note 4). As of June 30, 2015, there are no outstanding projects being financed by the CCA.

The CCA is a component unit of the City for financial reporting purposes as the City is accountable for the activities of the CCA. Accordingly, the results of operations for the CCA are included as a blended component unit in the comprehensive annual financial report of the City.

**(2) Significant Accounting Policies**

**(a) Basis of Accounting**

The financial statements of the CCA are prepared in conformity with the U.S. generally accepted accounting principles (GAAP) that are established by the Governmental Accounting Standards Board. The transactions of the CCA are accounted for as an enterprise fund utilizing the accrual basis of accounting.

**(b) Restricted Cash Equivalents and Investments**

Restricted cash equivalents and investments of the CCA are maintained and invested by an independent fiscal agent. Cash equivalents are defined as highly liquid investments that are both readily convertible to a known amount of cash and mature within 90 days of the date of purchase. Mutual fund investments are carried at fair value based on the fund's share price and flexible repurchase agreements are carried at fair value based on market price. At fiscal year June 30, 2015, the CCA has no cash balance or investments as amounts were used in the refunding of the CCA's certificates of participation (note 4).

**(c) Fiscal Agent**

A fiscal agent on behalf of the CCA holds and invests funds from long-term debt issuances. The fiscal agent is mandated by bond indenture as to the types of investments in which proceeds can be invested. Investments by the fiscal agent predominantly consist of flexible repurchase agreements and mutual funds held in book entry form by the fiscal agent. During fiscal 2015, investments held by the fiscal agent were used in the refunding of the CCA's certificates of participation (note 4).

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Notes to Financial Statements

June 30, 2015

**(d) Debt Issuance Costs**

Debt issuance costs are expensed when incurred. Prepaid bond insurance costs are capitalized and amortized over the lives of the related debt issues using the effective-interest method.

**(e) Use of Estimates**

The preparation of the CCA's financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of June 30, 2015, and revenue and expenses for the fiscal year then ended. As such, actual results could differ from those estimates.

**(3) Lease Receivable**

The CCA has entered into a non-cancelable lease for the Anaheim Convention Center with the City expiring on August 1, 2023. The lease payments are designed to provide for installment amounts sufficient to meet the annual debt service requirements on certain of the certificates of participation issued by the CCA (note 5). The lease receivable has been recorded at the present value of the future minimum payments to be received from the City under the lease agreement, reduced by the amount of debt proceeds and other amounts held by the CCA. The amount by which the lease receivable is offset has been and will continue to be reduced as the debt proceeds and other amounts are utilized and/or amortized. The lease transfers ownership of the facility to the City at the end of the lease term. As of June 30, 2015, there were no lease receivable outstanding.

**(4) Certificates of Participation**

The following is a summary of changes in certificates of participation for the year ended June 30, 2015:

	<u>Beginning of year</u>	<u>Payments</u>	<u>Retirements</u>	<u>End of year</u>	<u>Due within one year</u>
Certificates of participation	\$ 38,000,000	(3,500,000)	(34,500,000)	—	—

On November 14, 2014, the City of Anaheim issued APFA 2014 Series A and B Lease Revenue Bonds in the principal amount of \$258,925,000 to finance an Anaheim Convention Center Expansion and other capital projects of the City, and to refund the Prior Obligations, which include the 1992 Community Center COPs, the 1993 COPs, the 2002 Lease Revenue Bonds, and the 2010 Revenue Notes. As of June 30, 2015, there were no certificates of participation outstanding.