



**REPORT TO THE ADMINISTRATIVE**  
**AFFAIRS COMMITTEE**

Year Ended June 30, 2015



LAUTZE & LAUTZE  
CPAs & FINANCIAL ADVISORS

To the Members of the Administrative Affairs Committee  
North Los Angeles County Regional Center, Inc.  
Van Nuys, California

We have audited the financial statements of *North Los Angeles County Regional Center, Inc.* (the Center) as of June 30, 2015, and for the year then ended, and have issued our report thereon dated February 10, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in a planning meeting held on July 29, 2015 and in our letter to you dated July 30, 2015. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Center are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2015. We noted no transactions entered into by the Center during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Center's financial statements were:

- Management's estimate that all receivables are fully collectible; and therefore, there is no allowance for doubtful accounts. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- The estimate related to the actuarial assumptions associated with the Center's post-retirement health care plan and defined benefit plan which include: discount rates, the long-term inflation rate, payroll growth, expected long-term rate of return, and the participants' life expectancies.

The financial statement disclosures are neutral, consistent, and clear.

To the Members of the Administrative Affairs Committee  
North Los Angeles County Regional Center, Inc.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during the audit.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 10, 2016.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves the application of an accounting principle to the Center's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Center's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

To the Members of the Administrative Affairs Committee  
North Los Angeles County Regional Center, Inc.

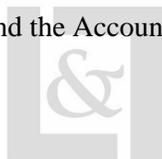
### **Other Matters**

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Administrative Affairs Committee, the Board of Trustees, and management of *North Los Angeles County Regional Center, Inc.* and is not intended to be, and should not be, used by anyone other than these specified parties.

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We wish to thank Kim Rolfes, Vini Montague, and the Accounting Staff for their cooperation during the audit.



*Lautze & Lautze*

San Francisco, California  
February 10, 2016