COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
JUDI E. THOMAS

January 11, 2011

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **AUDIT OF THE LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT FOR THE YEAR ENDED JUNE 30, 2010**

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, 2010. The auditor's report (attached) concludes that the financial statements are presented fairly in conformance with generally accepted accounting principles and State regulations governing special districts. The auditor also indicated that they found no material deficiencies in RPOSD's controls over financial reporting.

If you have any questions, please call me, or your staff may contact Rachelle Anema at (213) 974-0335.

WLW:MMO:JN:CY:JMH:RA:rr
H:\Special Funds\Special Funds Unit\AUDITS\RP&OSD\FY 09-10 Audit\FY2010 Audit Report Cover Letter BOS.doc

Attachments

c: William T Fujioka, Chief Executive Officer
Russ Guiney, Director, Parks and Recreation
Ilona Volkmann, Administrator, Regional Park and Open Space District
Sachi A. Hamai, Executive Officer
Public Information Office
Audit Committee

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Board of Supervisors
Los Angeles County Regional Park and Open Space District
Los Angeles, California

SUMMARY OF AUDIT RESULTS

We have audited the financial statements of 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, 2010, and have issued our report thereon dated December 23, 2010. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

Our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed test of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Scope and Timing of the Audit

Audit fieldwork was substantially completed in November, 2010. Significant risks of material misstatement addressed by our auditing procedures included:

- Fraud risk for cash receipts and cash disbursements;
- Risk of improper revenue recognition;
- Risk of improper classification of expenditures.

Significant Audit Findings

We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2010. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

Examples of significant judgments and estimates reflected in the District's financial statements and disclosures include:

- Estimates involving revenues and expenses to be accrued as of year end.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Adjustments

Professional standards require us to accumulate all known and likely adjustments identified during the audit, other than those that are trivial. No adjustments were identified during the audit that needed to be made. Immaterial adjustments in the aggregate amounted to less than 1.3% of the total net assets of the District. These immaterial adjustments represented adjustments of deferred refunding charges, bond premium, interest expense and other revenue. Immaterial adjustments have not been reflected in the accompanying financial statements.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 23, 2010.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Mayer Hoffman McCann P.C.

Irvine, California
December 23, 2010

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Board of Supervisors
Los Angeles County Regional Park and Open Space District
Los Angeles, California

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

We have audited the financial statements of the governmental activities and each major fund of the Los Angeles County Regional Park and Open Space District (the "District"), a component unit of the County of Los Angeles, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 23, 2010. 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, and the State Controller's Minimum Audit Requirements for California Special Districts.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's 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 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.*

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all the deficiencies in the internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the Board of Supervisors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

Irvine, California
December 23, 2010

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2010

(With Independent Auditors' Report Thereon)

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LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2010

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Board of Supervisors
Los Angeles County Regional Park and Open Space District
Los Angeles, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and each major fund of the Los Angeles County Regional Park and Open Space District (the "District"), a component unit of the County of Los Angeles, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative financial information has been derived from the financial statements of the District for the year ended June 30, 2009 and, in our report dated January 19, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America and State regulations governing special districts.

The information identified in the accompanying table of contents as *Management's Discussion and Analysis* and *Required Supplementary Information* are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2010 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mayer Hoffman McCann P.C.

Irvine, California
December 23, 2010

BASIC FINANCIAL STATEMENTS

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LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

Management's Discussion and Analysis
For the Year Ended June 30, 2010

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, 2010. Please read it in conjunction with the accompanying financial statements, footnotes, and supplementary information.

Financial Highlights

- As more fully explained in the government-wide financial analysis below and in footnote 9 to the financial statements, net assets were $127.4 million at June 30, 2010.
- During the current year, the District's net assets increased by $33.2 million.
- The District's General Fund fund balance increased to $295.3 million.
- The District reduced its outstanding debt during fiscal year 2009-2010 by $24.9 million.

Financial Statement Overview

This annual report consists of a series of financial statements: 1) government-wide financial statements, 2) fund based financial statements, and 3) notes to the financial statements. In addition to the financial statements, this report contains required supplementary information and additional supplementary schedules.

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 Assets presents all of the District's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the fiscal year. All changes in net assets (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 expenses).

The government-wide financial statements can be found on pages 9-10 of this report.

Fund based 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 modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed view of the District's operations. Governmental fund information helps to determine the amounts of financial resources used to finance the District's programs.

The fund based financial statements can be found on pages 11 and 13 of this report. Net asset/net equity differences between the government-wide and fund based statements are highlighted on page 12 and are primarily the result of the inclusion of bonds payable, unamortized bond premium and refunding charges, and accrued interest on bonds payable, and the exclusion of deferred revenue from the government-wide liabilities .

The difference between the changes in net assets/fund balances on the government-wide versus fund based statements is highlighted on page 14 and is primarily the result of reporting the repayment of bond principal, the amortization of bond premium and refunding charges, and accrued interest on bonds payable, as expenditures in the fund based statements.

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

Government-wide Financial Analysis

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

Table 1
Net Assets
(in Thousands)

	Governmental Activities	
	FY 2010	FY 2009
Current and other assets	$ 363,676	$ 357,098
Total assets	363,676	357,098
Long-term debt outstanding	229,640	254,587
Other liabilities	6,624	8,256
Total liabilities	236,264	262,843
Net assets-		
Restricted for maintenance and servicing	50,665	56,949
Unrestricted	76,747	37,306
Total net assets	$ 127,412	$ 94,255

GASB Statement 34 requires that the government-wide statements reflect a liability for the $229.6 million in outstanding bonds issued to finance grants made to other governmental agencies, but does not permit the recognition of assets for future assessment revenues that are pledged for the annual debt service payments on the bonds. Amounts distributed to the cities and other eligible entities are recorded as expenses by the District and no capital assets are recorded. As a result, in previous years, the Statement of Net Assets has shown negative net assets. This year, the Statement of Net Assets reflected positive net assets for the fourth consecutive year, in the amount of approximately $127.4 million. The bond covenants require the County to levy property taxes in future years to specifically repay the principal and interest on the bonds. Accordingly, the net assets related to these bonds are expected to continue to gradually increase as the bonds are redeemed.

Total assets of the District increased by 1.8% from the prior year to $363.7 million due to a $7.0 million increase in pooled cash and investments, a $0.2 million decrease in assessments receivable, and a $0.2 million decrease in interest receivable.

Total liabilities of the District decreased by 10.1% from the prior year to $236.3 million due to a $25.0 million decrease in long-term liabilities (bonds payable) and a $1.6 million decrease in project related expenditure accruals and interest payable.

Total net assets increased $33.2 million to $127.4 million due to an excess of general revenues ($86.6 million in assessment revenue, investment and other income) over government expenses ($53.4 million in grants to other agencies, bond interest expense, maintenance and administration).

Table 2
Changes in Net Assets
(in Thousands)

	Governmental Activities Summary of Statement of Activities	
	FY 2010	FY 2009
Revenues		
General revenues		
Assessments	$ 80,115	$ 78,846
Investment income	5,408	9,967
Other revenue	1,083	920
Total revenues	86,606	89,733
Expenses		
Recreation and cultural services	42,780	51,937
Interest expense	10,669	11,859
Total expenses	53,449	63,796
Increase (decrease) in net assets	$ 33,157	$ 25,937

Total revenues decreased by $3.1 million resulting from an increase of $1.3 million in assessments and $0.2 million in other revenue, and a decrease of $4.6 million in investment income. The District spent $9.2 million less on park improvements and maintenance in 2010 and interest expense on bonds decreased by $1.2 million.

Fund Based Financial Analysis

As of the end of the current fiscal year, the District's governmental funds reported combined fund balances of $354.1 million, an increase of $7.9 million from the prior year. Current year revenues from the governmental funds were $86.6 million, a decrease of 3.8% from the previous year. Expenditures in the current year were $78.7 million, a decrease of 10.4% from the previous year.

Debt Management

At June 30, 2010, the District had Bonds Payable of $229,640,780, the proceeds of which are being used to fund various park improvement projects and a debt service reserve fund. The debt service payments are secured by the District's annual benefit assessment to each assessable parcel as approved by the voters in 1992 and 1996. The District reduced its outstanding debt by $24.9 million during fiscal year 2010.

Budgets

No material adjustments were made to the District's original General Fund or Debt Service Fund budgets.

During fiscal year 2010, the District again spent much less than the amount budgeted for park grants, projects, and maintenance. The budgeted expenditures included encumbrances of $63.1 million reflecting the District's obligations to fund future park improvements. These future expenditures will be funded with assessment revenues.

Contacting the District's Financial Management

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

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

STATEMENT OF NET ASSETS

June 30, 2010
(with comparative totals for June 30, 2009)

(in Thousands)

	Governmental Activities	
ASSETS:	2010	2009
Pooled cash and investments (note 4)	$ 354,529	347,532
Assessments receivable	8,067	8,257
Interest receivable	1,080	1,309
Total assets	363,676	357,098
LIABILITIES:		
Accounts payable	1,180	2,269
Accrued interest payable	2,777	3,068
Due to Los Angeles County (note 3)	2,667	2,919
Long-term liabilities (note 5):		
Due within one year	25,375	24,215
Due in more than one year	204,265	230,372
Total liabilities	236,264	262,843
NET ASSETS:		
Restricted for:		
Maintenance and servicing	50,665	56,949
Unrestricted (note 9)	76,747	37,306
Total net assets (deficit)	$ 127,412	94,255

See accompanying notes to the basic financial statements.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2010
(with comparative totals for the year ended June 30, 2009)

(in Thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for	Operating Contributions	Capital Contributions	Governmental Activities	
	Expenses	Services	and Grants	and Grants	2010	2009
Governmental activities:						
Recreation and cultural services	$ 42,780	-	-	-	(42,780)	(51,937)
Interest expense	10,669	-	-	-	(10,669)	(11,859)
Totals	$ 53,449	-	-	-	(53,449)	(63,796)
General revenues:						
Assessment revenue					80,115	78,846
Investment income					5,408	9,967
Other revenue					1,083	920
Total general revenues					86,606	89,733
Change in net assets					33,157	25,937
Net assets (deficit) at beginning of year					94,255	68,318
Net assets (deficit) at end of year					$ 127,412	94,255

See accompanying notes to the basic financial statements.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

BALANCE SHEET

Governmental Funds

June 30, 2010
(with comparative totals for June 30, 2009)

(in Thousands)

	General	Debt Service	Totals 2010	Totals 2009
Assets				
Pooled cash and investments (note 4)	$ 295,823	58,706	354,529	347,532
Assessments receivable	8,067	-	8,067	8,257
Interest receivable	931	149	1,080	1,309
Total assets	$ 304,821	58,855	363,676	357,098
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 1,180	-	1,180	2,269
Due to Los Angeles County (note 3)	2,667	-	2,667	2,919
Deferred revenue	5,700	-	5,700	5,715
Total liabilities	9,547	-	9,547	10,903
Fund balances:				
Reserved:				
Encumbrances	63,101	-	63,101	78,136
Debt Service	-	58,855	58,855	58,534
Maintenance and service	50,665	-	50,665	56,949
Unreserved:				
Undesignated	181,508	-	181,508	152,576
Total fund balances	295,274	58,855	354,129	346,195
Total liabilities and fund balances	$ 304,821	58,855	363,676	357,098

See accompanying notes to the basic financial statements.

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

Governmental Funds

June 30, 2010

(in Thousands)

Fund balances of governmental funds	$ 354,129
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Revenues that do not provide current financial resources are not reported as revenues in the funds.	5,700
The following long-term liabilities are not due and payable in the current period therefore are not reported in the funds:	
Bonds payable	(222,660)
Unamortized bond refunding charge	8,830
Unamortized bond premium	(15,810)
Accrued liabilities in the Statement of Net Assets differ from the amount reported in governmental funds due to accrued interest on bonds payable.	(2,777)
Net assets of governmental activities	$ 127,412

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

Year Ended June 30, 2010
(with comparative totals for the year ended June 30, 2009)

(in Thousands)

	General	Debt Service	Totals 2010	Totals 2009
Revenues:				
Assessments	$ 80,130	-	80,130	79,140
Investment income	3,934	1,474	5,408	9,967
Other revenue	1,083	-	1,083	920
Total revenues	85,147	1,474	86,621	90,027
Expenditures:				
Current:				
Services and supplies	3,185	-	3,185	2,333
Park improvements	20,913	-	20,913	33,026
Maintenance and servicing costs	18,682	-	18,682	16,578
Debt service:				
Principal	-	24,215	24,215	23,120
Interest	-	11,692	11,692	12,790
Total expenditures	42,780	35,907	78,687	87,847
Excess (deficiency) of revenues over (under) expenditures	42,367	(34,433)	7,934	2,180
Other financing sources (uses):				
Transfers in (note 7)	-	34,754	34,754	33,280
Transfers out (note 7)	(34,754)	-	(34,754)	(33,280)
Total other financing sources (uses)	(34,754)	34,754	-	-
Net changes in fund balances	7,613	321	7,934	2,180
Fund balances at beginning of year	287,661	58,534	346,195	344,015
Fund balances at end of year	$ 295,274	58,855	354,129	346,195

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 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2010

(in Thousands)

Net changes in fund balances - total governmental funds	$	7,934
Amounts reported for governmental activities in the Statement of Activities are different because:		
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.		(15)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the Statement of Net Assets.		24,215
Amortization of bond premium and refunding charges are not reported as expenditures in the funds.		732
Accrued interest for bonds payable. This is the net change in accrued interest for the current period.		291
Change in net assets of governmental activities	$	33,157

See accompanying notes to the basic financial statements.

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the Los Angeles County Regional Park and Open Space District (the "District"):

(a) History and Organization

General

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

Reporting Entity

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

The District is included in the County's comprehensive annual financial report for the year ended June 30, 2010.

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 generally accepted accounting principles ("GAAP"). The District does not have any component units.

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

(b) Basis of Accounting and Measurement Focus

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

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

Financial reporting is based upon all GASB pronouncements, as well as the FASB Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

Government-wide Financial Statements

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

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

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

(b) Basis of Accounting and Measurement Focus, (Continued)

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 year then ended.

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

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, fund equity, revenues and expenditures.

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.

Governmental Fund Types

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

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

(b) Basis of Accounting and Measurement Focus, (Continued)

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 as revenues 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 transaction 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 revenues 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.

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

(b) Basis of Accounting and Measurement Focus, (Continued)

Non-current portions of long-term receivables due to governmental funds 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 non-current receivables is deferred until they become current receivables.

Non-current portions of other long-term receivables are offset by fund balance reserve accounts.

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.

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

(c) Major Funds

The major funds of the District are as follows:

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.

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

(d) Cash and Investments

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

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

(e) Capital Assets

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

(f) Deferred Revenue

Deferred revenue in the fund financial statements represents receivables at year end that will not be collected soon enough to finance current year expenditures.

(g) Prior Year Data

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

2. BENEFITS ASSESSMENTS

The District's primary revenue source is the assessments which are levied annually on each of the approximately 2.2 million parcels within the District's boundaries. The District, as authorized by the Government Code, levied an assessment on each parcel of real property within the District. The rate and method of apportionment used in levying annual assessments for various categories of property is established in the Engineer's Report for County of Los Angeles Landscaping and Lighting District No. 92-1. The level of each assessment is based on the size and use of each parcel and the resulting benefit each parcel will receive from the proposed projects. The estimation of such benefit is quantified by benefit points, which is based on the 1996 Proposition.

The annual rate of each assessment may not exceed $14.46 per benefit point. The annual assessment for any parcel will consequently equal the annual rate multiplied by the number of benefit points applicable to each parcel. The assessment may be levied annually for a period of 22 years.

The expenditures of the District that are funded from the proceeds of the annual assessments levied and collected are distributed as follows: a minimum of 80% (but not more than 85%) of the assessments are used for the payment of debt service on bonds, notes and other obligations issued by the District and for the direct capitalized costs incurred on approved projects; 15% of assessments are used for maintenance and servicing of completed projects; and up to 5% of the assessment are used to pay for the District's ongoing administrative expenses.

3. TRANSACTIONS WITH THE COUNTY AND OTHER AGENCIES

The County is responsible for providing all necessary employees to the District for purposes of performing all District functions. Costs related to these employees are billed to the District based upon actual time spent providing District services. Accordingly, the District has no salaries and employee benefit expenditures or supplies inventory. Accrued expenditures in the amount of $2,667,000 as of June 30, 2010, for services provided by the County and other agencies for reimbursable projects, have been recorded as "Due to Los Angeles County".

4. CASH AND INVESTMENTS

Pooled Cash and Investments

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Pooled cash and investments	$354,528,696
Total cash and investments	$354,528,696

Cash and investments as of June 30, 2010 consist of the following:

Equity in County investment pool	$354,528,696
Total cash and investments	$354,528,696

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.

4. CASH AND INVESTMENTS, (CONTINUED)

Investments Authorized by Debt Agreements

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

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

Disclosures Relating to Interest Rate Risk

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

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.

4. CASH AND INVESTMENTS, (CONTINUED)

Disclosures Relating to Interest Rate Risk, (Continued)

Information about the sensitivity of the fair values of the District's investments with the County to market interest rate fluctuations is provided by the following table that shows the distribution of these investments by maturity:

		Remaining Maturity (in Months)		
Investment Type	Total	12 Months Or Less	13 to 24 Months	More Than 24 Months
LA County Treasury Pool	$354,528,696	-	354,528,696	-
Total	$354,528,696	-	354,528,696	-

Disclosures Relating 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 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.

		Minimum Legal	Exempt From	Rating as of Year End	
Investment Type	Total	Rating	Disclosure	AAA	Not Rated
LA County Treasury Pool	$354,528,696	None	-	-	$354,528,696
Total	$354,528,696		-	-	$354,528,696

4. CASH AND INVESTMENTS, (CONTINUED)

Concentration of Credit Risk

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

Custodial Credit Risk

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).

5. LONG-TERM OBLIGATIONS

The following is a summary of the changes in outstanding bonded indebtedness during the fiscal year ended June 30, 2010:

	Balance at July 1, 2009	Additions	Reductions	Balance at June 30, 2010	Due Within One Year
2005 A bonds	$ 162,525,000	$ -	$ (15,885,000)	146,640,000	$ 16,635,000
Refunding	(9,811,292)	-	981,129	(8,830,163)	-
Premium	17,523,687		(1,712,744)	15,810,943	-
2007 A Bonds	84,350,000	-	(8,330,000)	76,020,000	8,740,000
Totals	$ 254,587,395	$ -	$ (24,946,615)	$ 229,640,780	$ 25,375,000

5. LONG-TERM OBLIGATIONS, (CONTINUED)

2005 A Bond Issuance

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

The 2005 bonds are payable from the proceeds of annual assessments levied on parcels within the District boundaries. Interest is payable April 1 and October 1 of each year. Final bonds mature in 2019. The outstanding balance as of June 30, 2010 is $146,640,000.

The District has established and maintained a reserve account in accordance with the bond indenture. The reserve account has a balance of $17,757,356 as of June 30, 2010. The funding in such amount provides a source of security that facilitated the marketing of the bonds at the interest rates provided thereon, was necessary for the District to obtain ratings from the rating agencies, was a vital factor in marketing the bonds, and is not in excess of the amount reasonably necessary for such purposes.

2007 A Bond Issuance

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

5. LONG-TERM OBLIGATIONS, (CONTINUED)

2007 A Bond Issuance, (Continued)

The 2007 bonds are payable from the proceeds of annual assessments levied on parcels within the District boundaries. Interest is payable April 1 and October 1 of each year. Final bonds mature in 2019. The outstanding balance as of June 30, 2010 is $76,020,000.

The District has established and maintained a reserve account in accordance with the bond indenture. The reserve account has a balance of $9,796,144 as of June 30, 2010. The funding in such amount provides a source of security that facilitated the marketing of the bonds at the interest rates provided thereon, was necessary for the District to obtain ratings from the rating agencies, was a vital factor in marketing the bonds, and is not in excess of the amount reasonably necessary for such purposes.

The minimum annual requirements to amortize bonds as of June 30, 2010 are presented in the following schedule.

Year Ending June 30,	2007A Bonds		2005A Bonds		
	Principal	Interest	Principal	Interest	Premium Amortization
2011	8,740,000	3,582,500	16,635,000	6,932,044	1,793,610
2012	9,175,000	3,134,625	17,385,000	6,135,763	1,874,477
2013	9,625,000	2,664,625	18,230,000	5,260,388	1,965,586
2014	10,115,000	2,171,125	19,140,000	4,326,138	2,063,703
2015	10,640,000	1,652,250	20,095,000	3,345,263	2,166,673
2016	11,170,000	1,107,000	21,100,000	2,315,388	2,275,033
2017	3,845,000	731,625	7,870,000	1,581,300	848,555
2018	4,035,000	534,625	8,285,000	1,157,231	893,301
2019	4,235,000	327,875	8,720,000	710,850	940,203
2020	4,440,000	111,000	9,180,000	240,975	989,802
Total	$76,020,000	16,017,250	146,640,000	32,005,340	15,810,943

6. PLEDGED REVENUE

The District has two debt issuances outstanding that are collateralized by the pledging of property tax assessment revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in note 5, along with the purpose for which the proceeds of the related debt issuances were utilized. For the current year, debt service payments as a percentage of the pledged gross revenue (net of certain Administrative and Maintenance expenses where so required by the debt agreement) are indicated in the table below. This percentage also approximates the relationship of debt service to pledged revenue for the remainder of the term of the commitment:

Description of Pledged Revenue	Annual Amount of Pledged Revenue (in thousands)	Annual Debt Service Payments of all debt secured by this revenue (in thousands)	Debt Service as a Percentage of Pledged Revenue
Special assessment collections	$64,104	$35,907	56%

7. INTERFUND TRANSFERS

Transfers in and out for the year ended June 30, 2010 are as follows:

Transfers from	Transfers to	Amount
General Fund	Debt Service Fund	$34,754,340 (1)

(1) To transfer funds to cover debt service payments.

8. CONTINGENT LIABILITIES

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

9. RESTRICTED AND UNRESTRICTED NET ASSETS

Restricted Net Assets

GASB Statement No. 34 requires that net assets be restricted when constraints placed on net asset use are imposed by law through legislation. The Proposition 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, 2010 has been reflected as restricted net assets on the Statement of Net Assets.

Unrestricted Net Assets

GASB Statement No. 34 requires that local governments record in the statement of net assets 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 No. 34 to be reported as unrestricted net assets. This year the Statement of Net Assets reflected positive unrestricted net assets in the amount of approximately $76.7 million. In future years, net assets are expected to continue to gradually increase as the bonds are redeemed.

REQUIRED SUPPLEMENTARY INFORMATION

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

Year Ended June 30, 2010

(in Thousands)

	General Fund			
	Original Budget	Final Budget	2010 Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)
Revenues:				
Assessments	$ 79,123	79,123	79,926	803
Fines, forfeitures and penalties	913	913	1,039	126
Investment income	5,608	5,608	2,984	(2,624)
Total revenues	85,644	85,644	83,949	(1,695)
Expenditures:				
Recreation and cultural services:				
Services and supplies	4,950	4,950	4,740	210
Other charges	173,373	174,072	27,837	146,235
Total expenditures	178,323	179,022	32,577	146,445
Excess (deficiency) of revenues over (under) expenditures	(92,679)	(93,378)	51,372	144,750
Other financing sources (uses):				
Sale of capital assets	-	-	44	44
Transfers in	62,441	62,441	57,318	(5,123)
Transfers out	(97,691)	(97,692)	(92,072)	5,620
Appropriation for contingencies	(13,700)	(13,696)	-	13,696
Changes in reserves and designations	(23,645)	(22,949)	(18,113)	4,836
Other financing sources (uses)	(72,595)	(71,896)	(52,823)	19,073
Net change in fund balance	(165,274)	(165,274)	(1,451)	163,823
Fund balance at beginning of year	166,640	166,640	166,640	-
Fund balance at end of year	$ 1,366	1,366	165,189	163,823

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Year ended June 30, 2010

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 August 30 for each fiscal year. Budgets are adopted for the General Fund on a basis of accounting, which is different from generally accepted accounting principles ("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 to 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 as provided for in the County Budget Act. There were no expenditures that exceeded the related appropriations within any fund as of June 30, 2010.

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 GAAP. The Budgetary Comparison Schedules for the General Fund and Debt Service Fund have been prepared on the budgetary basis, which is different from GAAP.

2. **RECONCILIATION OF OPERATIONS ON MODIFIED ACCRUAL BASIS TO BUDGETARY BASIS, (CONTINUED)**

The following schedule is a reconciliation of the budgetary and net changes in GAAP fund balances as of June 30, 2010 (in thousands):

	General Fund	Debt Service
Net change in fund balance – budgetary basis	$ (1,451)	160
Reserves and designations	18,113	92
Subtotal	16,662	252
Adjustments: Changes in accruals	(9,049)	69
Net change in fund balance – GAAP basis	$ 7,613	321

OTHER SUPPLEMENTARY INFORMATION

LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL DEBT SERVICE FUND

Year Ended June 30, 2010

(in Thousands)

	Debt Service Fund			
	Original Budget	Final Budget	2010 Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)
Revenues:				
Investment income	$ 708	708	1,405	697
Total revenues	708	708	1,405	697
Expenditures:				
Debt Service				
Principal	24,215	24,215	24,215	-
Interest	21,489	21,489	11,692	9,797
Total expenditures	45,704	45,704	35,907	9,797
Excess (deficiency) of revenues over (under) expenditures	(44,996)	(44,996)	(34,502)	10,494
Other financing sources (uses):				
Transfers in	35,777	35,777	34,754	(1,023)
Appropriation for contingencies	(358)	(358)	-	358
Changes in reserves and designations	(221)	(221)	(92)	129
Other financing sources (uses) - net	35,198	35,198	34,662	(536)
Net change in fund balance	(9,798)	(9,798)	160	9,958
Fund balance at beginning of year	9,798	9,798	9,798	-
Fund balance at end of year	$ -	-	9,958	9,958