



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

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WENDY L. WATANABE
ACTING AUDITOR-CONTROLLER

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
MARIA M. OMS

April 29, 2008

TO: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe *Wendy Watanabe*
Acting Auditor-Controller

SUBJECT: **GANN LETTER**

Per Article XIII B of the State Constitution, the annual calculation of the appropriations (spending) limits under this Article is to be reviewed as part of the annual financial audit. The County's Appropriations Limits review was performed by our external auditors, Macias Gini & O'Connell LLP. We are attaching a copy of their report, commonly referred to as the "GANN Letter," for the year ended June 30, 2007. No exceptions were noted.

If you have any questions, please contact me, or your staff may contact Barbara Harshaw at (213) 974-9653.

WLW:JN:CY:bh

Administration\GANN Transmittal 2008

Attachment

c: William T Fujioka, Chief Executive Officer
Sachi A. Hamai, Executive Officer of the BOS
Judy Hammond, Public Information Office

COUNTY OF LOS ANGELES, CALIFORNIA

GANN LETTER

Year End June 30, 2007

(With Independent Accountant's Report Thereon)



MACIAS GINI & O'CONNELL LLP
CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

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Sacramento, CA 95816
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below to the accompanying Appropriations Limit Worksheet of the County of Los Angeles, California, (County) for the year ended June 30, 2007. These procedures, which were agreed to by the County and the County Accounting Standards and Procedures Committee (as presented in the publication entitled *Article XIII-B California Constitution Appropriation Limit Procedures Guidelines for California Counties*), were performed solely to assist the County in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The County's management is responsible for the Appropriations Limit Worksheet. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed worksheets setting forth the calculations necessary to establish the County's appropriations limit and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the County Board of Supervisors. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the County Board of Supervisors.

Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit Worksheet, we added last year's limit to the annual adjustment, and agreed the resulting amount to this year's limit.

Finding: No exceptions were noted as a result of our procedures.

3. We compared the current year information presented in the accompanying Appropriations Limit Worksheet to the worksheets described in Number 1 above.

Finding: No exceptions were noted as a result of our procedures.

4. We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet to the prior year appropriations limit adopted by the County Board of Supervisors.

Finding: No exceptions were noted as a result of our procedures.

5. We compared the amount for the City of Santa Clarita annexation adjustment to the resolution approved by the Board of Supervisors.

Finding: No exceptions were noted as a result of our procedures.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

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

Macias Fini & O'Connell LLP

Certified Public Accountants

Los Angeles, California
January 15, 2008

**COUNTY OF LOS ANGELES
Appropriations Limit Worksheet
For the Year Ended June 30, 2007**

Countywide

Appropriations limit, fiscal year 2005/2006	\$11,395,988,351
Net Annexation Adjustments	<u>(1,302)</u>
Subtotal	11,395,987,049
Adjustment factors:	
Population growth	1.010019
Non-Resident Assessed Value %	<u>x 1.055900</u>
Total adjustment factor	1.0664790621
Annual adjustment in dollars	757,594,531
Appropriations limit, fiscal year 2006/2007	<u>\$12,153,581,580</u>

Special Districts

Appropriations limit, fiscal year 2005/2006	\$1,193,094,727
Adjustment factors:	
Population growth	1.010013
Non-Resident Assessed Value %	<u>x 1.055900</u>
Total adjustment factor	1.0664727267
Annual adjustment in dollars	79,308,259
Appropriations limit, fiscal year 2006/2007	<u>\$1,272,402,987</u>

Calabasas and Malibu Lighting Districts and Malibu Garbage Disposal Districts

Appropriations limit, fiscal year 2005/2006	\$1,507,991
Adjustment factors:	
Population growth	1.010019
Non-Resident Assessed Value %	<u>x 1.055900</u>
Total adjustment factor	1.0664790621
Annual adjustment in dollars	100,250
Appropriations limit, fiscal year 2006/2007	<u>\$1,608,241</u>

COUNTY OF LOS ANAGELES
Notes to Appropriations Limit Worksheet
Year ended June 30, 2007

(1) 2005-2006 Appropriations Limit Adjustments

The Countywide adjustment of \$1,302 was made to the previously reported 2005-06 Appropriations Limit. This property tax revenue transfer to the City of Santa Clarita from Los Angeles County represents the valuation of certain parcels within the proposed annexation area that are not subject to tax-exempt status under the Revenue and Taxation Code.

(2) Adjustment Factors

The County, as allowed by law, has chosen to use various population factors to compute its adjustment factors for the year ended June 30, 2007. The Countywide population factor uses the change in population within its jurisdiction, combined with the change in population within all counties having borders that are contiguous to the County of the Los Angeles. The population factor for each of the special districts is based solely on the change in population within the County of Los Angeles, and the County of Los Angeles and each special district governed by the Board of Supervisors of the County of Los Angeles chooses to use the percentage change in nonresidential assessed value percentage, provided by the Office of Assessor. Such factors are as follows:

Countywide:

Nonresidential AV %		1.055900
Population Factor	x	1.010019
Adjustment Factor		1.0664790621

Special Districts:

Nonresidential AV %		1.055900
Population Factor	x	1.010013
Adjustment Factor		1.0664727267

Calabasas and Malibu Lighting Districts and
Malibu Garbage Disposal Districts:

Nonresidential AV %		1.055900
Population Factor	x	1.010019
Adjustment Factor		1.0664790621

COUNTY OF LOS ANAGELES
Notes to Appropriations Limit Worksheet
Year ended June 30, 2007

(3) Calabasas and Malibu Lighting Districts and Malibu Garbage Disposal Districts

Calabasas and Malibu Lighting Districts and Malibu Garbage Disposal Districts are County subunits, not independent legal entities. Although their revenue is separately tracked, Malibu and Calabasas would only exceed their Appropriation Limit if Los Angeles County exceeded its Appropriation Limit.