



MOUNTAINS RECREATION AND CONSERVATION AUTHORITY

SPECIAL TAX REPORT COMMUNITY FACILITIES DISTRICT No. 2 MEASURE MM (OPEN SPACE PROTECTION AND FIRE PREVENTION)

FY 2019-20

PREPARED BY:
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MOUNTAINS RECREATION AND CONSERVATION AUTHORITY

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ANNUAL REPORT (FY 2019-20)

This CFD Special Tax Annual Report (“Annual Report”) covers all assessor parcels of land within the boundaries of the Community Facilities District No. 2 (“CFD”) of the Mountains Recreation and Conservation Authority (“Authority”). The special tax attributed to each parcel was computed in accordance with the special tax formula as approved by Resolution No. 12-85 of the Authority Board of Directors. The Annual Report summarizes the fiscal year 2019-20 special tax and rate and method of apportionment and fiscal year 2019-20 special tax collection, expenditures, fund balance, and other related data.

SUMMARY OF LAND USE

The CFD includes 17,388 parcels totaling approximately 11,291 acres within the Santa Monica Mountains Conservancy Zone in the City of Los Angeles generally within the Santa Monica Mountains west of Interstate 405 and east of the City of Calabasas (“Woodland Hills, Encino and Tarzana Hillside Areas” or “Areas”). The MRCA currently maintains over 1,000 acres of local open space, parkland and wildlife corridors in this Area. The boundaries of CFD No. 2 for FY 2019-20 are attached in Exhibit A.

FIGURE 1 – SUMMARY OF LAND USE (CFD No. 2)

Total Acres	11,291 acres
Developed Property	16,109 parcels
Undeveloped Property	1,211 parcels
Non-Taxable Property	68 parcels
Total Parcels	17,388 parcels

USE OF PROCEEDS

The special tax is used for open space, parkland and wildlife corridor maintenance and preservation, fire prevention and park ranger safety and security services in the Woodland Hills, Encino and Tarzana Hillside Areas and to fund the acquisition of additional open space in this area and to pay any incidental expenses related to the collection or use of the special tax.

The list of authorized services and facilities to be funded by CFD are detailed in Exhibit B.

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

The special taxes within the CFD were levied in accordance with the Rate and Method of Apportionment of Special Tax (the "RMA") which is attached as Exhibit B. The special tax is \$19.00 per developed parcel within the CFD. The special tax shall be levied annually beginning in Fiscal Year 2013-14 for a period not to exceed 10 years. The maximum annual special tax shall not be adjusted for inflation.

CFD SPECIAL TAX COLLECTIONS AND OTHER REVENUE

For FY 2019-20, there were 17,388 total parcels in the CFD, of which 16,109 were developed and taxable. The total annual special tax collected was \$302,491.

FIGURE 2 – EXPENDITURES FOR FISCAL YEAR 2019-20

Beginning Balance	
Balance as of July 1, 2019	\$76,116
Revenues	
CFD No. 2 Special Taxes ¹	\$302,491
Total Revenues	\$302,491
Expenses	
Administration	\$12,286
Acquisition - Land Purchases	\$0
Acquisition - Other Services	\$33,098
Maintenance - Services and Supplies	\$63,641
Security and Fire Prevention - Services and Supplies	\$132,996
Total Expenses	\$242,020
Ending Balance	
Balance as of June 30, 2020	\$136,587

¹ This amount includes all CFD No. 2 Special Taxes received during the fiscal year, including any prior years delinquencies collected.

MANNER OF COLLECTION

The special tax is collected in the same manner and at the same time as ad valorem property taxes.

CFD SPECIAL TAX DELINQUENCIES

Special tax delinquencies for the special taxes levied for FY 2019-20 are 2.14% as of June 30, 2020.

ACCOUNTABILITY REPORT

In accordance with Government Code Section 50075.3, Executive Officer, or his or her designee, shall file a report with the Board no later than January 1 of each year. The annual report shall contain both of the following: (a) the amount of funds collected and expended; (b) the status of any project required or authorized to be funded with the proceeds of the special tax in accordance with this Section.

CITIZENS' OVERSIGHT

A citizens' oversight committee has been appointed by the Board and shall review and report annually on the expenditure of the special tax revenues.

PUBLIC INFORMATION

Property owners and other interested persons can obtain information regarding special tax levies and other information by contacting the Agency's Special Tax Administrator, SCI Consulting Group, at telephone number (800) 273-5167. SCI Consulting Group's property owner inquire line is also included with property tax bills.

NOTICE OF SPECIAL TAX

The Act states "For purposes of enabling sellers of real property subject to the levy of special taxes to satisfy the notice requirements of subdivision (b) of Section 1102.6 of the Civil Code, the designated office, department, or bureau shall furnish a Notice of Special Tax to any individual requesting the notice or any owner of property subject to a special tax levied by the local agency within five working days of receiving a request for such notice. The local agency may charge a reasonable fee for this service not to exceed ten dollars." A copy of this notice is included as Exhibit D.

In addition, any developer, subdivider or his or her agent or representative shall not sell, or lease any property subject to the Special Tax until the prospective purchaser or lessee has been furnished with and signed a written notice of special tax lien similar to that shown in Exhibit D.

EXHIBIT A – BOUNDARIES OF CFD

**MOUNTAINS RECREATION CONSERVATION AUTHORITY
Community Facilities District No. 2
(Open Space Protection and Fire Prevention)**

CLERK'S MAP FILING STATEMENT

FILED IN THE OFFICE OF THE CLERK OF THE BOARD OF THE MOUNTAINS RECREATION AND CONSERVATION AUTHORITY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, THIS 31st DAY OF June, 2012.

CLERK OF THE BOARD

CLERK'S MAP CERTIFICATE

I DO HEREBY CERTIFY THAT THE WITHIN MAP SHOWING THE PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2, MOUNTAINS RECREATION AND CONSERVATION AUTHORITY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WAS APPROVED BY THE BOARD OF DIRECTORS OF THE MOUNTAINS RECREATION AND CONSERVATION AUTHORITY AT A MEETING THEREOF, HELD ON THE 27th DAY OF June, 2012, BY ITS RESOLUTION NO. 12-35.

CLERK OF THE BOARD

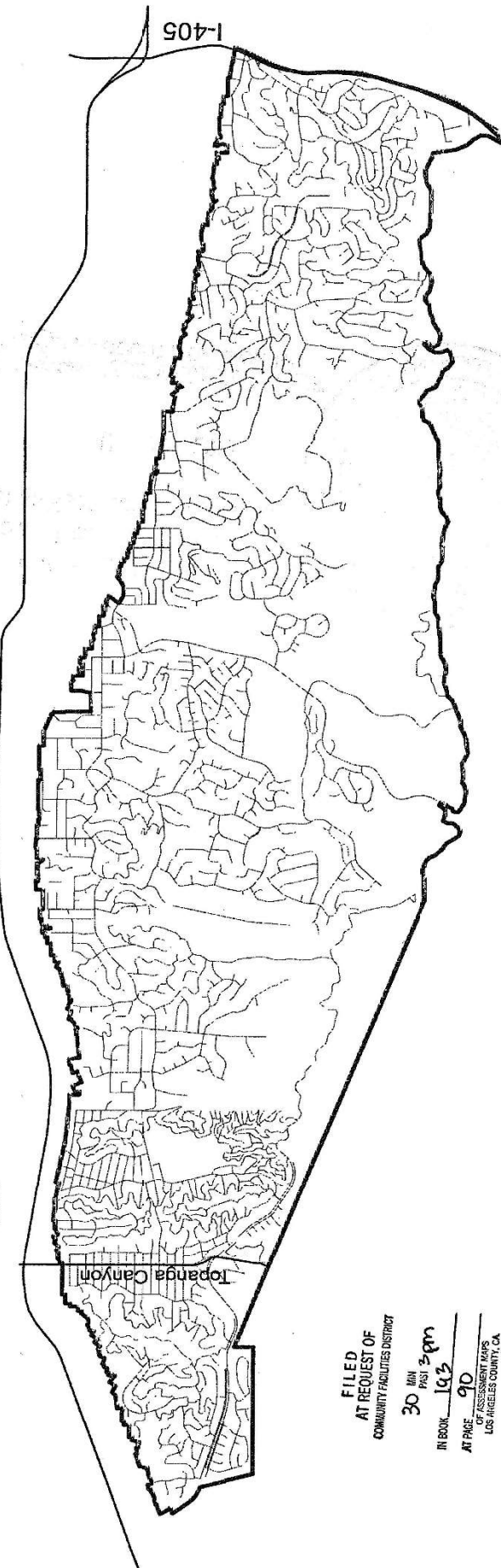
US HWY 101

COUNTY RECORDER, COUNTY OF LOS ANGELES

RECORDER'S CERTIFICATE

FILED THIS 30th DAY OF June, 2012 AT THE HOUR OF 0⁰:00 O'CLOCK P.M. IN BOOK 193 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE 90 IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA.

COUNTY RECORDER, COUNTY OF LOS ANGELES



FILED AT REQUEST OF COMMUNITY FACILITIES DISTRICT

30 MIN PAGE 193 3:00 PM

IN BOOK 193 AT PAGE 90 OF ASSESSMENT MAPS LOS ANGELES COUNTY, CA

BY N. Jones Registrar-Recorder Deput

FEE \$ 8 3 DA



Legend

- Community Facilities District No. 2 Boundary
- Major Roads
- Streets

NOTE: REFERENCE IS HEREBY MADE TO THE MAPS AND DEEDS OF RECORD IN THE OFFICE OF THE ASSESSOR OF THE COUNTY OF LOS ANGELES FOR A DETAILED DESCRIPTION OF THE LINES AND DIMENSIONS OF ANY PARCELS SHOWN HEREIN. THOSE MAPS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH PARCELS. EACH PARCEL IS IDENTIFIED IN SAID MAPS BY ITS DISTINCTIVE ASSESSOR'S PARCEL NUMBER.

PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2 OF THE MOUNTAINS RECREATION AND CONSERVATION AUTHORITY, CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA Sheet 1 of 1 (Open Space Protection and Fire Prevention)

SCI Consulting Group 4745 Mangels Blvd Fairfield, CA 94534 (707) 430-4300

EXHIBIT B – DESCRIPTION OF SERVICES AND FACILITIES TO BE FINANCED BY THE CFD

MOUNTAINS RECREATION CONSERVATION AUTHORITY Community Facilities District No. 2 (Open Space Protection and Fire Prevention)

The services and facilities described below are to be financed by Community Facilities District No. 2 (the "CFD") of the Mountain Recreation and Conservation Authority (the "MRCA"):

The types of services and facilities to be financed by the CFD ("Services and Facilities") shall include acquisition, maintenance, improvement, servicing, protection, and preservation of open space, parkland, wildlife corridors, natural habitats, lands, waters, and facilities owned or managed by the MRCA within the CFD; and administrative or incidental expenses thereto. The Services and Facilities include, but are not limited to, the protection of water quality, the reduction of the risk of wildfires, park ranger safety and security services, and the collection and accumulation of reserves for the aforementioned purposes.

"Improvements," as used herein, means facilities, buildings, fixed equipment, trails, roads, parking lots and other man-made structures on or alterations to lands owned or managed by the MRCA.

"Maintenance," as used herein, means the furnishing of services and materials for the routine, recurring, and usual work for the preservation or protection of Improvements for their intended purposes. Maintenance includes, but is not limited to, the repair, removal or replacement of all or any part of any Improvements; providing for the life, growth, health, and beauty of landscaping, including cultivation, irrigation, trimming, spraying, fertilizing, or treating for disease or injury; the removal of trimmings, rubbish, debris, and other solid waste; the cleaning, sandblasting, and painting of walls and other structural Improvements to remove or cover graffiti; fire prevention services; and safety and security services.

"Servicing," as used herein, means the furnishing of electric current, gas, or other form of energy for any public lighting facilities or for the lighting or operation of any other Improvements; and water for uses including, but not limited to, the irrigation of any landscaping, the operation of any fountains, or the Maintenance of any other Improvements.

EXHIBIT C – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

MOUNTAINS RECREATION CONSERVATION AUTHORITY Community Facilities District No. 2 (Open Space Protection and Fire Prevention)

This document defines the rate and method of apportionment for an annual special tax (the “Special Tax”) to be collected by the Mountains Recreation and Conservation Authority (the “MRCA”) to be used to maintain, improve, acquire, protect and preserve open space, wildlife corridors, natural habitats, lands, waters, and facilities owned or managed by the MRCA.

The Special Tax, determined as shown below, may be levied annually by the Governing Board (the “Board”) of the Mountains Recreation and Conservation MRCA within the boundaries of Community Facilities District No. 2 (the “CFD”):

A. DEFINITIONS

“**Developed Property**” means real property with improvements for residential, commercial or other purposes.

“**Fiscal Year**” means the period starting July 1 and ending the following June 30.

“**Non-Taxable Property**” means real property not subject to property taxation.

“**Undeveloped Property**” means real property without improvements which is designated as vacant by the County Assessor as of July 1 of the current Fiscal Year.

B. PROPERTY CATEGORIES AND ANNUAL SPECIAL TAX RATES

Each property within the CFD shall be classified, as of July 1 of the Fiscal Year, into one of the following property uses, and the Special Tax shall be levied as set forth below:

- | | |
|--------------------------|-------------------------------|
| 1. Developed Property: | Maximum of \$19.00 per parcel |
| 2. Undeveloped Property: | No Special Tax |
| 3. Non-Taxable Property: | No Special Tax |

The Special Tax listed above shall be levied annually beginning in Fiscal Year 2013-14 for a period not to exceed 10 years.

C. LIMITATIONS

The per parcel maximum established above shall not be increased over time. The Special Tax shall not be collected after Fiscal Year 2022-2023, except for any amount that remains delinquent in subsequent years. Under no circumstances will the Special Tax levied in a Fiscal Year against any parcel be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the CFD by more than 10 percent above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

D. COLLECTION OF THE SPECIAL TAX

The Special Tax shall be collected each Fiscal Year in the same manner and at the same time as ad valorem property taxes are collected and in the case of delinquency, shall be subject to the same penalties and lien priorities that apply to ad valorem taxes levied within the CFD. The MRCA intends that the Special Tax be included in the County Auditor's annual billing for ad valorem taxes.

E. CITIZENS' OVERSIGHT AND ACCOUNTABILITY PROVISIONS

The proceeds of the Special Tax shall be used to maintain, improve, acquire, protect and preserve open space, wildlife corridors, natural habitats, lands, waters, and facilities owned or managed by the MRCA within the CFD ("Services and Facilities"); and administrative or incidental expenses thereto, including costs for the collection and use of the Special Tax. The Services and Facilities include, but are not limited to, the protection of water quality, the reduction of the risk of wildfires, park ranger safety and security services, and the collection and accumulation of reserves for the aforementioned purposes.

The proceeds of the Special Tax shall be deposited into a fund, which shall be kept separate and apart from other funds of the MRCA. No later than January 1 of the following Fiscal Year for which the Special Tax is in effect, the MRCA shall prepare a report, for review and approval of the Board, detailing the amount of funds collected and expended, and the status of any project authorized to be funded by the Special Tax.

In addition, an advisory committee of citizens shall be appointed or designated by the Board to ensure that the Special Tax proceeds are spent for their authorized purposes, and to report annually to the Board and the public regarding the expenditure of such funds. The Board shall establish the composition and duties of the advisory committee and shall make all necessary appointments so that the advisory committee may convene within 6 months following the election authorizing the Special Tax.

F. APPEALS AND INTERPRETATION PROCEDURE

Any property owner within the CFD who believes that the portion of the Special Tax levied on the subject property is in error, may file a written appeal no later than June 30 of the Fiscal Year in which the levy occurred, with the Executive Officer or his or her designee, appealing the levy of the Special Tax on the subject property. The Executive Officer or his or her designee will promptly review the appeal, and, if necessary, meet with the applicant, and decide the merits of the appeal. If the findings of the Executive Officer or his or her designee verify that the Special Tax levied should be modified, the Special Tax levy for future Fiscal Years shall be corrected, and a credit against future Special Taxes shall be arranged, if applicable. Any dispute over the decision of the Executive Officer or his or her designee shall be referred to the Board and the decision of the Board shall be final.

EXHIBIT D – NOTICE OF SPECIAL TAX

The Notice of Special Tax for the CFD is presented on the following page.

NOTICE OF SPECIAL TAX LIEN

**MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
Community Facilities District No. 2
County of Los Angeles, California
(Open Space Protection and Fire Prevention)**

TO: THE PROSPECTIVE PURCHASER OF THE REAL PROPERTY KNOWN AS:

THIS IS A NOTIFICATION TO YOU PRIOR TO YOUR PURCHASING THIS PROPERTY.

- (1) This property is subject to a special tax, which is in addition to the regular property taxes and any other charges and benefit assessments on the parcel. This special tax may not be imposed on all parcels within the city or county where the property is located. If you fail to pay this tax when due each year, the property may be foreclosed upon and sold. The tax is used to provide public facilities or services that are likely to particularly benefit the property. **YOU SHOULD TAKE THIS TAX AND THE BENEFITS FROM THE PUBLIC FACILITIES AND SERVICES FOR WHICH IT PAYS INTO ACCOUNT IN DECIDING WHETHER TO BUY THIS PROPERTY.**
- (2) **The maximum annual special tax which may be levied is as follows:**

Each property within the CFD shall be classified, as of July 1 of the Fiscal Year, into one of the following property uses, and the Special Tax shall be levied as set forth below:

1. Developed Property (real property with improvements for residential, commercial or other purposes): **Maximum of \$19.00 per parcel**
2. Undeveloped Property: No Special Tax
3. Non-Taxable Property: No Special Tax

The Special Tax shall be levied annually beginning in Fiscal Year 2013-14 for a period not to exceed 10 years. The per parcel maximum established above shall not be increased over time. The Special Tax shall not be collected after Fiscal Year 2022-2023.

The Special Tax shall be collected each Fiscal Year in the same manner and at the same time as ad valorem property taxes are collected and in the case of delinquency, shall be subject to the same penalties and lien priorities that apply to ad valorem taxes levied within the CFD. The MRCA intends that the Special Tax be included in the County Auditor's annual billing for ad valorem taxes. **There is no provision for prepayment of the special tax obligation.**

- (3) The authorized services ("Services") that are being paid for by the special taxes and authorized facilities ("Facilities") which are being paid for by the special taxes, and by the money received from the sale of any bonds which would be repaid by the special taxes, to the extent that financing is available shall include acquisition, maintenance, improvement, servicing, protection, and preservation of open space, parkland,

wildlife corridors, natural habitats, lands, waters, and facilities owned or managed by the Mountains Recreation and Conservation Authority within the CFD; and administrative or incidental expenses thereto. The Services and Facilities include, but are not limited to, the protection of water quality, the reduction of the risk of wildfires, park ranger safety and security services, and the collection and accumulation of reserves for the aforementioned purposes. "Improvements," as used herein, means facilities, buildings, fixed equipment, trails, roads, parking lots and other man-made structures on or alterations to lands owned or managed by the Mountains Recreation and Conservation Authority. "Maintenance," as used herein, means the furnishing of services and materials for the routine, recurring, and usual work for the preservation or protection of Improvements for their intended purposes. Maintenance includes, but is not limited to, the repair, removal or replacement of all or any part of any Improvements; providing for the life, growth, health, and beauty of landscaping, including cultivation, irrigation, trimming, spraying, fertilizing, or treating for disease or injury; the removal of trimmings, rubbish, debris, and other solid waste; the cleaning, sandblasting, and painting of walls and other structural Improvements to remove or cover graffiti; fire prevention services; and safety and security services. "Servicing," as used herein, means the furnishing of electric current, gas, or other form of energy for any public lighting facilities or for the lighting or operation of any other Improvements; and water for uses including, but not limited to, the irrigation of any landscaping, the operation of any fountains, or the Maintenance of any other Improvements. The Facilities may not yet have all been constructed or acquired and it is possible that some may never be constructed or acquired.

YOU MAY OBTAIN A COPY OF THE RESOLUTION OF FORMATION THAT AUTHORIZED CREATION OF THE COMMUNITY FACILITIES DISTRICT, AND THAT SPECIFIES MORE PRECISELY HOW THE SPECIAL TAX IS APPORTIONED AND HOW THE PROCEEDS OF THE TAX WILL BE USED, FROM MRCA'S SPECIAL TAX ADMINISTRATOR BY CALLING (800) 273-5167. THERE MAY BE A CHARGE FOR THIS DOCUMENT NOT TO EXCEED THE ESTIMATED REASONABLE COST OF PROVIDING THE DOCUMENT.

I (WE) ACKNOWLEDGE THAT I (WE) HAVE READ THIS NOTICE AND RECEIVED A COPY OF THIS NOTICE PRIOR TO ENTERING INTO A CONTRACT TO PURCHASE OR DEPOSIT RECEIPT WITH RESPECT TO THE ABOVE REFERENCED PROPERTY. I (WE) UNDERSTAND THAT I (WE) MAY TERMINATE THE CONTRACT TO PURCHASE OR DEPOSIT RECEIPT WITHIN THREE DAYS AFTER RECEIVING THIS NOTICE IN PERSON OR WITHIN FIVE DAYS AFTER IT WAS DEPOSITED IN THE MAIL BY GIVING WRITTEN NOTICE OF THAT TERMINATION TO THE OWNER, SUBDIVIDER, OR AGENT SELLING THE PROPERTY.

DATE: _____

EXHIBIT E – SPECIAL TAX ROLL

The Tax Roll, which is a listing of all parcels within the CFD and the amount of the tax, is filed with the Board Secretary and is, by reference, made part of this Report and available upon request.

**MOUNTAINS RECREATION AND
CONSERVATION AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2 – 2012-2 MM FUND
(OPEN SPACE PROTECTION AND FIRE PREVENTION)**

Financial Statements

**For the Fiscal Year Ended
June 30, 2020**

**MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2 – 2012-2 MM FUND
(OPEN SPACE PROTECTION AND FIRE PREVENTION)**

**For the Fiscal Year Ended June 30, 2020
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Independent Auditor's Report

To the Citizens' Oversight Committee
of the Mountains Recreation and Conservation Authority
Community Facilities District No. 2 – 2012-2 MM
Los Angeles, California

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
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Louis Fernandez, CPA
Xinlu Zoe Zhang, CPA, MSA
John Maldonado, CPA, MSA
Thao Le, CPA, MBA
Julia Rodriguez Fuentes, CPA, MSA

We have audited the accompanying financial statements of the Mountains Recreation and Conservation Authority Community Facilities District No. 2 – 2012-2 MM Fund (Open Space Protection and Fire Prevention) (District No. 2 Fund), of the Mountains Recreation and Conservation Authority (Authority), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

*Employee Benefit Plan
Audit Quality Center*

California Society of
Certified Public Accountants



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District No. 2 Fund of the Authority, as of June 30, 2020, and the changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the District No. 2 Fund and do not purport to, and do not present fairly the financial position of the Authority as of June 30, 2020, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of that basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this omitted information.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
May 4, 2021

**MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2 – 2012-2 MM FUND
(OPEN SPACE PROTECTION AND FIRE PREVENTION)**

**Balance Sheet
June 30, 2020**

ASSETS

Cash and investments	\$	235,579
Assessments receivable		5,693
Due from other governments		<u>32,988</u>
Total assets	\$	<u><u>274,260</u></u>

LIABILITIES AND FUND BALANCE

Liabilities

Due to other governments	\$	<u>137,673</u>
Total liabilities		<u>137,673</u>

Fund Balance

Restricted		<u>136,587</u>
Total fund balance		<u>136,587</u>
Total liabilities and fund balance	\$	<u><u>274,260</u></u>

The accompanying notes are an integral part of these financial statements.

**MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2 – 2012-2 MM FUND
(OPEN SPACE PROTECTION AND FIRE PREVENTION)**

**Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2020**

Revenues

Special assessments	<u>\$ 302,491</u>
Total revenues	<u>302,491</u>

Expenditures

Current:

Acquisition services	33,098
Administration	12,286
Maintenance, supplies and services	<u>196,636</u>

Total expenditures	<u>242,020</u>
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Net change in fund balance	60,471
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Fund balance, July 1, 2019	<u>76,116</u>
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Fund balance, June 30, 2020	<u><u>\$ 136,587</u></u>
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The accompanying notes are an integral part of these financial statements.

**MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2 – 2012-2 MM FUND
(OPEN SPACE PROTECTION AND FIRE PREVENTION)**

**Notes to the Financial Statements
June 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

On August 7, 2012, the Governing Board established Mountains Recreation and Conservation Authority Community Facilities District No. 2 – 2012-2 MM (District No. 2) pursuant to Government Code Section 53311, et seq. for the purpose of funding open space protection and fire prevention by imposing a special tax on all taxable developed real property within the Woodland Hills, Encino and Tarzana Hillside Areas. Also on August 7, 2012, the Governing Board ordered a special tax election (Measure MM) for November 6, 2012 to receive voter-approval of the District No. 2 and levy of the special tax.

On November 6, 2012, the Measure MM was approved by the qualified registered voters within the boundaries of District No. 2 by receiving 68.67% support. The special tax proceeds are used for the purpose of open space, parkland and wildlife corridor maintenance and preservation, fire prevention and park ranger safety and security services in the Woodland Hills, Encino and Tarzana Hillside Areas and to fund the acquisition of additional open space in this area and incidental costs. The special tax was approved by voters to be levied annually for a period not to exceed 10 years beginning in the 2013-2014 fiscal year, with a maximum of \$19 per parcel and will generate approximately \$305,000 per year. The special tax is collected each fiscal year in the same manner and at the same time as ad valorem property taxes and are included in the County Auditor's annual billing for ad valorem taxes.

B. Basis of Presentation

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

**MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2 – 2012-2 MM FUND
(OPEN SPACE PROTECTION AND FIRE PREVENTION)**

**Notes to the Financial Statements
June 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

Fund Financial Statements (continued)

The District No. 2 Fund is accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Thus, any capital assets and long-term liabilities associated with the District No. 2 Fund are not accounted for in the financial statements of the District and are not included in the accompanying financial statements.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Special 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

C. Cash, Cash Equivalents, and Investments

The District No. 2 Fund's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as cash and investments. All cash and investments of the District No. 2 Fund are held with City National Bank.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. As of June 30, 2020, The District No. 2 Fund did not have any investments.

D. Fund Balances

Nonspendable fund balance - This amount indicates that portion of fund balance which cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

**MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2 – 2012-2 MM FUND
(OPEN SPACE PROTECTION AND FIRE PREVENTION)**

**Notes to the Financial Statements
June 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Balances (continued)

Restricted fund balance - This amount indicates that portion of fund balance that has been restricted for specific purposes by external parties, constitutional provisions, or enabling legislation.

Committed fund balance - This amount indicates that portion of fund balance which can only be used for specific purposes pursuant to formal action of the District No. 2 Fund's Citizens' Oversight Committee and can only be changed or lifted by the same formal action that imposed the constraint originally.

Assigned fund balance - This amount indicates that portion of fund balance that is constrained by the District No. 2 Fund's intent to be used for a specific purpose, but is neither restricted nor committed.

Unassigned fund balance - This amount indicates the residual portion of fund balance.

The District No. 2 Fund only had restricted fund balances in the amount of \$136,587 at June 30, 2020.

E. Use of Restricted and Unrestricted Fund Balances

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the District No. 2 Fund's policy is to apply restricted fund balances first, then unrestricted fund balances as they are needed. When expenditures are incurred for purposes for which unrestricted fund balances are available, the District uses the unrestricted resources in the following order: committed, assigned, and unassigned.

F. Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates and assumptions.

G. Financial Statement Presentation

The financial statements were prepared from only the accounts of the District No. 2 Fund; therefore, they do not present the financial position or results of operations of the Authority.

**MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2 – 2012-2 MM FUND
(OPEN SPACE PROTECTION AND FIRE PREVENTION)**

**Notes to the Financial Statements
June 30, 2020**

NOTE 2 - CASH AND INVESTMENTS

On June 30, 2020, the District No. 2 Fund had the following cash and investments:

Cash:	
Demand deposits	<u>\$ 235,579</u>
Total cash and investments	<u>\$ 235,579</u>

Cash Deposits

The carrying amount of the District No. 2 Fund's demand deposits was \$235,579 at June 30, 2020. Bank balances at June 30, 2020 were \$235,579, which were fully insured or collateralized with securities held by the pledging financial institutions in the District No. 2's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the District No. 2's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the District No. 2's name.

The fair value of pledged securities must equal at least 110% of the District No. 2 Fund's cash deposits. California law also allows institutions to secure the District No. 2 Fund's deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total cash deposits. The District No. 2 Fund may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The District No. 2 Fund, however, has not waived the collateralization requirements.

Investments

At June 30, 2020, the District No. 2 Fund did not have any investments.

NOTE 3 - RELATED PARTY DISCLOSURES

A. Services Performed for the District

Role of the Authority

The District No. 2 Fund is an Agency Fund of the Authority. The employees of the Authority perform work on behalf of the District and the actual cost of the time spent by these employees is charged to the District No. 2 Fund. The Authority also makes payments to vendors on behalf of the District.

**MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2 – 2012-2 MM FUND
(OPEN SPACE PROTECTION AND FIRE PREVENTION)**

**Notes to the Financial Statements
June 30, 2020**

NOTE 3 - RELATED PARTY DISCLOSURES (continued)

A. Services Performed for the District (continued)

Role of the District

The District does not have employees. The District No. 2 Fund is billed for the services performed by the Authority at cost plus an allocation of overhead, as well as for reimbursements for payments made to vendors by the Authority on behalf of the District. During the fiscal year ended June 30, 2020, the District No. 2 Fund was billed \$33,098 for acquisition services, \$12,286 for administration, and \$196,636 for maintenance, supplies and services, for a total of \$242,020.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

The Authority is a defendant in certain legal actions arising in the normal course of operations. In the opinion of management and legal counsel, any liability resulting from these actions will not result in a material adverse effect on the District No. 2 Fund's financial position.

COVID-19

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the District could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. The District has not included any contingencies in the financial statements specific to this issue.



MOUNTAINS RECREATION AND CONSERVATION AUTHORITY

SPECIAL TAX REPORT COMMUNITY FACILITIES DISTRICT No. 2016-2 MEASURE FF (FIRE PREVENTION, WILDLIFE CORRIDOR AND OPEN SPACE PROTECTION)

FY 2019-20

PREPARED BY:
SCIConsultingGroup
4745 MANGLES BOULEVARD
FAIRFIELD, CALIFORNIA 94534
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FAX 707.430.4319
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MOUNTAINS RECREATION AND CONSERVATION AUTHORITY

BOARD OF DIRECTORS

George Lange, Chair
Jim Hasenauer, Vice Chair
Irma R. Munoz
Dan Paranick

EXECUTIVE OFFICER

Joseph T. Edmiston

FINANCIAL OFFICER

Jim Friedl

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Melissa Smith

BOARD SECRETARY

James Yeramian

SPECIAL TAX ADMINISTRATOR

SCI Consulting Group

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ANNUAL REPORT (FY 2019-20)

This CFD Special Tax Annual Report (“Annual Report”) covers all assessor parcels of land within the boundaries of the Community Facilities District No. 2016-2 (“CFD”) of the Mountains Recreation and Conservation Authority (“Authority”). The special tax attributed to each parcel was computed in accordance with the special tax formula as approved by Resolution No. 16-91 of the Authority Board of Directors. The Annual Report summarizes the fiscal year 2019-20 special tax and rate and method of apportionment and fiscal year 2019-20 special tax collection, expenditures, fund balance, and other related data.

SUMMARY OF LAND USE

The CFD includes 17,388 parcels totaling approximately 11,291 acres within the Santa Monica Mountains Conservancy Zone in the City of Los Angeles generally within the Santa Monica Mountains west of Interstate 405 and east of the City of Calabasas (“Woodland Hills, Encino and Tarzana Hillside Areas” or “Areas”). The MRCA currently maintains over 1,000 acres of local open space, parkland and wildlife corridors in this Area. The boundaries of CFD No. 2016-2 for FY 2019-20 are attached in Exhibit A.

FIGURE 1 – SUMMARY OF LAND USE (CFD No. 2016-2)

Total Acres	11,291 acres
Developed Property	16,109 parcels
Undeveloped Property	1,211 parcels
Non-Taxable Property	68 parcels
Total Parcels	17,388 parcels

USE OF PROCEEDS

The special tax is used for open space, parkland and wildlife corridor maintenance and preservation, fire prevention and park ranger safety and security services in the Woodland Hills, Encino and Tarzana Hillside Areas and to fund the acquisition of additional open space in this area and to pay any incidental expenses related to the collection or use of the special tax.

The list of authorized services and facilities to be funded by CFD are detailed in Exhibit B.

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

The special taxes within the CFD were levied in accordance with the Rate and Method of Apportionment of Special Tax (the "RMA") which is attached as Exhibit B. The special tax is \$15.00 per developed parcel within the CFD. The special tax shall be levied annually beginning in Fiscal Year 2019-20 for a period not to exceed 10 years. The maximum annual special tax shall not be adjusted for inflation.

CFD SPECIAL TAX COLLECTIONS AND OTHER REVENUE

For FY 2019-20, there were 17,388 total parcels in the CFD, of which 16,109 were developed and taxable. The total annual special tax collected was \$238,831.

FIGURE 2 – EXPENDITURES FOR FISCAL YEAR 2019-20

Beginning Balance	
Balance as of July 1, 2019	\$28,875
Revenues	
CFD No. 2016-2 Special Taxes	\$238,831
Total Revenues	\$238,831
Expenses	
Administration	\$5,501
Acquisition - Land Purchases	\$0
Acquisition - Other Services	\$0
Maintenance - Services and Supplies	\$102,775
Security and Fire Prevention - Services and Supplies	\$146,475
Total Expenses	\$254,751
Ending Balance	
Balance as of June 30, 2020	\$12,955

¹ This amount includes all CFD No. 2016-2 Special Taxes received during the fiscal year, including any prior years delinquencies collected.

MANNER OF COLLECTION

The special tax is collected in the same manner and at the same time as ad valorem property taxes.

CFD SPECIAL TAX DELINQUENCIES

Special tax delinquencies for the special taxes levied for FY 2019-20 are 2.14% as of June 30, 2020.

ACCOUNTABILITY REPORT

In accordance with Government Code Section 50075.3, Executive Officer, or his or her designee, shall file a report with the Board no later than January 1 of each year. The annual report shall contain both of the following: (a) the amount of funds collected and expended; (b) the status of any project required or authorized to be funded with the proceeds of the special tax in accordance with this Section.

CITIZENS' OVERSIGHT

A citizens' oversight committee has been appointed by the Board and shall review and report annually on the expenditure of the special tax revenues.

PUBLIC INFORMATION

Property owners and other interested persons can obtain information regarding special tax levies and other information by contacting the Agency's Special Tax Administrator, SCI Consulting Group, at telephone number (800) 273-5167. SCI Consulting Group's property owner inquire line is also included with property tax bills.

NOTICE OF SPECIAL TAX

The Act states "For purposes of enabling sellers of real property subject to the levy of special taxes to satisfy the notice requirements of subdivision (b) of Section 1102.6 of the Civil Code, the designated office, department, or bureau shall furnish a Notice of Special Tax to any individual requesting the notice or any owner of property subject to a special tax levied by the local agency within five working days of receiving a request for such notice. The local agency may charge a reasonable fee for this service not to exceed ten dollars." A copy of this notice is included as Exhibit D.

In addition, any developer, subdivider or his or her agent or representative shall not sell, or lease any property subject to the Special Tax until the prospective purchaser or lessee has been furnished with and signed a written notice of special tax lien similar to that shown in Exhibit D.

EXHIBIT A – BOUNDARIES OF CFD

**MOUNTAINS RECREATION CONSERVATION AUTHORITY
Community Facilities District No. 2016-2
(Fire Prevention, Wildlife Corridor and Open Space Protection)**

BOOK 104 PAGE 44

CLERK'S MAP FILING STATEMENT

FILED IN THE OFFICE OF THE CLERK OF THE BOARD OF THE MOUNTAINS RECREATION AND CONSERVATION AUTHORITY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, THIS 27th DAY OF June, 2016.

CLERK OF THE BOARD

CLERK'S MAP CERTIFICATE

I DO HEREBY CERTIFY THAT THE WITHIN MAP SHOWING THE PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2016-2, MOUNTAINS RECREATION AND CONSERVATION AUTHORITY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WAS APPROVED BY THE BOARD OF DIRECTORS OF THE MOUNTAINS RECREATION AND CONSERVATION AUTHORITY AT A MEETING THEREOF, HELD ON THE 27th DAY OF June, 2016, BY ITS RESOLUTION NO. 16-21.

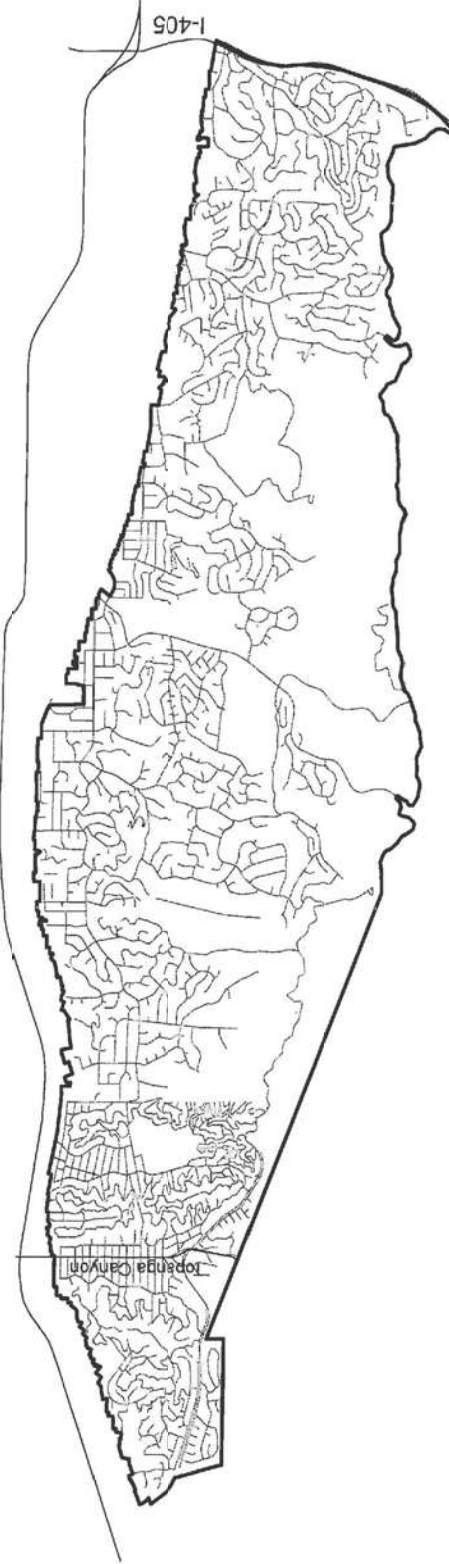
CLERK OF THE BOARD

RECORDER'S CERTIFICATE

FILED THIS 27th DAY OF June, 2016 AT THE HOUR OF 0'CLOCK P.M. IN BOOK OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA.

COUNTY RECORDER, COUNTY OF LOS ANGELES

US HWY 101



Legend

- Community Facilities District No. 2016-2 Boundary
- Major Roads
- Streets

SCI Consulting Group
4745 Mangels Blvd
Fairfield, CA 94534
(707) 430-4300

07/07/2016



20160790023

NOTE: REFERENCE IS HEREBY MADE TO THE MAPS AND DEEDS OF RECORD IN THE OFFICE OF THE ASSESSOR OF THE COUNTY OF LOS ANGELES FOR A DETAILED DESCRIPTION OF THE LINES AND DIMENSIONS OF ANY PARCELS SHOWN HEREIN. THOSE MAPS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH PARCELS. EACH PARCEL IS IDENTIFIED IN SAID MAPS BY ITS DISTINCTIVE ASSESSOR'S PARCEL NUMBER.

PROPOSED BOUNDARIES OF
COMMUNITY FACILITIES DISTRICT NO. 2016-2 OF THE
MOUNTAINS RECREATION AND CONSERVATION AUTHORITY,
CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA
Sheet 1 of 1 (Fire Prevention, Wildlife Corridor and Open Space Protection)

EXHIBIT B – DESCRIPTION OF SERVICES AND FACILITIES TO BE FINANCED BY THE CFD

MOUNTAINS RECREATION CONSERVATION AUTHORITY Community Facilities District No. 2016-2 (Fire Prevention, Wildlife Corridor and Open Space Protection)

The services and facilities described below are proposed to be financed by Community Facilities District No. 2016-2 (the "CFD") of the Mountain Recreation and Conservation Authority (the "MRCA"):

The types of services and facilities to be financed by the CFD ("Services and Facilities") shall include acquisition, maintenance, improvement, servicing, protection, and preservation of open space, natural or other lands and facilities owned or managed by the MRCA within the CFD; park ranger and security patrols; the reduction of the risk of wildfires including fire protection and suppression; the collection and accumulation of reserves for the acquisition, maintenance, improvement, servicing, protection, and preservation of open space, natural or other lands and facilities owned or managed by the MRCA within the CFD; including administrative or incidental expenses thereto.

"Improvements," as used herein, means facilities, buildings, fixed equipment, trails, roads, parking lots and other man-made structures on or alterations to lands owned or managed by the MRCA.

"Maintenance," as used herein, means the furnishing of services and materials for the routine, recurring, and usual work for the preservation or protection of Improvements for their intended purposes. Maintenance includes, but is not limited to, the repair, removal or replacement of all or any part of any Improvements; providing for the life, growth, health, and beauty of landscaping, including cultivation, irrigation, trimming, spraying, fertilizing, or treating for disease or injury; the removal of trimmings, rubbish, debris, and other solid waste; the cleaning, sandblasting, and painting of walls and other structural Improvements to remove or cover graffiti; fire prevention services; and safety and security services.

"Servicing," as used herein, means the furnishing of electric current, gas, or other form of energy for any public lighting facilities or for the lighting or operation of any other Improvements; and water for uses including, but not limited to, the irrigation of any landscaping, the operation of any fountains, or the Maintenance of any other Improvements.

EXHIBIT C – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

MOUNTAINS RECREATION CONSERVATION AUTHORITY Community Facilities District No. 2016-2 (Fire Prevention, Wildlife Corridor and Open Space Protection)

This document defines the rate and method of apportionment for an annual special tax (the “Special Tax”) proposed to be collected by the Mountains Recreation and Conservation Authority (the “MRCA”) to be used to maintain, improve, acquire, protect and preserve open space, wildlife corridors, natural habitats, lands, waters, and facilities owned or managed by the MRCA.

If approved by voters, the Special Tax, determined as shown below, may be levied annually by the Governing Board (the “Board”) of the Mountains Recreation and Conservation MRCA within the boundaries of Community Facilities District No. 2016-2 (the “CFD”):

A. DEFINITIONS

“**Developed Property**” means real property with improvements for residential, commercial or other purposes.

“**Fiscal Year**” means the period starting July 1 and ending the following June 30.

“**Non-Taxable Property**” means real property not subject to property taxation.

“**Undeveloped Property**” means real property without improvements which is designated as vacant by the County Assessor as of July 1 of the current Fiscal Year.

B. PROPERTY CATEGORIES AND ANNUAL SPECIAL TAX RATES

Each property within the CFD shall be classified, as of July 1 of the Fiscal Year, into one of the following property uses, and the Special Tax shall be levied as set forth below:

- | | |
|--------------------------|-------------------------------|
| 1. Developed Property: | Maximum of \$15.00 per parcel |
| 2. Undeveloped Property: | No Special Tax |
| 3. Non-Taxable Property: | No Special Tax |

The Special Tax listed above shall be levied annually beginning in Fiscal Year 2017-18 for a period not to exceed 10 years.

C. LIMITATIONS

The per parcel maximum established above shall not be increased over time. The Special Tax shall not be collected after Fiscal Year 2026-2027, except for any amount that remains delinquent in subsequent years. Under no circumstances will the Special Tax levied in a Fiscal Year against any parcel be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the CFD by more than 10 percent above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

D. COLLECTION OF THE SPECIAL TAX

The Special Tax shall be collected each Fiscal Year in the same manner and at the same time as ad valorem property taxes are collected and in the case of delinquency, shall be subject to the same penalties and lien priorities that apply to ad valorem taxes levied within the CFD. The MRCA intends that the Special Tax be included in the County Auditor's annual billing for ad valorem taxes.

E. CITIZENS' OVERSIGHT AND ACCOUNTABILITY PROVISIONS

The proceeds of the Special Tax shall be used to maintain, improve, acquire, protect and preserve open space, wildlife corridors, natural habitats, lands, waters, and facilities owned or managed by the MRCA within the CFD ("Services and Facilities"); and administrative or incidental expenses thereto, including costs for the collection and use of the Special Tax. The Services and Facilities include, but are not limited to, the protection of water quality, the reduction of the risk of wildfires, park ranger safety and security services, and the collection and accumulation of reserves for the aforementioned purposes.

The proceeds of the Special Tax shall be deposited into a fund, which shall be kept separate and apart from other funds of the MRCA. No later than January 1 of the following Fiscal Year for which the Special Tax is in effect, the MRCA shall prepare a report, for review and approval of the Board, detailing the amount of funds collected and expended, and the status of any project authorized to be funded by the Special Tax.

In addition, an advisory committee of citizens shall be appointed or designated by the Board to ensure that the Special Tax proceeds are spent for their authorized purposes, and to report annually to the Board and the public regarding the expenditure of such funds. The Board shall establish the composition and duties of the advisory committee and shall make all necessary appointments so that the advisory committee may convene within 6 months following the election authorizing the Special Tax.

F. APPEALS AND INTERPRETATION PROCEDURE

Any property owner within the CFD who believes that the portion of the Special Tax levied on the subject property is in error, may file a written appeal no later than June 30 of the Fiscal Year in which the levy occurred, with the Executive Officer or his or her designee, appealing the levy of the Special Tax on the subject property. The Executive Officer or his or her designee will promptly review the appeal, and, if necessary, meet with the applicant, and decide the merits of the appeal. If the findings of the Executive Officer or his or her designee verify that the Special Tax levied should be modified, the Special Tax levy for future Fiscal Years shall be corrected, and a credit against future Special Taxes shall be arranged, if applicable. Any dispute over the decision of the Executive Officer or his or her designee shall be referred to the Board and the decision of the Board shall be final.

EXHIBIT D – NOTICE OF SPECIAL TAX

The Notice of Special Tax for the CFD is presented on the following page.

NOTICE OF SPECIAL TAX LIEN

**MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
Community Facilities District No. 2016-2
County of Los Angeles, California
(Fire Prevention, Wildlife Corridor and Open Space Protection)**

TO: THE PROSPECTIVE PURCHASER OF THE REAL PROPERTY KNOWN AS:

THIS IS A NOTIFICATION TO YOU PRIOR TO YOUR PURCHASING THIS PROPERTY.

- (1) This property is subject to a special tax, which is in addition to the regular property taxes and any other charges and benefit assessments on the parcel. This special tax may not be imposed on all parcels within the city or county where the property is located. If you fail to pay this tax when due each year, the property may be foreclosed upon and sold. The tax is used to provide public facilities or services that are likely to particularly benefit the property. **YOU SHOULD TAKE THIS TAX AND THE BENEFITS FROM THE PUBLIC FACILITIES AND SERVICES FOR WHICH IT PAYS INTO ACCOUNT IN DECIDING WHETHER TO BUY THIS PROPERTY.**
- (2) **The maximum annual special tax which may be levied is as follows:**

Each property within the CFD shall be classified, as of July 1 of the Fiscal Year, into one of the following property uses, and the Special Tax shall be levied as set forth below:

1. Developed Property (real property with improvements for residential, commercial or other purposes): **Maximum of \$15.00 per parcel**
2. Undeveloped Property: No Special Tax
3. Non-Taxable Property: No Special Tax

The Special Tax shall be levied annually beginning in Fiscal Year 2017-18 for a period not to exceed 10 years. The per parcel maximum established above shall not be increased over time. The Special Tax shall not be collected after Fiscal Year 2026-2027.

The Special Tax shall be collected each Fiscal Year in the same manner and at the same time as ad valorem property taxes are collected and in the case of delinquency, shall be subject to the same penalties and lien priorities that apply to ad valorem taxes levied within the CFD. The MRCA intends that the Special Tax be included in the County Auditor's annual billing for ad valorem taxes. **There is no provision for prepayment of the special tax obligation.**

- (3) The authorized services ("Services") that are being paid for by the special taxes and authorized facilities ("Facilities") which are being paid for by the special taxes, and by the money received from the sale of any bonds which would be repaid by the special taxes, to the extent that financing is available shall include acquisition, maintenance, improvement, servicing, protection, and preservation of open space, natural or

other lands and facilities owned or managed by the MRCA within the CFD; park ranger and security patrols; the reduction of the risk of wildfires including fire protection and suppression; the collection and accumulation of reserves for the acquisition, maintenance, improvement, servicing, protection, and preservation of open space, natural or other lands and facilities owned or managed by the MRCA within the CFD; including administrative or incidental expenses thereto. "Improvements," as used herein, means facilities, buildings, fixed equipment, trails, roads, parking lots and other man-made structures on or alterations to lands owned or managed by the MRCA. "Maintenance," as used herein, means the furnishing of services and materials for the routine, recurring, and usual work for the preservation or protection of Improvements for their intended purposes. Maintenance includes, but is not limited to, the repair, removal or replacement of all or any part of any Improvements; providing for the life, growth, health, and beauty of landscaping, including cultivation, irrigation, trimming, spraying, fertilizing, or treating for disease or injury; the removal of trimmings, rubbish, debris, and other solid waste; the cleaning, sandblasting, and painting of walls and other structural Improvements to remove or cover graffiti; fire prevention services; and safety and security services. "Servicing," as used herein, means the furnishing of electric current, gas, or other form of energy for any public lighting facilities or for the lighting or operation of any other Improvements; and water for uses including, but not limited to, the irrigation of any landscaping, the operation of any fountains, or the Maintenance of any other Improvements.

YOU MAY OBTAIN A COPY OF THE RESOLUTION OF FORMATION THAT AUTHORIZED CREATION OF THE COMMUNITY FACILITIES DISTRICT, AND THAT SPECIFIES MORE PRECISELY HOW THE SPECIAL TAX IS APPORTIONED AND HOW THE PROCEEDS OF THE TAX WILL BE USED, FROM MRCA'S SPECIAL TAX ADMINISTRATOR BY CALLING (800) 273-5167. THERE MAY BE A CHARGE FOR THIS DOCUMENT NOT TO EXCEED THE ESTIMATED REASONABLE COST OF PROVIDING THE DOCUMENT.

I (WE) ACKNOWLEDGE THAT I (WE) HAVE READ THIS NOTICE AND RECEIVED A COPY OF THIS NOTICE PRIOR TO ENTERING INTO A CONTRACT TO PURCHASE OR DEPOSIT RECEIPT WITH RESPECT TO THE ABOVE REFERENCED PROPERTY. I (WE) UNDERSTAND THAT I (WE) MAY TERMINATE THE CONTRACT TO PURCHASE OR DEPOSIT RECEIPT WITHIN THREE DAYS AFTER RECEIVING THIS NOTICE IN PERSON OR WITHIN FIVE DAYS AFTER IT WAS DEPOSITED IN THE MAIL BY GIVING WRITTEN NOTICE OF THAT TERMINATION TO THE OWNER, SUBDIVIDER, OR AGENT SELLING THE PROPERTY.

DATE: _____

EXHIBIT E – SPECIAL TAX ROLL

The Tax Roll, which is a listing of all parcels within the CFD and the amount of the tax, is filed with the Board Secretary and is, by reference, made part of this Report and available upon request.

**MOUNTAINS RECREATION AND
CONSERVATION AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 5 – 2016-2 FF FUND
(OPEN SPACE PROTECTION AND FIRE PREVENTION)**

Financial Statements

**For the Fiscal Year Ended
June 30, 2020**

**MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 5 – 2016-2 FF FUND
(OPEN SPACE PROTECTION AND FIRE PREVENTION)**

**For the Fiscal Year Ended June 30, 2020
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ramsca.net

Independent Auditor's Report

To the Citizens' Oversight Committee
of the Mountains Recreation and Conservation Authority
Community Facilities District No. 5 – 2016-2 FF
Los Angeles, California

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Thao Le, CPA, MBA
Julia Rodriguez Fuentes, CPA, MSA

We have audited the accompanying financial statements of the Mountains Recreation and Conservation Authority Community Facilities District No. 5 – 2016-2 FF Fund (Open Space Protection and Fire Prevention) (District No. 5 Fund), of the Mountains Recreation and Conservation Authority (Authority), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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Certified Public Accountants



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District No. 5 Fund of the Authority, as of June 30, 2020, and the changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the District No. 5 Fund and do not purport to, and do not present fairly the financial position of the Authority as of June 30, 2020, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of that basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this omitted information.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
May 4, 2021

**MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 5 – 2016-2 FF FUND
(OPEN SPACE PROTECTION AND FIRE PREVENTION)**

**Balance Sheet
June 30, 2020**

ASSETS

Cash and investments	\$	5,947
Assessments receivable		<u>4,495</u>
Total assets	\$	<u><u>10,442</u></u>

LIABILITIES AND FUND BALANCE

Liabilities

Due to other governments	\$	<u>5,487</u>
Total liabilities		<u>5,487</u>

Fund Balance

Restricted		<u>4,955</u>
Total fund balance		<u>4,955</u>
Total liabilities and fund balance	\$	<u><u>10,442</u></u>

The accompanying notes are an integral part of these financial statements.

**MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 5 – 2016-2 FF FUND
(OPEN SPACE PROTECTION AND FIRE PREVENTION)**

**Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2020**

Revenues

Special assessments	\$ 238,831
	<hr/>
Total revenues	238,831
	<hr/>

Expenditures

Current:

Administration	5,501
Maintenance, supplies and services	249,250
	<hr/>

Total expenditures	254,751
	<hr/>

Net changes in fund balance	(15,920)
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Fund balance, July 1, 2019	20,875
	<hr/>

Fund balance, June 30, 2020	\$ 4,955
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

**MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 5 – 2016-2 FF FUND
(OPEN SPACE PROTECTION AND FIRE PREVENTION)**

**Notes to the Financial Statements
June 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

On August 3, 2016, the Governing Board established Mountains Recreation and Conservation Authority Community Facilities District No. 5 – 2016-2 FF Fund (District No. 5) pursuant to Government Code Section 53311, et seq. for the purpose of funding fire prevention, wildlife corridor and open space protection in Woodland Hills, Encino and Tarzana Hillside Areas. On August 3, 2016, the Governing Board, by Resolution, called for a special tax election consolidated with other elections occurring on November 8, 2016. On November 8, 2016 the special tax was approved by 76.99% of the voters within the boundaries of CFD 2016-2. The special tax will be levied annually beginning fiscal year 2017-2018 with a maximum special tax of \$15 per developed taxable parcel and could generate approximately \$241,305 per year. The special tax is collected each fiscal year in the same manner and at the same time as ad valorem property taxes and are included in the County Auditor's annual billing for ad valorem taxes.

B. Basis of Presentation

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

The District No. 5 Fund is accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Thus, any capital assets and long-term liabilities associated with the District No. 5 Fund are not accounted for in the financial statements of the District and are not included in the accompanying financial statements.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

**MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 5 – 2016-2 FF FUND
(OPEN SPACE PROTECTION AND FIRE PREVENTION)**

**Notes to the Financial Statements
June 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

Fund Financial Statements (continued)

Special 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

C. Cash, Cash Equivalents, and Investments

The District No. 5 Fund's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as cash and investments. All cash and investments of the District No. 5 Fund are held with City National Bank.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. As of June 30, 2020, The District No. 5 Fund did not have any investments.

D. Fund Balances

Nonspendable fund balance - This amount indicates that portion of fund balance which cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted fund balance - This amount indicates that portion of fund balance that has been restricted for specific purposes by external parties, constitutional provisions, or enabling legislation.

Committed fund balance - This amount indicates that portion of fund balance which can only be used for specific purposes pursuant to formal action of the District No. 5 Fund's Citizens' Oversight Committee and can only be changed or lifted by the same formal action that imposed the constraint originally.

Assigned fund balance - This amount indicates that portion of fund balance that is constrained by the District No. 5 Fund's intent to be used for a specific purpose, but is neither restricted nor committed.

**MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 5 – 2016-2 FF FUND
(OPEN SPACE PROTECTION AND FIRE PREVENTION)**

**Notes to the Financial Statements
June 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Balances (continued)

Unassigned fund balance - This amount indicates the residual portion of fund balance.

The District No. 5 Fund had restricted fund balances in the amount of \$4,955 at June 30, 2020.

E. Use of Restricted and Unrestricted Fund Balances

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the District No. 5 Fund's policy is to apply restricted fund balances first, then unrestricted fund balances as they are needed. When expenditures are incurred for purposes for which unrestricted fund balances are available, the Authority uses the unrestricted resources in the following order: committed, assigned, and unassigned.

F. Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates and assumptions.

G. Financial Statement Presentation

The financial statements were prepared from only the accounts of the District No. 5 Fund; therefore, they do not present the financial position or results of operations of the Authority.

NOTE 2 - CASH AND INVESTMENTS

On June 30, 2020, the District No. 5 Fund had the following cash and investments:

Cash:	
Demand deposits	<u>\$ 5,947</u>
Total cash and investments	<u><u>\$ 5,947</u></u>

The carrying amount of the District No. 1 Fund's demand deposits was \$5,947 at June 30, 2020. Bank balances at June 30, 2020 were \$5,947, which were fully insured or collateralized with securities held by the pledging financial institutions in the District No. 5's name as discussed below.

**MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 5 – 2016-2 FF FUND
(OPEN SPACE PROTECTION AND FIRE PREVENTION)**

**Notes to the Financial Statements
June 30, 2020**

NOTE 2 - CASH AND INVESTMENTS (continued)

Cash Deposits

The California Government Code requires California banks and savings and loan associations to secure the District No. 5 Fund's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the District No. 5 Fund's name.

The fair value of pledged securities must equal at least 110% of the District No. 5 Fund's cash deposits. California law also allows institutions to secure the District No. 5 Fund's deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total cash deposits. The District No. 5 Fund may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (CFDFDIC). The District No. 5 Fund, however, has not waived the collateralization requirements.

Investments

At June 30, 2020, the District No. 5 Fund did not have any investments.

NOTE 3 - RELATED PARTY DISCLOSURES

A. Services Performed for the District

Role of the Authority

The District No. 5 Fund is an Agency Fund of the Authority. The employees of the Authority perform work on behalf of the District and the actual cost of the time spent by these employees is charged to the District No. 5 Fund. The Authority also makes payments to vendors on behalf of the District.

Role of the District

The District does not have employees. The District No. 5 Fund is billed for the services performed by the Authority at cost plus an allocation of overhead, as well as for reimbursements for payments made to vendors by the Authority on behalf of the District. During the fiscal year ended June 30, 2020, the District No. 5 Fund was billed \$249,250 for maintenance, and \$5,501 for administration for a total of \$254,751.

**MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 5 – 2016-2 FF FUND
(OPEN SPACE PROTECTION AND FIRE PREVENTION)**

**Notes to the Financial Statements
June 30, 2020**

NOTE 4 - COMMITMENTS AND CONTINGENCIES

The Authority is a defendant in certain legal actions arising in the normal course of operations. In the opinion of management and legal counsel, any liability resulting from these actions will not result in a material adverse effect on the District No. 5 Fund's financial position.

COVID-19

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the District could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. The District has not included any contingencies in the financial statements specific to this issue.