COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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JOHN NAIMO
AUDITOR-CONTROLLER

January 21, 2016

TO: Supervisor Hilda L. Solis, Chair
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: John Naimo
Auditor-Controller

SUBJECT: **AUDIT OF THE LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015. 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
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Attachments

c: Sachi A. Hamai, Chief Executive Officer
John Wicker, Acting Director, Parks and Recreation
Jane Beesley, Administrator, Regional Park and Open Space District
Patrick Ogawa, Acting 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, 2015

LOS ANGELES COUNTY
REGIONAL PARK AND OPEN SPACE DISTRICT
June 30, 2015

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December 18, 2015

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, 2015. 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 October 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 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, 2014, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, Statement No. 69, *Government Combinations and Disposals of Government Operations*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* None of these Statements had an effect 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.

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

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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 18, 2015.

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 accompany 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, LLP
Culver City, CA

MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2015, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 18, 2015.

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 18, 2015

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, 2015

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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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, 2015, 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 respective financial position of the governmental activities and each major fund of the District as of June 30, 2015, 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

As discussed in Note 1 to the financial statements, effective July 1, 2014, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, Statement No. 69, *Government Combinations and Disposals of Government Operations*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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 33 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 18, 2015, 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, 2014, and our report dated December 10, 2014, 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, 2014, 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 18, 2015

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT
Management's Discussion and Analysis - Unaudited
For the Fiscal Year Ended June 30, 2015

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, 2015. 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 footnote 1 to the financial statements, the District's net position was $307.7 million at June 30, 2015.

- During the current fiscal year, the District's net position increased by $36.4 million.

- The District's General Fund fund balance increased to $330.2 million.

- The District reduced its outstanding debt during fiscal year 2014-2015 by $32.9 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 and 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 2015	FY 2014
Current and other assets	$ 395,971	$ 396,627
Deferred Outflows of Resources	3,925	4,906
Total assets and deferred outflows of resources	399,896	401,533
Long-term debt outstanding	88,827	121,728
Other liabilities	3,329	8,474
Total liabilities	92,156	130,202
Net Position:		
Restricted for debt service	56,509	59,724
Restricted for maintenance and servicing	49,587	44,918
Restricted for Park and open space preservation	201,644	166,689
Total net position	$ 307,740	$ 271,331

GASB Statement No. 34 requires that the government-wide statements reflect a liability for the $88.8 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 sixth consecutive fiscal year, in the amount of approximately $307.7 million. The bond covenants require the County to levy property taxes in future years to specifically repay the principal and interest on the bonds. Accordingly, the net position related to these bonds is expected to continue to gradually increase as the bonds are redeemed.

Total assets of the District decreased by 0.16% from the prior fiscal year to $396.0 million due to a $0.3 million decrease in pooled cash and investments, a $0.3 million decrease in assessments receivable, and a $0.08 million decrease in interest 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 29.2% from the prior fiscal year to $92.2 million due primarily to a $32.9 million decrease in long-term liabilities (bonds payable) and a $5.1 million decrease in project related expenditure accruals and interest payable.

Total net position increased $36.4 million to $307.7 million due to an excess of general revenues ($85.0 million in assessment revenue and investment income) over government expenses ($48.6 million in grants to other agencies, bond interest expense, maintenance, and administration).

Table 2
Changes in Net Position
(in Thousands)

	Governmental Activities (Summary of Statement of Activities)	
	FY 2015	FY 2014
Revenues		
General revenues		
Assessments	$ 80,403	$ 80,153
Investment income	3,736	3,761
Other revenue	815	815
Total revenues	84,954	84,729
Expenses		
Recreation and cultural services	45,110	55,342
Interest expense	3,435	5,054
Total expenses	48,545	60,396
Increase in net position	$ 36,409	$ 24,333

Total revenues increased by $0.2 million resulting from an increase of $0.3 million in assessments and an decrease of $0.03 million in investment income. The District spent $10.2 million less on park improvements and maintenance in the current fiscal year and interest expense on bonds decreased by $1.6 million.

Fund Statements Financial Analysis

As of the end of the current fiscal year, the District's governmental funds reported combined fund balances of $387.8 million, an increase of $3.8 million from the prior fiscal year. Current fiscal year revenues from the governmental funds were $84.6 million, a decrease of 0.5% from the previous fiscal year. Expenditures in the current fiscal year were $80.8 million, a decrease of 11.3% from the previous fiscal year.

Debt Management

At June 30, 2015, the District had Bonds Payable (including bond premium) of $88.8 million, the proceeds of which are being used to fund various park improvement projects and a debt service reserve fund. The debt service payments are secured by the District's annual benefit assessment to each assessable parcel as approved by the voters in 1992 and 1996. The District reduced its outstanding debt by $32.9 million during fiscal year 2014-2015.

Budgets

No material adjustments were made to the District's original General Fund or Debt Service Fund budgets. During fiscal year 2014-2015 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 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 2018-2019. The District and the County are currently considering various option that will ensure the continued funding of the District to allow for the continuation of 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.

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, 2015
(with comparative totals for June 30, 2014)

(in thousands)

	Governmental Activities	
	2015	2014
ASSETS		
Pooled cash and investments (note 4)	$ 387,681	$ 387,936
Assessments receivable	7,395	7,712
Interest receivable	895	979
Total assets	395,971	396,627
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on debt refunding (note 5)	3,925	4,906
Total deferred outflows of resources	3,925	4,906
Total assets and deferred outflows of resources	399,896	401,533
LIABILITIES		
Current liabilities:		
Accounts payable	265	2,453
Accrued interest payable	1,040	1,418
Due to Los Angeles County (note 3)	2,024	4,603
Noncurrent liabilities (note 6):		
Due within one year	34,545	32,902
Due in more than one year	54,282	88,826
Total liabilities	92,156	130,202
NET POSITION		
Restricted for:		
Debt service	56,509	59,724
Maintenance and servicing	49,587	44,918
Park and open space preservation	201,644	166,689
Total net position	$ 307,740	$ 271,331

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, 2015
(with comparative totals for the fiscal year ended June 30, 2014)

(in thousands)

	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants	Net (Expense) Revenue and Changes in Net Position: Governmental Activities 2015	Net (Expense) Revenue and Changes in Net Position: Governmental Activities 2014
Governmental activities:						
Recreation and cultural services	$ 45,110	$	$	$	$ (45,110)	$ (55,342)
Interest expense	3,435				(3,435)	(5,054)
Total	$ 48,545	$	$	$	(48,545)	(60,396)
General Revenues:						
Assessment revenue					80,403	80,153
Investment income					3,736	3,761
Other revenue					815	815
Total general revenues					84,954	84,729
Change in net position					36,409	24,333
Net position, Beginning of fiscal year					271,331	246,998
Net position, End of fiscal year					$ 307,740	$ 271,331

See accompanying notes to the basic financial statements.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015
(with comparative totals for June 30, 2014)

(in thousands)

	General Fund	Debt Service Fund	Totals 2015	Totals 2014
Assets				
Pooled cash and investments (note 4)	$ 330,199	$ 57,482	$ 387,681	$ 387,936
Assessments receivable	7,395		7,395	7,712
Interest receivable	828	67	895	979
Total assets	$ 338,422	$ 57,549	$ 395,971	$ 396,627
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	$ 265	$	$ 265	$ 2,453
Due to Los Angeles County (note 3)	2,024		2,024	4,603
Total liabilities	2,289		2,289	7,056
Deferred Inflows of Resources:				
Unearned revenue - property taxes	5,889		5,889	5,576
Total deferred inflows of resources	5,889		5,889	5,576
Total liabilities and deferred inflows of resources	8,178		8,178	12,632
Fund balances:				
Restricted for:				
Debt service		57,549	57,549	61,142
Maintenance and servicing	44,918		44,918	44,918
Park and open space preservation	285,326		285,326	277,935
Total fund balances	330,244	57,549	387,793	383,995
Total liabilities, deferred inflows of resources, and fund balances	$ 338,422	$ 57,549	$ 395,971	$ 396,627

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, 2015

(in thousands)

Fund balances of governmental funds (page 12)	$	387,793
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.		3,925
Revenues that do not provide current financial resources are not reported as revenues in the governmental funds.		5,889
The following long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable		(82,880)
Unamortized bond premium		(5,947)
Accrued liabilities in the Statement of Net Position differ from the amount reported in governmental funds due to accrued interest on bonds payable		(1,040)
Net position of governmental activities (page 10)	$	307,740

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, 2015
(with comparative totals for the fiscal year ended June 30, 2014)

(in thousands)

	General Fund	Debt Service Fund	Totals 2015	Totals 2014
Revenues				
Assessments	$ 48,356	$ 31,734	$ 80,090	$ 80,455
Investment income	3,330	406	3,736	3,761
Other revenue	815		815	815
Total revenues	52,501	32,140	84,641	85,031
Expenditures				
Current:				
Services and supplies	6,560		6,560	5,923
Park improvements	21,203		21,203	27,180
Maintenance and servicing costs	17,347		17,347	22,239
Debt service:				
Principal		30,735	30,735	29,255
Interest		4,998	4,998	6,497
Total expenditures	45,110	35,733	80,843	91,094
Excess (deficiency) of revenues over (under) expenditures	7,391	(3,593)	3,798	(6,063)
Net changes in fund balances	7,391	(3,593)	3,798	(6,063)
Fund balances, July 1, 2014	322,853	61,142	383,995	390,058
Fund balances, June 30, 2015	$ 330,244	$ 57,549	$ 387,793	$ 383,995

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, 2015

(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)		$ 3,798
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.		313
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the Statement of Net Position		30,735
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	2,166	
		1,185
Accrued interest for bonds payable. This is the net change in accrued interest for the current period.		378
Change in net position of governmental activities (page 11)		$ 36,409

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, 2015.

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, 2015.

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, 2015, 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, 2015, the District had restricted net position of $307,740,000.

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, 2015 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 District has implemented the requirements of GASB Statements No. 68, 69, and 71 during the fiscal year ended June 30, 2015.

Governmental Accounting Standards Board Statement No. 68

For the fiscal year ended June 30, 2015, the District implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers as well as the requirements of GASB Statement No. 50, Pension Disclosures. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pensions. Implementation of GASB Statement No. 68 did not have an impact on the District's financial statements for the fiscal year ended June 30, 2015.

Governmental Accounting Standards Board Statement No. 69

For the fiscal year ended June 30, 2015, the District implemented GASB Statement No. 69, Government Combinations and Disposals of Government Operations. This Statement is effective for periods beginning after December 15, 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. Implementation of the GASB Statement No. 69 did not have an impact on the District's financial statements for the fiscal year ended June 30, 2015.

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

B. Significant Accounting Policies (Continued)

New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 71

For the fiscal year ended June 30, 2015, the District implemented GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to address an issue regarding application of the transition of GASB Statement No. 68 Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement will eliminate the source of potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB Statement No. 68 in the accrual-basis financial statements of employers and non-employer contributing entities. Implementation of the GASB Statement No. 71 did not have an impact on the District's financial statements for the fiscal year ended June 30, 2015.

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.

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

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.

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.

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

I. Fund Balance (Continued)

- 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.

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 different 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 2.2 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.

NOTE 2 BENEFIT ASSESSMENTS (CONTINUED)

The annual rate of each assessment may not exceed $14.46 per benefit point, for the combined 1992 and 1996 Propositions. 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 for a period of 22 years for each of the 1992 and 1996 Propositions.

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.

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 $2,024,000 as of June 30, 2015, 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, 2015 are classified in the accompanying financial statements as follows (in thousands):

Statement of Net Position:	
Pooled cash and investments	$387,681
Total cash and investments	$387,681

Cash and investments as of June 30, 2015 consist of the following (in thousands):

Equity in Los Angeles County investment pool	$387,681
Total cash and investments	$387,681

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.

NOTE 4 CASH AND INVESTMENTS (CONTINUED)

Equity in the Cash and Investment Pool of the County of Los Angeles (Continued)

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 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.

Authorized Investment Type	Minimum Rating	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Government Obligations	None	None	None	None
Los Angeles County Bonds	AA	None	None	None
State or Local Government Obligations	AA	None	None	None
Bankers' Acceptances	AA	270 days	None	None
Commercial Paper	AA	None	None	None
Negotiable Certificates of Deposit	AA	None	None	None
Repurchase Agreements	AA	None	None	None
Mortgage Securities	AA	None	None	None
Medium Term Notes	AA	5 years	None	None
Money Market Mutual Funds	AAA	N/A	None	None
LA County Treasury Pool	None	None	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the County manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

NOTE 4 CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk (Continued)

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	Total (in thousands)	12 Months or Less	13 to 24 Months	More Than 24 Months
LA County Treasury Pool	$387,681	$ 387,681	$	$
Total	$387,681	$ 387,681	$	$

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.

				Rating as of Fiscal Year End	
Investment Type	Total (in thousands)	Minimum Legal Rating	Exempt From Disclosure	AAA	Not Rated
LA County Treasury Pool	$ 387,681	None	$	$	$ 387,681
Total	$ 387,681		$	$	$ 387,681

NOTE 4 CASH AND INVESTMENTS (CONTINUED)

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).

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, 2015.

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, 2015 was $5,889,000.

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, 2015, related to the 2005 A Bonds, was $3,925,000.

NOTE 6 LONG-TERM OBLIGATIONS

The following is a summary of the changes in outstanding bonded indebtedness during the fiscal year ended June 30, 2015 (in thousands):

	Balance at July 1, 2014	Additions	Repayments	Balance at June 30, 2015	Due Within One Year
2005 A Bonds	$ 75,250	$	$ (20,095)	$ 55,155	$ 21,100
Premium	8,113		(2,166)	5,947	2,275
2007 A Bonds	38,365		(10,640)	27,725	11,170
Total	$ 121,728	$	$ (32,901)	$ 88,827	$ 34,545

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 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, 2015 is $55,155,000.

The District has established and maintained a reserve account in accordance with the bond indenture. The reserve account has a balance of $15,290,186 as of June 30, 2015. 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
2016	$ 21,100	$ 2,315	$ 23,415	$ 2,275
2017	7,870	1,581	9,451	848
2018	8,285	1,157	9,442	894
2019	8,720	721	9,441	940
2020	9,180	241	9,421	990
Totals	$ 55,155	$ 6,015	$ 61,170	$ 5,947

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, 2015 is $27,725,000.

The District has established and maintained a reserve account in accordance with the bond indenture. The reserve account has a balance of $7,634,281 as of June 30, 2015. 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
2016	$ 11,170	$ 1,107	$ 12,277
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	$ 27,725	$ 2,813	$ 30,538

NOTE 7 PLEDGED REVENUE

The District has two debt issuances outstanding that are collateralized by the pledging of property tax assessment revenues. 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. For the current fiscal year, debt service payments as a percentage of the pledged gross revenue (net of certain Administrative and Maintenance expenses where so required by the debt agreement) are indicated in the table below. This percentage also approximates the relationship of debt service to pledged revenue for the remainder of the term of the commitment.

Description of Pledged Revenue	Annual Amount of Pledged Revenue (in thousands)	Annual Debt Service Payments of all Debt Secured by This Revenue (in thousands)	Debt Service as a Percentage of Pledged Revenue
Special assessment collections	$ 59,030	$ 35,752	61%

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, 2015, the encumbrance balances for the District is $88,430,000 and is included in the General Fund's restricted fund balance.

NOTE 9 COMMITMENTS (CONTINUED)

The 1992 Proposition assessments will sunset after tax year 2014-15. At that time, the Los Angeles County Tax Collector will stop 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 after tax year 2014-15 until its own sunset after tax year 2018-19. The County is currently considering options to continue funding after the Proposition expires.

NOTE 10 SUBSEQUENT EVENT

The 1992 Proposition A has sunset as of July 1, 2015. Therefore, only the revenues for 1996 Proposition A will be collected. 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.

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, 2015

(in thousands)

	Budgeted Amounts		2015 Actual (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Assessments	$ 80,279	$ 80,279	$ 80,340	$ 61
Fines, forfeitures, and penalties	826	826	815	(11)
Investment income	1,950	1,950	2,148	198
Total revenues	83,055	83,055	83,303	248
Expenditures				
Recreation and cultural services:				
Services and supplies	10,414	12,299	6,714	5,585
Other charges	276,890	275,103	56,180	218,923
Total expenditures	287,304	287,402	62,894	224,508
Excess (deficiency) of revenues over (under) expenditures	(204,249)	(204,347)	20,409	224,756
Other financing sources (uses)				
Transfers in	106,178	110,807	112,016	1,209
Transfers out	(142,484)	(147,015)	(143,750)	3,265
Changes in fund balances	4,453	4,453	8,893	4,440
Other financing sources (uses)	(31,853)	(31,755)	(22,841)	8,914
Net change in fund balance	(236,102)	(236,102)	(2,432)	233,670
Fund balance, July 1, 2014	236,272	236,272	236,272	
Fund balance, June 30, 2015	$ 170	$ 170	$ 233,840	$ 233,670

See accompanying notes to the required supplementary information.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2015

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 accounting principles generally accepted in the United States of America ("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, 2015.

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, 2015 (in thousands):

	General Fund
Fund balance - budgetary basis	$ 233,840
Encumbrances and other reserves	97,271
Subtotal	331,111
Adjustments:	
Change in revenue accruals	(867)
Fund balance – US GAAP basis	$ 330,244

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, 2015

(in thousands)

	Budgeted Amounts Final	2015 Actual (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
Revenues			
Investment income	$ 194	$ 295	$ 101
Total revenues	194	295	101
Expenditures			
Debt Service			
Principal	30,735	30,735	
Interest	5,058	4,998	60
Total expenditures	35,793	35,733	60
Deficiency of revenues over (under) expenditures	(35,599)	(35,438)	161
Other financing sources (uses)			
Transfers in	31,677	31,734	57
Changes in reserves and designations	3,863	3,864	1
Other financing sources (uses)	35,540	35,598	58
Net change in fund balance	(59)	160	219
Fund balance, July 1, 2014	59	59	
Fund balance, June 30, 2015	$	$ 219	$ 219

Reconciliation of Fund Balances - Budgetary to US GAAP Basis:

Fund balance - budgetary basis	$ 219
Encumbrances and other reserves	57,365
Subtotal	57,584
Adjustments:	
Change in revenue accruals	(35)
Fund balance US GAAP basis	$ 57,549

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