COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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JOHN NAIMO
AUDITOR-CONTROLLER

January 13, 2017

TO: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Hilda L. Solis
Supervisor Sheila Kuehl
Supervisor Janice Hahn
Supervisor Kathryn Barger

FROM: John Naimo
Auditor-Controller

SUBJECT: **AUDIT OF THE LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT FOR THE YEAR ENDED JUNE 30, 2016**

Attached are the independently audited financial statements for the Los Angeles County Regional Park and Open Space District (RPOSD) for the year ended June 30, 2016. The auditor's report (attached) concludes that the financial statements are presented fairly in conformance with generally accepted accounting principles and State regulations governing special districts. The auditor also indicated that they found no material deficiencies in RPOSD's controls over financial reporting.

If you have any questions, please call me, or your staff may contact Rachelle Anema at (213) 974-8327.

JN:CY:JG:RA
H:\Special Funds\Special Funds Unit\AUDITS\RP&OSD\FY 15-16 Audit\Reports\Final Reports for Distribution\FY 2016 Audit Report Cover Letter BOS.doc

Attachments

c: Sachi A. Hamai, Chief Executive Officer
John Wicker, Director, Parks and Recreation
Jane Beesley, Administrator, Regional Park and Open Space District
Lori Glasgow, Executive Officer, Board of Supervisors
Public Information Office
Audit Committee

LOS ANGELES COUNTY
REGIONAL PARK AND OPEN SPACE DISTRICT

MANAGEMENT REPORT
AND
AUDITOR'S COMMUNICATION LETTER

June 30, 2016

LOS ANGELES COUNTY
REGIONAL PARK AND OPEN SPACE DISTRICT
June 30, 2016

TABLE OF CONTENTS

Required Communication under Statement on Auditing Standards No. 114 1

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 4

Current Year Recommendations 6

Status of Prior Year Recommendations 7

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December 19, 2016

To the Honorable Board of Supervisors
County of Los Angeles, California

We have audited the financial statements of the governmental activities and each major fund of the Los Angeles County Regional Park and Open Space District (District), a component unit of the County of Los Angeles, California, as of and for the fiscal year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 7, 2016. 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 District are described in Note 1 of the notes to the basic financial statements. As discussed in Note 1 to the basic financial statements, effective July 1, 2015, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, 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,* Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,* and Statement No. 79, *Certain External Investment Pools and Pool Participants.* Only Statement No. 72 had an impact on the financial statements. We noted no transactions entered into by the District during the fiscal 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 financial statements were the collection of assessment receivables. This estimate is based on information from the County of Los Angeles Treasurer and Tax Collector's Office. We evaluated the key factors and assumptions used to develop this estimate and determined that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We noted no such misstatements during our 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 December 19, 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 application of an accounting principle to the District'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 District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis and the Budgetary Comparison Schedule of the General Fund, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Budgetary Comparison Schedule of the Debt Service Fund, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, 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.

Restriction on Use

This information is intended solely for the use of the County of Los Angeles Board of Supervisors and management of the Los Angeles County Regional Park and Open Space District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Moss, Levy & Hartzheim

MOSS, LEVY & HARTZHEIM, LLP
Culver City, CA

MOSS, LEVY & HARTZHEIM LLP
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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

To the Honorable Board of Supervisors
County of Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Los Angeles County Regional Park and Open Space District (the "District"), a component unit of the County of Los Angeles, as of and for the fiscal year ended June 30, 2016, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 19, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Levy & Hartzheim, LLP
Culver City, CA
December 19, 2016

CURRENT YEAR RECOMMENDATIONS

No findings noted in the current fiscal year.

STATUS OF PRIOR YEAR RECOMMENDATIONS

No findings noted in the prior fiscal year.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

BASIC FINANCIAL STATEMENTS

June 30, 2016

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

Independent Auditor's Report 1

Management's Discussion and Analysis (Unaudited) 4

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position 10

Statement of Activities 11

Fund Financial Statements:

Governmental Funds:

Balance Sheet 12

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position 13

Statement of Revenues, Expenditures, and Changes in Fund Balances 14

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities 15

Notes to the Basic Financial Statements 16

Required Supplementary Information:

Budgetary Comparison Schedule – General Fund 34

Notes to the Required Supplementary Information 35

Other Supplementary Information:

Budgetary Comparison Schedule – Debt Service Fund 37

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Independent Auditor's Report

To the Honorable Board of Directors
Los Angeles County Regional Park and Open Space District
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Los Angeles County Regional Park and Open Space District (the District), a component unit of the County of Los Angeles, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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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 financial position of the governmental activities and each major fund of the District as of June 30, 2016, and the respective changes in financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the basic financial statements, effective July 1, 2015, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application,* 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*, Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is 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 on pages 4 through 9, and the Budgetary Comparison Schedule of the General Fund on page 34 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 the District's basic financial statements. The Budgetary Comparison Schedule of the Debt Service Fund is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The Budgetary Comparison Schedule of the Debt Service Fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information

directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the District's basic financial statements as of and for the fiscal year ended June 30, 2015, and our report dated December 18, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Moss, Levy & Hartzheim, LLP
Culver City, California
December 19, 2016

Management's discussion and analysis of the Los Angeles County Regional Park and Open Space District (the District) provides a narrative overview of the District's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the accompanying basic financial statements, footnotes, and supplementary information.

Financial Highlights

- As more fully explained in the government-wide financial analysis below and in note 1 to the financial statements, the District's net position was $293.3 million at June 30, 2016, a decrease of $14.4 million from the previous year.

- The District's General Fund fund balance decreased by $16.8 million to $313.4 million.

- The District reduced its outstanding debt during fiscal year 2015-16 by $34.5 million.

Financial Statement Overview

This discussion and analysis consists of a series of basic financial statements: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition to the basic financial statements, this report contains required supplementary information and an additional supplementary schedule.

Government-wide financial statements: The government-wide financial statements are designed to provide a broad overview of the District's activities and present a longer-term view of the District's finances.

- The Statement of Net Position presents all of the District's assets and deferred outflows of resources, reduced by liabilities, which represents net position. Over time, increases or decreases in net position may serve as a useful indicator to determine whether the financial position of the District is improving or deteriorating.

- The Statement of Activities presents information showing how the District's net position changed during the fiscal year. All changes in net position (revenues and expenses) are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Accordingly, revenues and expenses are reported in this statement for items that will result in cash flows in future fiscal periods (e.g. uncollected assessment revenues, and accrued but unpaid interest expense).

The government-wide financial statements can be found on pages 10-11 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the District are governmental fund types.

- Governmental Funds - All of the District's activities are reported in governmental funds. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed view of the District's operations. Governmental fund information helps to determine the amounts of financial resources used to finance the District's programs.

The fund financial statements can be found on pages 12 and 14 of this report. Net position/fund balance differences between the government-wide and fund statements are highlighted on page 13 and are primarily the result of the inclusion of bonds payable, unamortized bond premium and refunding charges, accrued interest on bonds payable, and the exclusion of unearned revenue from the government-wide liabilities.

The difference between the changes in net position/fund balances on the government-wide versus fund financial statements is highlighted on page 15 and is primarily the result of reporting the repayment of bond principal, the amortization of bond premium and refunding charges, and accrued interest on bonds payable.

Notes to the financial statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

Our government-wide analysis focuses on the net position (Table 1) and changes in net position (Table 2) for the District's governmental activities.

Table 1
Net Position
(in Thousands)

	Governmental Activities	
	FY 2016	FY 2015
Current and other assets	$ 350,893	$ 395,971
Total assets	350,893	395,971
Deferred outflows of resources	2,944	3,925
Long-term debt outstanding	54,282	88,827
Other liabilities	6,245	3,329
Total liabilities	60,527	92,156
Net Position:		
Restricted for debt service	26,475	56,509
Restricted for maintenance and servicing	46,284	49,587
Restricted for park and open space preservation	220,551	201,644
Total net position	$ 293,310	$ 307,740

GASB Statement No. 34 requires that the government-wide statements reflect a liability for the $54.3 million in outstanding bonds issued to finance grants made to other governmental agencies, but does not permit the recognition of assets for future assessment revenues that are pledged for the annual debt service payments on the bonds. Amounts distributed to the cities and other eligible entities are recorded as expenses by the District and no capital assets are recorded. This fiscal year, the Statement of Net Position reflected positive net position for the seventh consecutive fiscal year, in the amount of approximately $293.3 million. The bond covenants require the County to levy property taxes in future years to specifically repay the principal and interest on the bonds. However, the assessments related to the 1992 proposition expired as of July 1, 2015, resulting in a significant decrease in the assessment revenue and a decrease in fund balance from the previous year.

Total assets of the District decreased by 11.4% from the prior fiscal year to $350.9 million due to a $43.4 million decrease in pooled cash and investments and a $1.7 million decrease in assessments receivable. This does not include the decrease of $1.0 million in the total deferred outflow of resources, which is due to the $1.0 million decrease in the deferred loss on refunding, as a result of normal amortization.

Total liabilities of the District decreased by 34.3% from the prior fiscal year to $60.5 million due primarily to a $34.5 million decrease in long-term liabilities (bonds payable) partially offset by a $2.9 million increase in project related expenditure accruals and interest payable.

Total net position decreased $14.4 million to $293.3 million due to an excess of government expenses ($46.3 million in grants to other agencies, bond interest expense, maintenance, and administration) over general revenues ($31.9 million in assessment revenue and investment income). As mentioned earlier, the assessments related to the 1992 proposition expired as of July 1, 2015 resulting a significant decline in revenue for the District.

Table 2
Changes in Net Position
(in Thousands)

	Governmental Activities (Summary of Statement of Activities	
	FY 2016	FY 2015
Revenues		
General revenues		
Assessments	$ 27,751	$ 80,403
Investment income	3,534	3,736
Other revenue	588	815
Total revenues	31,873	84,954
Expenses		
Recreation and cultural services	44,572	45,110
Interest expense	1,731	3,435
Total expenses	46,303	48,545
Increase (decrease) in net position	$ (14,430)	$ 36,409

Total revenues decreased by $58.1 million resulting primarily from a decrease of $53.1 million in assessments. The District spent $0.5 million less on park improvements and maintenance in the current fiscal year and interest expense on bonds decreased by $1.7 million.

Fund Statements Financial Analysis

As of the end of the current fiscal year, the District's governmental funds reported combined fund balances of $340.5 million, a decrease of $47.3 million from the prior fiscal year. Current fiscal year revenues from the governmental funds were $33.1 million, a decrease of 61.0% from the previous fiscal year as a result of the 1992 Proposition related assessments expiring. Expenditures in the current fiscal year were $80.3 million, a decrease of 0.7% from the previous fiscal year.

Debt Management

At June 30, 2016, the District had Bonds Payable (including bond premium) of $54.3 million, the proceeds of which are being used to fund various park improvement projects and a debt service reserve fund. The debt service payments for the bonds related to the 1992 Proposition are secured by the District's Reserve Fund balance. The debt service payments for the bonds related to the 1996 Proposition are secured by the District's annual benefit assessment to each assessable parcel as approved by the voters in 1996. The District reduced its outstanding debt by $34.5 million during fiscal year 2015-16.

Budgets

No material adjustments were made to the District's original General Fund or Debt Service Fund budgets. During fiscal year 2015-16, the District again spent much less than the amount budgeted for park grants, projects, and maintenance.

Economic Factors

As of July 1, 2015, the 1992 Proposition has sunset and the regular assessments representing approximately 65% of the total revenue for the District are no longer available. However, the collection of delinquent taxes and penalties will continue. In addition, the 1996 Proposition will expire after tax year 2018-19. On November 8, 2016, Los Angeles County voters approved The Los Angeles County Safe, Clean Neighborhood Parks and Beaches Measure of 2016 (Measure A). Measure A will continue to provide funding for the District to support local parks, beaches, open space, and water resources through an annual parcel tax of 1.5 cents per square foot of development. The financial impact is not yet determinable.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the County of Los Angeles, Department of Auditor-Controller, 500 West Temple Street Room 525, Los Angeles, CA 90012.

BASIC FINANCIAL STATEMENTS

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

STATEMENT OF NET POSITION
June 30, 2016
(with comparative totals for June 30, 2015)

(in thousands)

	Governmental Activities	
	2016	2015
ASSETS		
Pooled cash and investments (note 4)	$ 344,294	$ 387,681
Assessments receivable	5,706	7,395
Interest receivable	893	895
Total assets	350,893	395,971
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on debt refunding (note 5)	2,944	3,925
Total deferred outflows of resources	2,944	3,925
Total assets and deferred outflows of resources	353,837	399,896
LIABILITIES		
Current liabilities:		
Accounts payable	373	265
Accrued interest payable	643	1,040
Due to Los Angeles County (note 3)	5,229	2,024
Noncurrent liabilities (note 6):		
Due within one year	12,564	34,545
Due in more than one year	41,718	54,282
Total liabilities	60,527	92,156
NET POSITION		
Restricted for:		
Debt service	26,475	56,509
Maintenance and servicing	46,284	49,587
Park and open space preservation	220,551	201,644
Total net position	$ 293,310	$ 307,740

See accompanying notes to the basic financial statements.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016
(with comparative totals for the fiscal year ended June 30, 2015)

(in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
					Governmental Activities	
	Expenses	Charges For Services	Operating Contributions and Grants	Capital Contributions and Grants	2016	2015
Governmental activities:						
Recreation and cultural services	$ 44,572	$	$	$	$ (44,572)	$ (45,110)
Interest expense	1,731				(1,731)	(3,435)
Total	$ 46,303	$	$	$	(46,303)	(48,545)
General Revenues:						
Assessment revenue					27,751	80,403
Investment income					3,534	3,736
Other revenue					588	815
Total general revenues					31,873	84,954
Change in net position					(14,430)	36,409
Net position, Beginning of fiscal year					307,740	271,331
Net position, End of fiscal year					$ 293,310	$ 307,740

See accompanying notes to the basic financial statements.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016
(with comparative totals for June 30, 2015)

(in thousands)

	General Fund	Debt Service Fund	Totals 2016	Totals 2015
Assets				
Pooled cash and investments (note 4)	$ 317,211	$ 27,083	$ 344,294	$ 387,681
Assessments receivable	5,706		5,706	7,395
Interest receivable	858	35	893	895
Total assets	$ 323,775	$ 27,118	$ 350,893	$ 395,971
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	$ 373	$	$ 373	$ 265
Due to Los Angeles County (note 3)	5,229		5,229	2,024
Total liabilities	5,602		5,602	2,289
Deferred Inflows of Resources:				
Unearned revenue - property taxes (note 5)	4,751		4,751	5,889
Total deferred inflows of resources	4,751		4,751	5,889
Total liabilities and deferred inflows of resources	10,353		10,353	8,178
Fund balances:				
Restricted for:				
Debt service		27,118	27,118	57,549
Maintenance and servicing	46,284		46,284	44,918
Park and open space preservation	267,138		267,138	285,326
Total fund balances	313,422	27,118	340,540	387,793
Total liabilities, deferred inflows of resources, and fund balances	$ 323,775	$ 27,118	$ 350,893	$ 395,971

See accompanying notes to the basic financial statements.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2016

(in thousands)

Fund balances of governmental funds (page 12)	$	340,540
Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Fund Balance Sheet because of the following:		
In governmental funds, deferred loss on debt refunding has been included as deferred outflow of resources.		2,944
Revenues that do not provide current financial resources are not reported as revenues in the governmental funds.		4,751
The following long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable		(50,610)
Unamortized bond premium		(3,672)
Accrued liabilities in the Statement of Net Position differ from the amount reported in governmental funds due to accrued interest on bonds payable		(643)
Net position of governmental activities (page 10)	$	293,310

See accompanying notes to the basic financial statements.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2016
(with comparative totals for the fiscal year ended June 30, 2015)

(in thousands)

	General Fund	Debt Service Fund	Totals 2016	Totals 2015
Revenues				
Assessments	$ 23,962	$ 4,927	$ 28,889	$ 80,090
Investment income	3,200	334	3,534	3,736
Other revenue	588		588	815
Total revenues	27,750	5,261	33,011	84,641
Expenditures				
Current:				
Services and supplies	7,715		7,715	6,560
Park improvements	20,271		20,271	21,203
Maintenance and servicing costs	16,586		16,586	17,347
Debt service:				
Principal		32,270	32,270	30,735
Interest		3,422	3,422	4,998
Total expenditures	44,572	35,692	80,264	80,843
Excess (deficiency) of revenues over (under) expenditures	(16,822)	(30,431)	(47,253)	3,798
Net changes in fund balances	(16,822)	(30,431)	(47,253)	3,798
Fund balances, July 1, 2015	330,244	57,549	387,793	383,995
Fund balances, June 30, 2016	$ 313,422	$ 27,118	$ 340,540	$ 387,793

See accompanying notes to the basic financial statements.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016

(in thousands)

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

Net change in fund balances - governmental funds (page 14)		$ (47,253)
Amounts reported for governmental activities in the Statement of Activities differ because of the following:		
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net change in unearned revenue from the prior year.		(1,138)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the Statement of Net Position		32,270
Amortization of bond premium and refunding charges are not reported as expenditures in the funds:		
Amortization of deferred loss on debt refunding	$ (981)	
Amortization of bond premium	2,275	
		1,294
Accrued interest for bonds payable. This is the net change in accrued interest for the current period.		397
Change in net position of governmental activities (page 11)		$ (14,430)

See accompanying notes to the basic financial statements.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. History and Organization

General

Proposition A was passed by the voters on November 3, 1992, which provided for the formation of the assessment district "Regional Park and Open Space District" (the "District"). The District was formed and the assessments levied pursuant to Sections 5538.9 and 5539.9 of the California Public Resources Code. The objectives of the District are to improve the quality of life in the County of Los Angeles through the preservation of beaches, parks, and wild lands; the construction, renovation and improvement of new and existing recreational facilities; and the restoration of rivers, streams, and trails. These powers are exercised through the County of Los Angeles (the "County") Board of Supervisors, which acts as the governing body of the District. Among its duties, it approves the District's budget, determines the District's assessment rates, approves contracts, and determines when to issue bonds authorized by the voters of the District. On November 5, 1996, the voters approved the Safe Neighborhood Parks Proposition, which provided for the district to levy additional assessments and to amend the method of assessments within the District.

Reporting Entity

The District is a component financial reporting unit of the County of Los Angeles, as the governing board of the County also serves as the District's governing board, and the County is financially accountable for the District.

The District is included in the County's comprehensive annual financial report for the fiscal year ended June 30, 2016.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by accounting principles generally accepted in the United States of America ("US GAAP"). The District does not have any component units.

B. Significant Accounting Policies

The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Significant Accounting Policies (Continued)

Basis of Accounting and Measurement Focus

The *basic financial statements* of the District are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements

Government-wide financial statements display information about the District as a whole. These statements include separate columns for the government and business-type activities of the primary government. The District does not have business-type activities. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they are allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the District.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include charges for services and payments made by parties outside of the reporting District's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the Statement of Activities to present the net cost of each program. The District did not have any program revenues for the fiscal year ended June 30, 2016.

Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Significant Accounting Policies (Continued)

Government-wide Financial Statements (Continued)

The District's financial statements are presented in accordance with the provisions of GASB No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted.

These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. As of June 30, 2016, the District had no capital assets and thus no debt obligations related to capital assets.

Restricted net position – This component of net position represents restricted assets net of liabilities that relate to those specific restricted assets. A restricted asset is an asset for which constraints have been placed on the asset's use by creditors, contributors, laws, or regulations of other governments, or as a consequence of a restriction established by the reporting government's own governing body at the time a particular fee, charge, levy, or assessment was approved. These restrictions must be narrower than the general purposes for which the reporting government can use its resources. As of June 30, 2016, the District had restricted net position of $293,310,000.

Proposition A requires that not less than 15% of all proceeds of assessments levied and collected shall be used for the maintenance and servicing of completed projects. As a result, the amount of assessments collected for maintenance and servicing and unspent as of June 30, 2016 has been reflected as restricted net position in the Statement of Net Position.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Significant Accounting Policies (Continued)

Government-wide Financial Statements (Continued)

These classifications are defined as follows (continued):

Unrestricted net position – GASB Statement No. 34 requires that local governments record in the statement of net position the local government's liability for debt issued to finance the construction and acquisition of assets to be owned by other parties. GASB Statements No. 33 and 34 do not permit the recognition of assets for future tax increment revenues that are pledged for the annual retirement of bonded debt issuances. Any negative equity resulting from the reporting of the District's liability for this debt is required by GASB Statement No. 34 to be reported as unrestricted net position. In future years, net position is expected to continue to gradually increase as the bonds are redeemed.

When both restricted and unrestricted net position are available, restricted resources are depleted first before the unrestricted resources are used.

Fund Financial Statements

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, and deferred inflows of resources, fund equity, revenues and expenditures.

Governmental Type Funds

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental funds. The District has no non-major funds.

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. For this purpose, the District uses an availability period of 60 days for assessment revenues and 1 year for investment income.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Significant Accounting Policies (Continued)

Governmental Type Funds (Continued)

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the District.

Exchange transactions are recognized in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed tax revenues* are recognized as revenues in the period in which the underlying exchange transactions upon which they are based takes place. *Imposed non-exchange* transactions are recognized as revenues in the period for which they are imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenue arises or when they are received, whichever occurs first. *Government-mandated* and *voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus.* This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available expendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available expendable resources" during a period.

Non-current portions of long-term receivables are reported on their balance sheets in spite of their spending measurement focus. However, special reporting treatments are used to indicate that they should not be considered "available expendable resources" since they do not represent net current assets. Recognition of governmental fund type revenues represented by deferred inflows of resources is shown as unearned revenue until they become current receivables. When property taxes are measurable but not available, the collectible portion (taxes levied less estimated uncollectibles) is recorded as deferred inflows of resources in the period when an enforceable legal claim to the asset arises or when the resources are received, whichever occurs first.

As a result of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as government fund type expenditures or fund liabilities.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Significant Accounting Policies (Continued)

Governmental Type Funds (Continued)

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources are expended, rather than as fund assets. The proceeds of long-term debt are recorded as an *other financing source* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

New Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current basic financial statements.

GASB 72	Fair Value Measurement and Application	Addresses accounting and financial issues related to fair value measurements. It provides guidance for determining a fair value measurement for financial reporting purposes. This statement had an impact on the financial statements. Refer to note 4.
GASB 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	Improves the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This statement did not have an impact on the District's financial statements.
GASB 76	The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments	Reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement did not have an impact on the District's financial statements.
GASB 79	Certain External Investment Pools and Pool Participants	Addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This statement did not have an impact on the District's financial statements.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Major Funds

The following are descriptions of the District's major funds:

General Fund – The General Fund is available for any authorized purpose and is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund is used to account for accumulation of resources for, and the payment of principal and interest.

D. Cash and Investments

Investments are reported in the accompanying financial statements at fair value. Changes in fair value that occur during a fiscal year are reported as a component of investment income. Investment income also includes interest earnings and any gains or losses realized upon the liquidation, maturity, or sale of investments.

All cash and investment balances of the District are pooled and invested by the County Treasurer and are subject to withdrawal from the pool upon demand. Each fund's share in this pool is displayed in the accompanying financial statements as pooled cash and investments. Investment income earned by the pooled investments is allocated to the various funds based on the fund's average cash and investment balance, as provided by California Government Code Section 53647.

E. Capital Assets

The District provides funding to other entities, including the County, for purposes that may include acquiring real property. Title to properties acquired is recorded in the name of the purchasing entity, not the District. Accordingly, there are no capital assets recorded on the Statement of Net Position.

F. Deferred Inflows of Resources - Deferred Revenue

Pursuant to GASB Statement No. 65 the District recognizes deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of fund balance by the government that is applicable to a future reporting period. Refer to Note 5 for a detailed listing of the deferred inflows of resources that the District has recognized.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Deferred Outflows of Resources – Deferred Loss on Debt Refunding

Pursuant to GASB Statement No. 65 the District recognizes deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. Refer to Note 5 for a detailed listing of the deferred outflows of resources that the District has recognized.

H. Prior Year Data

Selected information regarding the prior fiscal year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's prior fiscal year financial statements, from which this selected financial data was derived.

I. Fund Balance

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

- Nonspendable fund balance – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- Restricted fund balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the District's highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- Assigned fund balance – amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose.
- Unassigned fund balance – the residual classification for the District's funds that include amounts not contained in the other classifications.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Fund Balance (Continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, followed by committed, assigned, and unassigned resources as they are needed.

The Board of Directors establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget amendments that occur throughout the fiscal year.

J. Estimates

The preparation of financial statements in conformity with accounting principles general accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 BENEFIT ASSESSMENTS

The District's primary revenue source is the assessments which are levied annually on each of the approximately 2.3 million parcels within the District's boundaries. The District, as authorized by the Government Code, levied an assessment on each parcel of real property within the District. The rate and method of apportionment used in levying annual assessments for various categories of property is established in the Engineer's Report for County of Los Angeles Landscaping and Lighting District No. 92-1. The level of each assessment is based on the size and use of each parcel and the resulting benefit each parcel will receive from the proposed projects. The estimation of such benefit is quantified by benefit points, which is based on the 1992 Proposition later amended by the 1996 Proposition.

The annual rate of each assessment may not exceed $5.07 per benefit point for the 1996 Proposition. The assessments for the 1992 Proposition sunset after June 30, 2015. The annual assessment for any parcel will consequently equal the annual rate multiplied by the number of benefit points applicable to each parcel. The assessment may be levied annually until 2019, when the 1996 Proposition assessments will sunset.

NOTE 2 BENEFIT ASSESSMENTS (CONTINUED)

The expenditures of the District are funded from the proceeds of the annual benefit assessments. During the first 20 years of the Proposition, proceeds from collection of benefit assessments are distributed 80% to capital projects, 15% to maintenance and servicing of projects, and 5% to administration. The restriction for using 80% for capital projects expired in fiscal year 2012-13. Hence, in fiscal year 2013-14 and 2014-15; the 21st and 22nd years of the Proposition, the District was entitled to reimburse for actual cost of expenditures. The 80% portion was reduced by the amount used to reimburse additional cost of administration. Reimbursement for actual cost was completed at the beginning of the next fiscal year. The annual assessments related to the 1992 proposition expired as of July 1, 2015, following the 22nd year, as required by the proposition. This resulted in a significant decrease in Assessment revenue during fiscal year 2015-16.

The City of Los Angeles, who contributes $1,700,000 annually to the District as part of the repayment of bond proceeds that were used to support the LA Zoo and other City of Los Angeles projects, will have a shortfall in revenues collected versus the amount to be paid for Debt Service. The City of Los Angeles' share in the Maintenance and Servicing fund is 28.1023% of the 15%. The District is estimating that the City will be short around $600,000 every fiscal year. The City of Los Angeles will have sufficient funds from past accruals to pay for the debt service in the last 4 years of the 1996 Proposition.

NOTE 3 TRANSACTIONS WITH THE COUNTY AND OTHER AGENCIES

The County is responsible for providing all necessary employees to the District for purposes of performing all District functions. Costs related to these employees are billed to the District based on actual time spent providing District services. Accordingly, the District has no salaries and employee benefit expenditures or supplies inventory. Accrued expenditures in the amount of $5,229,000 as of June 30, 2016, for services provided by the County and other agencies for reimbursable projects, have been recorded as "Due to Los Angeles County".

NOTE 4 CASH AND INVESTMENTS

Pooled Cash and Investments

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows (in thousands):

Statement of Net Position:	
Pooled cash and investments	$ 344,294
Total cash and investments	$ 344,294

Cash and investments as of June 30, 2016 consist of the following (in thousands):

Equity in Los Angeles County investment pool	$ 344,294
Total cash and investments	$ 344,294

NOTE 4 CASH AND INVESTMENTS (CONTINUED)

Equity in the Cash and Investment Pool of the County of Los Angeles

The District has no separate bank accounts or investments other than the District's equity in the Los Angeles County Treasury Pool. The District is a voluntary participant in that pool. This pool is governed by and under the regulatory oversight of the Los Angeles County Treasurer and Tax Collector.

The District has not adopted an investment policy separate from that of the County. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value calculated by the County for the entire County portfolio. The balance available for withdrawal is based on the accounting records maintained by the Los Angeles County Auditor-Controller, which are recorded on an amortized cost basis.

Investments are stated at fair value and are valued on a monthly basis. The Treasurer categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using other observable inputs such as matrix pricing techniques or based on quoted prices for assets in markets that are not active. Matrix Pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs. Securities classified in Level 3 are valued using the income approach such as discounted cash flow techniques. Investment in an external government investment pool is not subject to reporting within the level hierarchy.

Investments Authorized by Debt Agreements

Investment of debt proceeds is governed by provisions of debt agreements, rather than the general provisions of the California Government Code or the County's investment policy. The table below identifies the investment types that are authorized. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

NOTE 4 CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Debt Agreements (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer	Minimum Rating
U.S. Treasury Notes, Bills and Bonds	None	None	None	None
U.S. Agency Securities	None	None	None	None
Local Agency Obligations	5 years	10%	10%	None
Asset-Backed Securities	5 years	20%	$750 million	AA
Bankers' Acceptances	180 days	40%	$750 million	P-1
Certificate of Deposits (4)	3 years	30%	$750 million	P-1/A
Commercial Paper	270 days	40%	$1.5 billion	A-1/P-1
Corporate and Medium-Term Notes (5)	3 years	30%	$750 million	A-1/P-1/A
LAIF	N/A	$65 million	None	None
Money Market Mutual Funds	N/A	15%	10%	AAA
Repurchase Agreements	30 days	$1 billion	$500 million	None
Reverse Repurchase Agreements	92 days	$500 million	$250 million	None
Forwards, Futures, and Options	N/A	100 million	50 million	A
Interest Rate Swaps	90 days	None	None	A
Securities Lending Agreements	92 days	20%	None	None
Supranational	5 years	30%	None	AA

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's Investment Policy limits most investment maturities to less than three years, with the exception of commercial paper and bankers' acceptances, which are limited to 270 days and 180 days, respectively. In addition, U.S. Treasury Notes, Bills, and Bonds and U.S. Agency Securities may have maturities beyond five years. The County Treasurer manages the Pool and mitigates exposure to declines in fair value by generally investing in short-term investments with maturities of six months or less and by holding all investments to maturity.

Information about the District's exposure to interest rate risk as a result of its equity in the cash and investment pool of the County is provided by disclosures in the notes to the basic financial statements of the County that shows the distribution of the County's investments by maturity.

		Remaining Maturity (in Months)		
Investment Type	Totals (in thousands)	12 Months Or Less	13 to 24 Months	More Than 24 Months
LA County Treasury Pool	$ 344,294	$ 344,294	$	$
Total	$ 344,294	$ 344,294	$	$

NOTE 4 CASH AND INVESTMENTS (CONTINUED)

Disclosures Related 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. Presented below is the minimum rating required by (where applicable) the California Government Code, the County's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type. The County investment policy establishes minimum acceptable credit ratings for investments from any two nationally recognized statistical rating organizations. These guidelines are summarized in the notes to the basic financial statements of the County.

Investment Type	Totals (in thousands)	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End	
				AAA	Not Rated
LA County Treasury Pool	$ 344,294	None	$	$	$ 344,294
Total	$ 344,294		$	$	$ 344,294

Concentration of Credit Risk

There are no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. All investments of the District are in an investment pool. Although the District has no limitations on the amount that can be invested in any one issuer beyond those stipulated by the California Government Code, all investments are in the Los Angeles County Treasury Pool which is subject to the County investment policy limitations on the amount of pooled funds that may be invested in any one issuer.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. 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 another party. The District does not have significant separate certificates of deposit or demand accounts with fiscal agents that are subject to disclosable custodial credit risk (as defined by GASB Statement No. 40). The District does not have direct investments in securities subject to disclosable custodial credit risk (as defined by GASB Statement No. 40).

NOTE 4 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued)

GASB Statement No. 3 exempts participating entities from classifying their pool investments in categories of credit risk; however GASB Statement No. 40 requires disclosures of common deposit and investment risks related to credit risks, concentration of credit risk, interest rate risk, and foreign currency risk. Information on common deposit and investment risks for the entire County Treasury Pool is presented in Note 5 to the County of Los Angeles Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016.

NOTE 5 DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

Deferred inflows of resources - unearned revenue in the fund financial statements represents receivables at fiscal year end that will not be collected soon enough to finance current fiscal year expenditures. The unearned revenue balance at June 30, 2016 was $4,751,000.

Deferred outflows of resources – deferred loss on debt refunding in the government-wide financial statements are accounting gains or losses resulting from advance refunding of long-term debt, and is deferred in accordance with GASB Statement No. 23 and No. 65. Deferred amounts on bond refundings are amortized over the shorter of the life of the new debt or refunded debt. The deferred loss on refunding balance at June 30, 2016, related to the 2005 A Bonds, was $2,944,000.

NOTE 6 LONG-TERM OBLIGATIONS

The following is a summary of the changes in outstanding bonded indebtedness during the fiscal year ended June 30, 2016 (in thousands):

	Balance at July 1, 2015	Additions	Repayments	Balance at June 30, 2016	Due Within One Year
2005 A Bonds	$ 55,155	$	$ (21,100)	$ 34,055	$ 7,870
Premium	5,947		(2,275)	3,672	849
2007 A Bonds	27,725		(11,170)	16,555	3,845
Total	$ 88,827	$	$ (34,545)	$ 54,282	$ 12,564

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

2005A Refunding Revenue Bonds Issuance

On January 20, 2005, the District issued $181,220,000 in Refunding Revenue Bonds, Series 2005A, with interest rates ranging from 3.0% to 5.25%. The bonds were issued to advance refund $188,175,000 of the outstanding principal of the Series 1997A Bonds. The net proceeds of the bonds plus a portion of the 1997 bond reserve were used to purchase state and local government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the 1997 bonds. As a result, that portion has been removed from the Government-wide Statement of Net Position.

The 2005 bonds are payable from the reserve fund balance because the annual assessments have expired in accordance with the 1992 Proposition requirements. Interest is payable April 1 and October 1 of each year. Final bonds mature in October 2019. The outstanding balance as of June 30, 2016 is $34,055,000.

The District has established and maintained a reserve account in accordance with the bond indenture. The reserve account has a balance of $9,420,975 as of June 30, 2016. The funding in such amount provides a source of security that facilitated the marketing of the bonds at the interest rates provided thereon, was necessary for the District to obtain ratings from the rating agencies, was a vital factor in marketing the bonds, and is not in excess of the amount reasonably necessary for such purposes.

Annual debt service requirements, to maturity, for the 2005A Refunding Revenue Bonds are as follows (in thousands):

	2005A Refunding Bonds			
Fiscal Year Ending June 30,	Principal	Interest	Total	Premium Amortization
2017	$ 7,870	$ 1,581	$ 9,451	$ 849
2018	8,285	1,157	9,442	894
2019	8,720	711	9,431	940
2020	9,180	241	9,421	989
Totals	$ 34,055	$ 3,690	$ 37,745	$ 3,672

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

2007A Refunding Revenue Bonds Issuance

On July 5, 2007, the District issued $94,315,000 of Regional Park and Open Space District Series 2007A Refunding Revenue Bonds, maturing from 2007 to 2019, with yields ranging from 3.52% to 3.94%. Proceeds from the sale of the bonds together with other monies of the District were used to redeem all of the outstanding Series 1997A District revenue bonds, fund a reserve account, and pay for issuance costs. U.S. Government securities were purchased and deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded 1997A revenue bonds. As a result, that portion of the 1997A revenue bonds are considered to be defeased and the liability for those bonds has been removed from the Government-wide Statement of Net Position.

The 2007A Refunding Revenue Bonds are payable from the proceeds of annual assessments levied on parcels within the District boundaries. Interest is payable April 1 and October 1 of each year. Final bonds mature in October 2019. The outstanding balance as of June 30, 2016 is $16,555,000.

The District has established and maintained a reserve account in accordance with the bond indenture. The reserve account has a balance of $4,551,000 as of June 30, 2016. The funding in such amount provides a source of security that facilitated the marketing of the bonds at the interest rates provided thereon, was necessary for the District to obtain ratings from the rating agencies, was a vital factor in marketing the bonds, and is not in excess of the amount reasonably necessary for such purposes.

Annual debt service requirements, to maturity, for the 2007A Refunding Revenue Bonds are as follows (in thousands):

2007A Refunding Bonds

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	$ 3,845	$ 732	$ 4,577
2018	4,035	535	4,570
2019	4,235	328	4,563
2020	4,440	111	4,551
Totals	$ 16,555	$ 1,706	$ 18,261

NOTE 7 PLEDGED REVENUE

The District has two debt issuances outstanding that were collateralized by the pledging of property tax assessment revenues. Currently, the 2005A bonds are payable from the reserve fund balance after the annual assessments have expired. The 2007A bonds are payable from the proceeds of annual assessments levied in accordance with the 1996 Proposition. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in Note 6, along with the purpose for which the proceeds of the related debt issuances were utilized.

NOTE 8 CONTINGENT LIABILITIES

Claims and suits have been filed against the District in the normal course of business. The outcome of these matters is not presently determinable. However, in the opinion of management, the resolution of these matters is not expected to have a significant impact on the financial condition of the District.

In fiscal year 2012-13, the District became a responsible party in various lawsuits regarding property acquired with Proposition A funds. Although the outcome of these lawsuits is not presently determinable, the resolution of these matters is not expected to have an adverse material effect on the financial statements. However, the District will continue to incur legal costs related to these matters until they are resolved.

NOTE 9 COMMITMENTS

The District uses "encumbrances" to control expenditure commitments for the year. Encumbrances represent commitments related to executed contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Depending on the source(s) of funding, encumbrances are reported as part of restricted, committed, or assigned fund balance on the governmental funds balance sheet. As of June 30, 2016, the encumbrance balance for the District is $97,521,000 and is included in the General Fund's restricted fund balance.

The 1992 Proposition assessments have sunset after tax year 2014-15. As of July 1, 2015 the Los Angeles County Tax Collector stopped the regular assessments representing 65% of total revenue received by the District. The collection of delinquent taxes and penalties for these delinquencies will continue. The 1996 Proposition assessments will continue to be collected until its own sunset after tax year 2018-19.

NOTE 10 SUBSEQUENT EVENT

On November 8, 2016, Los Angeles County voters approved The Los Angeles County Safe, Clean Neighborhood Parks and Beaches Measure of 2016 (Measure A). Measure A will continue to provide funding for the RPOSD to support local parks, beaches, open space, and water resources through an annual parcel tax of 1.5 cents per square foot of development. The financial impact is not yet determinable but tax revenue is anticipated to begin to be received by the District in fiscal year 2017-18.

REQUIRED SUPPLEMENTARY INFORMATION

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2016

(in thousands)

	Budgeted Amounts		2016 Actual	Variance with Final Budget-
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues				
Assessments	$ 28,146	$ 28,146	$ 28,135	$ (11)
Fines, forfeitures, and penalties	417	417	588	171
Investment income	1,405	1,405	2,457	1,052
Total revenues	29,968	29,968	31,180	1,212
Expenditures				
Recreation and cultural services:				
Services and supplies	11,809	11,809	8,085	3,724
Other charges	243,735	243,735	45,811	197,924
Total expenditures	255,544	255,544	53,896	201,648
Excess (deficiency) of revenues over (under) expenditures	(225,576)	(225,576)	(22,716)	202,860
Other financing sources (uses)				
Transfers in	49,585	49,585	48,545	(1,040)
Transfers out	(54,769)	(54,769)	(53,472)	1,297
Changes in fund balances	(2,893)	(2,893)	(2,660)	233
Other financing sources (uses)	(8,077)	(8,077)	(7,587)	490
Net change in fund balance	(233,653)	(233,653)	(30,303)	203,350
Fund balance, July 1, 2015	233,840	233,840	233,840	
Fund balance, June 30, 2016	$ 187	$ 187	$ 203,537	$ 203,350

See accompanying notes to the required supplementary information.

1. BUDGETS AND BUDGETARY INFORMATION

In accordance with the provisions of Section 29000-29144 of the Government Code of the State of California (the "Government Code"), commonly known as the County Budget Act, a District budget is adopted on or before October 2 for each fiscal year. Budgets are adopted for the General Fund on a basis of accounting, which is different from US GAAP.

For budgetary purposes, encumbrances and other reserves are also recorded as other financing uses at the time they are established. For encumbrances, this occurs at the time contracts or other purchase agreements are entered into. Other reserves are also recognized as other financing uses to indicate that certain assets (such as inventories) are not available for appropriation. Cancellations of encumbrances and other fund balance reserves are recorded as other financing sources for budgetary purposes.

Under the budgetary basis, property tax revenues are recognized to the extent that they are collectible within one year after year-end. Under the modified accrual basis, property tax revenues are recognized only by the extent that they are collectible within 60 days.

For budgetary purposes, investment income is recognized prior to the effect of changes in the fair value of investments. Under the modified accrual basis, the effects of such fair value changes have been recognized.

Expenditures are controlled on the object level for all District budgets. Any excess of budgeted expenditures and other financing uses over revenue and other financing sources is financed by beginning available fund balance provided for in the County Budget Act. There were no expenditures that exceeded the related appropriations within any fund as of June 30, 2016.

2. RECONCILIATION OF OPERATIONS ON MODIFIED ACCRUAL BASIS TO BUDGETARY BASIS

The District's Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds has been prepared on the modified accrual basis of accounting in accordance with US GAAP. The Budgetary Comparison Schedules for the General Fund and Debt Service Fund have been prepared on the budgetary basis, which is different from US GAAP.

2. RECONCILIATION OF OPERATIONS ON MODIFIED ACCRUAL BASIS TO BUDGETARY BASIS (Continued)

The following schedule is a reconciliation of the budgetary and US GAAP fund balances as of June 30, 2016 (in thousands):

	General Fund
Fund balance - budgetary basis	$ 203,537
Encumbrances and other reserves	109,255
Subtotal	312,792
Adjustments:	
Change in revenue accruals	630
Fund balance - US GAAP basis	$ 313,422

OTHER SUPPLEMENTARY INFORMATION

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2016

(in thousands)

	Budgeted Amounts Final	2016 Actual (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
Revenues			
Investment income	$ 195	$ 284	$ 89
Total revenues	195	284	89
Expenditures			
Debt Service			
Principal	32,270	32,270	
Interest	17,393	3,422	13,971
Total expenditures	49,663	35,692	13,971
Deficiency of revenues over (under) expenditures	(49,468)	(35,408)	14,060
Other financing sources (uses)			
Transfers in	5,184	4,927	(257)
Transfers out	(2)		2
Appropriation for contingencies	(219)		219
Changes in reserves and designations	44,286	44,284	(2)
Other financing sources (uses)	49,249	49,211	(38)
Net change in fund balance	(219)	13,803	14,022
Fund balance, July 1, 2015	219	219	
Fund balance, June 30, 2016	$	$ 14,022	$ 14,022

Reconciliation of Fund Balances - Budgetary to US GAAP Basis:

Fund balance - budgetary basis	$ 14,022
Encumbrances and other reserves	13,081
Subtotal	27,103
Adjustments:	
Change in revenue accruals	15
Fund balance US GAAP basis	$ 27,118