Los Angeles Memorial Coliseum Commission

Financial Report
For the Fiscal Year Ended June 30, 2014

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Independent Auditor's Report

To the Honorable Members
Los Angeles Memorial Coliseum Commission
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Los Angeles Memorial Coliseum Commission (the Commission), which comprise the statement of net position (deficit) as of June 30, 2014 and the related statements of revenues, expenses and changes in net position (deficit), and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Commission'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. 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 Commission as of June 30, 2014, and the changes in its financial position and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

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Other Matters
Required Supplementary Information

Accounting principles generally accepted in the United States of America requires that the Management's Discussion and Analysis on pages 3 through 8 and the schedule of funding progress for retirement healthcare on page 27 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 the 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.

Emphasis of Matter
On July 29, 2013 and as discussed in Note 1 to the financial statements, a significant change in the management of these facilities occurred when the Coliseum Commission and the University of Southern California (USC) executed the Second Amendment to the Lease and Agreement (Commission-USC Lease), which transferred to USC the responsibility for the long-term operation of the Los Angeles Memorial Coliseum (the Coliseum) and the Los Angeles Memorial Sports Arena, and the capital renewal of the Coliseum. That substantially changed the management of the Commission's major revenue-producing capital assets and certain commitments associated with those assets. Our opinion is not modified with respect to this matter.

RSM US LLP

Los Angeles, California
October 27, 2015

Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2014

As management of the Los Angeles Memorial Coliseum Commission (the Coliseum Commission) and the Los Angeles Memorial Coliseum Association, Inc. (the Association) (hereafter collectively referred to as the Commission), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the year ended June 30, 2014. The information contained in the Management's Discussion and Analysis (MDA) should be considered in conjunction with the information contained in the Commission's financial statements.

This discussion is intended to:

- Assist the reader in understanding significant financial issues
- Provide an overview of the Commission's financial activities
- Identify changes in the Commission's financial position

FINANCIAL HIGHLIGHTS

- The Commission's liabilities exceeded its assets as of June 30, 2014 by $6.39 million. The Commission had investment in capital assets at year-end of $107,500. All other capital assets were impaired or disposed of during the year. The unrestricted component of net position (deficit) was negative $5.03 million. See further discussion on page 5.

- The Commission's total net position (deficit), including all activities, decreased by $13.59 million as a result of operations compared with fiscal year 2012-13.

- The main component of the $13.59 million decrease was a $13.17 million dollar impairment loss due to the transfer of the majority of their capital assets to the University of Southern California (USC) resulting from the Commission's Lease and Agreement with USC (Commission-USC Lease) which became effective on July 29, 2013.

- Total operating revenues decreased by $8.73 million or 75.53% primarily due to the transfer of responsibility for the long-term operation of the Coliseum and Sports Arena to USC.

- Total operating expenditures decreased by $12.83 million or 78.61% primarily due to transfer of responsibility for the long-term operation of the Coliseum and Sports Arena to USC.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Commission's audited financial statements, which are comprised of the 1) basic financial statements; and 2) notes to the basic financial statements. This report also includes the required supplementary information.

The Commission's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles. It is designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business. Additional information on the Commission's significant accounting policies can be found in Note 1 on page 13 of this report.

- The **Statement of Net Position (Deficit)** presents information on all of the Commission's assets, deferred outflows of resources, liabilities, deferred inflow of resources, and resulting net position. Over time, an increase or decreases in net position may serve as useful indicator of the Commission's financial position.

- The **Statement of Revenues, Expenses and Changes in Net Position (Deficit)** present information showing how the Commission's net position (deficit) changed during the most recent fiscal year. All changes in net position (deficit) are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing or related cash flows. Thus, revenue and expenses are reported in these statements for some items that will result in cash flows in future periods.

- The **Statement of Cash Flows** relates to the flows of cash and cash equivalents. Consequently, only transactions that affect the Commission's cash accounts are recorded in these statements. A reconciliation is provided at the bottom of the Statement of Cash Flows to assist in the understanding of the difference between cash flows from operating activities and operating income or loss.

A **blended component unit** is an organization that is legally separate from the Commission, but is at the same time related to the Commission financially (i.e., the Commission is financially accountable for it) or the nature of its relationship with the Commission is so significant that its exclusion would cause the Commission's financial statements to be misleading or incomplete. The Los Angeles Memorial Coliseum Association, Inc. is a blended component unit of the Commission and its financial activity has been included in the Commission's financial statements.

The Commission's financial statements are located on pages 9-12 of this report. The component unit combining statement is discussed in Note 2 starting on page 16.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the Commission's financial statements. Notes to the financial statements are on pages 13-26.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Commission's progress in funding its obligation to provide other postemployment benefits-healthcare to employees.

FINANCIAL ANAYLSIS

Condensed Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial positon. As shown in the table below, the Commission's liabilities exceeded its assets by $6.39 million at June 30, 2014.

Table 1
Condensed Statement of Net Position (Deficit)
June 30, 2014 and 2013

	2014	2013
Assets:		
Current assets	$ 1,055,645	$ 4,178,737
Deferred rent receivable	260,955	-
Capital assets, net of depreciation	107,500	15,221,207
Total Assets	$ 1,424,100	$ 19,399,944
Liabilities:		
Current and other liabilities	$ 876,582	$ 5,531,637
Noncurrent liabilties	6,937,861	6,664,802
Total Liabilities	$ 7,814,443	$ 12,196,439
Net Position		
Net Investment in Capital Assets	$ (1,357,281)	$ 12,601,933
Unrestricted (Deficit)	(5,033,062)	(5,398,428)
Total Net Position (Deficit)	$ (6,390,343)	$ 7,203,505

Significant changes in assets and liabilities included the following:

Current Assets

Current assets decreased by $3.12 million, or 74.74%, from the prior year largely due to a reduction in cash of $2.19 million. The decrease in cash resulted from the Commission discontinuing its operation of major sources of cash inflow, while continuing cash outflows by paying salaries, employee benefits, and legal fees. A decrease in accounts receivable from the prior year and the sale of the Commission's food inventory to USC contributed to the decrease in current assets by $565,000.

Liabilities

Liabilities decreased by $4.38 million, or 35.93%, from the prior year primarily due to a $2.0 million reduction in advance ticket sales. The last event held by the Commission was scheduled for July 3, 2013 prior to the transfer of operations to USC. However, this event was cancelled on July 2, 2013 and the advanced ticket sales for this event were subsequently refunded. The Commission no longer had any employees effective December 14, 2013. The payments of accrued payroll and employee benefits and the payments for the outstanding accounts payable contributed to the decrease in liabilities by $2.18 million.

The Commission's total net position consists of the following two components:

Net Investment in Capital Assets

As of June 30, 2014, the Commission had $107,500 investment in capital assets, all related to the freeway sign property. As described in Note 4, all other assets of the Commission were impaired or disposed as a result of the Commission-USC lease. However, the long-term debt related to the video board in the amount of $1.46 million has been netted against the capital assets.

Unrestricted Net Position (Deficit)

The Commission's total unrestricted net position is a negative $5.03 million. The deficit closely parallels the noncurrent liabilities for postretirement healthcare, straight-line rent accrual, the USC line of credit, and the IATSE accounts payable liability which total $6.98 million. The net deficit is expected to be covered by future USC rent revenue, except for the $1.5 million USC line of credit and the $0.343 million accounts payable liability of the IATSE payments, as described in Note 9.

Condensed Statement of Revenues, Expenses and Changes in Net Position (Deficit)

The following table presents condensed information showing how the Commission's net position changed during the recent fiscal year as compared with the prior fiscal year.

Table 2
Condensed Statement of Revenues, Expenses and Changes Net Position (Deficit)
June 30, 2014 and 2013

	2014	2013
Revenues:		
Events	$ 344,050	$ 7,940,710
Food and beverage	112,002	2,962,632
Rent	1,954,409	-
Other	1,210,083	1,284,131
Total revenues	3,620,544	12,187,473
Expenses:		
Events	136,262	4,649,094
Food and Beverage Operations	112,106	582,453
Rent	1,248,936	1,248,936
General operating	1,994,698	7,299,899
Depreciation and amortization	-	2,542,196
Losses from impairment of capital assets	13,172,604	6,040,365
Other	549,786	55,858
Total expenses	17,214,392	22,418,801
Change in net position (deficit)	(13,593,848)	(10,231,328)

Revenue Highlights

Total revenues decreased by $8.57 million, or 70.29%, when compared with the prior year. The most significant changes in specific revenue sources were experienced in events and food and beverage.

The Commission's event revenues decreased by $7.60 million, or 95.67%, and food and beverage revenues decreased by $2.85 million, or 96.22%, when compared with the prior year. As a result of the Commission-USC Lease, the Commission earned very little event and food and beverage revenues during the fiscal year.

The agreement with USC requires semi-annual lease payments from USC on behalf of the Commission beginning in 2013 and, assuming the exercise of options, USC will continue making payments through 2054. During fiscal year 2014, the Commission recognized rental income from this sublease in the amount of $1.95 million for the rent due to the State and the Video Board note. The Commission has also recorded lease revenue for $0.137 million from USC for the Commission operating expenses. A reimbursement of expense from USC was also recorded for the $0.133 million postretirement healthcare expenditures.

Expense Highlights

Total expenses decreased by $5.20 million, or 23.21%, when compared with the prior year. The most significant changes that contributed to the decrease were in general operating and events expenses. As a result of the transfer of facilities operations to USC, general operating expenses decreased by $7.22 million, or 98.84%, and events expenses decreased by $1.08 million or 88.79%. In connection with the Commission-USC lease, the Commission wrote-down the carrying values of all of its capital assets, with the exception of the freeway sign parcel, resulting in an increase of $7.13 million in impairment loss from the prior year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Commission's capital assets as of June 30, 2014 were $107,500. Capital assets included land related to the freeway sign parcel. As described in Note 4, all assets of the Commission, except for this land parcel, were impaired or disposed as a result of the Commission-USC Lease.

The total decrease in the Commission's capital assets (net of depreciation) for the current fiscal year was $15.11 million, as shown in the following table.

Table 3
Changes in Capital Assets, Net of Depreciation
For the Year Ended June 30, 2014

	6/30/14	6/30/13	(Decrease)
Land	$ 107,500	$ 1,183,589	$ (1,076,089)
Buildings and improvements	-	13,181,750	(13,181,750)
Furniture and equipment	-	818,419	(818,419)
Other assets	-	37,449	(37,449)
Total	$ 107,500	$15,221,207	$ (15,113,707)

Capital assets decreased by $15.11 million, or 99.29%, when compared with the prior year. The main component of the decrease was a $13.17 million impairment loss on the Coliseum Commission's Coliseum structure, Sports Arena, and the freeway sign land, furniture and other assets being transferred to USC as part of the long-term sublease, as these assets will no longer provide a benefit to the Commission throughout the remaining useful life of the assets. In addition, five private parking lot parcels with a carrying value of $1.1 million were transferred to the State as part of a settlement agreement as discussed in Note 4.

Debt Administration

The Commission's liabilities for long-term debt decreased by $641,000 or 17.68% when compared with the prior year. The decline was attributable to the USC capital advance debt of $471,000 in which USC forgave the debt as part of the Commission-USC Lease, as well as the reduction in the video board note payable as a result of $683,000 in payments during the year. These decreases were partially offset by the $433,000 increase in the USC line of credit. Included as part of the Commission-USC Lease, USC agreed to pay the video board note on a monthly basis until maturity. Specific long-term debt changes are discussed in Note 5.

The Commission does not plan to issue any new bonds or other debt instruments in the near future.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economy

The Commission's operating activities do not include taxes or fees from the general public. Accordingly, the condition of the local economy, while favorable, has little, if any impact on the Commission's revenues or expenses.

Budget Outlook

The Commission's fiscal year 2014-15 and 2015-16 budgets have been approved. The budgets project decreases in net position in the amounts of $502,000 and $388,000 for fiscal year 2014-15 and fiscal year 2015-16, respectively.

Fiscal Year 2014-15 Budget – Revenue is budgeted to total $2.57 million and expenses are budgeted to total $3.07 million.

Revenue is expected to decrease $679,000 from the prior year's actual as a result of the Commission not earning any Los Angeles Memorial Coliseum or Los Angeles Memorial Sports Arena event or food and beverage revenue in FY 2014-15. Expenses are expected to decrease $9.6 million from the prior year's actual for the same reason and because no losses on impairment of capital assets are expected to be recognized in FY 2014-15.

Fiscal Year 2015-16 Budget – Revenue is budgeted to total $2.55 million and expenses are budgeted to total $2.94 million.

Revenue is expected to remain fairly consistent from the prior year's budget. Expenses are expected to decrease $130,000 from the prior year's budget as a result of the combination of an anticipated increase in employee benefit expenses and reductions in the following categories:

- Auditor-Controller services
- Audit fees
- Insurance
- General operating expenses
- Legal fees
- Depreciation

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general review of the Commission's finances for all those with an interest in the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Robert E. Osborne, Chief Administrative Officer, at rosborne@bos.lacounty.gov or at Los Angeles Memorial Coliseum Commission, 3911 South Figueroa Street, Los Angeles, California 90037-1207.

Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Associaiton, Inc.

Statement of Net Position (Deficit)
June 30, 2014
(With comparative totals for June 30, 2013)

Assets (Notes 2 and 9)	**2014**	2013
Current Assets		
Cash and cash equivalents (Note 3)	**$ 681,945**	$ 2,873,497
Accounts receivable, less allowance for doubtful accounts of 2014 $147,898; 2013 $271,093	**144,263**	583,362
Other receivables	**203,004**	415,000
Food inventories	**-**	126,240
Prepaid expenses	**26,433**	180,638
Total current assets	**1,055,645**	4,178,737
Noncurrent Assets		
Deferred rent receivable	**260,955**	-
Capital assets, net (Note 4)	**107,500**	15,221,207
Total assets	**$ 1,424,100**	$ 19,399,944

Liabilities and Net Position (Notes 2 and 9)		
Current Liabilities		
Accounts payable and other accrued expenses	**$ 180,757**	$ 2,194,728
Accrued payroll and employee benefits	**-**	447,760
Advance ticket sales	**-**	2,004,567
Unearned revenue	**-**	201,917
Current portion of long-term debt (Note 5)	**695,825**	682,665
Total current liabilities	**876,582**	5,531,637
Noncurrent Liabilities		
Postretirement healthcare plan (Note 7)	**2,749,387**	2,352,201
Straight-line rent accrual (Note 8)	**1,618,085**	1,369,149
Other long-term liabilties (Note 9)	**281,288**	-
Long-term debt, less current portion (Note 5)	**2,289,101**	2,943,452
Total liabilities	**7,814,443**	12,196,439
Commitments and Contingencies (notes 6, 7, 8, 9 and 10)		
Net Position (Deficit)		
Net investment in capital assets	**(1,357,281)**	12,601,933
Unrestricted deficit	**(5,033,062)**	(5,398,428)
Total net position (deficit)	**(6,390,343)**	7,203,505
Total liabilities and net position (deficit)	**$ 1,424,100**	$ 19,399,944

See Notes to Financial Statements.

Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Associaiton, Inc.

Statement of Revenues, Expenses and Changes in Net Position (Deficit)
Year Ended June 30, 2014
(With comparative totals for year ended June 30, 2013)

	2014	2013
Operating revenues (Note 1):		
Coliseum events	$ 157,560	$ 5,067,700
Sports Arena events	186,490	2,873,010
Food and beverages	112,002	2,962,632
Rent (Note 8)	1,954,409	-
Administrative services	270,359	-
Advertising	11,612	415,095
Other	134,665	237,498
Total operating revenues	2,827,097	11,555,935
Operating expenses:		
Cost of goods/service provided:		
Coliseum events	33,993	2,932,341
Sports Arena events	102,269	1,716,753
Food and beverage operations	112,106	582,453
Salaries and benefits (Notes 6, 7 and 8)	829,972	4,093,782
Rent (Note 8)	1,248,936	1,248,936
General operating expenses	84,316	1,102,002
Insurance	133,953	523,077
Utilities	57,856	527,776
Professional	384,844	349,601
Legal	503,757	703,661
Depreciation and amortization (Note 4)	-	2,542,196
Total operating expenses	3,492,002	16,322,578
Total operating loss	(664,905)	(4,766,643)
Nonoperating revenues (expenses):		
Interest income	1,687	38
Interest expense	(128,499)	(54,835)
Losses from write-offs and impairments of capital assets (Note 4)	(13,172,604)	(6,040,365)
Insurance proceeds	235,963	-
Settlement income, net	540,601	631,500
Loss on disposal of equipment	(43,185)	-
Settlement expense	(378,102)	-
Other	15,196	(1,023)
Total nonoperating revenues (expenses), net	(12,928,943)	(5,464,685)
Change in net position	(13,593,848)	(10,231,328)
Net position, beginning of year	7,203,505	17,434,833
Net position (deficit), end of year	$ (6,390,343)	$ 7,203,505

See Notes to Financial Statements.

Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Associaiton, Inc.

Statement of Cash Flows
Year Ended June 30, 2014
(With comparative totals for year ended June 30, 2013)

	2014	2013
Cash Flows From Operating Activities		
Receipts from customers	$ 1,299,683	$ 13,460,114
Payments to suppliers	(3,071,449)	(9,243,866)
Payments to employees	(880,546)	(4,331,609)
Net cash used in operating activities	(2,652,312)	(115,361)
Cash Flows From Capital and Related Financing Activities		
Construction and acquisition of capital assets	-	(8,713)
Interest paid	(48,246)	(47,992)
Payment on notes payable	(682,663)	(669,752)
Net cash used in capital and related financing activities	(730,909)	(726,457)
Cash Flows From Investing Activities		
Interest received	1,687	38
Cash received on settlement	540,601	631,500
Cash payments on settlement	(34,827)	-
Insurance proceeds	235,963	-
Other financing payment	15,196	(1,023)
Net cash provided by investing activities	758,620	630,515
Cash Flows From Financing Activities		
Advances on line of credit	433,049	1,000,000
Net increase (decrease) in cash and cash equivalents	(2,191,552)	788,697
Cash and Cash Equivalents, beginning of year	2,873,497	2,084,800
Cash and Cash Equivalents, end of year	$ 681,945	$ 2,873,497
Reconciliation of Operating Loss to Net Cash Used In Operating Activities		
Operating loss	$ (664,905)	$ (4,766,643)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Bad debt expense	11,067	232,158
Settlement paid directly by insurance carrier	235,963	-
Depreciation and amortization	-	2,542,196
Increase in straight-line rent accrual	248,936	248,937
(Increase) decrease in:		
Receivables	729,070	(625,348)
Prepaid expenses	154,205	(156,821)
Inventory	126,240	39,487
Increase (decrease) in:		
Accounts payable and other accrued expenses	(1,235,830)	493,973
Accrued payroll and employee benefits	(50,574)	(237,827)
Advance ticket sales	(2,004,567)	1,989,944
Deferred revenue	(201,917)	124,583
Net cash used in operating activities	$ (2,652,312)	$ (115,361)

(Continued)

Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Associaiton, Inc.

Statement of Cash Flows (Continued)
Year Ended June 30, 2014
(With comparative totals for year ended June 30, 2013)

	2014	2013
Supplementary Information of Noncash Transactions		
Advance on capital assets acquired	$ -	$ 471,830
Paid-in-kind interest	$ 80,253	$ 6,843
Loss on disposal of capital assets	$ 43,185	$ -
Impairment of capital assets	$ 13,172,604	$ 6,040,365

See Notes to Financial Statements.

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Nature of organization: The Los Angeles Memorial Coliseum Commission (the Coliseum Commission) was created pursuant to the Government Code of the State of California (the State) under a Joint Powers Agreement (JPA) between the City of Los Angeles (the City), the County of Los Angeles (the County), and the Sixth District Agricultural Association or California Science Center (CSC), an institution of the State (hereinafter referred to as the member agencies). The Coliseum Commission has a single purpose; to provide for the ongoing maintenance and operation of the Los Angeles Memorial Coliseum (the Coliseum), opened in 1923, and the Los Angeles Memorial Sports Arena (the Sports Arena), opened in 1959.

On July 29, 2013, a significant change in the management of these facilities occurred when the Coliseum Commission and the University of Southern California (USC) executed the Second Amendment to the Lease and Agreement (Commission-USC Lease), which transferred to USC the responsibility for the long-term operation of the Coliseum and Sports Arena and the capital renewal of the Coliseum. The Coliseum Commission deemed this action to be in the best interest of the community to ensure that the Coliseum, a national historic landmark, is upgraded and preserved for current and future generations. The Commission-USC Lease expires in 2033, or if all options are exercised, on December 31, 2054, the same date as the expiration of the Coliseum Commission's two leases with the State of California for the Coliseum and Sports Arena properties.

Following the commencement of the Commission-USC Lease, the Commission voted in September 2013 to enter into an agreement with the County Board of Supervisors Executive Office for that office to assume the administrative support functions of the Commission no later than January 1, 2014. On October 8, 2013, the Board of Supervisors of the County also approved that agreement. As of December 14, 2013, the Coliseum Commission no longer has any employees.

An amended JPA agreement was fully executed on February 26, 2014, after approval and execution by all three member agencies. This amended agreement revised the governance structure, meeting requirements and operating arrangements of the Coliseum Commission in view of the change in the level of the daily responsibilities of the Coliseum Commission as a result of the Commission-USC Lease. The amended JPA agreement changed the voting members from nine to three members. The Coliseum Commission consists of one (1) member appointed by the Mayor of the City of Los Angeles subject to confirmation by the City Council of Los Angeles; one (1) member appointed by the Board of Supervisors of the County of Los Angeles; and one (1) member appointed by the Governor of the State of California.

In February 1996, under the JPA, the Los Angeles Memorial Coliseum Association, Inc. (the Association) was established as a non-profit 501(c)(3) corporation in the State of California, which is the entity that provided the food and beverage operations for the Coliseum Commission until the day-to-day activities of the food and beverage operations were transferred to USC under the Coliseum-USC lease agreement. The Association is overseen by and for the benefit of the Coliseum Commission, the results of the Association are combined with those of the Coliseum Commission (collectively, the Commission). The Association is a blended component unit in the financial statements.

A summary of the Commission's significant accounting policies is as follows:

Financial statement presentation: The financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units and the Commission is accounted for as a proprietary fund. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been

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

prepared using the economic resources measurement focus and the accrual basis of accounting. The Commission records revenue primarily from rental income from the Commission-USC lease agreement and other charges for services to external users and reports its financial statements under guidance for special purpose entities engaged in only business-type activities. This model allows all financial information for the Commission to be reported in a single column in the basic financial statements.

The accompanying financial statements include the accounts of the Commission and the Association. All material-related party balances and transactions have been eliminated.

Cash and cash equivalents: Cash and cash equivalents represent funds held in the County of Los Angeles Treasury Pool. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity of three months or less. For purposes of the statement of cash flows, cash represents balances that can be readily withdrawn without substantial notice or penalty.

Accounts receivable: Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition and credit history and current economic conditions. An account receivable is considered past due if any portion of the receivable balance is outstanding for more than 30 days. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Prepaid expenses: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the accompanying statement of net position (deficit). The majority of the Commission's prepaid expenses are related to legal fees.

Food inventories: Food inventories are stated at the lower of cost or market, with cost being determined by the first-in, first-out (FIFO) method. Management periodically reviews for slow-moving and/or obsolete inventories. Under the Commission-USC lease, the Commission sold the food inventories to USC.

Capital assets: Capital assets are stated at cost or at the estimated fair value at the date of contribution, if contributed.

Depreciation is computed on the straight-line basis to the nearest whole month, starting in the year of acquisition, over the estimated useful lives of the respective assets, ranging from three to 10 years for equipment and 20 years for building improvements and structures. Maintenance and repair costs are expensed when incurred. Upon sale or other disposition, any gain or loss is included in income.

Accrued vacation: Each employee must complete a period of 12 consecutive months of service before qualifying for accrued vacation benefits. Full-time Commission employees and certain other employees are able to accrue vacation from 11 days a year up to 25 days a year, dependent on the years of service. Full-time employees covered under a collective bargaining agreement accrue vacation from 10 days a year up to 20 days a year, dependent on years of service. The employees' accrued vacation was paid out by June 30, 2014 in the amount of $206,682 as reflected in the statement of revenues, expenses and changes in net position (deficit).

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

Accrued sick leave: Accrued sick leave at July 27, 2013 amounted to $220,604. Permanent, full-time employees who are not part of any collective bargaining agreement with the Commission must complete a period of six consecutive months of service before qualifying for sick leave. The employees accrued sick leave was paid by June 30, 2014 in the amount $114,783 as reflected in the Statement of Revenues, Expenses and Changes in Net Position. As there are no longer employees of the Commission, there are no remaining sick leave accruals.

Advance ticket sales: Advance ticket sales are for future events to be held at the Coliseum or Sports Arena. The last event held by the Commission was scheduled for July 3, 2013 prior to the transfer of operations to USC.

Straight-line rent accrual: Rent expense is recorded on a straight-line basis over the term of the lease with the State. Amounts recorded as expense over amounts paid are recorded as straight-line rent accrual in the statement of net position (deficit).

Net position (deficit): Net position (deficit) represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on notes payable that are attributable to the acquisition, construction or improvement of capital assets. Net position is reported as restricted when there are limitations imposed on its use, either through legislation adopted by the Commission or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted resources are used first to fund applicable appropriations.

As of June 30, 2014, the Commission has a net deficit of $6.39 million as a result of the transfer of capital assets to USC under the Commission-USC Lease. After the transfer of capital assets, the deficit balance is primarily from noncurrent liabilities for the postretirement healthcare plan, straight line rent accrual, the video board note payable, the USC line of credit, and the liability related to IATSE. Under the Commission-USC Lease, USC will pay the postretirement healthcare plan liabilities, the rent liabilities, and the video board liabilities over time, but the $1.5 million USC line of credit and the $0.343 million accounts payable liability of the IATSE payments will remain the responsibility of the Commission.

Operating revenues and operating expenses: Operating revenues include gross receipts from rent due from its only tenant, USC, which is comprised of a fixed monthly operating allowance, and amounts equal to the Commission's payment obligations for: 1) retiree healthcare; 2) rent to the State; and 3) a lease agreement with Kinetic Leasing. Operating expenses represent the direct and indirect costs for the operations of the Commission during the year. Revenues and expenses outside the normal course of operations are recorded as nonoperating revenues and expenses in the statement of revenues, expenses and changes in net position (deficit). Nonoperating revenues and expenses consist primarily of interest income, impairment on capital assets, and gain or loss on disposition of assets and contributions.

Taxation: As a joint powers authority, the Commission is not subject to income or franchise taxation by federal or state authorities. The Association is recognized by the Internal Revenue Service (IRS) as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Significant estimates and assumptions made by management include, but are not limited to, contingent assets and liabilities, allowance for uncollectible receivables, inventory reserves and the recoverability of the carrying value of long-lived assets.

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

Pronouncement issued and not implemented during the year ended June 30, 2014: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, Issued in June 2012, improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement requires the liability of employers and non-employer contributing entities to employees for defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. This statement is effective for fiscal years beginning after June 15, 2014. The Commission is currently evaluating the impact that adoption will have on its financial statements.

Note 2. Component Units of the Commission

The following is the condensed combining detail for the statement of net position (deficit) as of June 30, 2014:

	Coliseum Commission	Association	Eliminations	Combined
Current assets	$ 899,899	$ 155,746	$ -	$ 1,055,645
Deferred rent receivable	260,955	-	-	260,955
Capital assets	107,500	-	-	107,500
Total assets	1,268,354	155,746	-	1,424,100
Current liabilities	872,192	4,390	-	876,582
Long-term liabilities	6,937,861	-	-	6,937,861
Total liabilities	7,810,053	4,390	-	7,814,443
Net investment in capital assets	(1,357,281)	-	-	(1,357,281)
Unrestricted net position	(5,184,418)	151,356	-	(5,033,062)
Total net position (deficit)	$ (6,541,699)	$ 151,356	$ -	$ (6,390,343)

Note 2. Component Units of the Commission (Continued)

The following is the condensed combining detail for the statement of revenues, expenses and changes in net position (deficit) for the year ended June 30, 2014:

	Coliseum Commission	Association	Eliminations	Combined
Operating revenues:				
Coliseum events	$ 157,560	$ -	$ -	$ 157,560
Sports Arena events	186,490	-	-	186,490
Food and beverage sales	-	112,002	-	112,002
Rental revenue from related party	1,954,409	-	-	1,954,409
Other income	383,669	32,967	-	416,636
Total operating revenues	2,682,128	144,969	-	2,827,097
Operating expenses:				
Other operating expenses	1,711,856	531,210	-	2,243,066
Rental expense to related party	1,248,936	-	-	1,248,936
Total operating expenses	2,960,792	531,210	-	3,492,002
Operating loss	(278,664)	(386,241)	-	(664,905)
Nonoperating revenues (expenses):				
Other nonoperating expenses	(12,956,371)	27,427	-	(12,928,943)
Total nonoperating expenses	(12,956,371)	27,427	-	(12,928,943)
Change in net position	(13,235,035)	(358,814)	-	(13,593,848)
Beginning net position	6,693,640	509,865	-	7,203,505
Ending net position (deficit)	$ (6,541,395)	$ 151,051	$ -	$ (6,390,343)

The following is the condensed combining detail for the statement of cash flows for the year ended June 30, 2014:

	Coliseum Commission	Association	Combined
Net cash (used in) provided by operating activities	$ (2,416,223)	$ (236,089)	$ (2,652,312)
Net cash used in capital financing activities	(730,909)	-	(730,909)
Net cash (used in) provided by investing activities	758,620	-	758,620
Net cash provided by debt financing	433,049	-	433,049
Beginning cash and cash equivalents balances	2,482,108	391,389	2,873,497
Ending cash and cash equivalents balances	$ 526,645	$ 155,300	$ 681,945

Note 3. Cash and Cash Equivalents

As of June 30, 2014, $681,945 was invested in the County of Los Angeles Investment Pool. In accordance with the California Government Code, cash balances of the Coliseum Commission are deposited with and pooled and invested by the Los Angeles County Treasurer for the purpose of increasing interest earnings through investment activities. Interest earned on pooled investments is deposited to participating funds based upon each fund's average daily balance during the allocation period.

Statutes authorize the County of Los Angeles to invest pooled investments in obligations of the United States Treasury, federal agencies, municipalities, commercial paper rated A-1 by Standard & Poor's Ratings Services or P-1 by Moody's Investors Services, bankers' acceptances, negotiable certificates of deposits, floating rate notes, repurchase agreements, and reverse repurchase agreements.

See the County of Los Angeles' audit of the Los Angeles County Treasury for the year ended June 30, 2014 at http://file.lacounty.gov/bc/q1_2015/cms1_223020.pdf for disclosures related to cash and investments and the related interest rate risk, credit rate risk, custodial risk, and concentration risk.

Note 4. Capital Assets

The basis of the principal classes of capital assets and the accumulated depreciation and amortization consists of the following:

	2013	Additions	Impairment	Disposals	2014
Nondepreciable:					
Land—parking lots and freeway sign	$ 1,183,589	$ -	$ -	$ (1,076,089)	$ 107,500
Construction in progress	-	-	-	-	-
Depreciable:					
Building and building improvements on leased land	47,509,639	-	(46,629,644)	(879,995)	-
Furniture and equipment	2,388,420	-	(2,171,992)	(216,428)	-
Other assets	63,149	-	(40,432)	(22,717)	-
Total	51,144,797	-	(48,842,068)	(2,195,229)	107,500
Less accumulated depreciation and amortization	(35,923,590)	-	35,669,464	254,126	-
Total	$ 15,221,207	$ -	$ (13,172,604)	$ (1,941,103)	$ 107,500

The only asset remaining is the parcel of land related to the freeway sign located at 3843 S. Grand Avenue. This parcel of land is being used as collateral for a line of credit with USC (see Note 5).

Disposals: In January 2013, the CSC formally notified the Commission that the Commission was in default for not making the semi-annual payment of $500,000 to that body on December 31, 2012 pursuant to the lease agreement with the State. Discussions ensued in March 2013 and April 2013 between the Commission and State representatives regarding certain parking lot parcels and various other matters. On May 1, 2013, terms for the settlement of various issues with the Commission and the

Note 4. Capital Assets (Continued)

State in regard to the default of the semi-annual payment were approved by the Commission. The basic terms of the settlement with the State included the transfer of five private property parking lot parcels owned by the Commission, which have an adjusted net book value of approximately $1.1 million, to the State for $1. In turn, the State would waive the rental payments due to the State, which approximated $1.1 million at the time of the accepted terms, and to resolve other unsettled matters between the Commission and the State. Due to the matter of the transfer of real property to the State, the settlement agreement between the Commission and the State was approved in December 2013 by the State of California Public Works Board (SPWB). The Commission has recorded a capital asset transfer to the State of approximately $1.1 million for the parking lot parcels as a disposal.

As a result of the Commission-USC Lease, USC agreed to make three $100,000 payments to the Commission in exchange for the sound system, the video control room, and the field turf. These assets were treated as disposed. In addition, there was a corresponding reduction in the liability included in accounts payable and other accrued expenses in the accompanying statement of net position (deficit) for the Coliseum video room (see Note 8).

Asset Impairment: As a result of the Commission-USC Lease, the Commission realized a net $13.17 million impairment loss on the Coliseum Commission's Coliseum structure, Sports Arena structure, furniture and other assets being transferred to USC as part of the long-term sublease, as these assets will no longer provide a benefit to the Commission throughout the remaining useful life of the assets.

Note 5. Long-Term Debt

USC line of credit: In March 2013, the Commission executed an agreement with USC providing a line of credit for $1.5 million secured by the Commission's real property, the freeway sign located at 3843 S. Grand Avenue, Los Angeles, California. The outstanding balance bears an interest rate of 6 percent per annum and originally was due on May 16, 2014. However, as part of the Commission-USC Lease, the agreement was amended to extend the maturity date to July 29, 2023.

USC capital advance: In exercising one of its remedies under the 2008 sublease agreement, USC replaced the Coliseum field and upgraded the Coliseum video room during the year ended June 30, 2013 at a total cost of $471,830. The amount was funded by USC; however, the amount was required to be repaid over the remaining years of the initial term of the 2008 sublease (through June 30, 2033) at an annual rate of 6 percent in the event the sublease agreement was not fully executed. As part of the Commission-USC Lease, USC agreed to forgive the debt.

Video board note payable: The Commission purchased a video board for the Coliseum Commission for approximately $5.7 million during the year ended June 30, 2011. The Commission paid $2.28 million in cash on the purchase and financed the remaining balance of $3.42 million. Monthly payments of $59,812 commenced in August 2011. The note bears interest at 1.9 percent per annum and is due over five years. In connection with the Commission-USC Lease, USC agreed to pay the note, on a monthly basis, directly to the lender on behalf of the Commission until its maturity.

Note 5. Long-Term Debt (Continued)

Current year activity of long-term debt during the fiscal year ended June 30 is as follows:

	June 30, 2013	Additions	Non-Cash Additions (Deduction)	Payments	June 30, 2014
Long-term debt:					
USC line of credit	$ 1,006,843	$ 433,049	$ 80,253	$ -	$ 1,520,145
USC capital advance	471,830	-	(471,830)	-	-
Video board	2,147,444	-	-	(682,663)	1,464,781
Total long-term debt	$ 3,626,117	$ 433,049	$ (391,577)	$ (682,663)	$ 2,984,926

Future minimum payments under the agreements at June 30, 2014 are as follows:

Years Ending June 30,	Principal	Interest	Total Payments
2015	$ 695,825	$ 21,919	$ 717,744
2016	709,240	8,504	717,744
2017	59,716	95	59,811
2018	-	-	-
2019	-	-	-
Thereafter	1,520,145	-	1,520,145
	$ 2,984,926	$ 30,518	$ 3,015,444

Note 6. Retirement Pension Plan

As a result of the Commission-USC Lease, the Commission has no active employees and only contributes to the Pension Plan the minimum amount required to maintain sufficient funding for current retirees.

Plan description: The Commission contributed to a defined benefit pension plan (the Plan), which provides retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), a cost sharing multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. Menus of benefit provisions as well as other requirements are established by state statutes within the Public Employees' Retirement Law. The Commission selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issued a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, California 95814.

Substantially all permanent Commission employees were eligible to participate in the Plan. Benefits vest after five years of service. Commission employees may retire at or after age 50 with five years of credited service and are entitled to an annual retirement benefit, payable monthly for life. The Plan is based on a 2.5 percent at age 55 formula allowing employees retiring at age 55 with a minimum of five years of service to receive a benefit of 2.5 percent of their yearly salary (based on the average of the highest 36 consecutive months of service) multiplied by their number of years of service. Employees who retire

Note 6: Retirement Pension Plan (Continued)

earlier than age 55 receive less than 2.5 percent for each year of service. The Plan also provides death benefits. These benefit provisions and all other requirements are established by state statute.

Funding policy: Active Plan members were required to contribute 8 percent of their annual covered salary. The Commission is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the Plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS.

Annual pension cost: For the years ended June 30, 2014, 2013 and 2012, the Commission contributed $14,851, $131,203 and $147,963, respectively, of the required annual contributions to the Plan. The required contribution was determined using the entry-age-normal-actuarial-cost method with the contributions determined as a percentage of pay. The actuarial assumptions included (a) a 7.5 percent investment rate of return (net of administrative expenses), (b) projected salary increases that vary by duration of service ranging from 3.30 percent to 14.20 percent for Plan members, and (c) a 3.0 percent cost of living adjustment. Both (a) and (b) include an inflation component of 2.75 percent. The actuarial value of the Plan's assets was determined using a technique that levels the effect of short-term volatility in the market value of investments over a 15-year period. The Plan's overfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis.

Annual pension cost information for the fiscal years ended June 30, 2014, 2013 and 2012 is as follows:

	Three-Year Trend Information for the Plan		
Fiscal Year Ended June 30,	Annual Required Contribution (ARC)	Amount Contributed	Percentage of ARC Contributed
2012	$ 147,963	$ 147,963	100%
2013	131,203	131,203	100%
2014	14,851	14,851	100%

As of the most recent actuarial valuation report dated October 2013 for the period through June 30, 2012 (used to determine the required contribution for the fiscal year July 1, 2013 through June 30, 2014), the Plan had an overfunded position of $946,594 as of June 30, 2012. The Plan's projected overfunded position is $878,578 as of June 30, 2014.

Note 7. Postemployment Benefits Other Than Pensions

Plan description: The Commission administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The plan provides lifetime healthcare insurance for retirees and their spouses through the Commission's group health insurance plan, which covers both active and retired members.

Note 7. Postemployment Benefits Other Than Pensions (Continued)

To become eligible to retire, an employee must be 50 years of age or higher with five or more years vested in CalPERS (see Note 6). The Retiree Health Plan does not issue a publicly available financial report. As of July 29, 2013, all active employees were removed from the plan, and the obligation for payment of all premiums for all retired participants was transferred to USC. In connection with the Commission-USC Lease, the Commission still pays premiums but is reimbursed by USC.

Retirees can choose among several options: PPO, HMO or EPO. All options permit Medicare supplement plans for those members eligible for Medicare. Health plans offered, covered benefits, monthly rates and co-payments are determined by the CalPERS Board, which reviews health plan contracts annually. The following HMO and PPO plans were available during fiscal years 2011 to 2014:

- Basic HMO Plans (Blue Shield Access+, Blue Shield Net Value or Kaiser Permanente).
- Basic PPO Plans (PERS Select, PERS Choice and PERSCare).

The costs of these medical plans are shared by the Commission and the retiree.

Funding policy: The Commission pays the costs of these medical plans as they are incurred. As of June 30, 2014, no trust or retirement fund was established or maintained to secure the employer's share of this postemployment benefit. Effective February 2012, the Commission established contribution rates of 78 percent for employer and 22 percent for employee. Prior to this, the employer/employee contribution rates varied slightly depending upon the specific plan chosen by the retiree. For the fiscal year ended June 30, 2014, the Commission contributed $136,060 to the plan.

Annual OPEB cost and net OPEB obligation: The Commission's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The Commission has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 15 years.

Note 7. Postemployment Benefits Other Than Pensions (Continued)

The following table shows the components of the Commission's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Commission's net OPEB obligation to the Retiree Health Plan:

	June 30, 2014	June 30, 2013
Calculation of Interest on Net OPEB Obligation:		
Net OPEB obligation at end of prior year	$ 2,352,201	$ 1,625,605
Employer's investment rate of return	4.50%	4.50%
Interest on net OPEB obligation	105,849	73,152
Calculation of Annual OPEB Cost:		
ARC	427,397	776,679
Interest on net OPEB obligation	105,849	73,152
Annual OPEB cost	$ 533,246	$ 849,831
Calculation of Net OPEB Obligation:		
Net OPEB obligation at beginning of year	$ 2,352,201	$ 1,625,605
Annual OPEB cost	533,246	849,831
Less actual employer contributions	(136,060)	(123,235)
Net OPEB obligation at end of year	$ 2,749,387	$ 2,352,201

The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2014, 2013 and 2012 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	$ 794,804	15.10%	$ 1,625,605
June 30, 2013	849,829	14.50%	2,352,201
June 30, 2014	533,246	25.51%	2,749,387

Funded status and funding progress: As of June 30, 2014, the actuarial accrued liability for benefits was $4,590,043, all of which was unfunded. Because all employees were transferred to USC, there is no longer any covered payroll.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 7. Postemployment Benefits Other Than Pensions (Continued)

Methods and assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age: The plan covers only those currently retired. The Commission no longer has any active employees.

Marital status: Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality: Life expectancies were based on the Group Annuity Mortality Table, Combined Rates.

Turnover: None was assumed.

Healthcare cost trend rate: The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 10 percent initially, reduced to an ultimate rate of 5 percent after 10 years, was used.

Health insurance premiums: 2014 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate: No inflation assumption was made.

Payroll growth rate: No long-term payroll growth assumption was made.

Based on the expected returns of the Commission's short-term investment portfolio, a discount rate of 4.5 percent was used. In addition, a projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over 15 years.

Note 8. Leases

Leases: The Coliseum and Sports Arena ground leases were extended by the Commission on September 3, 2003 to continue through December 31, 2054. The rental terms for the extended leases were agreed to by the Commission and State on February 13, 2008. The aggregate annual rent is $1,000,000, beginning January 1, 2008 and ending December 31, 2015, and $1,300,000, beginning January 1, 2016 and ending December 31, 2054, with the annual amount beginning January 1, 2017 to be adjusted according to the U.S. Consumer Price Index. In addition to the annual base rents, the Commission must pay to the State a portion of any revenue received for naming rights of the Coliseum and the Sports Arena in the amounts of 3.125 percent and 1.875 percent, respectively. The naming rights provision of the agreement also applies to the Commission-USC lease. For the year ended June 30, 2014, the Commission did not receive any revenue related to naming rights of the Coliseum or the Sports Arena.

Note 8. Leases (Continued)

Future minimum payments under these agreements at June 30, 2014 are as follows:

Years Ending June 30,	Amount
2015	$ 1,000,000
2016	1,150,000
2017	1,300,000
2018	1,300,000
2019	1,300,000
2020-2024	6,500,000
2025-2029	6,500,000
2030-2034	6,500,000
2035-2039	6,500,000
2040-2044	6,500,000
2045-2049	6,500,000
2050-2054	6,500,000
2055	650,000
	$ 52,200,000

Rent expense is recorded on a straight-line basis over the lease term. Amounts expensed in excess of amounts paid are recorded as straight-line rent accrual liability. Rent expense for the year ended June 30, 2014 was $1,248,936, which is related to the Coliseum and Sports Arena rent expense. As a result, the Commission has recorded straight-line rent accrual liability of $1,618,085 as of June 30, 2014.

Sublease with primary tenant: The Commission has a sublease agreement with USC (the Commission-USC lease) for the use of the Coliseum and Sports Arena. On July 25, 2013, the Commission and USC executed an amended and restated sublease that transferred the operations and all associated assets of both the Coliseum and the Sports Arena to USC on July 29, 2013 through at least July 29, 2033, with options for USC to extend through December 31, 2054 (the date that the current lease with the State of California expires). The sublease also provides USC with full control of the property located at 3843 S. Grand Avenue (the Freeway Sign). In addition, USC has obtained first rights to negotiate with the State of California to extend the sublease beyond December 31, 2054. In return, USC is required to make specific capital improvements to the Coliseum, which are estimated to cost in excess of $70 million, to be completed before the Centennial Anniversary of the Coliseum in 2021-2023. USC also has the right to terminate the sublease with respect to the Sports Arena at any time after three years after the commencement of the amended and restated sublease agreement.

Additional terms of the Commission-USC Lease require USC to: (1) offer a minimum of six months employment to current Commission employees; (2) make future rent payments to the State on behalf of the Commission; (3) make future monthly payments on the $2.1 million note payable with Kinetic Leasing for the video board on behalf of the Commission; (4) reimburse the Commission for retiree healthcare premiums (estimated $12,500 per month); (5) pay $300,000 for recent sound system upgrades (in three annual $100,000 installments); (6) relieve the Commission of the $471,830 liability to USC for self-funded capital improvements on the Coliseum; (7) extend the term on the Coliseum Note Payable to USC (see Notes 5 and 8); and (8) provide the Commission with a monthly allowance for the Commission's general

Note 8. Leases (Continued)

operating expenses. The total monthly allowance, including a trademark royalty of $1,667, was set at $12,500 for the fiscal year ended June 2014; however, future amounts will be determined based on annual budget deliberations with USC. The Commission would also participate in profit sharing should USC's operation of these facilities become profitable based upon a specific formula as defined in the amended and restated sublease agreement.

Note 9. Commitments and Contingencies

Collective bargaining agreements: The Coliseum Commission had two collective bargaining agreements (CBA), and the Association had one CBA. The Coliseum Commission CBAs were with the International Alliance of Theatrical Stage Employees (IATSE) Local 33 and Service Employees International Union (SEIU) Local 1877. The IATSE CBA covered employees who performed load-in, setting, striking, load-out operating and preventive maintenance duties in connection with performance-related equipment for those events presented or otherwise sponsored and produced by the Commission or tenants. The IATSE CBA expired on July 28, 2013. The SEIU CBA was effective January 1, 2013 through December 31, 2013, and was automatically terminated upon management transfer of the facilities to USC on July 28, 2013. The SEIU CBA covers employees who performed janitorial services. The Association CBA with the Unite Here Local 11 union was extended through June 30, 2013 and continued on a month-to-month basis until July 28, 2013, at which time it was terminated. The CBA with Unite Here covered most food service employees.

On October 30, 2013, the Commission received a claim letter from the IATSE Pension Trust alleging that the Coliseum Commission/Association has incurred a pension trust fund withdrawal liability of $378,102. The balance of the accrued liability for $343,275 has been recorded in accounts payable and other accrued expenses in the statement of net position (deficit).

The Commission is exposed to claims encountered in the normal course of business. In the opinion of management, the resolution of these matters, except as discussed above, will be covered by insurance and/or will not have a material adverse effect on the Commission's net position or results of operations.

Note 10. Subsequent Events

Subsequent events have been evaluated through October 27, 2015, which is the date the financial statements were available to be issued.

Sports Arena Redevelopment Project

On May 28, 2015, the Coliseum Commission approved recommendations for consideration of a proposed agreement between the Coliseum Commission and the Los Angeles Football Club. The proposal would result in the demolition of the Sports Arena and development of a new Soccer Stadium on the land. On September 17, 2015, the Commission approved the project agreement. The financial impact to the Coliseum Commission is not determinable at the date of this report.

Los Angeles Memorial Coliseum Commission and
Los Angeles Memorial Coliseum Association, Inc.

Required Supplementary Information
Schedule of Funding Progress for Retirement Healthcare
Year Ended June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL), Simplified Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
June 30, 2012	$ -	$ 5,478,339	$ 5,478,339	0%	$ 1,839,341	298%
June 30, 2013	-	5,906,492	5,906,492	0%	1,567,536	377%
June 30, 2014	-	4,590,043	4,590,043	0%	NA	NA

The schedule of funding progress presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The Commission obtains an actuarial valuation on an annual basis.