



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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KAREN LOQUET
CONNIE YEE

December 23, 2021

TO: Supervisor Holly J. Mitchell, Chair
Supervisor Hilda L. Solis
Supervisor Sheila Kuehl
Supervisor Janice Hahn
Supervisor Kathryn Barger

FROM: Arlene Barrera *Arlene Barrera*
Auditor-Controller

SUBJECT: **AUDIT OF THE LOS ANGELES COUNTY REGIONAL PARK AND OPEN
SPACE DISTRICT FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021. 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 related to the report please call me, or your staff may contact Jung Son at (213) 974-8327 or via e-mail at jeson@auditor.lacounty.gov.

AB:OV:CY:EB:RA:JS:ms

H:\Special Funds\Special Funds Unit\AUDITS\RP&OSD\FY 20-21 Audit\Final\FY 2020-21 Audit Report Cover BOS.docx

Attachments

c: Fesia A. Davenport, Chief Executive Officer
Norma E. Garcia-Gonzalez, Director, Department of Parks and Recreation
Christina Angeles, District Administrator, Regional Park and Open Space District
Celia Zavala, Executive Officer, Board of Supervisors
Audit Committee
Countywide Communications

December 8, 2021

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

We have audited the basic 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 year ended June 30, 2021, and have issued our report thereon dated December 8, 2021. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

Our responsibility, as described by professional standards, is to form and express an opinion about whether the basic financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 2 to the basic financial statements. There have been no changes in significant accounting policies or their application during 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments. There were no sensitive accounting estimates affecting the financial statements.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There was no sensitive disclosure affecting the financial statements.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no uncorrected financial statement misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There was no material, corrected financial statement misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management dated December 8, 2021.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

This report is intended solely for the information and use of the Members of the District, management and others within the District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

BCA Watson Rice, LLP

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Basic Financial Statements
With Independent Auditor's Report
For the Fiscal Year Ended June 30, 2021
(With Comparative Totals for 2020)



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**LOS ANGELES COUNTY
REGIONAL PARK AND OPEN SPACE DISTRICT**

Basic Financial Statements with Independent Auditor's Report
For the Fiscal Year Ended June 30, 2021
(With Comparative Totals for 2020)

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**LOS ANGELES COUNTY
REGIONAL PARK AND OPEN SPACE DISTRICT**

Basic Financial Statements with Independent Auditor's Report
For the Fiscal Year Ended June 30, 2021
(With Comparative Totals for 2020)

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Basic Financial Statements

We have audited the accompanying basic 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, 2021, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

The District's management is responsible for the preparation and fair presentation of these basic 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 the basic 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 basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic 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 basic 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 basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the basic financial statements referred to above presents fairly, in all material respects, the financial position of the governmental activities and each major fund of the District as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Year Comparative Information

We have previously audited the District's June 30, 2020 basic financial statements, and we expressed an unmodified audit opinion on those audited basic financial statements in our report dated December 14, 2020. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2021 is consistent, in all material respects, with the audited basic financial statements from which it has been derived.

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 7, and budgetary comparison information of the General Fund on page 27, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during 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 8, 2021 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 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.

A handwritten signature in black ink that reads "BCA Watson Rice, LLP". The signature is written in a cursive, flowing style.

Torrance, California
December 8, 2021

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) For the Fiscal Year Ended June 30, 2021 (Amounts expressed in Thousands)

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, 2021. 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 2 to the financial statements, the District's net position was \$520.1 million at June 30, 2021, an increase of \$66.4 million from the prior year.
- The District's General Fund balance increased by \$66.7 million to \$517.4 million.

Financial Statement Overview

This discussion and analysis consist 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 8 through 9 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.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) For the Fiscal Year Ended June 30, 2021 (Amounts expressed in Thousands)

The fund financial statements can be found on pages 10 and 12 of this report. Net position/fund balance difference between the government-wide and fund statements is highlighted on page 11 and is primarily the result of 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 the fund financial statements is highlighted on page 13 and is primarily the result of reporting the net change in unearned revenue from the prior year as revenue in the fund financial statements.

Notes to the basic 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	
	Summary of Statement of Activities	
	FY 2021	FY 2020
Current and other assets	\$ 528,980	\$ 460,672
Total assets	\$ 528,980	\$ 460,672
Liabilities		
Other liabilities	8,903	7,039
Total liabilities	8,903	7,039
Net Position:		
Restricted for debt service	-	417
Restricted for maintenance and servicing	20,130	23,012
Restricted for park and open space preservation	499,947	430,204
Total net position	\$ 520,077	\$ 453,633

Governmental Accounting Standards Board (GASB) Statement No. 34 requires that the government-wide statements reflect a liability 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 eighth consecutive fiscal year, in the amount of approximately \$520.1 million.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) For the Fiscal Year Ended June 30, 2021 (Amounts expressed in Thousands)

Total assets of the District increased by 14.8% from the prior fiscal year to \$528.9 million due to a \$69.1 million increase in pooled cash and investments, offset by a \$0.5 million decrease in assessment receivable, and a \$0.3 million decrease in other receivable and a \$0.06 million decrease in interest receivable.

Total liabilities of the District increased by 26.5% from the prior fiscal year to \$8.9 million due primarily to a \$2.5 million increase in due to the Los Angeles County and offset by a \$0.7 million decrease in accounts payable.

Total net position increased by \$66.4 million to \$520.1 million due to an excess in total revenues over total expenses.

Table 2
Changes in Net Position
(in Thousands)

	Governmental Activities Summary of Statement of Activities	
	FY 2021	FY 2020
<u>Revenues</u>		
General revenues		
Taxes and assessments	\$ 101,881	\$ 102,914
Investment income (loss)	(1,662)	8,635
Other revenue	314	1,463
Total revenues	100,533	113,012
<u>Expenses</u>		
Recreation and cultural services	34,089	65,902
Interest expense	-	179
Total expenses	34,089	66,081
Increase in net position	\$ 66,444	\$ 46,931

Total revenues decreased by \$12.5 million resulting from a decrease of \$1.0 million in taxes and assessment revenue, a \$10.3 million decrease in investment income and a \$1.2 million decrease in other revenue. The District spent \$31.8 million less on park improvements and maintenance in the current fiscal year and interest expense on bonds decreased by \$0.2 million since the bonds payable were fully paid in the prior fiscal year.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) For the Fiscal Year Ended June 30, 2021 (Amounts expressed in Thousands)

Fund Statements Financial Analysis

As of the end of the current fiscal year, the District's governmental funds reported combined fund balances of \$517.4 million, an increase of \$67.1 million from the prior fiscal year. Current fiscal year revenues from the governmental funds were \$101.2 million, a decrease of 0.1% from the prior fiscal year as a result of the decrease in investment revenue of \$10.2 million. Expenditures in the current fiscal year were \$34.1 million, a decrease of 57.3% from the prior fiscal year.

Debt Management

At June 30, 2021, the District did not have any Bonds Payable since these were fully paid in the prior fiscal year.

Budgets

No material adjustments were made to the District's original General Fund or Debt Service Fund budgets. During fiscal year 2020-2021 the District again spent much less than the amount budgeted for park grants, projects, and maintenance.

Economic Factors

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. Measure A is expected to generate approximately \$109 million in fiscal year 2021-2022 through an annual parcel tax of 1.7 cents per square foot of development.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, 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.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

STATEMENT OF NET POSITION

June 30, 2021

(With Comparative Totals for 2020)

(Amounts expressed in thousands)

	Governmental Activities	
	2021	2020
ASSETS		
Pooled cash and investments (Note 6)	\$ 523,461	\$ 454,331
Assessments receivable	1,941	2,397
Interest receivable	463	525
Other receivables	3,103	3,361
Due from other funds	12	58
Total Assets	<u>528,980</u>	<u>460,672</u>
LIABILITIES		
Current liabilities		
Accounts payable	-	703
Due to Los Angeles County (Note 5)	8,903	6,336
Total liabilities	<u>8,903</u>	<u>7,039</u>
NET POSITION		
Restricted for:		
Debt Service	-	417
Maintenance and servicing	20,130	23,012
Park and open space preservation	499,947	430,204
Total net position	<u>\$ 520,077</u>	<u>\$ 453,633</u>

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, 2021 (With Comparative Totals for 2020) (Amounts expressed in thousands)

	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Contributions and Grant	Capital Contributions and Grants	Governmental Activities	
					2021	2020
Governmental activities:						
Recreation and						
cultural services	\$ 34,089	\$ -	\$ -	\$ -	\$ (34,089)	\$ (65,902)
Interest expense	-	-	-	-	-	(179)
Total	<u>\$ 34,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(34,089)</u>	<u>(66,081)</u>
General Revenues:						
Taxes and assessment revenue					101,881	102,914
Investment income (loss)					(1,662)	8,635
Other revenue					314	1,463
Total general revenues					<u>100,533</u>	<u>113,012</u>
Change in net position					66,444	46,931
Net position, beginning of year					<u>453,633</u>	<u>406,702</u>
Net position, end of year					<u>\$ 520,077</u>	<u>\$ 453,633</u>

See accompanying notes to the basic financial statements.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2021 (With Comparative Totals for 2020) (Amounts expressed in thousands)

	General Fund	Debt Service Fund	Totals 2021	2020
Assets				
Pooled cash and investments (Note 6)	\$ 523,461	\$ -	\$ 523,461	\$ 454,331
Assessments receivable	1,941	-	1,941	2,397
Interest receivable	463	-	463	525
Other receivables	3,103	-	3,103	3,361
Due from other funds	12	-	12	58
Total Assets	<u>\$ 528,980</u>	<u>\$ -</u>	<u>\$ 528,980</u>	<u>\$ 460,672</u>
Liabilities. Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 703
Due to Los Angeles County (Note 5)	8,903	-	8,903	6,336
Total liabilities	<u>8,903</u>	<u>-</u>	<u>8,903</u>	<u>7,039</u>
Deferred Inflows of Resources:				
Unearned revenue-property taxes (Note 7)	2,638	-	2,638	2,846
Total deferred inflows of resources	<u>2,638</u>	<u>-</u>	<u>2,638</u>	<u>2,846</u>
Total liabilities and deferred inflows of resources	<u>11,541</u>	<u>-</u>	<u>11,541</u>	<u>9,885</u>
Fund balances				
Nonspendable	517,439	-	517,439	450,370
Restricted	-	-	-	417
Total fund balances	<u>517,439</u>	<u>-</u>	<u>517,439</u>	<u>450,787</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 528,980</u>	<u>\$ -</u>	<u>\$ 528,980</u>	<u>\$ 460,672</u>

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, 2021

(Amounts expressed in thousands)

Fund balances of governmental funds (page 10)	\$ 517,439
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:	
Revenues that do not provide current financial resources are not reported as revenues in the governmental funds. This is the deferred revenue balance.	2,638
Net position of governmental activities (page 8)	<u>\$ 520,077</u>

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, 2021

(With Comparative Totals for 2020)

(Amounts expressed in thousands)

	General Fund	Debt Service Fund	Totals 2021	2020
Revenues				
Taxes	\$ 102,089	\$ -	\$ 102,089	\$ 102,299
Assessments	366	(416)	(50)	867
Investment income (loss)	(1,661)	(1)	(1,662)	8,635
Other income	364	-	364	473
Total revenues	<u>101,158</u>	<u>(417)</u>	<u>100,741</u>	<u>112,274</u>
Expenditures:				
Current				
Services and supplies	7,100	-	7,100	6,786
Park improvements	26,989	-	26,989	59,116
Debt Service:				
Principal	-	-	-	13,620
Interest	-	-	-	352
Total expenditures	<u>34,089</u>	<u>-</u>	<u>34,089</u>	<u>79,874</u>
Excess (deficiency) of revenues over (under) expenditures	<u>67,069</u>	<u>(417)</u>	<u>66,652</u>	<u>32,400</u>
Net changes in fund balances	67,069	(417)	66,652	32,400
Fund balances, July 1, 2020	<u>450,370</u>	<u>417</u>	<u>450,787</u>	<u>418,387</u>
Fund balances, June 30, 2021	<u>\$ 517,439</u>	<u>\$ -</u>	<u>\$ 517,439</u>	<u>\$ 450,787</u>

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, 2021

(Amounts expressed in thousands)

Net change in fund balances - governmental funds (page 12)	\$ 66,652
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 deferred revenue from the prior year.	(208)
Change in net position of governmental activities (page 9)	<u>\$ 66,444</u>

See accompanying notes to the basic financial statements.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2021

Note 1 – 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 (the County) 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 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, 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 annual comprehensive financial report for the fiscal year ended June 30, 2021.

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.

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 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2021

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021.

Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another 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.

The District's financial statements are presented in accordance with the provisions of GASB Statement 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, 2021, the District had no capital assets and thus no debt obligations related to capital assets.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2021

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements (Continued)

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, 2021, the District had restricted net position of \$520,077,000.

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, 2021 has been reflected as restricted net position in the Statement of Net Position.

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.

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 balance, 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.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2021

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Type Funds (Continued)

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.

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.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2021

Note 2 – SUMMARY OF 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 other financing source rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

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.

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.

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.

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 7 for a detailed listing of the deferred inflows of resources that the District has recognized.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2021

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance

In the fund financial statements, governmental funds report fund balance as non-spendable, 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.

Non-spendable 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.

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.

Estimates

The preparation of financial statements in conformity with accounting principles generally 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.

Comparative Financial Data

The amounts shown for 2020 in the accompanying basic financial statements are included only to provide a basis for comparison with 2021 and are not intended to present all information necessary for a fair presentation in accordance with generally accepted accounting principles.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2021

Note 3 – NEW PRONOUNCEMENTS ISSUED AND IMPLEMENTED

The GASB Statement below have been implemented in the current basic financial statements.

GASB Statement No. 84 - Fiduciary Activities, establishes criteria for the identification of fiduciary activities for accounting and financial reporting purposes. The focus of the criteria generally is on whether a government is controlling the assets of the fiduciary activity and also the beneficiaries with whom a fiduciary relationship exists. This statement is effective for reporting periods after December 31, 2020. This statement did not have an impact on the District's financial statements.

GASB Statement No. 90 – Majority Equity Interest, an amendment of GASB Statement No. 14 and No. 61, improves the consistency and comparability of reporting a government's majority equity interest in legally separate organization and to improve the relevance of financial statement information for certain component units. The statement is effective for reporting periods after December 31, 2020. This statement did not have an impact on the District's financial statements.

GASB Statement No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, an amendment of GASB Statements No. 14 and No. 84 and a suppression of GASB Statement No. 32, (1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board would typically perform; (2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. GASB Statement No. 97 for paragraph 6-9 is effective for reporting periods beginning after June 15, 2021. All other requirements of this statement are effective for reporting periods beginning after June 15, 2021. This statement did not have an impact on the District's financial statements.

GASB Statement No. 98 – The Annual Comprehensive Financial Report, establishes the term annual comprehensive financial report and its acronym in generally accepted accounting principles for state and local governments. This statement did not have an impact on the District's financial statements.

Note 4 - ASSESSMENTS

The District's primary revenue source is the assessments from the "The Los Angeles County Safe, Clean Neighborhood Parks and Beaches Measure of 2016 (Measure A)", which was approved by the voters on November 8, 2016. Measure A will provide funding for the District to support local parks, beaches, open space, and water resources. Measure A does not have a sunset date and is expected to generate approximately \$100 million in fiscal year 2021-2022 through an annual rate of 1.6 cents per square foot of development.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2021

Note 5 - 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 \$8,903,000 as of June 30, 2021, for services provided by the County and other agencies for reimbursable projects, have been recorded as Due to Los Angeles County.

Note 6 - CASH AND INVESTMENTS

Pooled Cash and Investments

Cash and investments as of June 30, 2021 are classified in the accompanying financial statements as follows (in thousands):

Statement of Net Position -

Pooled cash and investments	\$ 523,461
Total cash and investments	<u>\$ 523,461</u>

Cash and investments as of June 30, 2021 consist of the following (in thousands):

Equity in Los Angeles County investment pool	\$ 523,461
Total cash and investments	<u>\$ 523,461</u>

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.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2021

Note 6 - CASH AND INVESTMENTS (Continued)

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

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.

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	Maximum Maturity		Maximum Percentage of Portfolio		Maximum Investment In One Issuer		Minimum Rating	
	Gov. Code	Pool Policy	Gov. Code	Pool Policy	Gov. Code	Pool Policy	Gov. Code	Pool Policy
U.S. Treasury Notes, Bills and Bonds	5 years	None	None	None	None	None	None	None
U.S. Agency Securities	5 years	None	None	None	None	None	None	None
Local Agency Obligations	5 years	5 years	None	10%	None	None	None	None
Asset-Backed Securities	5 years	5 years	20%	20%	None	\$750 million	AA	AA
Bankers' Acceptances	180 days	180 days	40%	40%	30%	\$750 million	None	A-1/P-1/F-1
Negotiable Certificate of Deposits	5 years	3 years	30%	30%	None	\$750 million	None	A-1/P-1/F-1
Commercial Paper	270 days	270 days	40%	40%	10%	\$1.5 billion	A-1	A-1/P-1/F-1
Corporate and Medium-Term Notes	5 years	3 years	30%	30%	None	\$750 million	A	A-1/P-1/F-1
LAIF	N/A	N/A	None	\$75 million	None	None	None	None
Shares of Beneficial Interest	N/A	N/A	20%	15%	10%	10%	AAA	AAA
Repurchase Agreements	1 year	30 days	None	\$1 billion	None	\$500 million	None	None
Reverse Repurchase Agreements	92 days	92 days	20%	\$500 million	None	\$250 million	None	None
Forwards, Futures, and Options	N/A	90 days	None	\$100 million	None	\$50 million	None	A
Interest Rate Swaps	N/A	None	None	None	None	None	A	A
Securities Lending Agreements	92 days	92 days	20%	20%	None	None	None	None
Supranational	5 years	5 years	30%	30%	None	None	AA	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 five years, with the exception of U. S. Treasury Notes, Bills, and Bonds and U.S Agency Securities which 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.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2021

Note 6 - CASH AND INVESTMENTS (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

Investment Type	Totals (in thousands)	Remaining Maturity (in Months)		
		12 Months Or Less	13 to 24 Months	More Than 24 Months
LA County Treasury Pool	\$ 523,461	\$ 523,461	\$ -	\$ -
	<u>\$ 523,461</u>	<u>\$ 523,461</u>	<u>\$ -</u>	<u>\$ -</u>

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	\$ 523,461	None	\$ -	\$ -	\$ 523,461
	<u>\$ 523,461</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 523,461</u>

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.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2021

Note 6 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk (Continued)

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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021.

Note 7 - DEFERRED INFLOWS 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, 2021 was \$ 2,638,000.

Note 8 – RESTATEMENT OF NET POSITION

The balances of the restricted net position for maintenance and servicing, and park and open space preservation as of June 30, 2020 have been restated to reflect its correct balances as of that date.

Note 9 - 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. There were no claims filed against the District for fiscal year ended June 30, 2021.

Note 10 - COVID-19 IMPACT AND CONSIDERATIONS

The COVID-19 pandemic in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. The County expects this matter to negatively impact its operating environment; however, the related financial impact and duration cannot be reasonably estimated at this time.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021

Note 11 - 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, 2021, the encumbrance balance for the District is \$46,080,069 and is included in the General Fund's restricted fund balance.

Note 12 – SUBSEQUENT EVENTS

In preparing these basic financial statements, the District has evaluated events and transactions for potential recognition or disclosure through December 8, 2021, the date the basic financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND

For the Fiscal Year Ended June 30, 2021

(Amounts expressed in thousands)

	Budget Amounts		2021 Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget- Positive (Negative)
Revenues				
Taxes	\$ 100,400	\$ 100,400	\$ 102,089	\$ 1,689
Fines, forfeitures, and penalties	866	866	364	(502)
Investment income	2,800	2,800	2,558	(242)
Total revenues	<u>104,066</u>	<u>104,066</u>	<u>105,011</u>	<u>945</u>
Expenditures				
Recreation and cultural services:				
Services and supplies	13,326	13,326	6,916	6,410
Other charges	<u>348,433</u>	<u>348,433</u>	<u>32,071</u>	<u>316,362</u>
Total expenditures	<u>361,759</u>	<u>361,759</u>	<u>38,987</u>	<u>322,772</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(257,693)</u>	<u>(257,693)</u>	<u>66,024</u>	<u>323,717</u>
Other financing sources (uses)				
Transfers-in	116,061	116,061	112,116	(3,945)
Transfers-out	(115,647)	(115,647)	(111,700)	3,947
Changes in fund balance	<u>14,586</u>	<u>14,586</u>	<u>16,479</u>	<u>1,893</u>
Other financing sources (uses)	<u>15,000</u>	<u>15,000</u>	<u>16,895</u>	<u>1,895</u>
Net change in fund balance	(242,693)	(242,693)	82,919	325,612
Fund balance, July 1, 2020	<u>242,693</u>	<u>242,693</u>	<u>242,693</u>	<u>-</u>
Fund balance, June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,612</u>	<u>\$ 325,612</u>

See accompanying notes to required supplementary information.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Fiscal Year Ended June 30, 2021

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, 2021.

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.

The following schedule is a reconciliation of the budgetary and US GAAP fund balances as of June 30, 2021 (in thousands):

	<u>General Fund</u>
Fund balance - budgetary basis	\$ 325,612
Encumbrance and other reserves	194,298
Subtotal	<u>519,910</u>
Adjustments:	
Change in revenue accruals	<u>(2,471)</u>
Fund balance - US GAAP basis	<u><u>\$ 517,439</u></u>

OTHER SUPPLEMENTARY INFORMATION

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – DEBT SERVICE FUND

For the Fiscal Year Ended June 30, 2021

(Amounts expressed in thousands)

	Budget Amounts		2021 Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Positive
				(Negative)
Other financing sources (uses)				
Transfer-out	(414)	(417)	(416)	1
Changes in fund balance	55	58	57	(1)
Other financing sources (uses)	(359)	(359)	(359)	-
Net change in fund balance	(359)	(359)	(359)	-
Fund balance, July 1, 2020	359	359	359	-
Fund balance, June 30, 2021	<u>\$</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF THE BASIC FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Los Angeles County Regional Park and Open Space District
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 the 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, 2021, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the basic 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 basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of 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 the basic 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 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.

A handwritten signature in black ink that reads "BCA Watson Rice, LLP". The signature is written in a cursive, flowing style.

Torrance, CA
December 8, 2021