

**County of Los Angeles**  
**Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2005**  
**J. Tyler McCauley • Auditor/Controller**

COUNTY OF LOS ANGELES  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
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# **INTRODUCTORY SECTION**



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

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LOS ANGELES, CALIFORNIA 90012-2766  
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J. TYLER McCAULEY  
AUDITOR-CONTROLLER

December 9, 2005

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

In accordance with Section 25253 of the Government Code of California, I hereby submit the Comprehensive Annual Financial Report (CAFR) of the County of Los Angeles for the year ended June 30, 2005. The report contains financial statements that have been prepared in accordance with generally accepted accounting principles prescribed for governmental entities, and provides a comprehensive overview of the County's financial operations and financial position. The accuracy, completeness and fairness of the presentation of all information in this report are the responsibility of the County.

The CAFR consists of three sections: introductory, financial and statistical. The introductory section is composed of this letter, an organization chart of the County, and a listing of the members of the Board of Supervisors and principal County officials. The financial section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the Basic Financial Statements (including notes) and the Required Supplementary Information. The MD&A is a narrative introduction, overview, and analysis of the basic financial statements. The basic financial statements include the government-wide financial statements that are designed to provide an overview of the County's entire financial operations. In addition, the fund financial statements present financial information of each of the County's major funds, as well as non-major funds, fiduciary funds, and other funds. The statistical section includes other financial information and also demographic information, generally presented on a multi-year basis.

The report includes financial data for all County funds and the following additional entities which are considered part of the County for purposes of meeting the reporting entity requirements prescribed by the Governmental Accounting Standards Board:

Fire Protection District	Children and Families First Commission
Flood Control District	Regional Park and Open Space District
Street Lighting Districts	Garbage Disposal Districts
Improvement Districts	Sewer Maintenance Districts
Community Development	Waterworks Districts
Commission (including the	Los Angeles County Employees Retirement Association
Housing Authority of the	Los Angeles County Capital Asset Leasing Corporation
County of Los Angeles)	Various Joint Powers Authorities

Honorable Board of Supervisors  
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The above entities are regarded as component units of the County and have been included in the County's basic financial statements because the Board of Supervisors is financially accountable for them. All component units have been blended into the basic financial statements except for the Children and Families First Commission, which is discretely presented. Note 1 to the basic financial statements contains additional information regarding the relationship between the County and these entities.

Other local governmental entities provide public services to the residents of the County, including over eighty cities, one hundred school districts and numerous special districts that provide specialized services to the County's residents. The operations of these entities have not been included in the County's reporting entity since each entity is responsible for conducting its own day-to-day operations and is compelled to answer to its own separately elected governing board. Significant entities that do not meet the criteria for inclusion in this report include the City of Los Angeles, Los Angeles Unified School District and Los Angeles County Sanitation Districts. The Los Angeles County Superior Court is not included due to legislation (AB233) which transferred oversight responsibilities for Court operations to the State in 1997-98. However, AB233 requires the County to continue to fund certain Court-related expenditures, and the County continues to receive certain Court collections. Accordingly, the County's financial statements include various Court-related financial transactions.

### **LOS ANGELES COUNTY AND ITS SERVICES**

Los Angeles County was established by an act of the State Legislature on February 18, 1850 as one of California's original 27 counties. Located in the southern portion of the State, the County covers 4,083 square miles. With a population of over ten million, as of January 2005, its population is the largest of any county in the nation.

Los Angeles County was a general law county until 1913 when it became a charter county as a result of local election. The County is governed by a five member Board of Supervisors who are elected by district to serve alternating four-year terms. The Assessor, District Attorney and Sheriff are also elected officials while all other departments are headed by appointed officials. On March 5, 2002, County voters approved two charter amendments providing for term limits for the Board of Supervisors and the other elected County officials. The affected officials are limited to three consecutive terms commencing December 2002.

There are over one million residents in the unincorporated areas of the County. These residents receive all municipal services from the County, including law enforcement, fire protection, land use and zoning, building and business permits, local road building and maintenance, animal care and control, and public libraries. In addition, the County provides a wide range of services to all County residents.

The County also provides municipal services to many incorporated cities within its boundaries under the Contract Services Plan. Established in 1954, the Plan allows cities to provide municipal services without incurring the cost of creating numerous city departments and facilities by having the County provide, at cost, any or all municipal services within a city at the same level as provided in unincorporated areas, or at any higher level the city may choose.

Honorable Board of Supervisors  
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Although the Plan was developed to assist new cities, the great majority of the cities in the County now contract for one or more services.

The County's principal functions include seven major areas as required under the County's charter, County ordinances, or by State or federal mandate: general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation and cultural services. The State and federal governments mandate certain minimum levels of services in the public assistance and health areas.

## **ECONOMIC OVERVIEW**

Los Angeles County's economy is larger than that of 42 states, with a Gross Product estimated at \$373.2 billion dollars in 2003. The County serves as the central trade district for the western United States and controls nearly 75% of the Pacific Coast trade with Asia. It is a leader in the communications industry, has established itself as a leading financial center, and serves as the western headquarters for many national firms. The County's economy was in a solid growth mode at the end of 2004, and the outlook for 2005 is much improved.

Since 2003, the County has experienced a modest recovery in the job market with a second straight year of lower unemployment rates. The County's economy is projected to continue on the recovery track in 2005 with moderate job growth of approximately 1.6% (or 66,000 jobs) from 2004 employment levels. The modest recovery is being supported by continued growth in the defense and aerospace industry, and by major construction projects, including the expansion of port facilities and the ongoing replacement of the County's LAC+USC Medical Center.

In terms of its industrial base, diversity continues to be Los Angeles County's greatest strength, with continued job growth projected for most major sectors of the economy in 2005. The continuing increase in international trade has made the ports of Los Angeles and Long Beach the busiest and most productive in the nation. After showing strong gains in the total value of two-way trade from 2003-2004, Los Angeles continues to be the number one customs district in the nation for international trade. The residential housing market has continued its strong performance in 2004, with both the total number of building permits and aggregate valuations showing increases of over 25% from 2003.

## **FINANCIAL INFORMATION**

### **INTERNAL AND BUDGETARY CONTROLS**

The County has developed a system of internal accounting controls designed to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use and to provide reliable records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the costs of a system of internal accounting controls should not outweigh related benefits and that the evaluation of costs and benefits requires estimates and judgments by management. All internal accounting control evaluations occur within the above framework. We believe that the County's system of internal accounting controls adequately safeguards assets and also provides reasonable assurance of proper recording of financial transactions.

Honorable Board of Supervisors  
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In accordance with the provisions of Section 29000-29144 of the Government Code, commonly known as the County Budget Act, the County prepares and adopts a budget on or before August 30 of each fiscal year. Expenditures are controlled at the object level for all budget units within the County, except for fixed asset expenditures which are controlled at the sub-object level.

Encumbrance accounting is utilized to ensure effective budgetary control and accountability. Unencumbered appropriations lapse at year-end and encumbrances outstanding at the time are reported as reservations of fund balance for subsequent year expenditures.

The Board of Supervisors must approve all transfers of appropriations between budget units and transfers exceeding \$250,000 within budget units. The Board must also approve necessary supplemental appropriations, normally financed by unanticipated revenues earned during the year.

In addition to these procedural controls, the Auditor-Controller's Audit Division performs periodic internal control, operational and management audits of the various departments to help ensure that prescribed procedures are followed and that operations are conducted in an efficient manner. In addition, the Auditor-Controller operates a fraud hotline that provides County employees and citizens with a way to anonymously report perceived fraudulent activities by County employees, vendors, contractors, inspectors, etc. Allegations reported over the hotline are evaluated and investigated, as appropriate.

#### CASH MANAGEMENT

The majority of the entities included in the CAFR have their funds on deposit with the Los Angeles County Treasury Pool (LACTP). The Treasurer invests LACTP funds primarily in certificates of deposit, obligations of various agencies of the federal government and of Los Angeles County, corporate notes, repurchase agreements, and commercial paper. In accordance with Governmental Accounting Standards Board Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," the basic financial statements reflect the fair value of investments.

The Treasurer's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Investments are placed in conformance with State law and Treasurer's investment policy approved by the Board. Any deviations from the policy are reported to the Los Angeles County Board of Supervisors monthly and the Treasury Oversight Committee quarterly.

As of June 30, 2005, LACTP investments had the following maturity ranges:

<u>Maturity Period</u>	<u>% of Total</u>
1 to 60 days	59.2%
61 days to 1 year	29.8%
Over 1 year	11.0%

Honorable Board of Supervisors  
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## **RISK MANAGEMENT**

The County purchases insurance for certain risk exposures such as aviation, employee fidelity, boiler and machinery in certain structures, art objects, catastrophic hospital general liability, volunteer, crime, special events, public official bond, public safety reserve employee death and disability, and fiduciary liability for the deferred compensation plans. The County also has insurance on most major structures.

The County retains the risk for all other loss exposures. Major areas of risk include workers' compensation and long-term disability, medical malpractice, law enforcement, theft and damage to property, errors and omissions and torts.

## **MAJOR INITIATIVES**

The County's 2005-2006 budgetary focus was concentrated on funding two critical areas, 1) public safety and justice systems, and 2) services to unincorporated areas of the County.

### **PUBLIC SAFETY AND JUSTICE SYSTEM INCREASES**

The public safety and justice system in the County has seen significant reductions in funding in recent years and this budget focuses on restoring many of those reductions. It includes the Board approved full cost of restoring 1,778 inmate beds at various County detention facilities. In addition, the budget proposes the shift of female inmates from Tower II at the Twin Towers Correctional Facility to the Century Regional Detention Facility (CRDF) and the movement of higher risk inmates from Men's Central Jail to Tower II, resulting in an additional 2,127 beds being opened before the end of 2005-2006 and 569 more beds in 2006-2007.

The 2005-2006 Budget also provides for the addition of 45 prosecutors in the District Attorney's office and a corresponding increase for indigent defense staff in the Public Defender and Alternate Public Defender. An increase in funding is also provided for the Probation Department to enhance programs for delinquent and at-risk youth, to deter criminal behavior.

### **ENHANCED UNINCORPORATED AREA SERVICES**

The 2005-2006 Budget also provides for enhanced services to unincorporated area residents. The Parks and Recreation Department will be increasing recreational programs, grounds maintenance and facilities maintenance staff, trails crews, and tree trimmers. Enhanced security at County parks will be provided by the Office of Public Safety. The Public Library has funding for new libraries and library replacements, staff for enhanced service hours to the public, the establishment of additional literacy and homework centers and other specialized library staff. The District Attorney's budget has been increased to provide for the enforcement of County Code violations. The Sheriff's budget provides for the restoration of Community Oriented Policing Services (COPS) for the unincorporated area that was previously curtailed. The budget also provides funding for strategic planning initiatives and economic development projects to improve the quality of life for the residents of the County's unincorporated communities.

Honorable Board of Supervisors  
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## **OTHER INFORMATION**

### **INDEPENDENT AUDIT**

The basic financial statements have been audited by KPMG LLP, with its subcontractor, Vasquez & Co. LLP. In accordance with the requirements of the Office of Management and Budget Circular A-133, as revised, the auditors are also in the process of completing an annual financial and compliance audit of federal funds received by the County. The County's single audit for 2003-2004 has been completed.

### **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Los Angeles for its Comprehensive Annual Financial Report for the past twenty-three fiscal years.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

## **ACKNOWLEDGEMENTS**

I would like to express my appreciation to my Accounting Division, the various County departments who assisted in the preparation of this report and also acknowledge the efforts of our independent auditors.

Sincerely,

A handwritten signature in black ink, reading "J. Tyler McCauley". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

J. Tyler McCauley  
Auditor-Controller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Los Angeles,  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

COUNTY OF LOS ANGELES  
BOARD OF SUPERVISORS AND PRINCIPAL COUNTY OFFICIALS

BOARD OF SUPERVISORS

Gloria Molina, Chair  
First District

Yvonne B. Burke  
Second District

Don Knabe  
Fourth District

Zev Yaroslavsky  
Third District

Michael D. Antonovich  
Fifth District

Violet Varona-Lukens  
Executive Officer  
Board of Supervisors

PRINCIPAL COUNTY OFFICIALS

Rick Auerbach  
Assessor

Steve Cooley  
District Attorney

Leroy D. Baca  
Sheriff

---

David E. Janssen  
Chief Administrative Officer

Mark J. Saladino  
Treasurer and Tax Collector

J. Tyler McCauley  
Auditor-Controller

Raymond G. Fortner, Jr.  
County Counsel

# COUNTY OF LOS ANGELES

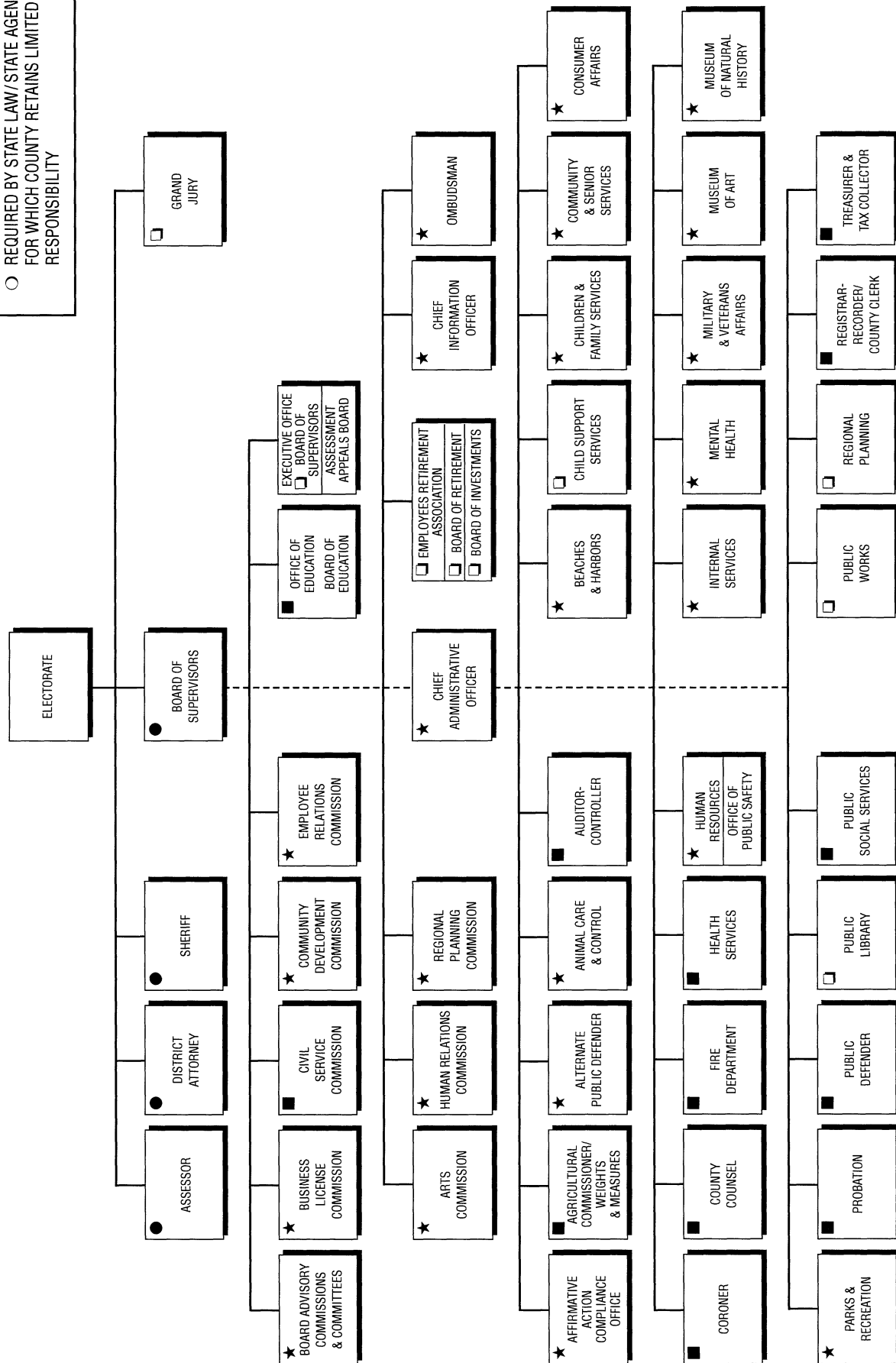
## LEGEND

### APPOINTIVE

- REQUIRED BY COUNTY CHARTER
- REQUIRED OR AUTHORIZED BY STATE LAW
- ★ ESTABLISHED BY ORDINANCE OF THE BOARD OF SUPERVISORS

### ELECTIVE

- REQUIRED BY COUNTY CHARTER
- REQUIRED BY STATE LAW/STATE AGENCIES FOR WHICH COUNTY RETAINS LIMITED RESPONSIBILITY





# **FINANCIAL SECTION**



**KPMG LLP**  
Suite 2000  
355 South Grand Avenue  
Los Angeles, CA 90071-1568

## Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Los Angeles, California (County), as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Community Development Commission (CDC), Los Angeles County Employees' Retirement Association (LACERA), and the Children and Families First Commission (CFFC), which represent the following percentages, respectively, of the assets, net assets or fund balance and revenues of the following opinion units:

<b>Opinion units</b>	<b>Assets</b>	<b>Net assets or fund balance</b>	<b>Revenues</b>
Governmental activities	2%	8%	1%
Business-type activities	4	37	8
Discretely presented component unit	100	100	100
Aggregate remaining fund information	72	73	11

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for CDC, LACERA, and CFFC, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Los Angeles, California, as of June 30, 2005, and the respective changes in financial position, and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund, the Fire Protection District, the Flood Control District, the Public Library, and the Regional Park and Open Space District for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued that report dated December 9, 2005 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 20 and the schedule of funding progress on page 98 are not a required part of the basic financial statements, but are supplementary information required by the 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 the 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 County of Los Angeles' basic financial statements. The accompanying information identified in the table of contents as the introductory section, combining and individual fund statements and schedules, and the statistical section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements, and accordingly, we express no opinion on them.

KPMG LLP

December 9, 2005

## **COUNTY OF LOS ANGELES MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the County's Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of financial activities for the fiscal year ended June 30, 2005. We recommend that this information be used in conjunction with additional information contained in the letter of transmittal.

### **Financial Highlights**

At the end of the current year, the net assets (total assets less total liabilities) of the County were positive \$2.38 billion. However, net assets are classified into three categories and the unrestricted component is negative \$2.197 billion. See further discussion on page 7.

During the current year, the County's net assets increased by a total of \$1.134 billion. Net assets related to governmental activities increased by \$1.028 billion, while net assets related to business-type activities increased by \$106 million.

At the end of the current year, the County's General Fund reported a total fund balance of \$2.327 billion. The amount of unreserved fund balance was \$1.926 billion. Of the unreserved total, \$1.017 billion was designated.

The County's capital asset balances were \$4.508 billion at year-end and increased by \$229 million during the year. Infrastructure assets are reflected only to the extent that they were acquired since July 1, 2001. Retroactive infrastructure reporting has been deferred until next year as discussed on page 6.

During the current year, the County's total long-term debt decreased by \$338 million. Bond maturities (including advance refunding of debt) of \$1.151 billion exceeded the \$813 million of newly issued and accreted long-term debt.

### **Overview of the Basic Financial Statements**

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements, which are comprised of the following three components:

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

This report also includes other supplementary information in addition to the basic financial statements.

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all County assets and liabilities, with the difference representing net assets. Over time, increases and decreases in net assets may serve as an indicator of whether the financial position of the County is improving or deteriorating.

## **COUNTY OF LOS ANGELES MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

### GOVERNMENT-WIDE FINANCIAL STATEMENTS-Continued

The Statement of Activities presents information that indicates how the County's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that affect cash flows in future periods. For example, property tax revenues have been recorded that have been earned but not yet collected and workers' compensation expenses have been accrued but not yet paid.

The government-wide financial statements report the following different types of programs or activities:

- **Governmental Activities** - The majority of County services are reported under this category. Taxes and intergovernmental revenues are the major revenue sources that fund these activities which include general government, public protection, public ways and facilities, health and sanitation, public assistance, recreation, and cultural services.
- **Business-type Activities** - County services that are intended to recover costs through user charges and fees are reported under this category. The County Hospitals, the Waterworks Districts, the Aviation Fund, and housing programs operated by the Community Development Commission, a blended component unit, are regarded as business-type activities.
- **Discretely Presented Component Unit** - Component units are separate entities for which the County is financially accountable. The Children and Families First Commission is the only component unit that is discretely presented.

### FUND FINANCIAL STATEMENTS

The fund financial statements contain information regarding major individual funds. A fund is a fiscal and accounting entity with a balanced set of accounts. The County uses separate funds to ensure compliance with fiscal and legal requirements.

The County's funds are classified by the following three categories:

- **Governmental Funds** - These funds are used to account for essentially the same services that were previously described as governmental activities above. However, the fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. Governmental funds include the General Fund, as well as Special Revenue Funds, Debt Service Funds, Capital Project Funds, and Permanent Funds.

## **COUNTY OF LOS ANGELES MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

### **FUND FINANCIAL STATEMENTS-Continued**

- Proprietary Funds - These funds are used to account for functions that were classified as “business type activities” in the government-wide financial statements. The County’s Internal Service Funds are also reported within the proprietary fund section. The County’s six Hospital Funds are all considered major funds for presentation purposes. The remaining proprietary funds are combined in a single column, with individual fund details presented elsewhere in this report.
- Fiduciary Funds - These funds are used to report assets held in a trustee or agency capacity for others and cannot be used to support the County’s programs. The Pension Trust Fund, the Investment Trust Funds, and Agency funds are reported in this fund category, using the accrual basis of accounting.

### **NOTES TO THE BASIC FINANCIAL STATEMENTS**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements.

### **REQUIRED SUPPLEMENTARY INFORMATION**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the County’s progress in funding its obligation to provide pension benefits to employees.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the County, assets exceeded liabilities by \$2.38 billion at the close of the most recent fiscal year.

**COUNTY OF LOS ANGELES  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

Summary of Net Assets  
As of June 30, 2004 and 2005  
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 5,927,652	\$ 5,342,504	\$ 1,167,043	\$ 1,294,232	\$ 7,094,695	\$ 6,636,736
Capital assets	<u>3,354,024</u>	<u>3,306,500</u>	<u>1,153,680</u>	<u>972,593</u>	<u>4,507,704</u>	<u>4,279,093</u>
Total assets	<u>9,281,676</u>	<u>8,649,004</u>	<u>2,320,723</u>	<u>2,266,825</u>	<u>11,602,399</u>	<u>10,915,829</u>
Current and other liabilities	1,073,978	1,172,476	180,493	174,608	1,254,471	1,347,084
Long-term liabilities	<u>6,070,908</u>	<u>6,367,421</u>	<u>1,897,117</u>	<u>1,955,260</u>	<u>7,968,025</u>	<u>8,322,681</u>
Total liabilities	<u>7,144,886</u>	<u>7,539,897</u>	<u>2,077,610</u>	<u>2,129,868</u>	<u>9,222,496</u>	<u>9,669,765</u>
Net assets:						
Invested in capital assets, net of related debt	2,556,556	2,384,009	793,517	622,282	3,350,073	3,006,291
Restricted net assets	1,152,845	928,616	74,173	105,557	1,227,018	1,034,173
Unrestricted net assets (deficit)	<u>(1,572,611)</u>	<u>(2,203,518)</u>	<u>(624,577)</u>	<u>(590,882)</u>	<u>(2,197,188)</u>	<u>(2,794,400)</u>
Total net assets	<u>2,136,790</u>	<u>1,109,107</u>	<u>243,113</u>	<u>136,957</u>	<u>2,379,903</u>	<u>1,246,064</u>
Total liabilities and net assets	<u>\$ 9,281,676</u>	<u>\$ 8,649,004</u>	<u>\$ 2,320,723</u>	<u>\$ 2,266,825</u>	<u>\$ 11,602,399</u>	<u>\$ 10,915,829</u>

As indicated above, the County's total net assets consist of the following three components:

Capital Assets, Net of Related Debt

The largest portion of the County's net assets (\$3.35 billion) represents its investment in capital assets (e.g., land, structures and improvements, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County began to capitalize newly acquired infrastructure assets during 2001-2002 in accordance with GASB 34. However, infrastructure assets acquired prior to July 1, 2001 are not yet reflected in the basic financial statements. GASB 34 provides a maximum period of four years for the County to identify and report infrastructure assets acquired before July 1, 2001, in the basic financial statements. The County is in the process of evaluating its infrastructure assets that were acquired in prior years to ensure that they are reported prior to the year ending June 30, 2006. Additional infrastructure assets, net of related debt, will increase this category of net assets.

**COUNTY OF LOS ANGELES  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

Restricted Net Assets

The County's restricted net assets at year-end were \$1.227 billion. Asset restrictions are primarily due to external restrictions imposed by State legislation and bond covenants. Net assets that pertain to the various separate legal entities included in the basic financial statements are also generally restricted because their funding sources require that funds be used for specific purposes.

Unrestricted Net Assets (Deficit)

The County's unrestricted net assets are negative \$2.197 billion. Both governmental and business-type activities reported deficits in this category of \$1.573 billion and \$624 million, respectively. The deficits are primarily due to unfunded liabilities related to workers' compensation, accrued vacation and sick leave, and litigation and self-insurance claims. For the business-type activities, medical malpractice liabilities and third party payor liabilities are additional factors. At June 30, 2005, there were \$4.224 billion of liabilities recorded for all of the items noted above and for all activities. Of this amount, the County's budget had funded approximately \$349 million as of June 30, 2005, which consists of \$142 million related to governmental activities and \$207 million related to business-type activities. The \$142 million represents the County's policy of funding the General Fund's share of liabilities that are payable within one year from the balance sheet date and is applied to accrued vacation and sick leave as well as litigation and self-insurance claims. The budgetary funding of \$207 million that has been provided for the business-type activities pertains to estimated third party payor liabilities for the County's hospitals.

In addition to the aforementioned liabilities, the County has recorded pension bonds payable of \$1.629 billion. Although the County has also recognized a pension related asset (referred to as "Net Pension Obligation"), the liability for the bonds exceeds the asset amount by \$1.216 billion. This difference consists of accreted interest (interest expense that accrues each year but is not payable until deferred periods) of \$617 million that is reported as part of the Pension Bonds Payable. Bond proceeds of \$400 million were applied to fund the County's pension cost in 1994-95, thereby reducing the pension asset amount. The remaining difference of \$199 million is due to timing differences between the amortization of the pension asset and the principal amount of the pension bonds.

For the governmental activities, voter-approved bonds issued by the Regional Park and Open Space District have had the effect of creating additional deficits. Although the County is required to record liabilities of \$350 million for outstanding bonds, the County's related assets are only \$121 million. The difference of \$229 million represents bond proceeds that have been distributed to cities and other eligible entities pursuant to the voter-approved bond measure. 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 deficit related to these bonds is expected to be funded by the dedicated tax levy and will not require the use of discretionary County funds.

**COUNTY OF LOS ANGELES  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

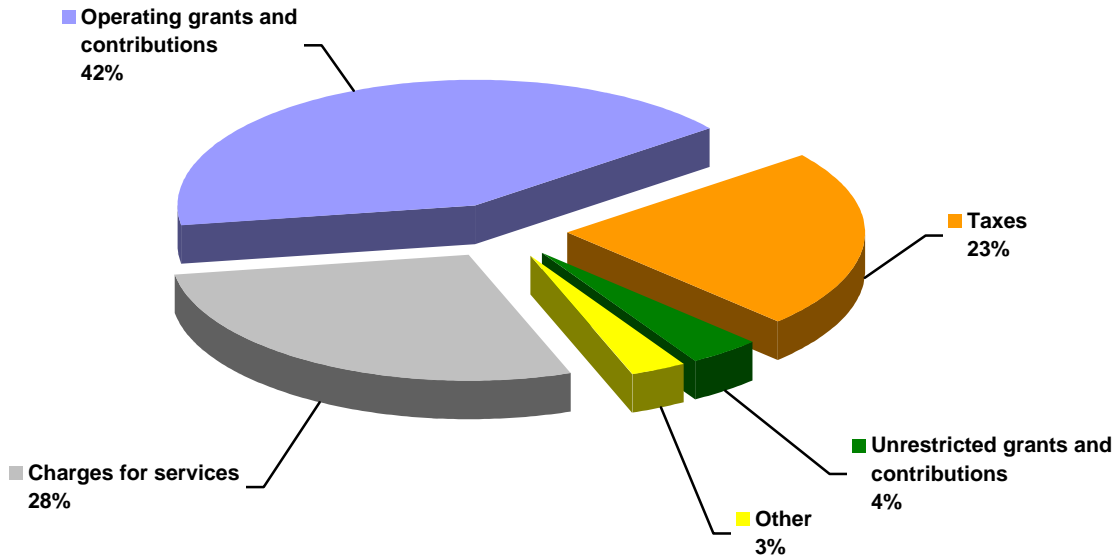
The following table indicates the changes in net assets for governmental and business-type activities:

Summary of Changes in Net Assets  
For the Years Ended June 30, 2004 and 2005  
(in thousands)

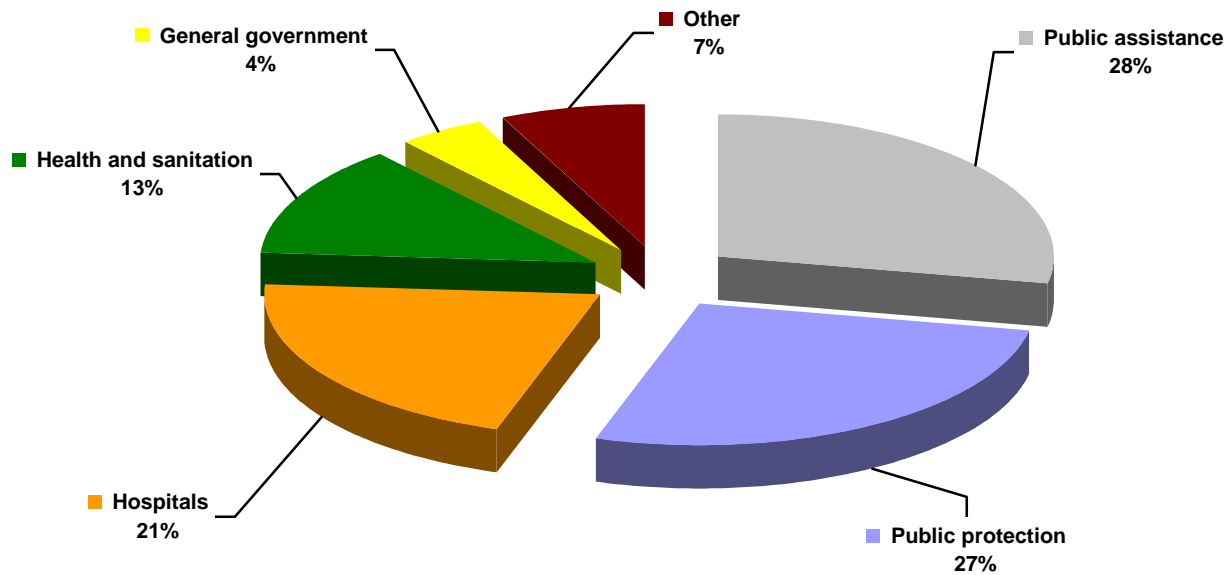
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 2,087,578	\$ 1,998,085	\$ 2,458,921	\$ 2,454,197	\$ 4,546,499	\$ 4,452,282
Operating grants and contributions	6,551,225	6,362,285	262,636	277,427	6,813,861	6,639,712
Capital grants and contributions	44,072	59,650	138,723	83,537	182,795	143,187
<b>General revenues:</b>						
Taxes	3,804,859	2,912,645	701	2,845	3,805,560	2,915,490
Intergovernmental-motor vehicle in-lieu taxes, not restricted		573,859				573,859
Unrestricted grants and contributions	731,767	711,961	34	32	731,801	711,993
Investment earnings	137,382	57,807	6,416	1,452	143,798	59,259
Miscellaneous	<u>130,904</u>	<u>186,406</u>	<u>54,103</u>	<u>53,401</u>	<u>185,007</u>	<u>239,807</u>
<b>Total revenues</b>	<u>13,487,787</u>	<u>12,862,698</u>	<u>2,921,534</u>	<u>2,872,891</u>	<u>16,409,321</u>	<u>15,735,589</u>
<b>Expenses:</b>						
General government	666,778	650,096			666,778	650,096
Public protection	4,159,675	4,044,824			4,159,675	4,044,824
Public ways and facilities	249,065	222,416			249,065	222,416
Health and sanitation	1,941,315	1,918,831			1,941,315	1,918,831
Public assistance	4,398,391	4,383,626			4,398,391	4,383,626
Education	86,707	77,207			86,707	77,207
Recreation and cultural services	236,421	229,541			236,421	229,541
Interest on long-term debt	223,696	240,494			223,696	240,494
Hospitals			3,235,176	3,063,732	3,235,176	3,063,732
Aviation			5,747	5,155	5,747	5,155
Waterworks			43,444	45,473	43,444	45,473
Community Development Commission			<u>217,560</u>	<u>222,207</u>	<u>217,560</u>	<u>222,207</u>
<b>Total expenses</b>	<u>11,962,048</u>	<u>11,767,035</u>	<u>3,501,927</u>	<u>3,336,567</u>	<u>15,463,975</u>	<u>15,103,602</u>
<b>Excess (deficiency) before transfers and special item</b>	<b>1,525,739</b>	<b>1,095,663</b>	<b>(580,393)</b>	<b>(463,676)</b>	<b>945,346</b>	<b>631,987</b>
Transfers	(686,549)	(712,834)	686,549	712,834		
Special item	<u>188,493</u>				<u>188,493</u>	
<b>Changes in net assets</b>	<b>1,027,683</b>	<b>382,829</b>	<b>106,156</b>	<b>249,158</b>	<b>1,133,839</b>	<b>631,987</b>
<b>Net assets (deficit) – beginning</b>	<u><b>1,109,107</b></u>	<u><b>726,278</b></u>	<u><b>136,957</b></u>	<u><b>(112,201)</b></u>	<u><b>1,246,064</b></u>	<u><b>614,077</b></u>
<b>Net assets – ending</b>	<u><b>\$ 2,136,790</b></u>	<u><b>\$ 1,109,107</b></u>	<u><b>\$ 243,113</b></u>	<u><b>\$ 136,957</b></u>	<u><b>\$ 2,379,903</b></u>	<u><b>\$ 1,246,064</b></u>

**COUNTY OF LOS ANGELES  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

**REVENUES BY SOURCE – ALL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2005**



**EXPENSES BY TYPE – ALL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2005**



## COUNTY OF LOS ANGELES MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued

The County's net assets increased by \$1.134 billion overall during the current fiscal year. The increases for governmental and business-type activities were \$1.028 billion and \$106 million, respectively. Following are specific major factors that resulted in the net asset changes.

### Governmental Activities

Revenues from governmental activities grew by \$625 million (4.9%) over the prior year. The most significant changes in revenue were experienced in the following areas:

- Taxes, the County's largest general revenue source, were \$892 million higher than the previous year. State legislation, which became effective in the current year, eliminated the County's revenue source referred to as "Intergovernmental-motor vehicle in-lieu taxes, not restricted." This revenue source was replaced with an equivalent amount of property tax revenues and represented \$733 million dollars in the current year. The additional growth in tax revenues, \$159 million, was mainly due to increased property taxes as there was a continued upward trend in the County's assessed property values. The \$159 million in year-to-year growth was achieved despite a State-mandated shift of local government property taxes in the current year. The County's share of this shift was \$103 million and had the effect of reducing property taxes in the current year.
- Operating grants and contributions are the County's largest source of program revenues and grew by \$189 million. The growth in this revenue source was primarily associated with reimbursable activities in the public assistance and public protection areas, which increased by \$103 million and \$63 million, respectively.
- Current year investment earnings increased by \$80 million, or 138%. The yield from the County's Treasury Pool improved from 1.37% in the prior year to 2.16% in the current year.

Expenses related to governmental activities increased by \$195 million (1.7%) during the current year. Expenses were higher across all areas in the current year when compared with the prior year, except for interest on long-term debt, which declined by \$17 million. The pattern of cost increases was generally reflective of overall inflationary increases in salaries, benefits, services and supplies. Although there was no significant program expansion during the current year, the County's spending plan was designed to restore service levels that were previously curtailed due to uncertainties with the State's financial condition.

As discussed in Note 17 to the basic financial statements, the County recognized a Special Item totaling \$188 million in the current year. There were unique circumstances that resulted in the recognition and classification of this transaction. In 2003-2004, the State withheld approximately \$204 million of revenues that were allocable to the County. The State acted similarly with all other counties in order to mitigate a severe budget deficit. Due to significant uncertainty with regard to the State's ability and willingness to pay this amount, the County deferred recognition of these revenues in the 2003-2004 basic financial statements. The State subsequently passed legislation in August 2004, that authorized the County to sell its right to receive these revenues. The County utilized a component unit entity to facilitate the sale of no-commitment notes that were not obligations of the County or the component unit. The note proceeds were used to purchase the receivables and the County received net proceeds of \$188 million, which are legally restricted for capital purposes. In July 2005, the State remitted \$204.7 million, and this payment fully satisfies the State's obligation for this matter.

## **COUNTY OF LOS ANGELES MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

### Business-type Activities

Revenues from business-type activities increased in comparison to the prior year by \$49 million (1.7%). The most significant change was in the area of capital grants and contributions, which increased by \$55 million. The increase was attributable to intergovernmental revenues (primarily from the Federal Emergency Management Agency) associated with the rebuilding of the LAC+USC Medical Center. Construction activity and reimbursable costs related to this project continued to accelerate during the current year.

Expenses related to business-type activities increased from the previous year by \$165 million (5.0%). The increased expenses were concentrated in the Hospitals, where expenses were higher by \$171 million. Hospital costs for salaries and employee benefits increased by \$57 million and were reflective of anticipated wage and benefit increases. Professional and specialized services expenses were \$102 million higher in the current year as there was increased dependency on contracted personnel, especially in the skilled nursing area.

### **Financial Analysis of the County's Funds**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the County include the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, and the Permanent Funds.

As of the end of the current fiscal year, the County's governmental funds reported combined total fund balances of \$4.162 billion, an increase of \$750 million in comparison with the prior year. Of the total fund balance, \$1.119 billion is reserved to indicate the extent that funds have been committed or are otherwise unavailable for spending. An additional \$1.259 billion has been designated and set aside for intended spending purposes as indicated in the financial statements. The remaining \$1.784 billion of the balances are unreserved and undesignated.

Revenues from all governmental funds for the current year were \$13.418 billion, an increase of \$610 million (4.8%) from the previous year. Expenditures for all governmental funds in the current year were \$12.228 billion, an increase of \$324 million (2.7%) from the previous year. In addition, other financing uses exceeded other financing sources by \$628 million, as compared to \$681 million in the prior year. As discussed in Note 17 to the basic financial statements, the County recognized a Special Item in the current year, which consisted of net proceeds approximating \$188 million from the sale of accounts receivable.

The General Fund is the County's principal operating fund. During the current year, the fund balance in the General Fund increased by \$439 million (23.3%). At the end of the current fiscal year, the General Fund's total fund balance was \$2.327 billion. Of this amount, \$401 million was reserved and therefore unavailable for spending. Of the unreserved total of \$1.926 billion, \$1.017 billion has been designated (earmarked) and the remaining \$909 million is considered both unreserved and undesignated.

**COUNTY OF LOS ANGELES  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

Governmental Funds-Continued

General Fund revenues during the current year were \$11.497 billion, an increase of \$491 million (4.5%) from the previous year. General Fund expenditures during the current year were \$10.411 billion, an increase of \$204 million (2.0%) from the previous year. Other financing sources/uses-net was negative \$647 million in the current year as compared to negative \$608 million in the prior year.

Following are significant changes in General Fund revenues and expenditures:

- Revenues from taxes increased by \$828 million, primarily from property taxes. As discussed previously, State legislation shifted a significant portion of General Fund revenues that were formerly recognized as "Intergovernmental Revenues-State" to the category of property taxes. This shift accounted for approximately \$733 million of the year-to-year increase. The remainder of the increase (\$95 million) was attributable to ongoing growth in property values and their related tax levies. The General Fund also was required to forego \$103 million of current year property tax revenues due to a State-imposed property tax shift.
- Intergovernmental revenues decreased by nearly \$400 million. As mentioned previously, the County did not recognize intergovernmental revenues in the current year for vehicle license fees. In the prior year, such revenues were \$574 million. This reduction was offset by a \$126 million increase in State realignment revenues for children and family services, in-home supportive services, and mental health services. State public safety augmentation funding also increased by \$53 million.
- Investment income more than doubled, as current year revenues were \$88 million in comparison with the prior year amount of \$40 million. As previously mentioned, the yield on investments increased significantly and the amount of funds available for investment was generally higher throughout the year.
- Current expenditures increased by \$208 million and there were increases in all functional areas except for general government. The most significant increases were in the areas of public protection and public assistance, where expenditures were higher by \$144 million and \$53 million, respectively.

The Fire Protection District reported a year-end fund balance of \$103 million, which represented an increase of \$35 million from the previous year. This increase coincided with a \$35 million increase (7.4%) in revenues from taxes.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

**COUNTY OF LOS ANGELES  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

Proprietary Funds-Continued

The County's principal proprietary funds are the six hospital enterprise funds and each one has been reported as a major fund. As discussed in Note 11 to the basic financial statements, the County merged High Desert Hospital with the Olive View/UCLA Medical Center at the end of the current fiscal year. Each hospital enterprise fund incurred a net loss prior to contributions and transfers. The County is legally required to provide local matching funds to the health care system in order to remain eligible for federal and State assistance. Such funds were provided to the hospitals as operating subsidies from the County General Fund during the year. The total subsidy amount was \$548 million and is reflected in the Statement of Revenues, Expenses and Changes in Fund Net Assets as "transfers in." Additional "transfers in" of \$145 million were recognized from the Health Services Measure B Special Revenue Fund ("Measure B Fund"), which provides funding for trauma and emergency services.

The average daily census for the County's Hospitals slightly declined from the previous year's average of 1,567 to the current year average of 1,504. There was a year-to-year average daily census decrease for the Martin Luther King/Drew Medical Center (MLK/Drew), as it declined from 202 to 172. There was significant focus on MLK/Drew throughout the year as the County discontinued trauma services, engaged the services of a management consulting firm, and focused on remedying various operational problems at this facility.

**General Fund Budgetary Highlights**

The accompanying basic financial statements include a Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual on Budgetary Basis for the County's General Fund. The County's budgetary basis of accounting is discussed in Notes 1 and 13 to the basic financial statements. There are approximately 100 separate budget units within the General Fund, excluding capital improvement projects, which are individually budgeted. The data presented below represents the net budgetary changes for the General Fund in a highly summarized format. Accordingly, in certain instances, budgets have been increased for programs within a category even though actual amounts have not been realized for the category in its entirety. Under the budgetary basis, there was a net increase of \$36 million in the General Fund's available (unreserved and undesignated) fund balance from the previous year.

Budgetary Summary - Revenues/Financing Sources

Following is a summary of current year budgetary changes and actual results (on the County's budgetary basis) for General Fund revenues and other financing sources (in thousands):

<u>Category</u>	<u>Increase (Decrease) From Original Budget</u>	<u>Final Budget Amount</u>	<u>Actual Amount</u>	<u>Variance- Positive (Negative)</u>
Taxes	\$ 236,548	\$ 2,910,247	\$ 2,829,342	\$ (80,905)
Intergovernmental revenues	170,894	7,375,414	6,842,809	(532,605)
Charges for services	(54,501)	1,279,998	1,272,536	(7,462)
All other revenues	139,251	543,026	589,740	46,714
Other sources and transfers	(147,487)	385,848	305,457	(80,391)
Total	<u>\$ 344,705</u>	<u>\$ 12,494,533</u>	<u>\$ 11,839,884</u>	<u>\$ (654,649)</u>

**COUNTY OF LOS ANGELES  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

Changes from Amounts Originally Budgeted

During the year, net increases in budgeted revenues and other financing sources approximated \$345 million. The most significant increases occurred in the following areas:

- The budget for tax revenues was increased by \$237 million. During the fiscal year, the County increased budgeted tax revenues by approximately \$100 million to finance additional appropriations and designations. The remaining \$137 million increase occurred in conjunction with year-end budgetary changes that are designed to demonstrate compliance with legal provisions related to the appropriation of revenues from property taxes and certain other tax related revenues.
- Estimated revenues from intergovernmental sources were increased by \$171 million. During the fiscal year, approximately \$59 million of State grant funds were used to augment the budget for various parks and recreation facilities. Approximately \$68 million of State funding was added to programs operated by the Departments of Mental Health and Health Services. Estimated revenues from Homeland Security grant funds (\$18 million) also increased during the fiscal year to fund the County's emergency preparedness and response operations. Various other changes comprised the remaining \$26 million that was increased from the amounts originally budgeted from intergovernmental revenues.
- The increase of \$139 million related to "all other revenues" was mostly attributable to tobacco settlement revenues of \$103 million. The County's policy is to budget tobacco settlement revenues after they have been received. Miscellaneous amounts totaling \$36 million were also added to this revenue category.
- The amount budgeted for "other sources and transfers" was reduced during the year by \$147 million. The original amount budgeted for "transfers in" was reduced by \$203 million due to a change in the method of budgeting for the recovery of intergovernmental transfer payments that are made on behalf of the Hospital Funds. This amount was offset by a \$50 million miscellaneous increase in the amount of budgeted "transfers in" to reflect newly available resources from a Capital Projects Fund that was established mid-year. There were also miscellaneous budgetary additions of \$6 million to the "transfers in" category.

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the General Fund were approximately \$655 million, or 5.2%, lower than budget. As discussed below, most of this variance was concentrated in the area of intergovernmental revenues.

- Actual intergovernmental revenues were \$533 million lower than the amount budgeted. Social service programs accounted for approximately \$208 million of this variance, which was mostly attributable to lower than anticipated caseloads and reimbursable social service related expenditures. An additional \$198 million pertained to anticipated reimbursement of capital improvement and disaster recovery projects that were not completed prior to year-end. The remaining variance of \$127 million (mostly federal assistance) was associated with mental health services, due to lower than expected reimbursable costs.

**COUNTY OF LOS ANGELES  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

**Budgetary Summary - Expenditures/Other Financing Uses**

Following is a summary of current year budgetary changes and actual results (on the County's budgetary basis) for General Fund expenditures, transfers out, contingencies, reserves, and designations (in thousands):

<u>Category</u>	<u>Increase (Decrease) From Original Budget</u>	<u>Final Budget Amount</u>	<u>Actual Amount</u>	<u>Variance- Positive</u>
General government	\$ (86,621)	\$ 917,890	\$ 650,969	\$ 266,921
Public protection	75,990	3,578,881	3,438,210	140,671
Health and sanitation	(253,892)	2,224,987	2,125,863	99,124
Public assistance	22,181	4,733,753	4,319,570	414,183
All other expenditures	133,764	779,673	293,419	486,254
Transfers out	75,380	645,275	645,027	248
Contingencies	87,140	103,361		103,361
Reserves/designations-net	<u>290,763</u>	<u>382,997</u>	<u>330,500</u>	<u>52,497</u>
Total	<u>\$ 344,705</u>	<u>\$ 13,366,817</u>	<u>\$11,803,558</u>	<u>\$ 1,563,259</u>

**Changes from Amounts Originally Budgeted**

During the year, net increases in General Fund appropriations, reserves and designations were approximately \$345 million. As discussed below, the most significant changes occurred in the following areas:

- Provisions for net reserves and designations were increased during the year by \$291 million. Of this amount, \$153 million was related to designations established for health services. There was also a net increase of \$79 million to the designation for budgetary uncertainties. A new designation of \$40 million was established for the replacement of the interoperable Fire/Sheriff communication system. Miscellaneous additions of approximately \$19 million were made to other designations.
- Appropriations were increased for "all other expenditures" by approximately \$134 million, nearly all of which was associated with capital outlay. The most significant increase was related to \$59 million of parks and recreation capital facilities and improvements funded by State grants. The remaining \$75 million consisted of numerous capital improvements and refurbishments that were added to the budget throughout the fiscal year.
- Overall appropriations were reduced for the health and sanitation category by \$254 million. At the end of the fiscal year, the budget was realigned to reflect actual spending requirements in this area. The most significant change in this area was a \$203 million reduction of appropriations for intergovernmental transfer payments made on behalf of the Hospital Funds. The reduction coincided with a budgetary change which shifted the payment requirements from the General Fund to the Hospital Funds. Appropriations for various other General Fund health care programs were reduced by \$51 million.
- After the original budget was established, appropriations for contingencies were increased by \$87 million. The increase occurred at the end of the fiscal year and was financed by offsetting increases in budgeted revenues (primarily taxes) that were recognized to comply with statutory requirements.

**COUNTY OF LOS ANGELES  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

Actual Expenditures/Other Financing Uses Compared with Final Budget Amount

Actual expenditures/other financing uses for the current year were \$1.563 billion lower (approximately 11.7%) than the final total budget of \$13.367 billion. Although there were budgetary savings in all categories, following are the functional areas that recognized the largest variations from the final budget:

- The category referred to as "all other expenditures" reflected actual spending of \$486 million less than the budgeted amount. Nearly all (\$475 million) of this variance was related to the capital outlay category. There were many capital improvements anticipated in the budget that remained in the planning stages and did not incur expenditures during the year. Most of the unused balance has been reestablished in the following year's budget to ensure the continuity of the projects.
- Actual public assistance expenditures were \$414 million lower than the final budget. Most of this variance (\$310 million) was concentrated in programs operated by the Department of Public Social Services. Factors that led to this variance included lower than anticipated caseload volume and average cost per caseload for the CalWORKs program. Administrative costs for social service programs were also lower than anticipated due to staffing vacancies and budgetary savings in contracted services. The remaining variance of \$104 million was concentrated in other social service programs that were primarily focused on children and family services.
- The general government function reported actual expenditures that were \$267 million less than the amount budgeted. Of this amount, \$170 million represented budgetary savings for items that are not associated with specific County departments, such as provisional appropriations and extraordinary maintenance and repairs. The remaining \$97 million was spread across virtually every department comprising general government and was mostly related to salary savings and savings in services and supplies.

**Capital Assets**

The County's capital assets for its governmental and business type activities as of June 30, 2005 were \$4.508 billion (net of depreciation). Capital assets include land, buildings and improvements, machinery and equipment. Infrastructure assets have also been recognized for activity that has occurred from July 1, 2001 through June 30, 2005. Specific changes related to governmental and business-type activities are presented in Note 5 to the basic financial statements. As discussed earlier, the County has deferred recognition of infrastructure assets acquired prior to July 1, 2001 until fiscal year 2005-2006.

**COUNTY OF LOS ANGELES  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

The total increase in the County's capital assets (net of depreciation) for the current fiscal year was \$229 million or 5.3%, as shown in the table below.

Changes in Capital Assets, Net of Depreciation  
Primary Government - All Activities  
(in thousands)

	<u>Current Year</u>	<u>Prior Year</u>	<u>Increase (Decrease)</u>
Land	\$ 403,922	\$ 395,135	\$ 8,787
Buildings and improvements	2,978,948	2,986,380	(7,432)
Infrastructure	185,988	136,781	49,207
Equipment	249,754	258,123	(8,369)
Construction-in-progress	<u>689,092</u>	<u>502,674</u>	<u>186,418</u>
Total	<u>\$ 4,507,704</u>	<u>\$ 4,279,093</u>	<u>\$ 228,611</u>

Major capital asset projects that represented new additions during the year included the following:

- New infrastructure costs were capitalized for completed projects and also for those that remained in progress at the end of the year. The projects were related to the County's Road Fund and Flood Control District's operations. The values of the new construction for these activities were \$18 million and \$31 million, respectively.
- The County continued to progress with the rebuilding of the LAC+USC Medical Center. The overall project cost remains at an estimated \$821 million. During the year, \$185 million of costs were capitalized.

**Debt Administration**

The following table indicates the changes in the County's long-term debt during the year:

Changes in Long-Term Debt  
Primary Government - All activities  
(in thousands)

	<u>Current Year</u>	<u>Prior Year</u>	<u>Decrease</u>
Bonds and Notes Payable	\$ 1,983,844	\$ 2,136,123	\$ 152,279
Pension Bonds Payable	<u>1,628,575</u>	<u>1,813,812</u>	<u>185,237</u>
Total	<u>\$ 3,612,419</u>	<u>\$ 3,949,935</u>	<u>\$ 337,516</u>

**COUNTY OF LOS ANGELES  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

During the current year, the County's liabilities for long-term debt decreased by \$338 million, or 8.5%. Specific changes related to governmental and business-type activities are presented in Note 8 to the basic financial statements. During the current year, significant long-term debt transactions were as follows:

- Refunding bonds totaling \$575 million were issued to advance outstanding bond principal of \$622 million.
- New debt of \$60 million was issued to finance the ongoing construction of the LAC+USC Medical Center. At this time, short-term commercial paper continues to be the method of financing this major project.
- New debt of \$12.3 million was issued to finance the acquisition of equipment. Equipment debt totaling \$16.5 million was redeemed during the year in accordance with maturity schedules.
- Pension bonds totaling \$271 million were redeemed during the year. This amount was offset by \$86 million related to the accretion of interest on outstanding bonds.

In addition to the above borrowing, the County continued to finance General Fund cash flow shortages occurring periodically during the fiscal year by selling \$600 million in tax and revenue anticipation notes which reached maturity on June 30, 2005, and by periodic borrowing from available trust funds.

**Bond Ratings**

The County's debt is rated by Moody's, Standard and Poor's, and Fitch. The following is a schedule of ratings:

	<u>Moody's</u>	<u>Standard and Poor's</u>	<u>Fitch</u>
General Obligation Bonds	Aa3	A+	
Pension Bonds	A1	A	
Facilities	A2	A	A
Equipment/Non-Essential Leases	A3	A	A
Short-Term	MIG1	SP-1+	F-1+
Commercial Paper	P-1	A-1+	
Flood Control District General Obligation Bonds	Aa1	AA	AA
Flood Control District Revenue Bonds	Aa1	AA-	AA
Regional Park and Open Space District Bonds	Aa3	AA	AA

**COUNTY OF LOS ANGELES  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

**Economic Conditions and Outlook**

The Board of Supervisors adopted the County's 2005-2006 Budget on June 20, 2005. The Budget was adopted based on estimated fund balances that would be available at the end of 2004-2005. The Board updated the Budget on September 20, 2005 to reflect final 2004-2005 fund balances and other pertinent financial information. For the County's General Fund, the 2005-2006 Budget, as updated in September 2005, utilized \$908.6 million of available fund balance, which exceeded the previously estimated fund balance of \$747.1 million. The additional fund balance of \$161.5 million was used to appropriate \$23.4 million to carryover lapsed appropriations and \$138.1 million was appropriated for one-time needs which were predominately capital improvements.

Although the County's Budget continued to be impacted by the State budget outlook, the State's budget was adopted on July 10, 2005, the earliest budget adoption in five years. The State's action enabled the County to formulate the 2005-2006 Budget with more certainty than in recent years. The County will be required to forego \$103 million of property tax revenues as its share of a property tax revenue shift from local governments to the State. This shift represents the second year of a two-year State Budget provision known as the "Local Government Agreement" and the funding for the second year was set aside as part of the County's 2004-2005 budget process.

**COUNTY OF LOS ANGELES  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

**Obtaining Additional Information**

This financial report is designed to provide a general overview of the County's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Los Angeles County Auditor-Controller, 500 West Temple Street, Room 525, Los Angeles, CA 90012-2766.

## BASIC FINANCIAL STATEMENTS

COUNTY OF LOS ANGELES  
STATEMENT OF NET ASSETS  
JUNE 30, 2005 (in thousands)

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL	BUSINESS-TYPE		CHILDREN AND
	ACTIVITIES	ACTIVITIES	TOTAL	FAMILIES FIRST
				COMMISSION
ASSETS				
Pooled cash and investments: (Notes 1 and 4)				
Operating (Note 1)	\$ 2,725,420	\$ 145,650	\$ 2,871,070	\$ 726,920
Other (Note 1)	1,130,977	66,032	1,197,009	
Total pooled cash and investments	3,856,397	211,682	4,068,079	726,920
Other investments (Note 4)	293,555	19,914	313,469	
Taxes receivable	263,962	1,153	265,115	
Accounts receivable - net		617,633	617,633	
Interest receivable	13,147	433	13,580	4,339
Other receivables	1,228,922	23,364	1,252,286	32,170
Internal balances	(135,586)	135,586		
Inventories	93,213	25,352	118,565	5
Restricted assets (Note 4)	7,792	24,890	32,682	
Net pension obligation (Note 6)	306,250	107,036	413,286	
Capital assets: (Notes 5 and 7)				
Land and construction in progress	433,904	659,110	1,093,014	2,039
Other capital assets, net of depreciation	2,920,120	494,570	3,414,690	11,328
Total capital assets	3,354,024	1,153,680	4,507,704	13,367
TOTAL ASSETS	9,281,676	2,320,723	11,602,399	776,801
LIABILITIES				
Accounts payable	296,114	73,856	369,970	14,807
Accrued payroll	384,795	87,773	472,568	
Other payables	67,302	7,645	74,947	
Accrued interest payable	19,309	1,243	20,552	
Deferred revenue (Note 6)	64,016	9,976	73,992	
Advances payable	242,442		242,442	
Noncurrent liabilities: (Notes 6, 7, 8, 11 and 15)				
Due within one year	957,167	413,107	1,370,274	42
Due in more than one year	5,113,741	1,484,010	6,597,751	158
TOTAL LIABILITIES	7,144,886	2,077,610	9,222,496	15,007
NET ASSETS				
Invested in capital assets, net of related debt				
(Notes 5 and 8)	2,556,556	793,517	3,350,073	13,367
Restricted for:				
Capital projects	190,492		190,492	
Debt service	8,108	56,713	64,821	
Expendable trust	2,171		2,171	
Nonexpendable trust	3,339		3,339	
Special purpose	948,735	17,460	966,195	748,427
Unrestricted (deficit)	(1,572,611)	(624,577)	(2,197,188)	
TOTAL NET ASSETS	\$ 2,136,790	\$ 243,113	\$ 2,379,903	\$ 761,794

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF LOS ANGELES  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

FUNCTIONS		PROGRAM REVENUE		
		CHARGES FOR	OPERATING	CAPITAL
PRIMARY GOVERNMENT:	EXPENSES	SERVICES	GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS
Governmental activities:				
General government	\$ 666,778	\$ 371,338	\$ 51,373	\$ 7,860
Public protection	4,159,675	1,112,288	1,080,563	5,656
Public ways and facilities	249,065	29,975	154,155	735
Health and sanitation	1,941,315	378,324	1,292,024	6,832
Public assistance	4,398,391	32,379	3,969,598	
Education	86,707	3,275	1,699	
Recreation and cultural services	236,421	159,999	1,813	22,989
Interest on long-term debt	223,696			
Total governmental activities	<u>11,962,048</u>	<u>2,087,578</u>	<u>6,551,225</u>	<u>44,072</u>
Business-type activities:				
Hospitals	3,235,176	2,390,770	49,818	137,795
Aviation	5,747	2,714	46	928
Waterworks	43,444	55,262		
Community Development Commission	217,560	10,175	212,772	
Total business-type activities	<u>3,501,927</u>	<u>2,458,921</u>	<u>262,636</u>	<u>138,723</u>
Total primary government	<u>\$ 15,463,975</u>	<u>\$ 4,546,499</u>	<u>\$ 6,813,861</u>	<u>\$ 182,795</u>
COMPONENT UNIT -				
Children and Families First Commission	<u>\$ 99,771</u>	<u>\$</u>	<u>\$ 163,786</u>	<u>\$</u>

GENERAL REVENUES:

Taxes:

Property taxes  
 Sales and use taxes  
 Utility users taxes  
 Voter approved taxes  
 Documentary transfer taxes  
 Other taxes

Grants and contributions not restricted  
 to special programs

Investment earnings  
 Miscellaneous

SPECIAL ITEM - Gain on sale of receivables (Note 17)

TRANSFERS - NET

Total general revenues, special item and transfers

CHANGE IN NET ASSETS

NET ASSETS, JULY 1, 2004

NET ASSETS, JUNE 30, 2005

The notes to the basic financial statements are an integral part of this statement.

NET (EXPENSE) REVENUE AND  
CHANGES IN NET ASSETS

PRIMARY GOVERNMENT			COMPONENT UNIT
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	CHILDREN AND FAMILIES FIRST COMMISSION
\$ (236,207)	\$	\$ (236,207)	
(1,961,168)		(1,961,168)	
(64,200)		(64,200)	
(264,135)		(264,135)	
(396,414)		(396,414)	
(81,733)		(81,733)	
(51,620)		(51,620)	
(223,696)		(223,696)	
(3,279,173)		(3,279,173)	
	(656,793)	(656,793)	
	(2,059)	(2,059)	
	11,818	11,818	
	5,387	5,387	
	(641,647)	(641,647)	
(3,279,173)	(641,647)	(3,920,820)	
			\$ 64,015
3,287,380	701	3,288,081	
70,748		70,748	
56,271		56,271	
248,895		248,895	
90,309		90,309	
51,256		51,256	
731,767	34	731,801	
137,382	6,416	143,798	13,159
130,904	54,103	185,007	
188,493		188,493	
(686,549)	686,549		
4,306,856	747,803	5,054,659	13,159
1,027,683	106,156	1,133,839	77,174
1,109,107	136,957	1,246,064	684,620
\$ 2,136,790	\$ 243,113	\$ 2,379,903	\$ 761,794

FUNCTIONS

PRIMARY GOVERNMENT:

Governmental activities:

General government  
Public protection  
Public ways and facilities  
Health and sanitation  
Public assistance  
Education  
Recreation and cultural services  
Interest on long-term debt  
Total governmental activities

Business-type activities:

Hospitals  
Aviation  
Waterworks  
Community Development Commission  
Total business-type activities

Total primary government

COMPONENT UNIT -

Total - Children & Families First Commission

GENERAL REVENUES:

Taxes:

Property taxes  
Sales and use taxes  
Utility users taxes  
Voter approved taxes  
Documentary transfer taxes  
Other taxes

Grants and contributions not restricted  
to special programs

Investment earnings

Miscellaneous

SPECIAL ITEM - Gain on sale of receivables (Note 17)

TRANSFERS - NET

Total general revenues, special item and transfers

CHANGE IN NET ASSETS

NET ASSETS, JULY 1, 2004

NET ASSETS, JUNE 30, 2005

COUNTY OF LOS ANGELES  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2005 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	PUBLIC LIBRARY
<b>ASSETS:</b>				
Pooled cash and investments: (Notes 1 and 4)				
Operating (Note 1)	\$ 1,241,711	77,555	115,635	11,682
Other (Note 1)	892,466	27,709	7,229	3,011
Total pooled cash and investments	2,134,177	105,264	122,864	14,693
Other investments (Note 4)	6,594			120
Taxes receivable	187,441	43,197	13,599	5,975
Interest receivable	9,444	199	281	37
Other receivables	1,093,268	18,893	3,174	98
Due from other funds (Note 12)	556,210	5,313	8,424	2,096
Advances to other funds (Note 12)	445,337		6,544	
Inventories	39,713	5,726		1,293
<b>TOTAL ASSETS</b>	<b>\$ 4,472,184</b>	<b>178,592</b>	<b>154,886</b>	<b>24,312</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 241,753	3,763	3,592	2,353
Accrued payroll	328,578	33,975		3,586
Other payables	62,092	1,364		189
Due to other funds (Note 12)	1,001,456	3,879	16,550	3,302
Advances from other funds (Note 12)				
Deferred revenue (Note 6)	259,897	30,967	13,448	4,457
Advances payable	235,029			
Third party payor liability (Notes 8 and 11)	16,650	1,455		
<b>TOTAL LIABILITIES</b>	<b>2,145,455</b>	<b>75,403</b>	<b>33,590</b>	<b>13,887</b>
<b>FUND BALANCES:</b>				
Reserved for:				
Encumbrances	333,499	35,588	91,505	5,896
Inventories	39,713	5,726		1,293
Housing programs				
Debt service				
Endowments and annuities				
Assets unavailable for appropriation	27,415	25	3,008	15
Unreserved, designated for:				
Budget uncertainties	496,672	50,000		
Program expansion	190,548			1,102
Health services	329,806			
Capital projects			18,099	
Special revenue funds - program expansion				
Unreserved, undesignated, reported in:				
General fund	909,076			
Special revenue funds		11,850	8,684	2,119
Capital projects funds				
<b>TOTAL FUND BALANCES</b>	<b>2,326,729</b>	<b>103,189</b>	<b>121,296</b>	<b>10,425</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,472,184</b>	<b>178,592</b>	<b>154,886</b>	<b>24,312</b>

The notes to the basic financial statements are an integral part of this statement.

REGIONAL PARK AND OPEN SPACE DISTRICT	NONMAJOR GOVERNMENTAL FUNDS	ELIMINATIONS (NOTE 3)	TOTAL GOVERNMENTAL FUNDS
\$ 236,574	1,157,372		\$ 2,840,529
2,327	30,934		963,676
238,901	1,188,306		3,804,205
	629,365	(349,690)	286,389
2,778	10,972		263,962
640	2,447		13,048
4,850	62,889		1,183,172
2,257	24,190		598,490
	10,530		462,411
	39,721		86,453
\$ 249,426	1,968,420	(349,690)	\$ 6,698,130
\$ 506	42,010		\$ 293,977
	452		366,591
	1,464		65,109
4,508	167,856		1,197,551
	2,100		2,100
5,610	32,938		347,317
	7,413		242,442
	2,512		20,617
10,624	256,745		2,535,704
91,734	147,549		705,771
	39,721		86,453
	2,079		2,079
	609,183	(349,690)	259,493
	3,339		3,339
	30,969		61,432
			546,672
19,346			210,996
			329,806
			18,099
	153,992		153,992
			909,076
127,722	459,961		610,336
	264,882		264,882
238,802	1,711,675	(349,690)	4,162,426
\$ 249,426	1,968,420	(349,690)	\$ 6,698,130

## ASSETS:

Pooled cash and investments: (Notes 1 and 4)

Operating (Note 1)

Other (Note 1)

Total pooled cash and investments

Other investments (Note 4)

Taxes receivable

Interest receivable

Other receivables

Due from other funds (Note 12)

Advances to other funds (Note 12)

Inventories

TOTAL ASSETS

## LIABILITIES AND FUND BALANCES

## LIABILITIES:

Accounts payable

Accrued payroll

Other payables

Due to other funds (Note 12)

Advances from other funds (Note 12)

Deferred revenue (Note 6)

Advances payable

Third party payor liability (Notes 8 and 11)

TOTAL LIABILITIES

## FUND BALANCES:

Reserved for:

Encumbrances

Inventories

Housing programs

Debt service

Endowments and annuities

Assets unavailable for appropriation

Unreserved, designated for:

Budget uncertainties

Program expansion

Health services

Capital projects

Special revenue funds - program expansion

Unreserved, undesignated, reported in:

General fund

Special revenue funds

Capital projects funds

TOTAL FUND BALANCES

TOTAL LIABILITIES AND FUND BALANCES

COUNTY OF LOS ANGELES  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2005 (in thousands)

Fund balances - total governmental funds (page 25)	\$	4,162,426
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not reported in governmental funds:

Land	\$	286,549	
Construction-in-progress		147,355	
Buildings and improvements - net		2,513,541	
Equipment - net		143,385	
Infrastructure - net		185,988	3,276,818

Other long-term assets are not available to pay for current-period expenditures and are deferred, or not recognized, in governmental funds:

Deferred revenue - taxes	\$	188,722	
Long-term receivables		140,959	329,681

The net pension obligation (an asset) pertaining to governmental fund types is not recorded in governmental fund statements.

285,689

Accrued interest payable is not recognized in governmental funds.

(19,309)

Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Bonds and notes payable	\$	(1,566,981)	
Pension bonds payable		(1,125,771)	
Capital lease obligations		(130,454)	
Accrued vacation/sick leave		(572,073)	
Workers' compensation		(2,037,940)	
Litigation/self-insurance		(381,036)	
Third party payors		(1,061)	(5,815,316)

Assets and liabilities of the internal service funds are included in governmental activities in the accompanying statement of net assets.

(83,199)

Net assets of governmental activities (page 21)

\$ 2,136,790



COUNTY OF LOS ANGELES  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	PUBLIC LIBRARY
REVENUES:				
Taxes	\$ 2,816,095	503,084	68,576	56,991
Licenses, permits and franchises	58,422	8,802	309	
Fines, forfeitures and penalties	220,622	2,751	1,205	469
Revenue from use of money and property:				
Investment income (Note 4)	88,042	934	2,509	245
Rents and concessions (Note 7)	15,605	87	5,009	17
Royalties	216		182	
Intergovernmental revenues:				
Federal	2,662,720	2,420	4,065	101
State	4,072,855	13,424	2,633	2,116
Other	82,975	19,921	2,142	903
Charges for services	1,272,536	130,389	112,652	3,105
Miscellaneous	207,201	229	1,128	611
TOTAL REVENUES	11,497,289	682,041	200,410	64,558
EXPENDITURES:				
Current:				
General government	634,113			
Public protection	3,239,152	608,571	182,491	
Public ways and facilities				
Health and sanitation	1,844,546			
Public assistance	4,257,038			
Education				85,066
Recreation and cultural services	172,338			
Debt service:				
Principal	176,504	8,717		1,937
Interest and other charges	68,873	2,111		469
Capital leases	11,449			
Capital outlay	7,329			
TOTAL EXPENDITURES	10,411,342	619,399	182,491	87,472
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,085,947	62,642	17,919	(22,914)
OTHER FINANCING SOURCES (USES):				
Transfers in (Note 12)	76,068	48		26,016
Transfers out (Note 12)	(733,126)	(28,011)	(18,187)	(1,822)
Proceeds of long-term debt (Note 8)				
Proceeds of refunding bonds (Note 8)				
Payment to refunded bonds escrow agent (Note 8)				
Bond premium proceeds (Note 8)				
Capital leases (Note 7)	7,329			
Sales of capital assets	2,784	86	1,281	8
TOTAL OTHER FINANCING SOURCES (USES)	(646,945)	(27,877)	(16,906)	24,202
SPECIAL ITEM - Proceeds from sale of receivables (Note 17)				
NET CHANGE IN FUND BALANCES	439,002	34,765	1,013	1,288
FUND BALANCE, JULY 1, 2004	1,887,727	68,424	120,283	9,137
FUND BALANCE, JUNE 30, 2005	\$ 2,326,729	103,189	121,296	10,425

The notes to the basic financial statements are an integral part of this statement.

REGIONAL PARK AND OPEN SPACE DISTRICT	NONMAJOR GOVERNMENTAL FUNDS	ELIMINATIONS (NOTE 3)	TOTAL GOVERNMENTAL FUNDS
\$	260,239		\$ 3,704,985
	5,917		73,450
1,126	68,541		294,714
5,755	54,733	(15,385)	136,833
	48,535		69,253
	10		408
	94,364		2,763,670
	184,148		4,275,176
	16,733		122,674
78,781	102,014		1,699,477
	67,831		277,000
85,662	903,065	(15,385)	13,417,640
	30,557		664,670
	81,097		4,111,311
	247,314		247,314
	90,661		1,935,207
	130,119		4,387,157
			85,066
48,381	6,049		226,768
	185,318	(26,520)	345,956
	125,880	(15,385)	181,948
			11,449
	24,055		31,384
48,381	921,050	(41,905)	12,228,230
37,281	(17,985)	26,520	1,189,410
1,056	313,793		416,981
(38,109)	(285,143)		(1,104,398)
	7,700		7,700
	434,471		434,471
	(434,471)		(434,471)
	37,629		37,629
			7,329
	2,669		6,828
(37,053)	76,648		(627,931)
	188,493		188,493
228	247,156	26,520	749,972
238,574	1,464,519	(376,210)	3,412,454
\$ 238,802	1,711,675	(349,690)	\$ 4,162,426

## REVENUES:

Taxes

Licenses, permits and franchises

Fines, forfeitures and penalties

Revenue from use of money and property:

Investment income (Note 4)

Rents and concessions (Note 7)

Royalties

Intergovernmental revenues:

Federal

State

Other

Charges for services

Miscellaneous

TOTAL REVENUES

## EXPENDITURES:

Current:

General government

Public protection

Public ways and facilities

Health and sanitation

Public assistance

Education

Recreation and cultural services

Debt service:

Principal

Interest and other charges

Capital leases

Capital outlay

TOTAL EXPENDITURES

EXCESS (DEFICIENCY) OF REVENUES OVER  
EXPENDITURES

## OTHER FINANCING SOURCES (USES):

Transfers in (Note 12)

Transfers out (Note 12)

Proceeds of long-term debt (Note 8)

Proceeds of refunding bonds (Note 8)

Payment to refunded bonds escrow agent (Note 8)

Bond premium proceeds (Note 8)

Capital leases (Note 7)

Sales of capital assets

TOTAL OTHER FINANCING SOURCES (USES)

SPECIAL ITEM - Proceeds from sale of receivables (Note 17)

## NET CHANGE IN FUND BALANCES

FUND BALANCE, JULY 1, 2004

FUND BALANCE, JUNE 30, 2005

COUNTY OF LOS ANGELES  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

Net change in fund balances - total governmental funds (page 29) \$ 749,972

Amounts reported for governmental activities in the statement of activities  
 are different because:

Governmental funds report capital outlay as expenditures. However, in  
 the statement of activities, the cost of those assets is allocated over  
 their estimated useful lives and reported as depreciation expense:

Expenditures for general capital assets, infrastructure and other related capital asset adjustments	\$ 197,261	
Less - current year depreciation expense	<u>(122,312)</u>	74,949

In the statement of activities, only the gain on the sale of capital assets  
 is reported, whereas in the governmental funds, the proceeds from the sale  
 increase financial resources. Thus, the change in net assets differs from  
 the change in fund balance. (12,150)

Revenue timing differences result in less revenue in government-wide  
 statements. (1,411)

Repayment of debt principal is an expenditure in the governmental funds,  
 but the repayment reduces long-term liabilities in the statement of assets:

Pension bonds	\$ 187,158	
General obligation bonds	11,155	
Certificates of participation	132,808	
Assessment bonds	26,520	
Other long term notes and loans	<u>15,101</u>	372,742

Some expenses reported in the accompanying statement of activities do not  
 require (or provide) the use of current financial resources and, therefore, are  
 not reported as expenditures in governmental funds:

Change in workers' compensation	\$ 57,665	
Change in litigation/self-insurance	(15,499)	
Change in accrued vacation/sick leave	(17,955)	
Change in third party payors	(901)	
Change in accrued interest payable	4,877	
Accretion of pension bonds	<u>(59,112)</u>	(30,925)

The change in the net pension obligation (an asset) is not recognized in  
 governmental funds. (121,277)

The portion of internal service funds that is reported with  
 governmental activities. (4,217)

Change in net assets of governmental activities (page 23) \$ 1,027,683

COUNTY OF LOS ANGELES  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 2,673,699	2,910,247	2,829,342	(80,905)
Licenses, permits and franchises	54,556	57,696	58,422	726
Fines, forfeitures and penalties	183,198	185,952	220,622	34,670
Revenue from use of money and property:				
Investment income	49,947	70,861	84,160	13,299
Rents and concessions	21,360	21,360	15,605	(5,755)
Royalties	232	232	216	(16)
Intergovernmental revenues:				
Federal	3,120,674	3,133,167	2,638,259	(494,908)
State	3,967,375	4,123,656	4,120,222	(3,434)
Other	116,471	118,591	84,328	(34,263)
Charges for services	1,334,499	1,279,998	1,272,536	(7,462)
Miscellaneous	94,482	206,925	210,715	3,790
TOTAL REVENUES	11,616,493	12,108,685	11,534,427	(574,258)
EXPENDITURES:				
Current:				
General government	1,004,511	917,890	650,969	(266,921)
Public protection	3,502,891	3,578,881	3,438,210	(140,671)
Health and sanitation	2,478,879	2,224,987	2,125,863	(99,124)
Public assistance	4,711,572	4,733,753	4,319,570	(414,183)
Recreation and cultural services	186,264	187,925	176,854	(11,071)
Debt Service-				
Interest	9,962	9,962	9,962	
Capital Outlay	449,683	581,786	106,603	(475,183)
TOTAL EXPENDITURES	12,343,762	12,235,184	10,828,031	(1,407,153)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(727,269)	(126,499)	706,396	832,895
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	398	398	2,784	2,386
Transfers in	532,937	385,450	302,673	(82,777)
Transfers out	(569,895)	(645,275)	(645,027)	248
Appropriation for contingencies	(16,221)	(103,361)		103,361
Changes in reserves and designations	(92,234)	(382,997)	(330,500)	52,497
OTHER FINANCING SOURCES (USES) - NET	(145,015)	(745,785)	(670,070)	75,715
NET CHANGE IN FUND BALANCE	(872,284)	(872,284)	36,326	908,610
FUND BALANCE, JULY 1, 2004 (Note 13)	872,284	872,284	872,284	
FUND BALANCE, JUNE 30, 2005 (Note 13)	\$		908,610	908,610

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF LOS ANGELES  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 FIRE PROTECTION DISTRICT  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	FIRE PROTECTION DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 491,064	504,573	503,896	(677)
Licenses, permits and franchises	8,236	8,236	8,802	566
Fines, forfeitures and penalties	3,330	3,330	2,751	(579)
Revenue from use of money and property:				
Investment income			802	802
Rents and concessions	86	86	87	1
Intergovernmental revenues:				
Federal	11,493	11,493	2,420	(9,073)
State	13,324	13,324	13,424	100
Other	19,755	19,755	19,921	166
Charges for services	128,859	131,290	130,389	(901)
Miscellaneous	254	254	230	(24)
TOTAL REVENUES	676,401	692,341	682,722	(9,619)
EXPENDITURES:				
Current-Public protection:				
Salaries and employee benefits	583,833	551,511	539,574	(11,937)
Services and supplies	82,166	80,048	70,753	(9,295)
Other charges	7,613	5,013	4,435	(578)
Capital assets	17,467	42,936	33,832	(9,104)
TOTAL EXPENDITURES	691,079	679,508	648,594	(30,914)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(14,678)	12,833	34,128	21,295
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	202	202	86	(116)
Transfers in		48	48	
Transfers out	(5,351)	(27,351)	(27,351)	
Appropriation for contingencies	(31,716)	(7,275)		7,275
Changes in reserves and designations	(20,000)	(50,000)	(48,505)	1,495
OTHER FINANCING SOURCES (USES) - NET	(56,865)	(84,376)	(75,722)	8,654
NET CHANGE IN FUND BALANCE	(71,543)	(71,543)	(41,594)	29,949
FUND BALANCE, JULY 1, 2004 (Note 13)	71,543	71,543	71,543	
FUND BALANCE, JUNE 30, 2005 (Note 13)	\$		29,949	29,949

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF LOS ANGELES  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 FLOOD CONTROL DISTRICT  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	FLOOD CONTROL DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 61,893	68,951	68,675	(276)
Licenses, permits and franchises	622	622	308	(314)
Fines, forfeitures and penalties	1,522	1,522	1,205	(317)
Revenue from use of money and property:				
Investment income	2,000	2,000	2,442	442
Rents and concessions	7,533	7,871	5,009	(2,862)
Royalties	435	435	182	(253)
Intergovernmental revenues:				
Federal	4,627	4,627	4,065	(562)
State	5,414	5,414	2,633	(2,781)
Other	1,891	1,891	2,142	251
Charges for services	112,397	112,397	112,602	205
Miscellaneous	262	262	1,129	867
TOTAL REVENUES	198,596	205,992	200,392	(5,600)
EXPENDITURES:				
Current-Public protection:				
Services and supplies	188,587	190,125	186,985	(3,140)
Other charges	19,682	19,182	17,944	(1,238)
Capital assets	32,890	32,190	1,909	(30,281)
TOTAL EXPENDITURES	241,159	241,497	206,838	(34,659)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(42,563)	(35,505)	(6,446)	29,059
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	200	200	1,281	1,081
Transfers out	(1,874)	(1,874)	(608)	1,266
Long-term debt proceeds	27,810	27,810		(27,810)
Appropriation for contingencies	(53)	(7,111)		7,111
Changes in reserves and designations	1,378	1,378	4,153	2,775
OTHER FINANCING SOURCES (USES) - NET	27,461	20,403	4,826	(15,577)
NET CHANGE IN FUND BALANCE	(15,102)	(15,102)	(1,620)	13,482
FUND BALANCE, JULY 1, 2004 (Note 13)	15,102	15,102	15,102	
FUND BALANCE, JUNE 30, 2005 (Note 13)	\$		13,482	13,482

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF LOS ANGELES  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 PUBLIC LIBRARY  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	PUBLIC LIBRARY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 56,207	57,160	57,055	(105)
Fines, forfeitures and penalties			469	469
Revenue from use of money and property:				
Investment income	60	60	195	135
Rents and concessions	50	50	17	(33)
Intergovernmental revenues:				
Federal			101	101
State	2,330	2,531	2,116	(415)
Other	1,582	1,582	903	(679)
Charges for services	2,457	2,457	3,105	648
Miscellaneous	1,158	1,229	610	(619)
TOTAL REVENUES	63,844	65,069	64,571	(498)
EXPENDITURES:				
Current-Education:				
Salaries and employee benefits	57,162	56,977	54,983	(1,994)
Services and supplies	33,182	33,932	33,093	(839)
Other charges	785	1,028	986	(42)
Capital assets	1,335	1,335	323	(1,012)
TOTAL EXPENDITURES	92,464	93,272	89,385	(3,887)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(28,620)	(28,203)	(24,814)	3,389
OTHER FINANCING SOURCES (USES):				
Sales of capital assets			8	8
Transfers in	25,588	26,124	26,016	(108)
Transfers out	(1,306)	(1,306)	(1,306)	
Appropriation for contingencies		(953)		953
Changes in reserves and designations	(80)	(80)	87	167
OTHER FINANCING SOURCES (USES) - NET	24,202	23,785	24,805	1,020
NET CHANGE IN FUND BALANCE	(4,418)	(4,418)	(9)	4,409
FUND BALANCE, JULY 1, 2004 (Note 13)	4,418	4,418	4,418	
FUND BALANCE, JUNE 30, 2005 (Note 13)	\$		4,409	4,409

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF LOS ANGELES  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 REGIONAL PARK AND OPEN SPACE DISTRICT  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	REGIONAL PARK AND OPEN SPACE DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Fines, forfeitures and penalties	\$ 894	894	1,126	232
Revenue from use of money and property-				
Investment income	4,303	4,303	5,626	1,323
Charges for services	78,324	78,324	78,923	599
Miscellaneous				
TOTAL REVENUES	83,521	83,521	85,675	2,154
EXPENDITURES:				
Current-Recreation and cultural services:				
Services and supplies	3,926	4,982	4,663	(319)
Other charges	236,560	236,560	123,642	(112,918)
TOTAL EXPENDITURES	240,486	241,542	128,305	(113,237)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(156,965)	(158,021)	(42,630)	115,391
OTHER FINANCING SOURCES (USES):				
Transfers in	62,508	73,282	69,659	(3,623)
Transfers out	(100,812)	(110,530)	(106,711)	3,819
Long-term debt proceeds	78,544	78,544		(78,544)
Appropriation for contingencies	(12,003)	(12,003)		12,003
Changes in reserves and designations	3,569	3,569	82,968	79,399
OTHER FINANCING SOURCES (USES) - NET	31,806	32,862	45,916	13,054
NET CHANGE IN FUND BALANCE	(125,159)	(125,159)	3,286	128,445
FUND BALANCE, JULY 1, 2004 (Note 13)	125,761	125,761	125,761	
FUND BALANCE, JUNE 30, 2005 (Note 13)	\$ 602	602	129,047	128,445

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF LOS ANGELES  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2005 (in thousands)

	BUSINESS-TYPE ACTIVITIES -				
	Harbor UCLA Medical Center	Olive View UCLA Medical Center	LAC+USC Medical Center	M. L. King/Drew Medical Center	High Desert Hospital
<b>ASSETS</b>					
Current assets:					
Pooled cash and investments: (Notes 1 and 4)					
Operating (Note 1)	\$ 446	393	108,922	444	
Other (Note 1)	8,734	8,287	37,619	6,574	
Total pooled cash and investments	9,180	8,680	146,541	7,018	
Other investments (Note 4)					
Taxes receivable					
Accounts receivable - net	116,848	103,399	225,417	113,871	
Interest receivable	8	9	327	3	
Other receivables	3,383	4,762	8,854	3,622	
Due from other funds (Note 12)	170,658	136,367	717,077	126,481	
Advances to other funds (Note 12)					
Inventories	3,273	3,831	13,298	3,937	
Total current assets	303,350	257,048	1,111,514	254,932	
Noncurrent assets:					
Restricted assets (Note 4)	1,621	7,030	10,660	191	
Net pension obligation (Note 6)	16,842	15,079	44,223	18,768	
Capital assets: (Notes 5 and 7)					
Land	1,001	15,171	18,183	2,277	
Buildings and improvements	77,672	152,940	164,111	195,357	
Equipment	32,412	21,188	81,178	40,118	
Construction in progress	14,505		518,254		
Less accumulated depreciation	(74,738)	(93,019)	(198,788)	(130,094)	
Total capital assets - net	50,852	96,280	582,938	107,658	
Total noncurrent assets	69,315	118,389	637,821	126,617	
<b>TOTAL ASSETS</b>	<b>372,665</b>	<b>375,437</b>	<b>1,749,335</b>	<b>381,549</b>	
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	8,277	6,474	35,848	13,695	
Accrued payroll	17,176	13,538	35,461	15,230	
Other payables	1,053	924	1,761	1,051	
Accrued interest payable	91	141	115	514	
Due to other funds (Note 12)	51,338	82,589	405,621	74,673	
Advances from other funds (Note 12)	95,131	96,407	117,458	117,125	
Deferred revenue (Note 6)	1,254	1,123	4,792	1,397	
Current portion of long-term liabilities (Note 8)	31,326	41,653	264,728	42,744	
Total current liabilities	205,646	242,849	865,784	266,429	
Noncurrent liabilities:					
Accrued vacation and sick leave (Note 8)	21,113	15,083	38,228	17,920	
Bonds and notes payable (Note 8)	14,930	19,465	19,805	52,271	
Pension bonds payable (Notes 6 and 8)	53,611	47,998	140,770	59,742	
Capital lease obligations (Notes 7 and 8)	148	16			
Workers' compensation (Notes 8 and 15)	36,861	30,864	149,674	76,379	
Litigation and self-insurance (Notes 8 and 15)	29,942	17,936	92,603	39,631	
Third party payors (Notes 8 and 11)	88,577	97,334	119,936	31,670	
Total noncurrent liabilities	245,182	228,696	561,016	277,613	
<b>TOTAL LIABILITIES</b>	<b>450,828</b>	<b>471,545</b>	<b>1,426,800</b>	<b>544,042</b>	
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt (Notes 5 and 8)	35,507	72,447	388,892	52,461	
Restricted	1,530	6,889	10,545	(323)	
Unrestricted (Deficit)	(115,200)	(175,444)	(76,902)	(214,631)	
<b>TOTAL NET ASSETS (DEFICIT) (Note 2)</b>	<b>\$ (78,163)</b>	<b>(96,108)</b>	<b>322,535</b>	<b>(162,493)</b>	

The notes to the basic financial statements are an integral part of this statement.

ENTERPRISE FUNDS			GOVERNMENTAL
Rancho	Nonmajor		ACTIVITIES
Los Amigos	Enterprise		Internal
Medical Center	Funds	Total	Service
			Funds
\$ 194	34,853	\$ 145,252	\$ 45,114
2,403	2,399	66,016	7,492
2,597	37,252	211,268	52,606
	19,914	19,914	7,166
	1,153	1,153	
48,979		608,514	
2	66	415	120
2,158	9,115	31,894	1,733
54,346	855	1,205,784	49,930
	1,159	1,159	
1,013		25,352	6,760
109,095	69,514	2,105,453	118,315
812		20,314	12,368
12,124		107,036	20,561
217	80,524	117,373	
187,179	331,901	1,109,160	1,734
10,535	2,508	187,939	206,358
6,550	2,428	541,737	
(92,689)	(229,299)	(818,627)	(114,788)
111,792	188,062	1,137,582	93,304
124,728	188,062	1,264,932	126,233
233,823	257,576	3,370,385	244,548
2,420	5,688	72,402	6,843
6,368		87,773	18,204
559	2,149	7,497	881
382		1,243	398
13,800	4,618	632,639	24,014
13,349		439,470	22,000
903	507	9,976	1,775
25,585	1,275	407,311	44,478
63,366	14,237	1,658,311	118,593
8,215	218	100,777	30,642
48,558	6,037	161,066	25,110
38,592		340,713	65,450
512		676	319
25,911		319,689	64,186
12,420		192,532	17,644
21,794		359,311	
156,002	6,255	1,474,764	203,351
219,368	20,492	3,133,075	321,944
58,496	181,410	789,213	61,111
430	53,603	72,674	4,940
(44,471)	2,071	(624,577)	(143,447)
\$ 14,455	237,084	237,310	\$ (77,396)
		5,803	
		\$ 243,113	

## ASSETS

## Current assets:

Pooled cash and investments: (Notes 1 and 4)

Operating (Note 1)

Other (Note 1)

Total pooled cash and investments

Other investments (Note 4)

Taxes receivable

Accounts receivable - net

Interest receivable

Other receivables

Due from other funds (Note 12)

Advances to other funds (Note 12)

Inventories

Total current assets

## Noncurrent assets:

Restricted assets (Note 4)

Net pension obligation (Note 6)

Capital assets: (Notes 5 and 7)

Land

Buildings and improvements

Equipment

Construction in progress

Less accumulated depreciation

Total capital assets - net

Total noncurrent assets

## TOTAL ASSETS

## LIABILITIES

## Current liabilities:

Accounts payable

Accrued payroll

Other payables

Accrued interest payable

Due to other funds (Note 12)

Advances from other funds (Note 12)

Deferred revenue (Note 6)

Current portion of long-term liabilities (Note 8)

Total current liabilities

## Noncurrent liabilities:

Accrued vacation and sick leave (Note 8)

Bonds and notes payable (Note 8)

Pension bonds payable (Notes 6 and 8)

Capital lease obligations (Notes 7 and 8)

Workers' compensation (Notes 8 and 15)

Litigation and self-insurance (Notes 8 and 15)

Third party payors (Notes 8 and 11)

Total noncurrent liabilities

## TOTAL LIABILITIES

## NET ASSETS

Invested in capital assets, net of related debt  
(Notes 5 and 8)

Restricted

Unrestricted (Deficit)

## TOTAL NET ASSETS (DEFICIT) (Note 2)

Adjustment to reflect the consolidation of internal  
service fund activities related to enterprise funds

NET ASSETS OF BUSINESS-TYPE ACTIVITIES (PAGE 21)

COUNTY OF LOS ANGELES  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	BUSINESS-TYPE ACTIVITIES -				
	Harbor UCLA Medical Center	Olive View UCLA Medical Center	LAC+USC Medical Center	M. L. King/Drew Medical Center	High Desert Hospital
OPERATING REVENUES:					
Net patient service revenues (Note 11)	\$ 480,995	277,227	1,008,000	462,924	33,558
Rentals					
Charges for services					
Other	9,839	8,899	34,290	8,352	1,640
TOTAL OPERATING REVENUES	490,834	286,126	1,042,290	471,276	35,198
OPERATING EXPENSES:					
Salaries and employee benefits	248,281	163,031	517,369	221,265	37,674
Services and supplies	67,754	57,879	173,204	58,384	11,381
Other professional services	87,306	65,967	229,147	115,839	17,060
Depreciation and amortization (Note 5)	1,750	2,459	3,086	2,625	147
Medical malpractice	(1,523)	2,551	(89)	609	22
Rent	3,801	3,354	10,723	3,871	722
Provision for bad debts	2,464	3,258	4,500	3,035	3,918
TOTAL OPERATING EXPENSES	409,833	298,499	937,940	405,628	70,924
OPERATING INCOME (LOSS)	81,001	(12,373)	104,350	65,648	(35,726)
NONOPERATING REVENUES (EXPENSES):					
Taxes					
Interest income	569	230	3,200	1,155	64
Interest expense	(10,128)	(8,279)	(21,816)	(16,916)	(1,487)
Intergovernmental transfers expense (Note 11)	(171,300)	(101,263)	(391,064)	(185,427)	(2)
Intergovernmental revenues:					
State			10,608		
Federal			127,187		
TOTAL NONOPERATING REVENUES (EXPENSES)	(180,859)	(109,312)	(271,885)	(201,188)	(1,425)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(99,858)	(121,685)	(167,535)	(135,540)	(37,151)
Transfers in (Note 12)	84,939	67,737	372,206	64,372	55,583
Transfers out (Note 12)		(13,244)		(1)	
CHANGE IN NET ASSETS	(14,919)	(67,192)	204,671	(71,169)	18,432
TOTAL NET ASSETS (DEFICIT), JULY 1, 2004	(63,244)	(28,916)	117,864	(91,324)	(18,432)
TOTAL NET ASSETS (DEFICIT), JUNE 30, 2005	\$ (78,163)	(96,108)	322,535	(162,493)	

The notes to the basic financial statements are an integral part of this statement.

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Rancho Los Amigos Medical Center	Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$ 178,519		\$ 2,441,223	\$	OPERATING REVENUES:
	12,535	12,535	23,156	Net patient service revenues (Note 11)
	55,616	55,616	343,273	Rentals
9,158	799	72,977		Charges for services
				Other
187,677	68,950	2,582,351	366,429	TOTAL OPERATING REVENUES
				OPERATING EXPENSES:
93,441		1,281,061	275,592	Salaries and employee benefits
20,623	257,012	646,237	48,934	Services and supplies
23,058	2,348	540,725	9,721	Other professional services
2,387	6,840	19,294	28,325	Depreciation and amortization (Note 5)
342		1,912		Medical malpractice
2,476		24,947		Rent
4,120		21,295		Provision for bad debts
146,447	266,200	2,535,471	362,572	TOTAL OPERATING EXPENSES
41,230	(197,250)	46,880	3,857	OPERATING INCOME (LOSS)
				NONOPERATING REVENUES (EXPENSES):
	701	701		Taxes
199	1,012	6,429	665	Interest income
(12,275)	(551)	(71,452)	(8,659)	Interest expense
(65,768)		(914,824)		Intergovernmental transfers expense (Note 11)
				Intergovernmental revenues:
	45	10,653		State
	212,979	340,166	107	Federal
(77,844)	214,186	(628,327)	(7,887)	TOTAL NONOPERATING REVENUES (EXPENSES)
(36,614)	16,936	(581,447)	(4,030)	INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS
61,429		706,266	1,793	Transfers in (Note 12)
	(5,929)	(19,174)	(1,468)	Transfers out (Note 12)
24,815	11,007	105,645	(3,705)	CHANGE IN NET ASSETS
(10,360)	226,077		(73,691)	TOTAL NET ASSETS (DEFICIT), JULY 1, 2004
\$ 14,455	237,084		\$ (77,396)	TOTAL NET ASSETS (DEFICIT), JUNE 30, 2005
		511		Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
		\$ 106,156		CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES (PAGE 23)

COUNTY OF LOS ANGELES  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	BUSINESS-TYPE ACTIVITIES -				
	Harbor UCLA Medical Center	Olive View UCLA Medical Center	LAC+USC Medical Center	M. L. King/Drew Medical Center	High Desert Hospital
<b>CASH FLOWS FROM OPERATING</b>					
ACTIVITIES:					
Cash received from patient services	\$ 473,466	258,140	689,386	437,416	38,786
Rentals received					
Cash received from charges for services					
Other operating revenues	9,843	8,902	34,294	8,352	1,640
Cash received for services provided to other fund	7,777	6,987	17,851	10,638	4,231
Cash paid for salaries and employee benefits	(244,795)	(126,115)	(514,617)	(221,621)	(73,796)
Cash paid for services and supplies	(32,655)	19,669	171,438	36,379	(13,548)
Other operating expenses	(92,909)	(69,712)	(245,847)	(123,121)	(19,264)
Cash paid for services from other funds	(26,370)	(20,241)	(74,049)	(33,420)	(5,396)
Net cash provided by (required for) operating activities	94,357	77,630	78,456	114,623	(67,347)
<b>CASH FLOWS FROM NONCAPITAL</b>					
FINANCING ACTIVITIES:					
Cash advances received from other funds	229,400	176,889	487,813	238,198	16,271
Cash advances paid/returned to other funds	(198,579)	(158,055)	(414,571)	(206,081)	(10,876)
Interest paid on pension bonds	(6,157)	(4,089)	(16,167)	(6,861)	(1,424)
Interest paid on advances	(2,328)	(2,284)	(3,039)	(3,032)	(35)
Intergovernmental transfers	(193,584)	(125,253)	(481,661)	(194,276)	(2)
Transfers in	84,939	67,737	372,206	64,372	62,369
Transfers out		(20,030)		(1)	
Net cash provided by (required for) noncapital financing activities	(86,309)	(65,085)	(55,419)	(107,681)	66,303
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds from taxes					
Intergovernmental receipts			137,795		
Proceeds from bonds and notes			60,000		
Interest paid on capital borrowing	(1,690)	(1,946)	(2,634)	(7,083)	(28)
Principal payments on bonds and notes	(9,162)	(9,646)	(23,701)	(18,030)	(1,624)
Principal payments on capital leases	(217)		(37)	(13)	(35)
Proceeds from refunding bonds	1,118		1,397	3,736	
Acquisition and construction of capital assets	(1,770)	(210)	(194,175)	(968)	(27)
Net cash provided by (required for) capital and related financing activities	(11,721)	(11,802)	(21,355)	(22,358)	(1,714)
<b>CASH FLOWS FROM INVESTING ACTIVITIES -</b>					
Interest income received	305	56	2,506	867	5
Net increase (decrease) in cash and cash equivalents	(3,368)	799	4,188	(14,549)	(2,753)
Cash and cash equivalents, July 1, 2004	14,169	14,911	153,013	21,758	2,753
Cash and cash equivalents, June 30, 2005	\$ 10,801	15,710	157,201	7,209	

The notes to the basic financial statements are an integral part of this statement.

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Rancho Los Amigos Medical Center	Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$ 175,206		\$ 2,072,400	\$	CASH FLOWS FROM OPERATING ACTIVITIES:
	21,642	21,642	19,546	Cash received from patient services
	55,182	55,182	347,696	Rentals received
9,172	799	73,002		Cash received from charges for services
494		47,978		Other operating revenues
(96,054)		(1,276,998)	(271,435)	Cash received for services provided to other funds
(24,165)	(256,138)	(99,020)	(52,082)	Cash paid for salaries and employee benefits
(25,830)	(2,348)	(579,031)	(9,721)	Cash paid for services and supplies
(12,813)		(172,289)		Other operating expenses
				Cash paid for services from other funds
26,010	(180,863)	142,866	34,004	Net cash provided by (required for) operating activities
				CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:
68,782		1,217,353		Cash advances received from other funds
(57,545)	14	(1,045,693)		Cash advances paid/returned to other funds
(4,433)		(39,131)	(7,517)	Interest paid on pension bonds
(313)		(11,031)		Interest paid on advances
(79,675)		(1,074,451)		Intergovernmental transfers
61,429		713,052	1,793	Transfers in
	(5,929)	(25,960)	(1,468)	Transfers out
(11,755)	(5,915)	(265,861)	(7,192)	Net cash provided by (required for) noncapital financing activities
				CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:
	931	931		Proceeds from taxes
	213,024	350,819	107	Intergovernmental receipts
		60,000	32,240	Proceeds from bonds and notes
(7,456)	(551)	(21,388)	(1,101)	Interest paid on capital borrowing
(25,541)	(856)	(88,560)	(36,520)	Principal payments on bonds and notes
(100)		(402)	(224)	Principal payments on capital leases
3,754		10,005		Proceeds from refunding bonds
(152)	(8,685)	(205,987)	(27,892)	Acquisition and construction of capital assets
(29,495)	203,863	105,418	(33,390)	Net cash provided by (required for) capital and related financing activities
				CASH FLOWS FROM INVESTING ACTIVITIES -
13	1,001	4,753	349	Interest income received
(15,227)	18,086	(12,824)	(6,229)	Net increase (decrease) in cash and cash equivalents
18,636	39,080	264,320	78,369	Cash and cash equivalents, July 1, 2004
\$ 3,409	57,166	\$ 251,496	\$ 72,140	Cash and cash equivalents, June 30, 2005

Continued...

COUNTY OF LOS ANGELES  
STATEMENT OF CASH FLOWS - Continued  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	BUSINESS-TYPE ACTIVITIES -				
	Harbor UCLA Medical Center	Olive View UCLA Medical Center	LAC+USC Medical Center	M. L. King/Drew Medical Center	High Desert Hospital
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:					
Operating income (loss)	\$ 81,001	(12,373)	104,350	65,648	(35,726)
Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities:					
Depreciation and amortization	1,750	2,459	3,086	2,625	147
Other charges - net	(968)	118	2,619	1,612	74
(Increase) decrease in:					
Accounts receivable - net	16,983	15,148	61,313	3,420	12,050
Interest receivable					
Other receivables	(441)	8	(785)	(837)	767
Due from other funds	(17,288)	(39,979)	(370,620)	(13,593)	10,565
Inventories	(263)	(1,128)	(428)	(292)	761
Net pension obligation	7,149	853	18,774	7,968	5,548
Increase (decrease) in:					
Accounts payable	(2,768)	1,900	(96)	5,201	(1,299)
Accrued payroll	1,380	3,290	1,876	761	(2,386)
Other payables	271	358	378	271	(138)
Accrued vacation and sick leave	779	3,835	1,241	(624)	(2,856)
Due to other funds	13,245	56,348	268,624	54,151	(7,286)
Deferred revenue		290	(51)		(290)
Pension bonds payable	(7,549)	10,335	(19,822)	(8,413)	(17,093)
Workers' compensation liability	(1,600)	9,580	(5,079)	(2,111)	(13,223)
Litigation and self-insurance liability	(782)	10,607	(804)	(339)	(6,957)
Third party payor liability	3,458	15,981	13,880	(825)	(10,005)
TOTAL ADJUSTMENTS	13,356	90,003	(25,894)	48,975	(31,621)
NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES	\$ 94,357	77,630	78,456	114,623	(67,347)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:					
Pooled cash and investments	\$ 9,180	8,680	146,541	7,018	
Other investments					
Restricted assets	1,621	7,030	10,660	191	
TOTAL	\$ 10,801	15,710	157,201	7,209	

The notes to the basic financial statements are an integral part of this statement.

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES		
Rancho Los Amigos Medical Center	Nonmajor Enterprise Funds	Total	Internal Service Funds		
\$ 41,230	(197,250)	\$ 46,880	\$ 3,857		RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:
					Operating income (loss)
					Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities:
2,387	6,840	19,294	28,325		Depreciation and amortization
(167)	3,572	6,860	(362)		Other charges - net
					(Increase) decrease in:
11,505		120,419			Accounts receivable - net
			23		Interest receivable
43	8,370	7,125	(1,651)		Other receivables
(8,806)	(37)	(439,758)	2,599		Due from other funds
(8)		(1,358)	80		Inventories
5,146		45,438	8,729		Net pension obligation
					Increase (decrease) in:
(41)	(3,406)	(509)	(1,389)		Accounts payable
195		5,116	347		Accrued payroll
113	279	1,532	220		Other payables
265		2,640	159		Accrued vacation and sick leave
(16,371)	429	369,140	(1,476)		Due to other funds
	340	289	(158)		Deferred revenue
(5,433)		(47,975)	(9,216)		Pension bonds payable
(2,864)		(15,297)	4,079		Workers' compensation liability
257		1,982	(162)		Litigation and self-insurance liability
(1,441)		21,048			Third party payor liability
(15,220)	16,387	95,986	30,147		TOTAL ADJUSTMENTS
\$ 26,010	(180,863)	\$ 142,866	\$ 34,004		NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES
					RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:
\$ 2,597	37,252	\$ 211,268	\$ 52,606		Pooled cash and investments
	19,914	19,914	7,166		Other investments
812		20,314	12,368		Restricted assets
\$ 3,409	57,166	\$ 251,496	\$ 72,140		TOTAL

COUNTY OF LOS ANGELES  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 JUNE 30, 2005 (in thousands)

	PENSION TRUST FUND	INVESTMENT TRUST FUNDS	AGENCY FUNDS
ASSETS			
Pooled cash and investments (Note 4)	\$ 50,945	\$ 9,228,149	\$ 1,289,769
Other investments: (Note 4)		946,603	202,764
Stocks	17,367,171		
Bonds	8,467,784		
Short-term investments	947,634		
Real estate	3,213,698		
Mortgages	268,449		
Alternative assets	1,777,213		
Collateral on loaned securities	3,001,156		
Taxes receivable			204,760
Interest receivable	109,878	52,177	
Other receivables	412,671		
TOTAL ASSETS	<u>35,616,599</u>	<u>10,226,929</u>	<u>\$ 1,697,293</u>
LIABILITIES			
Accounts payable	509,383		
Other payables (Note 4)	3,081,111		
Due to other governments			1,697,293
TOTAL LIABILITIES	<u>3,590,494</u>		<u>\$ 1,697,293</u>
NET ASSETS			
Held in trust for pension benefits and investment trust participants	<u>\$ 32,026,105</u>	<u>\$ 10,226,929</u>	

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF LOS ANGELES  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	PENSION TRUST FUND	INVESTMENT TRUST FUNDS
ADDITIONS:		
Contributions:		
Pension trust contributions:		
Employer	\$ 527,810	\$
Member	286,096	
Contributions to investment trust funds		34,588,350
Total contributions	813,906	34,588,350
Investment earnings:		
Interest	1,850,038	247,226
Net increase in the fair value of investments	1,597,148	
Securities lending income (Note 4)	79,263	
Total investment earnings	3,526,449	247,226
Less - Investment expenses:		
Expense from investing activities	59,664	
Expense from securities lending activities (Note 4)	70,592	
Total net investment expense	130,256	
Net investment earnings	3,396,193	247,226
Miscellaneous	3,222	
TOTAL ADDITIONS	4,213,321	34,835,576
DEDUCTIONS:		
Salaries and employee benefits	27,276	
Services and supplies	15,905	
Depreciation and amortization	1	
Benefit payments	1,606,051	
Distribution from investment trust funds		35,666,507
Miscellaneous	19,166	
TOTAL DEDUCTIONS	1,668,399	35,666,507
CHANGE IN NET ASSETS	2,544,922	(830,931)
NET ASSETS HELD IN TRUST, JULY 1, 2004	29,481,183	11,057,860
NET ASSETS HELD IN TRUST, JUNE 30, 2005	\$ 32,026,105	\$ 10,226,929

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The County of Los Angeles (the "County") is a legal subdivision of the State of California (the "State") charged with general governmental powers. The County's powers are exercised through an elected Board of Supervisors (the "Board") which, as the governing body of the County, is responsible for the legislative and executive control of the County. As required by the Governmental Accounting Standards Board ("GASB"), these basic financial statements include both those of the County and its component units. The component units discussed below are included primarily because the Board is financially accountable for them.

Blended Component Units

County management has determined that the following related entities should be included in the basic financial statements as blended component units:

Fire Protection District	Garbage Disposal Districts
Flood Control District	Sewer Maintenance Districts
Street Lighting Districts	Waterworks Districts
Improvement Districts	Los Angeles County Capital Asset Leasing
Community Development	Corporation (a Non Profit Corporation) ("NPC")
Commission (including the	Various Joint Powers Authorities ("JPAs")
Housing Authority of the	Los Angeles County Employees
County of Los Angeles) ("CDC")	Retirement Association ("LACERA")
Regional Park and Open Space District	

Although they are separate legal entities, the various districts and the CDC are included primarily because the Board is also their governing Board. As such, the Board establishes policy, appoints management and exercises budgetary control. The NPC and JPAs have been included because their sole purpose is to finance and construct County capital assets and because they are dependent upon the County for funding. Blended component units are those that, because of the closeness of the relationship with the primary government, should be blended in the basic financial statements as though they are part of the primary government. LACERA is reported in the Pension Trust Fund of the basic financial statements and has been included because its operations are dependent upon County funding and because its operations, almost exclusively, benefit the County.

Discretely Presented Component Unit

The Children and Families First Commission ("Commission") was established by the County as a separate legal entity to administer the County's share of tobacco taxes levied by the State pursuant to Proposition 10. The County's Board established the Commission with nine voting members and four non-voting representatives. Of the nine voting members, one is a member of the Board of Supervisors, two are heads of County Departments (Health and Mental Health), one is an early childhood education expert, and five are public members appointed by the Board. The non-voting representatives are from other County commissions and planning groups.

The Commission's services are focused on the development and well-being of all children, from the prenatal stage until age five. The Commission is a component unit of the County because the County's Board appoints the voting Commissioners and the County has the ability to impose its will by removing those commissioners at will. It is discretely presented because its governing body is not substantially the same as the County's governing body and it does not provide services entirely or exclusively to the County.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Component Unit Financial Statements

Separate financial statements or additional financial information for each of the component units may be obtained from the Auditor-Controller at 500 West Temple Street, Room 525, Los Angeles, California 90012.

Government-wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County and between the County and its discretely presented component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs. Grants and contributions that are restricted to meeting the operational or capital requirements of a particular program are also recognized as program revenues. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Net assets are classified into the following three categories, 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted. Net assets are reported as restricted when their use has been constrained by externally imposed conditions. Such conditions include limitations imposed by creditors (such as through debt covenants), grantors or laws or regulations of other governments. Net asset restrictions are also recognized when imposed by law through constitutional provisions or enabling legislation. Net assets "restricted for special purpose" are principally related to special revenue funds and the restrictions on their net asset use in accordance with the provisions mentioned above.

When both restricted and unrestricted net assets are available, restricted resources are used first and then unrestricted resources are used to the extent necessary.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

The County reports the following major governmental funds:

General Fund

The General Fund is available for any authorized purpose and is used to account for all resources except for those accounted for in other funds.

Fire Protection District Fund

The Fire Protection District Fund was established to provide for fire prevention and suppression, rescue service, management of hazardous materials incidents, ocean lifeguard services, and acquisition and maintenance of district property and equipment. Revenues are derived principally from the Countywide tax levy.

Flood Control District Fund

The Flood Control District Fund was established to provide for the control and conservation of flood, storm and other waste waters, to conserve such waters for beneficial and useful purposes, and to protect the harbors, waterways, public highways and property located within the District from damage from such flood and storm waters. Revenues are derived primarily from the Countywide tax levy and benefit assessments.

Public Library Fund

The Public Library Fund was established to provide free library services to the unincorporated areas of the County and to cities that contract for these services. Revenues are derived principally from the Countywide tax levy.

Regional Park and Open Space District Fund

The Regional Park and Open Space District Fund was established to administer grant programs designed to preserve beaches, parks and wild lands, to acquire and renovate new and existing recreational facilities, and to restore rivers, streams, and trails in the County. Funding is derived from voter-approved assessments and long-term debt proceeds.

The County's major enterprise funds consist of six Hospital Enterprise Funds. These funds provide health services to County residents. Revenues are principally patient service fees. Subsidies are also received from the General Fund. A description of each Hospital Enterprise Fund is provided below:

Harbor/UCLA Medical Center

The Harbor/UCLA Medical Center provides acute and intensive care unit medical/surgical inpatient and outpatient care services, trauma and emergency room services, acute psychiatric services, pediatric and obstetric services, and transplants.

Olive View/UCLA Medical Center

The Olive View/UCLA Medical Center provides acute and intensive care, emergency services, medical/surgical inpatient and outpatient health care services, obstetric and gynecology services, and psychiatric services.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

LAC+USC Medical Center

The LAC+USC Medical Center provides acute and intensive care unit medical/surgical inpatient and outpatient services, trauma and emergency room services, a burn center, psychiatric services, renal dialysis, AIDS services, pediatric and obstetric services, and communicable disease services.

M. L. King/Drew Medical Center

The M. L. King/Drew Medical Center provides acute and intensive care unit medical/surgical inpatient and outpatient services, emergency room services, psychiatric services, dental services, pediatric and obstetric services.

High Desert Hospital

The High Desert Health System provides non-hospital based outpatient services. At the end of the current fiscal year, High Desert Health Systems and Antelope Valley Rehabilitation Center transferred from the High Desert Hospital Enterprise Fund to the Olive View/UCLA Medical Center Enterprise Fund.

Rancho Los Amigos Medical Center

The Rancho Los Amigos National Rehabilitation Center specializes in the rehabilitation for victims of spinal cord injuries and strokes, pathokinesiology and polio services, services for liver diseases, pediatrics, ortho diabetes, dentistry, and neuro-science.

The following fund types have also been reported:

Internal Service Funds

The Internal Service Funds are used to account for the financing of services provided by a department or agency to other departments or agencies on a cost-reimbursement basis. The County's principal Internal Service Fund is used to account for the cost of services provided by the Department of Public Works to various other County funds and agencies.

Fiduciary Fund Types

Pension Trust Fund

The Pension Trust Fund is used to account for financial activities of LACERA.

Investment Trust Funds

The Pooled Investment Trust Fund is used to account for net assets of the County's external investment pool.

The Specific Investment Trust Fund is used to account for the net assets of individual investment accounts, in aggregate. The related investment activity occurs separately from the County's investment pool and is provided as a service to external investors.

Agency Funds

The Agency Funds are used primarily to account for assets held by the County in an agency capacity pending transfer or distribution to individuals, private organizations, other governmental entities, and other funds.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Accounting

The government-wide, proprietary, pension and investment trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and similar items are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers revenues to be available if collectible within one year after year-end, except for property taxes, which are considered available to the extent that they are collectible within 60 days after year-end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims (including workers' compensation) and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and capital leases are reported as other financing sources.

For the governmental funds financial statements, revenues are recorded when they are susceptible to accrual. Specifically, property and sales taxes, investment income, and charges for services and other miscellaneous revenue are all considered to be susceptible to accrual and have been recognized as revenue in the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and are recorded at the time of receipt or earlier, if the susceptible to accrual criteria are met. All other revenues are not considered susceptible to accrual and are recognized when received.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's six Hospital Enterprise Funds (Hospitals) are from patient services. The principal operating revenues for the County's Nonmajor Enterprise Funds and Internal Service Funds are charges for services and rental revenues. Operating expenses for all Enterprise Funds and the Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. Medical malpractice expenses, which are self-insured, are classified as operating expenses of the Hospitals. All other revenues and expenses not meeting this definition are reported as nonoperating items. As discussed in Note 11, intergovernmental transfer payments are recorded in the Hospitals and this item is classified as a nonoperating expense.

The County applies all applicable Financial Accounting Standards Board ("FASB") pronouncements issued on or before November 30, 1989, in accounting and reporting for operations of the enterprise funds. FASB pronouncements issued after November 30, 1989, have not been applied unless specifically adopted in a GASB pronouncement.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Budgetary Data

In accordance with the provisions of Sections 29000-29144 of the Government Code of the State of California (the "Government Code"), commonly known as the County Budget Act, the County prepares and adopts a budget on or before August 30 for each fiscal year. Budgets are adopted for the major governmental funds and certain nonmajor governmental funds on a basis of accounting which is different from generally accepted accounting principles ("GAAP").

The County budget is organized by budget unit and by expenditure object. Budget units are established at the discretion of the Board of Supervisors. Within the General Fund (with certain exceptions), budget units are generally defined as individual departments. For other funds, each individual fund constitutes a budget unit. Expenditures are controlled on the object level for all budget units within the County, except for capital asset expenditures, which are controlled on the sub-object level. The total budget exceeds \$20 billion and is currently controlled through the use of approximately 400 separate budget units. There were no excesses of expenditures over the related appropriations within any fund at June 30, 2005. The County prepares a separate budgetary document, the County Budget, which demonstrates legal compliance with budgetary control.

Transfers of appropriations between budget units must be approved by the Board. Supplemental appropriations financed by unanticipated revenue during the year must also be approved by the Board. Transfers of appropriations between objects of expenditure within the same budget unit must be approved by the Board or the Chief Administrative Office, depending upon the amount transferred. The original and final budget amounts are reported in the accompanying basic financial statements. Any excess of budgetary expenditures and other financing uses over revenues and other financing sources is financed by beginning available fund balances as provided for in the County Budget Act.

Note 13 describes the differences between the budgetary basis of accounting and GAAP. A reconciling schedule is also presented for the major governmental funds.

Property Taxes

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the Government Code and Revenue and Taxation Code. Property is assessed at 100% of full cash or market value (with some exceptions) pursuant to Article XIII A of the California State Constitution and statutory provisions by the County Assessor and State Board of Equalization. The total 2004-2005 gross assessed valuation of the County of Los Angeles was \$769,390,544,000.

The property tax levy to support general operations of the various jurisdictions is limited to one percent (1%) of full cash value and is distributed in accordance with statutory formulae. Amounts needed to finance the annual requirements of voter-approved debt are excluded from this limitation and are separately calculated and levied each fiscal year. The rates are formally adopted by either the Board or the city councils and, in some instances, the governing board of a special district.

The County is divided into 10,881 tax rate areas, which are unique combinations of various jurisdictions servicing a specific geographic area. The rates levied within each tax rate area vary only in relation to levies assessed as a result of voter-approved taxes or indebtedness.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Property Taxes-Continued

Property taxes are levied on both real and personal property. Secured property taxes are levied during September of each year. They become a lien on real property on January 1 preceding the fiscal year for which taxes are levied. These tax payments can be made in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Secured property taxes which are delinquent and unpaid as of June 30 are declared to be tax defaulted and are subject to redemption penalties, costs, and interest when paid. If the delinquent taxes are not paid at the end of five (5) years, the property may be sold at public auction. The proceeds are used to pay the delinquent amounts due, and any excess is remitted, if claimed, to the taxpayer. Additional tax liens are created when there is a change in ownership of property or upon completion of new construction. Tax bills for these new tax liens are issued throughout the fiscal year and contain various payment and delinquent dates but are generally due within one year. If the new tax liens are lower, the taxpayer receives a tax refund rather than a tax bill. Unsecured personal property taxes are not a lien against real property. These taxes are due on January 1 and become delinquent, if unpaid, on August 31.

Deposits and Investments

In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," the accompanying basic financial statements reflect the fair value of investments. Specific disclosures related to GASB 31 appear in Note 4.

Deposits and investments are reflected in the following asset accounts:

Pooled Cash and Investments

As provided for by the Government Code, the cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing interest earnings through investment activities. Interest earned on pooled investments is deposited to participating funds based upon each fund's average daily deposit balance during the allocation period. Each respective fund's share of the total pooled cash and investments is included among asset balances under the caption "Pooled Cash and Investments."

Pooled Cash and Investments are identified within the following categories for all County operating funds:

Operating Pooled Cash and Investments

This account represents amounts reflected in the County's day-to-day financial records. Such amounts are utilized to determine the availability of cash for purposes of disbursing and borrowing funds.

Other Pooled Cash and Investments

This account represents amounts identified in various agency funds as of June 30, 2005 that were owed to or were more appropriately classified in County operating funds. Accordingly, certain cash balances have been reclassified from the agency funds as required by GASB Statement No. 34.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deposits and Investments-Continued

Other Investments

"Other Investments" represent Pension Trust Fund investments, investments of the Community Development Commission, various JPAs, NPC, and Public Buildings, and amounts on deposit with the County Treasurer which are invested separately as provided by the Government Code or by specific instructions from the depositing entity.

Restricted Assets

Enterprise Funds' restricted assets represent cash and investments of certain JPAs and Public Buildings projects restricted in accordance with the provisions of the certificates of participation issued. The Internal Service Funds' restricted assets represent cash and investments restricted for debt service in accordance with the provisions of the LAC-CAL bond indenture. All of the above noted assets are included in the various disclosures in Note 4.

Inventories

Inventories, which consist of materials and supplies held for consumption, are valued at cost using the average cost basis. The inventory costs of the governmental funds are accounted for as expenditures when the inventory items are consumed. Reported inventories are offset with a corresponding reservation of fund balance because these amounts are not available for appropriation and expenditure.

Of the amounts reported as inventories in the governmental activities, \$39,721,000 represents land held for resale by the Community Development Commission (CDC). The CDC records land held for resale at the lower of cost or estimated net realizable value.

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

Capital outlay is recorded as expenditures of the General, Special Revenue, and Capital Project Funds and as assets in the government-wide financial statements to the extent the County's capitalization threshold is met. Interest incurred during the construction phase of the capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

The County's capitalization thresholds are \$5,000 for equipment, \$100,000 for buildings and improvements and \$100,000 for infrastructure assets. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and the related accumulated depreciation, as applicable, are removed from the respective accounts and any resulting gain or loss is included in the results of operations. Specific disclosures related to capital assets appear in Note 5.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Capital Assets-Continued

Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

Buildings and Improvements	10 to 50 years
Equipment	2 to 35 years
Infrastructure	10 to 50 years

Works of art and historical treasures held for public exhibition, education, or research in furtherance of public service, rather than financial gain, are not capitalized. These items are protected, encumbered, conserved, and preserved by the County. It is the County's policy to utilize proceeds from the sale of these items for the acquisition of other items for collection and display.

Pursuant to GASB 34, an extended period of deferral (fiscal year beginning July 1, 2005) is available before the requirement to record and depreciate infrastructure assets acquired prior to July 1, 2001 is effective. As a result, the governmental activities column in the accompanying government-wide financial statements as of June 30, 2005 does not reflect those infrastructure assets completed prior to July 1, 2001. The accompanying government-wide financial statements include infrastructure assets that have been acquired since July 1, 2001. Infrastructure assets that are functional are currently being depreciated.

Advances Payable

The County uses certain agency funds as clearing accounts for the distribution of financial resources to other County funds. Pursuant to GASB 34, for external financial reporting purposes, the portions of the clearing account balances that pertain to other County funds should be reported as cash of the appropriate funds. The corresponding liability is included in "Advances Payable."

Vacation and Sick Leave Benefits

Vacation pay benefits accrue to employees ranging from 10 to 20 days per year depending on years of service. Sick leave benefits accrue at the rate of 10 to 12 days per year for union represented employees depending on years of service. Non-represented employees accrue at a rate of 8 days per year. All benefits are payable upon termination, if unused, within limits and rates as specified in the County Salary Ordinance.

Liabilities for accrued vacation and sick leave benefits are accrued in the government-wide financial statements and in the proprietary funds. For the governmental funds, expenditures are recorded when amounts become due and payable (i.e., when employees terminate from service).

Cash Flows

For purposes of reporting cash flows, all amounts reported as "Pooled Cash and Investments," "Other Investments," and "Restricted Assets" are considered cash equivalents. Pooled cash and investment amounts represent funds held in the County Treasurer's cash management pool. Such amounts are similar in nature to demand deposits (i.e., funds may be deposited and withdrawn at any time without prior notice or penalty).

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Accounting Reclassifications

Certain reclassifications have been made to amounts previously reported to conform to the current year's report format. Such reclassifications had no effect on previously reported changes in net assets.

New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 40

For the fiscal year ended June 30, 2005, the County implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3". This Statement addresses common deposit and investment risks related to credit risks, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest rate risk, this statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Deposit and investment policies related to the risks identified in this statement also are required to be disclosed. Implementation of GASB Statement No. 40 did not have an impact on the County's financial statements for the year ended June 30, 2005, but required additional disclosures (see Note 4) related to deposits and investment risks.

2. NET ASSET DEFICITS

The following funds had net asset deficits at June 30, 2005 (in thousands):

	<u>Accumulated Deficit</u>
Enterprise Funds:	
Harbor/UCLA Medical Center	\$ 78,163
Olive View/UCLA Medical Center	96,108
M. L. King/Drew Medical Center	162,493
Internal Service Fund-	
Public Works	95,105

The Enterprise and Internal Service Funds' deficits result primarily from the recognition of certain liabilities including accrued vacation and sick leave, workers' compensation, self-insurance and, for the enterprise funds, medical malpractice and third party payor liabilities, as required by GAAP. Deficits are expected to continue until such liabilities are retired through user charges or otherwise funded. Enterprise funds' deficits are further explained in Note 11.

3. ELIMINATIONS

The Regional Park and Open Space District (District), a blended component unit, is authorized to issue assessment bonds to acquire and improve recreational land and facilities. These bonds are secured by voter-approved property tax assessments. The District executed a financing agreement with the Public Works Financing Authority, another blended component unit referred to in the basic financial statements as "Joint Powers Authority" (JPA). Under the terms of the agreement, the District sold \$510,185,000 of bonds in 1997 that were acquired as an investment by the JPA. The JPA financed this investment from proceeds of a simultaneous issuance of an equivalent amount of bonds as a public offering. The structure of the publicly offered JPA bonds was designed to match the District's bonds relative to principal and interest maturities and interest rates. This series of transactions was conducted to facilitate the issuance of District related bonds and to minimize the County's overall interest cost. Pursuant to the financing agreement with the JPA, the District has pledged all available tax assessments necessary to ensure the timely payment of principal and interest on the bonds issued by the JPA. The transactions between the two component units have been accounted for as follows:

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

3. ELIMINATIONS-Continued

Fund Financial Statements

At June 30, 2005, the Fund Financial Statements reflect an investment asset (referred to as "Other Investments") held by the JPA of \$349,690,000 that has been recorded in the Nonmajor Governmental Funds. The Fund Financial Statements do not reflect a liability for the related Bonds Payable (\$349,690,000), as this obligation is not currently due. Accordingly, the value of the asset represents additional fund balance in the Nonmajor Governmental Funds.

In order to reflect the economic substance of the transaction described above, an eliminations column has been established in the Fund Financial Statements. The purpose of the column is to remove the duplication of assets, fund balances, revenues and expenditures that resulted from the consolidation of the two component units into the County's overall financial reporting structure.

Government-wide Financial Statements

The government-wide financial statements are designed to minimize the duplicative effects of transactions between funds. Accordingly, the effects of the transaction described above have been eliminated from the amounts presented within Governmental Activities (as appropriate under the accrual basis of accounting). The specific items eliminated were Other Investments and Bonds Payable (\$349,690,000 for each) and Investment Earnings and Interest Expense (\$15,385,000 for each). Accordingly, there are no reconciling differences between the two sets of Financial Statements (after the effects of eliminations) for this matter.

The Bonds Payable of \$349,690,000 that were publicly issued are included among the liabilities presented in the Government-wide Financial Statements. Disclosures related to those outstanding bonds appear in Note 8 and are captioned "Assessment Bonds."

4. CASH AND INVESTMENTS

Investments in the County's cash and investment pool, other cash and investments, and Pension Trust Fund investments, are stated at fair value. Aggregate pooled cash and investments and other cash and investments are as follows at June 30, 2005 (in thousands):

	Pooled Cash and Investments	Other Investments	Restricted Assets		Total
			Pooled Cash and Investments	Other Investments	
Governmental Funds	\$ 3,804,205	\$ 286,389			\$ 4,090,594
Proprietary Funds	263,874	27,080	\$ 17,645	\$ 15,037	323,636
Fiduciary Funds (excluding Pension Trust Fund)	10,517,918	1,149,367			11,667,285
Pension Trust Fund	50,945	35,043,105			35,094,050
Component Unit	726,920				726,920
Total	<u>\$15,363,862</u>	<u>\$36,505,941</u>	<u>\$ 17,645</u>	<u>\$ 15,037</u>	<u>\$ 51,902,485</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

4. CASH AND INVESTMENTS-Continued

Deposits-Custodial Credit Risk

The custodial credit risk for deposits is the risk that the County will not be able to recover deposits that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or not collateralized.

At June 30, 2005, the carrying amount of the County's deposits was \$79,720,000 and the balance per various financial institutions was \$76,451,000. The County's deposits are not exposed to custodial credit risk since all its deposits are either covered by federal depository insurance or collateralized with securities held by the County or its agent in the County's name, in accordance with California Government Code Section 53652.

At June 30, 2005, the carrying amount of Pension Trust Fund deposits was \$67,625,000. Pension Trust Fund deposits are not exposed to custodial credit since its deposits are eligible for and covered by "pass through insurance" in accordance with applicable law and FDIC rules and regulations.

Investments

State statutes authorize the County to invest pooled investments in obligations of the United States Treasury, federal agencies, municipalities, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, negotiable certificates of deposit, floating rate notes, repurchase agreements and reverse repurchase agreements.

The investments are managed by the County Treasurer who reports on a monthly basis to the Board of Supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Superintendent of Schools, Chief Administrative Officer, and a non-County representative.

Investments held by the County Treasurer are stated at fair value, except for certain non-negotiable securities that are reported at cost because they are not transferable and have terms that are not affected by changes in market interest rates. The fair value of pooled investments is determined annually and is based on current market prices. The fair value of each participant's position in the pool is the same as the value of the pool shares. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawals.

The Pension Trust Fund is managed by LACERA. Pension Trust Fund investments are authorized by State Statutes which are referred to as the "County Employees' Retirement Law of 1937." Statutes authorize a "Prudent Expert" guideline as to form and types of investments which may be purchased. Examples of the Fund's investments are obligations of the various agencies of the federal government, corporate and private placement bonds, global bonds, domestic and global stocks, domestic and global convertible debentures and real estate. Detailed deposit and investment risk disclosures are included in Note 4 of LACERA's Report on Audited Financial Statements for the year ended June 30, 2005.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

4. CASH AND INVESTMENTS-Continued

Investments-Continued

The School Districts and the Superior Court are required by legal provisions to participate in the County's investment pool. Eighty-seven percent (87%) of the Treasurer's external investment pool consists of these involuntary participants. Voluntary participants in the County's external investment pool include the Sanitation Districts, Metropolitan Transportation Authority, the South Coast Air Quality Management District and other special districts with independent governing boards. The deposits held for both involuntary and voluntary entities are included in the External Pooled Investment Trust Fund. Certain specific investments have been made by the County, as directed by external depositors. This investment activity occurs separately from the County's investment pool and is reported in the Specific Investment Trust Fund. The pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Treasury Oversight Committee set forth the various investment policies that the County Treasurer must follow.

County pooled and other investments (excluding Pension Trust Fund other investments) at June 30, 2005 (in thousands) are as follows:

	<u>Fair Value</u>
U.S. Government securities	\$ 6,019,118
Negotiable certificates of deposit	3,579,256
Commercial paper	5,244,633
Corporate and deposit notes	1,021,161
Municipal bonds	5,450
Los Angeles County securities	36,922
Guaranteed investment contracts	515,000
Investment in money market funds	226,448
Investment in State and local agency investment funds	130,528
1st and 2nd Mortgages	<u>1,144</u>
Total	<u>\$ 16,779,660</u>

Pension Trust Fund investments are reported in the basic financial statements at fair value at June 30, 2005 (in thousands) and are as follows:

	<u>Fair Value</u>
Domestic and International Equity	\$ 20,300,702
Fixed Income	8,467,784
Real Estate	3,213,698
Private Equity	1,777,213
Short term investments	947,634
Mortgages	<u>268,449</u>
Total	<u>\$ 34,975,480</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

4. CASH AND INVESTMENTS-Continued

Investments-Continued

The Pension Trust Fund also had deposits with the Los Angeles County Treasury Pool at June 30, 2005 totaling \$50,945,000. The Pension Trust Fund portfolio contained no concentration of investments in any one organization (other than those issued or guaranteed by the U.S. Government) that represents 5% or more of the total investment portfolio.

The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2005 to support the value of shares in the Treasurer's investment pool.

Fair value fluctuates with interest rates, and increasing rates could cause fair value to decline below original cost. County management believes the liquidity in the portfolio is more than adequate to meet cash flow requirements and to preclude the County from having to sell investments below original cost for that purpose.

A summary of investments held by the Treasurer's Pool is as follows (in thousands):

	<u>Fair Value</u>	<u>Principal</u>	<u>Interest Rate % Range</u>	<u>Maturity Range</u>	<u>Weighted Average Maturity (Years)</u>
U. S. Government securities	\$ 5,549,155	\$ 5,584,733	1.45% - 9.25%	07/07/05 - 12/01/08	0.79
Negotiable certificates of deposit	3,504,314	3,504,685	3.01% - 3.44%	07/01/05 - 02/14/06	0.08
Commercial paper	5,219,636	5,219,028	2.98% - 3.38%	07/01/05 - 08/17/05	0.05
Corporate and deposit notes	1,006,173	1,007,474	1.75% - 3.65%	07/18/05 - 08/06/07	0.59
Los Angeles County securities	36,922	36,922	3.08% - 4.98%	06/30/06 - 08/01/07	1.89
Deposits	<u>65,306</u>	<u>65,306</u>			
	<u>\$ 15,381,506</u>	<u>\$15,418,148</u>			

A summary of other (non-pooled) investments, excluding the Pension Trust Fund, is as follows (in thousands):

	<u>Fair Value</u>	<u>Principal</u>	<u>Interest Rate % Range</u>	<u>Maturity Range</u>	<u>Weighted Average Maturity (Years)</u>
Local Agency Investment Fund	\$ 130,387	\$ 130,529	1.67 - 2.85%	12/31/05	0.50
Commercial paper	24,997	25,000	3.02 - 3.04%	07/18/05	0.05
Corporate and deposit notes	14,988	15,000	3.22%	10/17/05	0.30
Mortgage trust deeds	1,144	1,144	4.50 - 5.50%	08/01/12 - 04/01/17	9.26
Municipal bonds	5,450	5,450	5%	09/02/21	16.19
Negotiable certificates of deposit	74,942	75,003	3.03 - 3.39%	07/18/05 - 01/20/06	0.27
Guaranteed investment contracts	515,000	515,000	2.29%	08/30/05	0.17
U.S. agency securities	172,814	173,686	1.88 - 5.38	07/05/05 - 04/13/10	0.74
U.S treasury securities	92,434	92,633	1.50 - 11.25%	08/15/05 - 05/15/16	1.17
U.S. treasury bills	204,740	203,986	2.78 - 3.18%	08/18/05 - 12/22/05	0.38
Money market mutual funds	226,565	226,565	1.72 - 2.80%	07/01/05	
Deposits	<u>14,413</u>	<u>14,413</u>			
	<u>\$ 1,477,874</u>	<u>\$ 1,478,409</u>			

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

4. CASH AND INVESTMENTS-Continued

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County Treasurer manages equity and mitigates exposure to declines in fair value by generally investing in short-term investments with maturities of six months or less and by holding asset investments to maturity. The County's investment guidelines limit the weighted average maturity of its portfolios to less than 18 months. Of the Pooled Cash and Investments and Other Investments at June 30, 2005, over 70% have a maturity of six months or less. Of the remainder, less than 12% have a maturity of more than one year.

As of June 30, 2005, variable-rate notes comprised 5.20% of the Treasury Pool and Other Investment portfolios. The notes are tied to one-month and three-month London Interbank Offered Rate (LIBOR) with monthly and quarterly coupon resets. The fair value of variable-rate coupon resets back to the market rate on a periodic basis. Effectively, at each reset date, a variable-rate investment reprices back to par value, eliminating interest rate risk at each periodic reset.

Custodial Credit Risk

Custodial credit risk for investments is the risk that the County will not be able to recover the value of investment securities that are in the possession of an outside party. All securities owned by the County are deposited in trust for safekeeping with a custodial bank different from the County's primary bank, except for Bond Anticipation Notes, certain certificates of participation issued by Los Angeles County entities, investment in the State's Local Area Investment Fund, and mortgage trust deeds which are held in the County Treasurer's vault. Securities are not held in broker accounts. At June 30, 2005, the County's external investment pools and specific investments did not have any securities exposed to custodial credit risk and there was no securities lending.

Credit Risk and Concentration of Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The County Treasurer mitigates these risks by holding a diversified portfolio of high quality investments.

The County's investment policy establishes minimum acceptable credit ratings for investments from any two nationally recognized statistical rating organizations. For an issuer of short-term debt, the rating must be no less than A-1 (S&P) or P-1 (Moody's) while an issuer of long-term debt shall be rated no less than an "A". At June 30, 2005, the County was invested in guaranteed investment contracts and the Local Agency Investment Fund, which are unrated as to credit quality.

At June 30, 2005, the County did not exceed the County investment policy limitations that state that no more than 5% of total market value of the pooled funds may be invested in securities of any one issuer, except for obligations of the United States government, U.S. government agencies or government-sponsored enterprises. No more than 10% may be invested in one money market mutual fund.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

4. CASH AND INVESTMENTS-Continued

Credit Risk and Concentration of Credit Risk-Continued

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of each portfolio's fair value at June 30, 2005:

	<u>S &amp; P</u>	<u>Moody's</u>	<u>% of Portfolio</u>
Pooled Cash and Investments:			
Commercial paper	A-1	P-1	34.08%
Corporate and deposit notes	A-1	P-1	7.68%
Los Angeles County securities	AAA	Aaa	0.24%
Negotiable certificates of deposit	A-1	P-1	21.77%
U.S. agency securities	AAA	Aaa	32.25%
U.S. treasury securities	AAA	Aaa	3.98%
			<u>100.00%</u>
Other Investments:			
Local agency investment fund	Not rated	Not rated	8.91%
Commercial paper	A-1	P-1	1.71%
Corporate and deposit notes	A-1	P-1	1.02%
Mortgage trust deeds	AAA	Aaa	0.08%
Municipal bonds	AAA	Aaa	0.37%
Negotiable certificates of deposit	A-1	P-1	5.12%
Guaranteed investment contracts	Not rated	Not rated	35.19%
U.S. agency securities	AAA	Aaa	11.81%
U.S. treasury securities	AAA	Aaa	20.31%
Money market mutual funds	AAA	Aaa	15.48%
			<u>100.00%</u>

The earned yield, which includes net gains on investments sold, on all investments held by the Treasurer's Pool for the fiscal year ended June 30, 2005 was 2.16%.

A separate financial report is not issued for the external investment pool. The following represents a condensed statement of net assets and changes in net assets for the Treasurer's Pool as of June 30, 2005 (in thousands):

Statement of Net Assets

Net assets held in trust for all pool participants	<u>\$ 15,381,506</u>
Equity of internal pool participants	\$ 6,103,101
Equity of external pool participants	<u>9,278,405</u>
Total equity	<u>\$ 15,381,506</u>

Statement of Changes in Net Assets

Net assets at July 1, 2004	\$ 15,505,088
Net change in investments by pool participants	<u>(123,582)</u>
Net assets at June 30, 2005	<u>\$ 15,381,506</u>

The unrealized loss on investments held in the Treasurer's Pool was \$36,642,000 as of June 30, 2005. This amount takes into account all changes in fair value (including purchases, sales and redemptions) that occurred during the year.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

4. CASH AND INVESTMENTS-Continued

Reverse Repurchase Agreements

The California Government Code permits the County Treasurer to enter into reverse repurchase agreements, that is, a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The fair value of the securities underlying reverse repurchase agreements normally exceeds the cash received, providing the broker-dealer a margin against a decline in the fair value of the securities. If the broker-dealer defaults on the obligation to resell these securities to the County or provide securities or cash of equal value, the County would suffer an economic loss equal to the difference between the fair value plus accrued interest of the underlying securities and the agreement obligation, including accrued interest.

The County's investment guidelines limit the maximum par value of reverse repurchase agreements to \$500,000,000 and proceeds from reverse repurchase agreements may only be reinvested in instruments with maturities at or before the maturity of the reverse repurchase agreement. During the fiscal year, the County did not enter into any reverse repurchase agreements.

Derivatives

The California Government Code permits the County Treasurer to purchase floating rate notes, that is, any instruments that have a coupon interest rate that is adjusted periodically due to changes in a base or benchmark rate.

The County's investment guidelines limit the amount of floating rate notes to 10% of the Los Angeles County Treasury Pool portfolio and prohibit the purchase of inverse floating rate notes and hybrid or complex structured investments. As of June 30, 2005, there were approximately \$1,059,272,000 in floating rate notes.

LACERA utilizes forward currency contracts to control currency exposure and facilitate the settlement of international security purchase and sale transactions. Included in net investment income are gains and losses from foreign currency transactions. At June 30, 2005, forward currency contracts receivable and payable totaled \$52,215,000 and \$50,828,000, respectively.

Securities Lending Transactions

LACERA, as the administering agency for the Pension Trust Fund, is authorized to participate in a securities lending program under policies adopted by the LACERA Board of Investments. This program is an investment management activity that mirrors the fundamentals of a loan transaction in which a security is used as collateral. Securities are lent to brokers and dealers (borrowers) and LACERA receives cash as collateral. LACERA pays the borrower interest on the collateral received and invests the collateral with the goal of earning a higher yield than the interest rate paid to the borrower.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

4. CASH AND INVESTMENTS-Continued

Securities Lending Transactions-Continued

LACERA's program is managed by one principal borrower and two agent lenders. Under exclusive borrowing and lending arrangements, securities on loan must be collateralized with a fair value of 102% for U.S. securities, and 105% for international securities, of the borrowed securities. Collateral is marked to market daily. Cash collateral is invested by the agent lenders in short-term, liquid instruments.

Under the terms of the lending agreements, the two agent lenders have agreed to hold LACERA harmless for borrower default from the loss of securities or income, or from any litigation arising from these loans. The principal borrower's agreement entitles LACERA to terminate all loans upon the occurrence of default and purchase a like amount of "replacement securities." Either LACERA or the borrower can terminate all loans on securities on demand.

At year end, LACERA had no credit risk exposure to borrowers because the collateral exceeded the amount borrowed. As of June 30, 2005, there were no violations of legal or contractual provisions. LACERA had no losses on securities lending transactions resulting from the default of a borrower for the year ended June 30, 2005.

Securities on loan at year-end, which include stocks and government and corporate bonds, are maintained in LACERA's financial records. A corresponding liability is recorded for the fair value of the cash collateral received.

As of June 30, 2005, the fair value of securities on loan was \$2.95 billion. The value of the cash collateral received for those securities was \$3 billion and the non cash collateral was \$6.7 million. Securities lending assets (Other Investments) and liabilities (Other Payables) of \$3 billion are recorded in the Pension Trust Fund. Pension Trust Fund income, net of expenses, from securities lending was \$8.67 million for the year ended June 30, 2005.

For the year ended June 30, 2005, the Los Angeles County Treasury Pool did not enter into any securities lending transactions.

Summary of Deposits and Investments

Following is a summary of the carrying amount of deposits and investments at June 30, 2005 (in thousands):

	<u>County</u>	<u>Pension Trust Fund</u>	<u>Total</u>
Deposits	\$ 79,720	\$ 67,625	\$ 147,345
Investments	<u>16,779,660</u>	<u>34,975,480</u>	<u>51,755,140</u>
	<u>\$ 16,859,380</u>	<u>\$ 35,043,105</u>	<u>\$ 51,902,485</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2005 are as follows (in thousands):

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
<u>Governmental Activities</u>				
Capital assets, not depreciated:				
Land	\$ 277,728	\$ 9,008	\$ (187)	\$ 286,549
Construction in progress-buildings and improvements	87,101	54,588	(55,726)	85,963
Construction in progress-infrastructure	<u>64,417</u>	<u>35,178</u>	<u>(38,203)</u>	<u>61,392</u>
Subtotal	<u>429,246</u>	<u>98,774</u>	<u>(94,116)</u>	<u>433,904</u>
Capital assets, depreciated:				
Buildings and improvements	3,662,120	68,816	(7,302)	3,723,634
Equipment	771,261	80,759	(51,015)	801,005
Infrastructure	<u>151,207</u>	<u>57,220</u>	<u>(58,317)</u>	<u>208,427</u>
Subtotal	<u>4,584,588</u>	<u>206,795</u>	<u>(58,317)</u>	<u>4,733,066</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,146,468)	(64,734)	2,281	(1,208,921)
Equipment	(546,440)	(70,715)	35,569	(581,586)
Infrastructure	<u>(14,426)</u>	<u>(8,013)</u>	<u>(37,850)</u>	<u>(22,439)</u>
Subtotal	<u>(1,707,334)</u>	<u>(143,462)</u>	<u>37,850</u>	<u>(1,812,946)</u>
Total capital assets, being depreciated, net	<u>2,877,254</u>	<u>63,333</u>	<u>(20,467)</u>	<u>2,920,120</u>
Governmental activities capital assets, net	<u>\$3,306,500</u>	<u>\$162,107</u>	<u>\$(114,583)</u>	<u>\$ 3,354,024</u>
<u>Business-type Activities</u>				
Capital assets, not depreciated:				
Land	\$ 117,407		\$ (34)	\$ 117,373
Construction in progress-buildings and improvements	351,156	\$197,933	(7,352)	541,737
Subtotal	<u>468,563</u>	<u>197,933</u>	<u>(7,386)</u>	<u>659,110</u>
Capital assets, being depreciated:				
Buildings and improvements	1,102,218	7,547	(605)	1,109,160
Equipment	<u>217,988</u>	<u>13,905</u>	<u>(10,308)</u>	<u>221,585</u>
Subtotal	<u>1,320,206</u>	<u>21,452</u>	<u>(10,913)</u>	<u>1,330,745</u>
Less accumulated depreciation for:				
Buildings and improvements	(631,490)	(13,988)	553	(644,925)
Equipment	<u>(184,686)</u>	<u>(12,481)</u>	<u>5,917</u>	<u>(191,250)</u>
Subtotal	<u>(816,176)</u>	<u>(26,469)</u>	<u>6,470</u>	<u>(836,175)</u>
Total capital assets, being depreciated, net	<u>504,030</u>	<u>(5,017)</u>	<u>(4,443)</u>	<u>494,570</u>
Business-type activities capital assets, net	<u>972,593</u>	<u>192,916</u>	<u>(11,829)</u>	<u>1,153,680</u>
Total Capital Assets, net	<u>\$4,279,093</u>	<u>\$355,023</u>	<u>\$(126,412)</u>	<u>\$ 4,507,704</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

5. CAPITAL ASSETS-Continued

Depreciation Expense

Depreciation expense was charged to functions/programs of the primary government as follows (in thousands):

Governmental activities:

General government	\$ 13,724
Public protection, including depreciation of infrastructure assets	71,845
Public ways and facilities, including depreciation of infrastructure assets	7,966
Health and sanitation	6,942
Public assistance	6,972
Education	1,559
Recreation and cultural services	13,304
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>21,150</u>
Total depreciation expense, governmental activities	<u>\$ 143,462</u>

Business-type activities:

Hospitals	\$ 12,454
Aviation	1,210
Waterworks	3,183
Community Development Commission	2,447
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>7,175</u>
Total depreciation expense, business-type activities	<u>\$ 26,469</u>

Discretely Presented Component Unit

Capital assets activity for the Children and Families First Commission component unit for the year ended June 30, 2005 was as follows (in thousands):

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Capital assets, not depreciated:				
Land		\$ 2,039	\$	\$ 2,039
Capital assets, depreciated:				
Buildings and improvements	\$ 13,867	1,933		15,800
Equipment	206	959		1,165
Subtotal	<u>14,073</u>	<u>2,892</u>		<u>16,965</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,368)	(49)		(5,417)
Equipment	(124)	(96)		(220)
Subtotal	<u>(5,492)</u>	<u>(145)</u>		<u>(5,637)</u>
Total capital assets being depreciated, net	<u>8,581</u>	<u>2,747</u>		<u>11,328</u>
Component unit capital assets, net	<u>\$ 8,581</u>	<u>\$ 4,786</u>	<u>\$</u>	<u>\$ 13,367</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

6. PENSION PLAN

Plan Description

The County pension plan is administered by the Los Angeles County Employees Retirement Association (LACERA) which was established under the County Employees' Retirement Law of 1937. It provides benefits to employees of the County and the following additional entities that are not part of the County's reporting entity:

Little Lake Cemetery District  
Local Agency Formation Commission  
Los Angeles County Office of Education  
South Coast Air Quality Management District

New employees of the latter two agencies are not eligible for LACERA benefits.

LACERA is technically a cost sharing, multi-employer defined benefit plan. However, because the non-County entities are immaterial to its operations, the disclosures herein are made as if LACERA was a single employer defined benefit plan. LACERA provides retirement, disability, death benefits and cost of living adjustments to eligible employees. Benefits are authorized in accordance with the California Constitution, the County Employees' Retirement Law, the bylaws, procedures and policies adopted by LACERA's Boards of Retirement and Investments and Board of Supervisors' resolutions.

LACERA issues a stand-alone financial report which is available at its offices located at Gateway Plaza, 300 N. Lake Avenue, Pasadena, California 91101-4199.

Funding Policy

LACERA has seven benefit tiers known as A, B, C, D and E, and Safety A and B. All tiers except E are employee contributory. Tier E is employee non-contributory. New general employees are eligible for tiers D or E at their discretion. New safety members are only eligible for Safety B. Rates for the tiers are established in accordance with State law by LACERA's Boards of Retirement and Investments and the County Board of Supervisors.

The following employer rates were in effect for 2004-2005:

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
General Members	20.02%	13.07%	12.67%	12.72%	12.38%
Safety Members	26.84%	23.20%			

The rates were determined by the actuarial valuation performed as of June 30, 2003 and are the same as those used to calculate the annual required contribution (ARC).

Employee rates vary by the option and employee entry age from 5% to 15% of their annual covered salary.

During 2004-2005, the County did not pay LACERA the full amount of the ARC. LACERA applied \$222,542,000 in excess earnings reserves towards the County's required contribution.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

6. PENSION PLAN-Continued

Annual Pension Cost and Net Pension Obligation

The County's annual pension cost and net pension obligation, computed in accordance with GASB 27, for 2004-2005 were as follows (in thousands):

Annual required contribution (ARC):	
County	\$ 750,234
Non County entities	118
Total ARC	<u>750,352</u>
Interest on net pension obligation	<u>(47,098)</u>
Annual pension cost	<u>703,254</u>
Contributions made:	
County	527,692
Non County entities	118
Total contributions	<u>527,810</u>
Cost in excess of contributions	175,444
Net pension obligation (asset), July 1, 2004	<u>(588,730)</u>
Net pension obligation (asset), June 30, 2005	<u>\$ (413,286)</u>

Trend Information (in thousands)

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
June 30, 2003	\$ 455,452	71.3%	\$ (662,635)
June 30, 2004	468,967	84.2%	(588,730)
June 30, 2005	703,254	75.1%	(413,286)

The annual required contribution was calculated based upon an actuarial valuation performed as of June 30, 2003 using the entry age normal method. The valuation assumed an annual investment rate of return of 7.75%, and projected salary increases ranging from 4.01% to 9.98%, with both assumptions including a 3.5% inflation factor. The valuation also assumed post-retirement benefit increases of between 2% and 3%, in accordance with the provisions of the specific benefit options. The actuarial value of assets was determined utilizing a three-year smoothed method based on the difference between the expected market value and the actual market value of assets as of the valuation date.

The June 30, 2004 valuation determined the funding ratio to be 82.8% and recognized an unfunded actuarial accrued liability (UAAL) of \$5.61 billion. The County contribution rate (effective for the 2005-2006 fiscal year) was, therefore, increased by 6.41% of payroll (using the level percentage of payroll amortization method, over a 30-year open period) over the normal cost rate of 9.60%.

LACERA uses the accrual basis of accounting. Member and employer contributions are recognized in the period in which the contributions are due, and benefits and refunds are recognized when payable in accordance with the terms of each plan.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

6. PENSION PLAN-Continued

Annual Pension Cost and Net Pension Obligation-Continued

Because it is negative, the net pension obligation represents an asset. Accordingly, a pension asset, "Net Pension Obligation," has been recognized in the government-wide financial statements and in the proprietary funds financial statements.

Pension Obligation Bonds and Certificates

During 1994-95 the County sold approximately \$1,965,230,000 in par value pension bonds and utilized the proceeds to fund LACERA. A portion of the bonds (\$1,365,230,000) were fixed rate. The remaining \$600,000,000 were variable rate bonds, which were restructured into fixed rate bonds during 1995-96.

In conjunction with the 1994-95 issuance of the pension bonds, the County entered into debt service advance agreements. Under the agreements, the County received \$79,022,000 in exchange for future interest that the County would have earned on deposits with the trustee between the time the County is required to pay debt service payments to the trustee and the time the trustee pays the bondholders. These proceeds have been recorded as deferred revenue and are being amortized over the life of the bonds on the basis of annual debt service requirements. As of June 30, 2005, the unamortized balance was \$30,767,000.

The outstanding principal balance of the bonds (including accreted interest on deep discount bonds) as of June 30, 2005 was \$1,454,542,000. The bonds have interest rates varying from 6.86% to 9.19%.

In 1986, the County issued \$461,493,000 in fixed rate pension obligation certificates to purchase annuity contracts to provide pension benefits to a specified group of LACERA members. Variable rate bonds totaling \$327,400,000 were issued in May 1996 to advance refund \$327,405,000 of the certificates. Interest rates on the bonds are reset weekly and varied during 2004-2005 from 0.97% to 2.99%. The fixed rate certificates which remain outstanding have a rate of 6.875%. At June 30, 2005, the total outstanding principal (including accreted interest) for the refunding bonds and remaining fixed rate certificates was \$174,033,000 and has been included in the financial statements as pension bonds payable.

For the year ended June 30, 2005, the combined principal and interest payments for both the bonds and certificates were \$265,208,000 and \$71,121,000, respectively. For governmental activities, the total debt service was \$249,223,000. For business-type activities, the total debt service was \$87,106,000. At June 30, 2005, the total outstanding principal, including accreted interest of \$616,975,000 on both bonds and certificates, was \$1,628,575,000.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

6. PENSION PLAN-Continued

Pension Obligation Bonds and Certificates-Continued

The following is a summary of future funding requirements for all outstanding pension bonds and certificates (in thousands):

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 231,952	\$ 32,503	\$ 81,068	\$ 11,360
2007	140,963	141,525	49,274	49,461
2008	115,664	167,121	40,423	58,406
2009	86,377	151,001	30,188	52,773
2010	86,851	178,557	30,354	62,403
2011-2015	87,801	187,956	30,685	65,688
Total	<u>\$ 749,608</u>	<u>\$ 858,663</u>	<u>\$ 261,992</u>	<u>\$ 300,091</u>
Accretions	<u>457,186</u>		<u>159,789</u>	
Total Pension Bonds Payable	<u>\$1,206,794</u>		<u>\$ 421,781</u>	

Swap Transaction Related to Pension Bonds

In conjunction with the issuance of \$327,400,000 of variable pension refunding bonds in 1996, the County entered into a swap transaction to create a synthetic fixed interest rate. The County also received an up-front payment of \$19,036,000 from the counterparty.

The bonds, and the related swap agreement, mature on June 30, 2007. As of June 30, 2005, the swap's notional amount of \$131,800,000 was the same as the principal amount of the outstanding bonds. Under the swap, the County is obligated to pay the counterparty a fixed rate of 6.48% and receives a variable payment based on the market interest rate of the variable bonds. The market interest rate is reset on a weekly basis and the rate as of June 30, 2005 was 2.21%.

"Credit risk" refers to the risk that the counterparty will not fulfill its obligations. As of June 30, 2005, the County was not exposed to credit risk because the swap transaction had a negative fair value of \$7,948,000. However, should interest rates change, and the fair value of the swap becomes positive, the County would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated Aaa and AAA by Moody's and Standard and Poor's, respectively. If the counterparty's credit rating falls below Aa3 or AA-, or if the rating is suspended or withdrawn, the fair value of the swap will be fully collateralized by either U.S. Government or Government Guaranteed Agency securities. Collateral would be posted with a third-party trustee.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

6. PENSION PLAN-Continued

Swap Transaction Related to Pension Bonds-Continued

The following is a summary of future funding requirements related to the variable rate pension bonds, net of swap payments associated with those bonds (in thousands):

Year Ending June 30	Variable-Rate Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest		
2006	\$ 61,300	\$ 2,913	\$ 5,628	\$ 69,841
2007	70,500	1,558	3,010	75,068
Total	<u>\$ 131,800</u>	<u>\$ 4,471</u>	<u>\$ 8,638</u>	<u>\$ 144,909</u>

Post-Retirement Benefits

In addition to providing pension benefits, the County provides funding for certain health care benefits for all retired employees and their eligible dependents or survivors. There are approximately 50,000 retirees presently eligible to receive such benefits. LACERA is responsible for administering the benefits to the retirees.

The amount of funding required for health care benefits is dependent on the number of completed years of retirement service credited to the retiree by LACERA upon retirement; it does not include reciprocal service in another retirement system. This ranges from 40% of the benchmark plan cost with ten completed years of service to 100% of the benchmark plan cost with 25 or more completed years of service. In general, each completed year of service after ten years reduces the member's cost by 4%. Service includes all service on which the member's retirement allowance was based.

Prior to 1996-97, the County fully subsidized the funding requirements for these benefits. In 1996-97, the County entered into an agreement with LACERA to establish an Internal Revenue Code Section 401(h) Account for use in connection with the County's payment of retiree health care costs. This agreement, which remains effective until terminated by either party or in the event excess earnings cease to be available, permits the use of LACERA excess earnings reserves to reduce the County's funding requirement for these benefits.

The cost of retiree health care is recognized when the County makes payments to LACERA. For the year ended June 30, 2005, the amounts of such payments were approximately \$192,658,000, for governmental activities, and \$39,782,000, for business-type activities. These amounts exclude \$62,318,000 of LACERA excess earnings reserves, which were utilized to offset a portion of the total funding requirements.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

7. LEASES

Operating Leases

The following is a schedule of future minimum rental payments required under operating leases entered into by the County that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2005 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2006	\$ 71,342
2007	61,741
2008	50,465
2009	41,677
2010	23,508
2011-2015	44,394
2016-2020	842
2021-2025	<u>29</u>
Total	<u>\$ 293,998</u>

Rent expenditures related to operating leases were \$78,539,000 for the year ended June 30, 2005.

Capital Leases

The following is a schedule of future minimum lease payments under capital leases together with the present value of future minimum lease payments as of June 30, 2005 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2006	\$ 27,381	\$ 477
2007	26,839	314
2008	26,687	149
2009	22,111	145
2010	16,946	148
2011-2015	46,729	
2016-2020	29,085	
2021-2025	28,725	
2026-2030	28,724	
2031-2035	<u>7,095</u>	
Total	260,322	1,233
Less: Amount representing interest	<u>129,394</u>	<u>136</u>
Present value of future minimum lease payments	<u>\$ 130,928</u>	<u>\$ 1,097</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

7. LEASES-Continued

Capital Leases-Continued

The following is a schedule of property under capital leases by major classes at June 30, 2005 (in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Land	\$ 9,578	
Buildings and improvements	132,579	\$ 1,200
Equipment	49,060	2,098
Accumulated depreciation	<u>(47,296)</u>	<u>(2,081)</u>
Total	<u>\$ 143,921</u>	<u>\$ 1,217</u>

Leases of County-Owned Property

The County has entered into operating leases relative to the Marina del Rey Project area, various County golf courses and regional parks, and Asset Development Projects. Substantially all of the Marina's land and harbor facilities are leased to others under agreements classified as operating leases. Certain golf courses and regional parks are leased under agreements which provide for activities such as golf course management and clubhouse operations, food and beverage concessions, and recreational vehicle camping. The Asset Development Projects are ground leases and development agreements entered into by the County for private sector development of commercial, industrial, residential and cultural uses on vacant or underutilized County owned property. The Asset Development leases cover remaining periods ranging generally from 1 to 83 years and are accounted for in the General Fund. The lease terms for the golf courses and regional parks cover remaining periods ranging from 1 to 30 years and are also accounted for in the General Fund. The Marina del Rey leases cover remaining periods ranging from 1 to 62 years and are accounted for in the Debt Service Funds as a result of the issuance of certificates of participation related to the Marina del Rey Project area.

The following is a schedule of future minimum rental receipts on noncancelable leases as of June 30, 2005 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2006	\$ 36,377
2007	36,067
2008	35,473
2009	35,448
2010	35,447
Thereafter	<u>1,229,040</u>
Total	<u>\$ 1,407,852</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

7. LEASES-Continued

Leases of County-Owned Property-Continued

The following is a schedule of rental income for these operating leases for the year ended June 30, 2005 (in thousands):

	<u>Governmental Activities</u>
Minimum rentals	\$ 36,372
Contingent rentals	<u>14,695</u>
Total	<u>\$ 51,067</u>

8. LONG-TERM OBLIGATIONS

Long-term obligations of the County consist of bonds, notes and loans payable, pension bonds payable (see Note 6), capital lease obligations (see Note 7) and other liabilities which are payable from the General, Special Revenue, Debt Service, Enterprise and Internal Service Funds.

A summary of bonds, notes and loans payable recorded within governmental activities follows (in thousands):

	<u>Original Par Amount of Debt</u>	<u>Balance June 30, 2005</u>
Los Angeles County General Obligation Detention Facilities Bonds, 6.5% to 7.875%	\$ 96,000	\$ 16,205
Los Angeles County Flood Control District Storm Drain General Obligation Bonds, 2.5% to 8.5%	132,090	2,265
Los Angeles County Flood Control District Refunding Bonds 2.5% to 5.0%	143,195	119,615
Regional Park and Open Space District Bonds (issued by Public Works Financing Authority), 3% to 6%	349,690	369,229
Community Development Commission Notes Payable, 3.82% to 7.91%	51,045	32,297
NPC Bond Anticipation Notes 2.1% to 3.4%	15,750	15,750
NPC Bonds 2.4% to 4.0%	39,813	9,862

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

8. LONG-TERM OBLIGATIONS-Continued

	Original Par <u>Amount of Debt</u>	Balance <u>June 30, 2005</u>
Marina del Rey Certificates of Participation, 4.75% to 6.5%	189,491	66,828
Marina del Rey Loans Payable, 4.5% to 4.7%	23,000	21,841
Public Buildings Certificates of Participation, 2.8% to 7.75%	<u>1,322,301</u>	<u>938,701</u>
Total	<u>\$ 2,362,375</u>	<u>\$ 1,592,593</u>

A summary of bonds and notes payable recorded within business-type activities follows (in thousands):

	Original Par <u>Amount of Debt</u>	Balance <u>June 30, 2005</u>
NPC Bond Anticipation Notes, 2.1% to 3.4%	\$ 9,250	\$ 9,250
NPC Bonds 2.4% to 4.0%	23,382	5,793
Public Buildings Certificates of Participation, 2.8% to 7.0%	262,599	182,156
Commercial Paper, 2.37% to 2.85%	187,400	187,400
Waterworks District Bonds, 3.3% to 8.0%	1,335	181
Community Development Commission Mortgage Notes, 0.00% to 7.3%	<u>11,384</u>	<u>6,471</u>
Total	<u>\$ 495,350</u>	<u>\$ 391,251</u>

General Obligation Bonds

The County issued general obligation bonds in 1986 to finance detention facilities. The Flood Control District issued general obligation bonds to finance flood control projects. Waterworks Districts issued general obligation bonds to finance water system projects. Revenue for retirement of such bonds is provided from ad valorem taxes on property within the jurisdiction of the governmental unit issuing the bonds. Principal and interest requirements on general obligation long-term debt are as follows (in thousands):

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 8,995	\$ 1,379	\$ 45	\$ 15
2007	9,105	704	15	12
2008	370	9	17	11
2009			18	9
2010			19	7
2011-2015	<u>          </u>	<u>          </u>	<u>67</u>	<u>10</u>
Total	<u>\$ 18,470</u>	<u>\$ 2,092</u>	<u>\$ 181</u>	<u>\$ 64</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

8. LONG-TERM OBLIGATIONS-Continued

Assessment Bonds

The Regional Park and Open Space District issued voter approved assessment bonds in 1997 to fund the acquisition, restoration, improvement and preservation of beach, park, wildlife and open space resources within the District. As discussed in Note 3, the bonds were purchased by the Public Works Financing Authority and similar bonds were issued as a public offering. The bonds issued by the Authority are payable from the proceeds of annual assessments levied on parcels within the District's boundaries.

Principal and interest requirements on assessment bonds are as follows (in thousands):

Year Ending June 30	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 23,980	\$ 17,150
2007	21,475	16,021
2008	22,630	14,835
2009	23,670	13,644
2010	24,835	12,441
2011-2015	144,155	41,681
2016-2020	<u>88,945</u>	<u>9,607</u>
Total	<u>\$ 349,690</u>	<u>\$ 125,379</u>

Certificates of Participation

The County has issued certificates of participation through various financing entities that have been established by, and are component units of, the County. The debt proceeds have been used to finance the acquisition of County facilities and equipment. The County makes annual payments to the financing entities for the use of the property and the debt is secured by the underlying capital assets that have been financed. Principal and interest requirements on certificates of participation are as follows (in thousands):

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 145,403	\$ 47,064	\$ 29,933	\$ 11,548
2007	77,364	45,355	22,125	8,914
2008	78,969	42,692	22,066	7,849
2009	80,415	39,782	12,151	7,036
2010	78,214	37,060	12,012	6,393
2011-2015	312,052	146,591	64,144	22,981
2016-2020	92,288	125,023	15,513	4,643
2021-2025	111,399	46,897		
2026-2030	70,855	17,538		
2031-2035	<u>32,545</u>	<u>3,227</u>		
Total	<u>\$ 1,079,504</u>	<u>\$ 551,229</u>	<u>\$177,944</u>	<u>\$ 69,364</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

8. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Commercial Paper

Bond Anticipation Notes (BANS) are issued by the Los Angeles County Capital Assets Leasing Corporation (Equipment Acquisition Internal Service Fund) to provide interim financing for equipment purchases. BANS are purchased by the County Treasury Pool and are payable within five years. In addition, the BANS are issued with a formal agreement that, in the event they are not liquidated by the five-year period, they convert to capital leases with a three-year term secured by County real property.

Community Development Commission notes are secured by annual contributions from the United States Department of Housing and Urban Development (HUD) and housing units constructed with the note proceeds. Commission mortgage notes are secured by revenues from the operation of housing projects and from housing assistance payments from HUD.

Marina del Rey loans were obtained from the California Department of Boating and Waterways for the restoration and renovation of the marina seawall. The loans are secured by Marina del Rey lease revenue and by Los Angeles County Music Center parking revenues.

Tax-exempt commercial paper notes (TECP) are issued by the County to pay for the construction costs of the LAC+USC Medical Center replacement facility. Repayment of the TECP is secured by a letter of credit and a sublease of twenty-one County-owned properties. Pursuant to the underlying leases, the County is able to amortize the remaining TECP over the useful life of the underlying assets. The term of individual commercial paper notes may not exceed 270 days.

Principal and interest requirements on notes, loans, and commercial paper are as follows (in thousands):

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 10,075	\$ 2,594	\$ 189,865	\$ 246
2007	14,500	2,501	8,060	200
2008	1,992	2,405	710	151
2009	2,096	2,300	830	99
2010	1,926	2,197	355	45
2011-2015	12,248	9,091	350	13
2016-2020	12,583	5,541	965	
2021-2025	9,063	2,225		
2026-2030	5,405	622		
Indeterminate maturity			1,986	
Total	<u>\$ 69,888</u>	<u>\$ 29,476</u>	<u>\$ 203,121</u>	<u>\$ 754</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

8. LONG-TERM OBLIGATIONS-Continued

Summary-All Future Principal, Interest and Accretions

The following summarizes total future principal and interest requirements for the various debt issues referenced above (in thousands):

<u>Debt Type</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
General Obligation Bonds	\$ 18,470	2,092	\$ 181	64
Assessment Bonds	349,690	125,379		
Certificates of Participation	1,079,504	551,229	177,944	69,364
Notes, Loans, and				
Commercial Paper	<u>69,888</u>	<u>29,476</u>	<u>203,121</u>	<u>754</u>
Subtotal		<u>708,176</u>		<u>70,182</u>
Add: Accreted Interest	62,545			
Unamortized Bond				
Premiums	37,629		10,005	
Less: Unamortized Loss on				
Advance Refunding of Debt	<u>(25,133)</u>		<u>          </u>	
Total Bonds and Notes				
Payable	<u>\$ 1,592,593</u>		<u>\$ 391,251</u>	

Long-term liabilities recorded in the Government-wide Statement of Net Assets include accreted interest on zero coupon bonds, unamortized bond premiums, and unamortized losses on advance debt refundings.

Advance Refunding of Debt

On February 15, 2005, the County issued \$181,220,000 of Regional Park and Open Space District revenue refunding bonds, maturing on various dates between 2005 and 2019. These bonds with an average interest rate of 3.50%, were issued to partially refund the outstanding principal amount of \$188,175,000 of bonds issued in 1997 at an interest rate of 5.05%.

On March 1, 2005, the County issued \$393,315,000 of Public Buildings lease revenue refunding bonds, maturing on various dates between 2005 and 2032. These bonds, with an average interest rate of 3.85%, were issued to refund the outstanding principal amount of \$433,655,000 of bonds issued between 1993 and 1997 at interest rates ranging from 5.26% to 5.79%.

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 bonds. Accordingly, the refunded bonds were considered to be defeased and the liabilities for those bonds were removed from the Government-Wide Statement of Net Assets - Governmental Activities. Specific disclosures related to each refunding issue are as follows (in thousands):

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

8. LONG-TERM OBLIGATIONS-Continued

Advance Refunding of Debt-Continued

	February 2005 Refunding	March 2005 Refunding
Proceeds of refunding bonds issued	\$ 181,220	\$ 393,315
Prior years' bond reserves and/or premiums	<u>20,691</u>	<u>28,095</u>
Deposit to escrow	<u>\$ 201,911</u>	<u>\$ 421,410</u>
Future years' aggregate debt service payment reduction	\$ 19,122	\$ 105,058
Present value savings (economic gain)	\$ 12,608	\$ 30,039

For each of the two advance refunding transactions, the carrying amount of the refunded debt was less than the reacquisition price. These differences were \$13,736,000 and \$25,133,000, respectively, for the February 2005 and March 2005 refunding transactions. These amounts have been reported as reductions of the amount of outstanding debt in the basic financial statements.

Bonds Defeased in Prior Years

In prior years, various debt obligations, consisting of bonds and certificates of participation, were defeased by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the old obligations. Accordingly, the trust account assets and the related liabilities for the defeased bonds are not reflected in the County's financial position. At June 30, 2005, the amount of outstanding bonds and certificates of participation considered defeased was \$519,160,000. All of this amount was related to governmental activities.

Changes in Long-term Liabilities

The following is a summary of long-term liabilities and corresponding activity for the year ended June 30, 2005 (in thousands):

	Balance July 1, 2004	Additions/ Accretions	Transfers/ Maturities	Balance June 30, 2005	Due Within One Year
Governmental activities:					
Bonds and notes payable	\$ 1,724,734	\$ 505,571	\$ 637,712	\$ 1,592,593	\$ 190,945
Pension bonds payable (Note 6)	1,344,056	63,366	200,628	1,206,794	231,952
Capital lease obligations (Note 7)	135,258	7,341	11,671	130,928	14,571
Accrued vacation and sick leave	588,449	65,800	47,686	606,563	46,606
Workers' compensation liability (Note 15)	2,163,712	217,368	270,954	2,110,126	353,975
Litigation and self-insurance liability (Note 15)	384,700	54,485	35,898	403,287	98,501
Third party payor liability	<u>26,512</u>	<u>19,016</u>	<u>24,911</u>	<u>20,617</u>	<u>20,617</u>
Total governmental activities	<u>\$6,367,421</u>	<u>\$ 932,947</u>	<u>\$1,229,460</u>	<u>\$ 6,070,908</u>	<u>\$ 957,167</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

8. LONG-TERM OBLIGATIONS-Continued

Changes in Long-Term Liabilities-Continued

Business-type activities:

Bonds and notes payable	\$ 411,389	\$ 221,998	\$ 242,136	\$ 391,251	\$ 220,939
Pension bonds payable (Note 6)	469,756	22,147	70,122	421,781	81,068
Capital lease obligations (Note 7)	1,499		402	1,097	421
Accrued vacation and sick leave	107,464	13,450	10,810	110,104	9,327
Workers' compensation liability (Note 15)	392,889	27,358	42,655	377,592	57,903
Litigation and self-insurance liability (Note 15)	222,093	22,800	20,818	224,075	31,543
Third party payor liability (Note 11)	350,170	32,049	11,002	371,217	11,906
Total business-type activities	<u>\$ 1,955,260</u>	<u>\$ 339,802</u>	<u>\$ 397,945</u>	<u>\$1,897,117</u>	<u>\$ 413,107</u>

For governmental activities, the General Fund, the Fire Protection District Special Revenue Fund and the Public Library Special Revenue Fund have typically been used to liquidate workers' compensation, accrued vacation and sick leave and litigation and self-insurance liabilities.

Bond interest accretions for deep discount bonds have been included in the amounts reported for Bonds and Notes Payable and Pension Bonds Payable. Amounts accreted in previous years were paid during 2004-2005 thereby reducing liabilities for Bonds and Notes Payable by \$12,834,000 for governmental activities. Liabilities for Pension Bonds Payable were increased for governmental and business-type activities by \$63,366,000 and \$22,147,000, respectively, for interest accretions. Note 15 contains information about changes in the combined current and long-term liabilities for workers' compensation and litigation and self-insurance liabilities.

9. SHORT-TERM DEBT

On July 1, 2004, the County issued \$600 million of short-term Tax and Revenue Anticipation Notes at an effective interest rate of 1.6%. The proceeds of the notes were used to assist with County General Fund cash flow needs prior to the first major apportionment of property taxes, which occurred in December 2004. The notes matured and were redeemed on June 30, 2005.

10. CONDUIT DEBT OBLIGATIONS

Community Facilities and Improvement District Bonds

As of June 30, 2005, various community facilities and improvement districts established by the County had outstanding special tax bonds payable totaling \$97,541,000 and limited obligation improvement bonds totaling \$17,249,000. The bonds were issued to finance the cost of various construction activities and infrastructure improvements which have a regional or direct benefit to the related property owners.

The bonds do not constitute an indebtedness of the County, and are payable solely from special taxes and benefit assessments collected from property owners within the districts. In the opinion of County officials, these bonds are not payable from any revenues or assets of the County and neither the full faith and credit of the County, the State or any political subdivision thereof is obligated to the payment of the principal or interest on the bonds. Accordingly, no liability has been recorded in the accompanying basic financial statements.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

10. CONDUIT DEBT OBLIGATIONS-Continued

Community Facilities and Improvement District Bonds-Continued

The County functions as an agent for the districts and bondholders. Debt service transactions related to the various bond issues are reported in the agency funds. Construction activities are reported in the Improvement Districts' Capital Projects Fund. Revenues have been recorded (proceeds from property owners) to reflect the bond proceeds issued for capital improvements.

Residential Mortgage Revenue Bonds

Residential Mortgage Revenue Bonds have been issued to provide funds to purchase mortgage loans secured by first trust deeds on newly constructed and existing single family residences in the County. The purpose of this program is to provide low interest rate home mortgage loans to persons who are unable to qualify for conventional mortgages at market rates. Multi-Family Mortgage Revenue Bonds have been issued to provide permanent financing for apartment projects located in the County to be partially occupied by persons of low or moderate income. The amount of Mortgage Revenue Bonds issued since inception of the programs approximates \$1,445,164,000. The amount of bonds outstanding as of June 30, 2005 was not determinable.

The bonds do not constitute an indebtedness of the County. The bonds are payable solely from payments made on and secured by a pledge of the acquired mortgage loans and certain funds and other monies held for the benefit of the bondholders pursuant to the bond indentures. In the opinion of County officials, these bonds are not payable from any revenues or assets of the County, and neither the full faith and credit nor the taxing authority of the County, the State or any political subdivision thereof is obligated to the payment of the principal or interest on the bonds. Accordingly, no liability has been recorded in the accompanying basic financial statements.

Industrial Development and Other Conduit Bonds

Industrial development bonds, and other conduit bonds, have been issued to provide financial assistance to private sector entities and nonprofit corporations for the acquisition of industrial and health care facilities which provide a public benefit. The bonds are secured by the facilities acquired and/or bank letter of credit and are payable solely from project revenue or other pledged funds. The County is not obligated in any manner for the repayment of the bonds. Accordingly, no liability has been recorded in the accompanying basic financial statements.

As of June 30, 2005, the amount of industrial development and other conduit bonds outstanding was \$19,435,000.

11. HOSPITAL AND OTHER PROGRAM REVENUES

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

11. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medicaid Demonstration Project

For fiscal year 1995-96, Federal, State, and County officials approved a Medicaid Demonstration Project ("Project") to enable the County to stabilize and restructure its health care system. The basis for the Project required a shift in emphasis from conventional inpatient care to preventive, primary, and outpatient care. The Project was initially approved for a five-year period that was scheduled to end on June 30, 2000. The status of the Project's extension for an additional five-year period is discussed in the next segment of this Note.

Medicaid Demonstration Project Extension

The Federal Health Care Financing Administration, now known as the Centers for Medicare & Medicaid Services (CMS), granted an extension and phase-out of the Project over a term of five years (July 1, 2000 through June 30, 2005), to assist the County in restructuring its health care delivery system.

As part of this extension agreement, the County committed to use \$300 million of tobacco litigation settlement revenues and an additional \$100 million of General Fund contributions for Project-related services during the extension period. Also, as part of this extension agreement, a minimum of \$40 million in State and County funds at a 2 to 1 ratio, respectively, was made available over the course of the extension period to fund the system's workforce training needs, as identified in the CMS/Department of Labor approved work plan.

For the period July 1, 2000 through June 30, 2005, CMS provided Federal Financial Participation (FFP) at the applicable Federal-matching rate for the Federally Reimbursable Ambulatory Care Service Costs and the Supplemental Project Pool for both the Department of Health Services and Department of Mental Health. Payments for these components did not exceed the annual and total budget limits as follows (in thousands):

<u>Fiscal Year</u>	<u>Percent Limit on Demonstration FFP</u>	<u>Dollar Limit on Demonstration FFP</u>
2000-01	100%	\$ 246,600
2001-02	100%	246,600
2002-03	75%	185,000
2003-04	55%	135,500
2004-05	35%	86,300
2005-06 post-extension	0%	
Total		<u>\$ 900,000</u>

To provide increased funding to the County for outpatient services, CMS approved an amendment to the State Medi-Cal Plan, effective July 1, 2000, to provide cost-based reimbursement for County-operated and contracted facilities for covered outpatient services rendered to Medi-Cal beneficiaries.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

11. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medicaid Demonstration Project Extension-Continued

If the County does not meet specified milestones in the "Terms and Conditions" provisions of the extension agreement, the State may impose sanctions on the County of up to 18 percent of the Supplemental Project Pool and 10 percent of the Federally Reimbursable Ambulatory Care Service Cost claim, depending on the program. The County believes that it met the requirements; however, external auditors found that, in many cases, it did not. The County has contested these findings and is awaiting a final decision by the State.

The Project Federal Financial Participation (FFP) revenues recognized in the Hospital Enterprise Funds totaled \$71.7 million for the year ended June 30, 2005 and consisted of the following:

- \$52.8 million in additional Medi-Cal matching funds for indigent care at health centers and outpatient facilities.
- \$18.9 million in increased Medi-Cal funding for providing at least 450,000 outpatient visits.

The County transitioned to a new method of health care financing effective fiscal year 2005-06 (see Note 18).

Medi-Cal and Medicare Programs

A substantial portion of the Hospitals' revenue is derived from services provided to patients eligible for benefits under the Medi-Cal and Medicare programs. Medi-Cal acute inpatient services are reimbursed at a contractually agreed upon per-diem rate. Services to inpatient Medicare program beneficiaries are primarily paid under prospectively determined rates-per-discharge based upon diagnostic related groups (DRGs). Cost Based Reimbursement Clinics (CBRC) funding became effective on July 1, 2000, as part of the 1115 Waiver Extension, and was scheduled to expire on June 30, 2005. A new state plan amendment to extend CBRC is pending with the federal government. CBRC reimburses at 100 percent of reasonable costs for Medi-Cal outpatient services provided to Medi-Cal beneficiaries at hospital-based clinics and health centers (excluding clinics that provide predominately public health services). Certain other services to Medicare beneficiaries are reimbursed based on fee schedule or other rates. Revenues from Medi-Cal and Medicare programs represent approximately 86% and 4% respectively, of net patient care revenue for the year ended June 30, 2005.

Medi-Cal cost audit reports have been issued for all hospitals through Fiscal Year 2001-02 with the exception of Martin Luther King, Jr./Drew Medical Center (King). Medi-Cal CBRC Fiscal Year 2001-02 audit reports have been issued for all hospitals except for King. Fiscal Year 2002-03 audit reports for both Medi-Cal inpatient services and Medi-Cal CBRC have not been issued and the audits are in progress.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

11. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal and Medicare Programs-Continued

The Medicare audits have been completed for Fiscal Year 1998-99 at all hospitals. The notices of program reimbursement have been received for all hospitals. For Fiscal Year 1999-2000, the audits have been completed at all hospitals; however, the notice of program reimbursement has not been issued for LAC+USC Medical Center (LAC+USC) and Rancho Los Amigos National Rehabilitation Center (Rancho). For Fiscal Year 2000-01, only King, Olive View/UCLA Medical Center and High Desert Hospital have been audited and the notices of program reimbursement have been issued. For Fiscal Year 2001-02, only Rancho's audit has been completed and the notice of program reimbursement has been issued. For Fiscal Years 2002-03 and 2003-04, the audits have not been scheduled.

The Hospitals have various outstanding appeals pertaining to Medi-Cal and Medicare audit settlements. There are also outstanding Medi-Cal appeals related to health centers. These amounts have not been recorded, as the outcome is not certain. The County believes the final resolution of the appeals will not have a material effect on its financial condition.

The Hospitals, excluding health centers, also received revenues from the following programs:

During FY 1991-92, SB 855 and SB 146 were enacted to provide higher Medi-Cal reimbursement rates to Disproportionate Share Hospitals ("DSH"). These are hospitals which provide a disproportionate share of services to Medi-Cal and other low income patients. The law requires certain public entities to contribute matching funds to the State. These funds, along with additional Federal revenues, are utilized by the State to fund the supplemental payment amounts.

SB 855 funds cannot exceed each hospital's DSH limits as mandated under OBRA '93. As a result of the original 1115 Waiver, the Department of Health Services may have received SB 855 funds beyond its OBRA '93 DSH limits for the fiscal year ended June 30, 1996 (estimated to be \$104 million) in cash flow assistance which may be an obligation that is expected to be repaid in the future, and has been recorded as a liability ("Estimated Liability to Third-Party Payors") of the Hospital Enterprise Funds in the accompanying basic financial statements. Additional potential obligations totaling \$89.4 million have also been recognized as liabilities in the basic financial statements as of June 30, 2005. The amount includes \$61.0 million and \$28.4 million related to Fiscal Years 1996-97 and 1997-98, respectively.

SB 1255, which became effective in 1990, established the State Disproportionate Share and Emergency Services Fund to receive contributions from public agencies. The State utilizes these funds to obtain additional Federal matching funds. The total is then distributed to the hospital applicants through a negotiation process with the California Medical Assistance Commission. To be eligible to receive funds, among other requirements, a hospital must be a disproportionate share provider.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

11. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Office of Inspector General

The Office of Inspector General (OIG) performed an audit to verify that Medi-Cal's Fiscal Year (FY) 1997-98 Disproportionate Share Hospital (DSH) payments to the six Los Angeles County hospitals did not exceed their OBRA '93 limits. The OIG Audit found that the DSH payments to four of the six LAC hospitals exceeded their respective FY 1997-98 OBRA '93 limits by more than a total of \$195 million (\$98 million federal share). According to the OIG, the excess payments occurred because the State's DSH payment formula did not limit hospitals' total operating expenses to amounts that would be allowable under Medicare cost principles. The State and the County strongly disagreed with the audit findings and submitted written objections to many of the points raised by the OIG.

The OIG recommended that the State work with CMS to address and resolve the DSH payments in excess of the limits. In its approval of the State's application for renewal of its Selective Provider Contracting Program (SPCP) waiver for the period of January 1, 2003 through December 31, 2004, CMS agreed to permit the State to make DSH payments to the Los Angeles County hospitals without applying Medicare cost principles, but required the State to exclude any amounts not related to patient care from its calculations of the hospitals' operating expenses and to modify its treatment of bad debt. CMS has agreed not to pursue retroactive recovery of overpayments found by the OIG as long as the State corrects the formula in its State Plan prospectively.

The State has complied with CMS' requirement to submit a state plan amendment ("SPA") regarding bad debt and CMS has accepted the SPA. The State believes that the other changes can be made administratively, and has done so and has sought CMS approval for what it has done. An issue remains as to whether CMS will accept these changes without a formal SPA. Even if this issue can not be satisfactorily resolved, the County believes that the potential liabilities of \$98 million will not significantly affect the County's financial position.

Other Program Revenues

Proposition 99 imposes an additional State excise tax on cigarettes and other tobacco products. The increased taxes on tobacco products generate additional revenues for health care, research, health education, and public resources. State Assembly Bill 75 allocates these revenues to health care providers based upon their share of the financial burden for providing care to persons who are uninsured or otherwise unable to pay for care. The County's share of the AB 75 California Healthcare for the Indigent Program (CHIP) revenues for the year ended June 30, 2005 was \$11.8 million.

Revenues related to the aforementioned programs are included in the accompanying basic financial statements as hospital operating revenues. Uncollected amounts are reported as Accounts Receivable. Claims for these programs are subject to audit by State and/or Federal agencies.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

11. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Intergovernmental Transfers

The County of Los Angeles provides funding for the State's share of the Medicaid Demonstration Project Supplemental Project Pool (SPP) and a portion of the State's share of the SB 855 and SB 1255 programs by transferring funds to the State from the County's General Fund. These transferred funds are referred to as intergovernmental transfers (IGT) and are used by the State to draw down federal matching funds. The IGT funds transferred to the State by the County and the matching federal funds are utilized by the State to provide supplemental funding to the County, and in some instances other providers, under the SPP, SB 855 and SB 1255 programs.

The transfer of County General Funds to the State (IGT) is initially recorded as a health expenditure of the General Fund. At the time the Hospitals recognize the supplemental funding received (net patient services revenue) under one of the aforementioned programs, the General Fund distributes the cost of the IGTs to each of the Hospitals. This cost is reflected as a non-operating expense by each Hospital in its Statement of Revenues, Expenses, and Changes in Fund Net Assets. For the year ended June 30, 2005, the cost of the IGTs and the supplemental funding received are as follows (in thousands):

<u>Program</u>	<u>Intergovernmental Transfers Expense</u>	<u>Revenues</u>
Medicaid Demonstration Project (SPP)	\$ 18,882	\$ 37,764
SB 855	444,442	599,788
SB 1255	451,500	855,500
Total	<u>\$ 914,824</u>	<u>\$1,493,052</u>

During the fiscal year, the County changed its accounting method to initially record the IGT as a health expenditure in each of the hospital funds. This new accounting method did not have an impact on the financial statements.

Charity Care

Charity care includes those uncollectible amounts, for which the patient is unable to pay. Generally, charity care adjustment accounts are those accounts for which an indigence standard has been established and under which the patient qualifies. Inability to pay may be determined through one of the Department's Reduced Cost Health Care plans, through other eligibility plans utilized by the Department, by the Treasurer-Tax Collector, or by an outside collection agency. Determinations of charity care may be made prior to, at the time of service, or any time thereafter.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

11. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Charity Care-Continued

The total amount of such charity care provided by the hospitals for the fiscal year ended June 30, 2005, based on established rates, is as follows (in thousands):

Charges forgone	\$1,395,615
Less: Federal and State subventions	<u>11,809</u>
Net charges forgone	<u>\$1,383,806</u>

Restructuring of the County's Health Care Delivery System

As indicated in the "Medicaid Demonstration Project Extension" segment of this note, the County's augmented reimbursement for health services expired during fiscal year 2004-2005. To address projected budget deficits, the Board approved two strategic plans that provided several options for a redesigned Health Care Delivery System (System).

As of June 30, 2005, the Department has not been able to fully implement either of these plans because of a preliminary injunction issued by a federal district court prohibiting any service reductions at these two facilities. On August 9, 2005, the Board of Supervisors approved negotiated settlement to the lawsuits with the plaintiffs. One settlement is awaiting final approval by the courts and the implementation process for the other has begun. The settlements allow for the phased reduction of beds at LAC+USC contingent upon meeting agreed upon milestones in length of stay reduction. The settlements also call for the Department to continue to operate Rancho, although at a reduced size with only core rehabilitation services, for three years while the County simultaneously seeks an entity to take-over the operations of the hospital.

In Fiscal Year 2004-05 the incremental cost of operating Rancho and not reducing 100 acute beds at LAC+USC was \$53.9 million and \$29.8 million, respectively.

At the end of the current fiscal year, High Desert Health Systems and Antelope Valley Rehabilitation Center have been transferred from the High Desert Hospital Enterprise Fund to the Olive View/UCLA Medical Center Enterprise Fund.

12. INTERFUND TRANSACTIONS

Interfund Receivables/Payables

Interfund receivables and payables have been eliminated in the government-wide financial statements, except for "internal balances" that are reflected between the governmental and business-type activities. Interfund receivables and payables have been recorded in the fund financial statements. Such amounts arise due to the exchange of goods or services (or subsidy transfers) between funds that were pending the transfer of cash as of June 30, 2005.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

12. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Cash transfers related to interfund receivables/payables are generally made within 30 days after year-end. Amounts due to/from other funds at June 30, 2005 are as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Fire Protection District	\$ 3,758
	Flood Control District	3,657
	Public Library	3,294
	Regional Park and Open Space District	4,500
	Internal Service Funds	5,073
	Harbor UCLA Medical Center	47,553
	Olive View UCLA Medical Center	66,109
	LAC+USC Medical Center	270,241
	M.L. King/Drew Medical Center	71,985
	Rancho Los Amigos Medical Center	12,568
	Nonmajor Enterprise Funds	412
	Nonmajor Governmental Funds	<u>67,060</u>
		<u>556,210</u>
Fire Protection District	General Fund	5,284
	Flood Control District	4
	Internal Service Funds	4
	LAC+USC Medical Center	14
	Nonmajor Governmental Funds	<u>7</u>
		<u>5,313</u>
Flood Control District	General Fund	264
	Internal Service Funds	8,123
	Nonmajor Governmental Funds	<u>37</u>
		<u>8,424</u>
Public Library	General Fund	1,845
	Internal Service Funds	3
	Nonmajor Governmental Funds	<u>248</u>
		<u>2,096</u>
Regional Park and Open Space District	General Fund	<u>2,257</u>
Internal Service Funds	General Fund	10,078
	Fire Protection District	19
	Flood Control District	12,877
	Public Library	8
	Regional Park and Open Space District	8
	LAC+USC Medical Center	40
	M. L. King/Drew Medical Center	26

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

12. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Internal Service Funds-Continued	Rancho Los Amigos Medical Center	28
	Nonmajor Enterprise Funds	4,206
	Nonmajor Governmental Funds	<u>22,640</u>
		<u>49,930</u>
Harbor UCLA Medical Center	General Fund	105,204
	Fire Protection District	3
	Olive View UCLA Medical Center	12,906
	LAC+USC Medical Center	34,120
	M.L. King/Drew Medical Center	234
	Rancho Los Amigos Medical Center	71
	Nonmajor Governmental Funds	<u>18,120</u>
		<u>170,658</u>
Olive View UCLA Medical Center	General Fund	68,843
	Fire Protection District	24
	Harbor UCLA Medical Center	23
	LAC+USC Medical Center	46,561
	Rancho Los Amigos Medical Center	18
	Nonmajor Governmental Funds	<u>20,898</u>
		<u>136,367</u>
LAC+USC Medical Center	General Fund	686,317
	Fire Protection District	49
	Harbor UCLA Medical Center	3,733
	Olive View UCLA Medical Center	3,430
	M.L. King/Drew Medical Center	2,403
	Rancho Los Amigos Medical Center	1,044
	Nonmajor Governmental Funds	<u>20,101</u>
		<u>717,077</u>
M. L. King/Drew Medical Center	General Fund	59,467
	Fire Protection District	26
	Harbor UCLA Medical Center	27
	LAC+USC Medical Center	54,635
	Rancho Los Amigos Medical Center	71
	Nonmajor Governmental Funds	<u>12,255</u>
		<u>126,481</u>
Rancho Los Amigos Medical Center	General Fund	54,309
	Harbor UCLA Medical Center	2
	LAC+USC Medical Center	<u>10</u>
	M.L. King/Drew Medical Center	<u>25</u>
		<u>54,346</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

12. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor Enterprise Funds	General Fund	2
	Internal Service Funds	853
		<u>855</u>
Nonmajor Governmental Funds	General Fund	7,586
	Flood Control District	12
	Internal Service Funds	9,958
	Olive View UCLA Medical Center	144
	Nonmajor Governmental Funds	<u>6,490</u>
		<u>24,190</u>
Total Interfund Receivables/Payables		<u>\$1,854,204</u>

Interfund Transfers

Transfers were made during the year from the General Fund to subsidize the operations of the Public Library and the six hospitals. Other transfers primarily consisted of payments from the various operating funds (principally the General Fund) to debt service funds in accordance with long-term debt covenants. In addition, special revenue funds that are statutorily restricted made transfers to other funds to reimburse eligible costs incurred.

Interfund transfers to/from other funds for the year ended June 30, 2005 are as follows (in thousands):

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Public Library	\$ 25,961
	Internal Service Funds	115
	Harbor UCLA Medical Center	51,990
	Olive View UCLA Medical Center	43,095
	LAC+USC Medical Center	306,984
	M.L. King/Drew Medical Center	42,365
	High Desert Hospital	42,642
	Rancho Los Amigos Medical Center	61,407
	Nonmajor Governmental Funds	<u>158,567</u>
		<u>733,126</u>
Fire Protection District	Nonmajor Governmental Funds	<u>28,011</u>
Flood Control District	Internal Service Funds	609
	Nonmajor Governmental Funds	<u>17,578</u>
		<u>18,187</u>
Public Library	General Fund	21
	Nonmajor Governmental Funds	<u>1,801</u>
		<u>1,822</u>
Regional Park and Open Space District	Nonmajor Governmental Funds	<u>38,109</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

12. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Internal Service Funds	General Fund	<u>1,468</u>
Olive View UCLA Medical Center	High Desert Hospital	12,941
	Nonmajor Governmental Funds	<u>303</u>
		<u>13,244</u>
M. L. King/Drew Medical Center	Nonmajor Governmental Funds	<u>1</u>
Nonmajor Enterprise Funds	Internal Service Funds	218
	Nonmajor Governmental Funds	<u>5,711</u>
		<u>5,929</u>
Nonmajor Governmental Funds	General Fund	74,579
	Fire Protection	48
	Public Library	55
	Regional Park and Open Space District	1,056
	Internal Service Funds	851
	Harbor UCLA Medical Center	32,949
	Olive View UCLA Medical Center	24,642
	LAC+USC Medical Center	65,222
	M.L. King/Drew Medical Center	22,007
	Rancho Los Amigos Medical Center	22
	Nonmajor Governmental Funds	<u>63,712</u>
		<u>285,143</u>
Total Interfund Transfers		<u>\$1,125,040</u>

Short-term Advances

Advances from/to other funds at June 30, 2005 are as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Internal Service Funds	\$ 5,867
	Harbor UCLA Medical Center	95,131
	Olive View UCLA Medical Center	96,407
	LAC+USC Medical Center	117,458
	M.L. King/Drew Medical Center	117,125
	Rancho Los Amigos Medical Center	<u>13,349</u>
		<u>445,337</u>
Flood Control District	Internal Service Funds	<u>6,544</u>
Nonmajor Enterprise Funds	Internal Service Funds	<u>1,159</u>
Nonmajor Governmental Funds	Internal Service Funds	8,430
	Nonmajor Government Funds	<u>2,100</u>
		<u>10,530</u>
Total Short-term Advances		<u>\$ 463,570</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

12. INTERFUND TRANSACTIONS-Continued

Short-term Advances-Continued

The General Fund makes short-term advances to assist the Hospital Funds in meeting their cash flow requirements. The General Fund, along with other funds that receive services from the Public Works Internal Service Fund, makes short-term advances to ensure sufficient cash is available to fund operations.

13. BUDGETARY ACCOUNTING CHANGES/RECONCILIATION BETWEEN THE BUDGETARY BASIS AND GAAP

The County's Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual on Budgetary Basis for the major governmental funds has been prepared on the budgetary basis of accounting, which is different from GAAP.

The amounts presented for the governmental fund statements are based on the modified accrual basis of accounting and differ from the amounts presented on a budgetary basis of accounting. The major areas of difference are as follows:

- For budgetary purposes, designations are recorded as other financing uses at the time they are established. Although designations are not legal commitments, the County recognizes them as uses of budgetary fund balance. Designations that are subsequently cancelled or otherwise made available for appropriation are recorded as other financing sources.
- For the General Fund, obligations for accrued vacation and sick leave and estimated liabilities for litigation and self-insurance are recorded as budgetary expenditures to the extent that they are estimated to be payable within one year after year-end. Under the modified accrual basis of accounting, such expenditures are not recognized until they become due and payable in accordance with GASB Interpretation No. 6.
- In conjunction with the sale of pension obligation bonds in 1994-95, the County sold the right to future investment income on debt service deposits. Under the budgetary basis, the proceeds were included in 1994-95 revenues. Under the modified accrual basis, the proceeds were recorded as deferred revenue (unearned) and are being amortized over the life of the bonds. This matter is also discussed in Note 6.
- Under the budgetary basis, revenues (primarily intergovernmental) are recognized at the time encumbrances are established for certain programs and capital improvements. The intent of the budgetary policy is to match the use of budgetary resources (for amounts encumbered, but not yet expended) with funding sources that will materialize as revenues when actual expenditures are incurred. Under the modified accrual basis, revenues are not recognized until the qualifying expenditures are incurred.
- 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.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

13. BUDGETARY ACCOUNTING CHANGES/RECONCILIATION BETWEEN THE  
BUDGETARY BASIS AND GAAP-Continued

The following schedule is a reconciliation of the budgetary and GAAP fund balances (in thousands):

	General Fund	Fire Protection District	Flood Control District	Public Library	Regional Park and Open Space District
Fund balance - budgetary basis	\$ 908,610	\$ 29,949	\$ 13,482	\$ 4,409	\$ 129,047
Reserves and designations	<u>1,417,652</u>	<u>91,338</u>	<u>112,613</u>	<u>8,306</u>	<u>111,080</u>
Subtotal	<u>2,326,262</u>	<u>121,287</u>	<u>126,095</u>	<u>12,715</u>	<u>240,127</u>
Adjustments:					
Reversal of estimated liability for litigation and self-insurance claims	103,286	(459)		81	
Reversal of accrued vacation and sick leave benefits	38,270				
Deferral of unearned investment income	(20,056)	(991)		(220)	
Change in revenue accruals	<u>(121,033)</u>	<u>(16,648)</u>	<u>(4,799)</u>	<u>(2,151)</u>	<u>(1,325)</u>
Subtotal	<u>467</u>	<u>(18,098)</u>	<u>(4,799)</u>	<u>(2,290)</u>	<u>(1,325)</u>
Fund balance - GAAP basis	<u>\$2,326,729</u>	<u>\$ 103,189</u>	<u>\$ 121,296</u>	<u>\$10,425</u>	<u>\$ 238,802</u>

14. COMMITMENTS

Construction Commitments

At June 30, 2005, the LAC+USC Medical Center Hospital Enterprise Fund had contractual commitments of approximately \$202,978,000 to provide for the construction of the LAC+USC Medical Center replacement facility. The construction is currently being financed by commercial paper and a grant from the Federal Emergency Management Agency.

LACERA Capital Commitments

At June 30, 2005, LACERA had outstanding capital commitments to various investment managers, approximating \$2,080,000,000. Subsequent to June 30, 2005, LACERA funded \$108,000,000 of these capital commitments.

Investment Purchase Commitments

At June 30, 2005, the County had open trade commitments with various brokers to purchase investments approximating \$199,816,000 with settlement dates subsequent to year end. These investment transactions had not been recorded as of June 30, 2005 since the County neither takes delivery of the securities nor earns interest on the investments until the settlement date. By July 1, 2005, the County had purchased such investments.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

## 15. RISK MANAGEMENT

The County purchases insurance for certain risk exposures such as aviation, employee fidelity, boiler and machinery in certain structures, art objects, catastrophic hospital general liability, volunteer, special events, public official bond, crime, safety reserve employee death and disability, and fiduciary liability for the deferred compensation plans. There have been no settlements related to these programs that exceeded insurance coverage in the last three years. The County also has insurance on most major structures. Losses did not exceed coverage in 2003-2004 or 2004-2005.

The County retains the risk for all other loss exposures. Major areas of risk include workers' compensation and long-term disability, medical malpractice, law enforcement, theft and damage to property including natural disasters, errors and omissions, and torts. Expenditures are accounted for in the fund whose operations resulted in the loss. Claims expenditures and liabilities are reported when it is probable that a loss has been incurred and the amount of that loss, including those incurred but not reported, can be reasonably estimated. The County utilizes actuarial studies, historical data, and individual claims reviews to estimate these liabilities. The liabilities include estimable incremental claim adjustment expenses, net of salvage, and subrogation of approximately 10% of the total liabilities. They do not include other claim adjustment costs because the County does not believe it is practical or cost effective to estimate them.

As indicated in the following table, the County's workers' compensation liabilities as of June 30, 2005 were approximately \$2.488 billion. This amount is undiscounted and is based on an actuarial study of the County's self-insured program as of June 30, 2005. Approximately \$252 million of the total liabilities pertain to salary continuation payments and other related costs mandated by the State Labor Code.

As of June 30, 2005, the County's best estimate of these liabilities is \$3.115 billion. Changes in the reported liability since July 1, 2003 resulted from the following (in thousands):

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes In Estimates</u>	<u>Claim Payments</u>	<u>Balance At Fiscal Year-End</u>
<u>2003-2004</u>				
Workers' Compensation	\$ 2,284,625	\$ 646,922	\$ 374,946	\$ 2,556,601
Other	<u>733,128</u>	<u>60,458</u>	<u>186,793</u>	<u>606,793</u>
Total 2003-2004	<u>\$ 3,017,753</u>	<u>\$ 707,380</u>	<u>\$ 561,739</u>	<u>\$ 3,163,394</u>
<u>2004-2005</u>				
Workers' Compensation	\$ 2,556,601	\$ 244,726	\$ 313,609	\$ 2,487,718
Other	<u>606,793</u>	<u>77,285</u>	<u>56,716</u>	<u>627,362</u>
Total 2004-2005	<u>\$ 3,163,394</u>	<u>\$ 322,011</u>	<u>\$ 370,325</u>	<u>\$ 3,115,080</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

15. RISK MANAGEMENT-Continued

In addition to the above estimated liabilities, the County has determined that claims seeking damages of approximately \$197 million (including the \$98 million discussed in Note 11) are possible of creating adverse judgments against the County. Because of the uncertainty of their outcome, no loss has been accrued for these claims.

In addition to the aforementioned lawsuits, there are unasserted claims approximating \$150 million as a result of a federal court decision which ordered the California Secretary of State to decertify the use of punch card voting systems. The County has implemented an interim paper-based voting system to replace the punch card system and is continuing to evaluate new technologies in this area.

In November 2003 and May 2004, the Secretary of State issued directives that will require all existing and new touch screens to have an accessible voter verifiable paper audit trail. In the opinion of County Counsel, it is reasonably possible for the County to incur costs of approximately \$150 million to comply with the regulatory requirements if the County were to replace the current paper-based voting system to a touch screen voting system. However, it is also reasonable to assume that both federal and State funding would be available to offset at least a portion of such costs. During 2003-2004, the County received approximately \$15.8 million from the State as advance funding to comply with some of the new requirements. County management believes that the timing of this matter is uncertain and its final outcome will not have a material affect on the County's financial condition.

Litigation Related to Pension Benefits

In addition to the aforementioned claims, the County and LACERA have been named as defendants in a number of lawsuits that seek to expand the types of benefits to be applied in determining pension compensation.

The most significant of these items sought to expand the types of employee compensation that was includable in the determination of pension benefits. As a result of a series of Court decisions related to this issue, LACERA's actuary assumed a present value estimate of \$190 million as an additional unfunded actuarial accrued liability (UAAL). This estimated was included in the actuarial valuation of the County's pension conducted as of June 30, 2003. Revised County contribution rates were recommended by the actuary and included in a provision to fund the UAAL over a rolling thirty year period. These rates were adopted by the Board of Supervisors (Board) and were effective throughout 2004-2005. During the current year, the Board authorized an agreement with all parties to the litigation for joint submission in the trial court. The settlement establishes the County's actuarial liability for this matter at \$176.9 million. This amount will update the previously estimated amount of \$190 million, will be factored into the subsequent actuarial study, and will continue to be amortized over thirty years.

The final outcome of two other significant pension benefit litigation issues is still pending. One matter pertains to the effect of certain employee benefits (commonly known as "flexible benefits") on final pension compensation. The second matter pertains to a group of employees classified as temporary or recurrent. This group of employees is seeking enhanced pension benefits. The total estimated exposure for these issues approximates \$54 million. The County's ultimate liability for these matters would be added to the UAAL and would be funded over 30 years.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

16. PROPOSITIONS 218 AND 62

In November 1996, the voters approved the "Right To Vote on Taxes Act" (Proposition 218) which limits the County's ability to levy general and special taxes without voter approval and property related benefit assessments without property owner approval. In September 1998, the Board of Supervisors approved ordinance amendments to bring the County's general purpose taxes into conformance with Proposition 218.

In September 1995, the California Supreme Court upheld the constitutionality of Proposition 62, which requires voter approval of all new local taxes. Taxes imposed without voter approval after the 1986 effective date of Proposition 62 may be invalidated. The Court did not provide clarification about whether the decision would apply only prospectively to all new taxes or retrospectively to all taxes since the effective date of the Proposition. Accordingly, there is uncertainty about the validity of taxes currently being collected and as of June 30, 2005, a portion (\$204.7 million) of the General Fund's designation for budgetary uncertainties pertained to such collections.

17. SPECIAL ITEM-SALE OF ACCOUNTS RECEIVABLE

During the year, the County sold accounts receivable which were attributable to the pending receipt of State vehicle license fees approximating \$204,710,000. The fees were originally receivable by the County from the State in FY 2003-2004. Due to severe budget shortfalls at that time, the State deferred payment of such amounts and indicated its intent to pay the County in FY 2006-2007. The withheld funds have been commonly referred to as the Gap Loan Receivable.

In August 2004, State legislation was specifically adopted to permit cities and counties to sell Gap Loan Receivables. The County sold its receivable to the JPA Public Works Financing Authority (PWFA), a component unit. The PWFA issued Gap Loan Receivable Notes (Notes) with a par value of \$204,710,000 and received a premium of \$6,563,000. The Notes mature on December 1, 2006 and the total proceeds of \$211,273,000 were applied as follows (in thousands):

Capitalized interest	\$ 15,603
Fees and expenses	7,177
Net proceeds to County	<u>188,493</u>
Total	<u>\$ 211,273</u>

The capitalized interest proceeds were deposited with an independent trustee bank (Trustee) to provide for semi-annual interest payments through the final maturity date. The County has also irrevocably instructed the State to remit payments of the Gap Loan Receivable directly to the Trustee.

The Notes are secured solely by the County's receivable from the State. Under no circumstances will the County or the PWFA be obligated to pay the debt service on the Notes except from amounts received from the Gap Loan Receivable. The credit status of the State has been relied upon to issue the Notes, which do not constitute a charge against the general credit of the County or the PWFA. Accordingly, a liability has not been recorded for the Notes in the accompanying basic financial statements.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

17. SPECIAL ITEM-SALE OF ACCOUNTS RECEIVABLE-Continued

Government-wide Financial Statements

Due to the severity of the State's budgetary shortfalls, there was no carrying value established for the Gap Loan Receivables in the fiscal year 2003-2004 Government-wide Financial Statements. Accordingly, this transaction has been recorded as a "Special Item-Gain on Sale of Receivables" for the entire amount of the net proceeds (\$188,493,000) realized when such receivables were sold.

Fund Financial Statements

The County established a new capital project fund (referred to as the Gap Loan Capital Projects Fund) to account for the net proceeds from the sale of the Gap Loan Receivables. The net proceeds (\$188,493,000) have been recorded as a "Special Item-Proceeds from Sale of Receivables" and their usage is legally restricted to capital spending.

18. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes ("TRANS")

On July 1, 2005, the County issued \$500,000,000 in 2005-06 TRANS which will mature on June 30, 2006. The TRANS are collateralized by taxes and other revenues attributable to the 2005-06 fiscal year and were issued in the form of Fixed Rate Notes at an interest rate of 2.54%.

Public Works Financing Authority-Flood Control District Revenue Bonds Series 2005A

On July 13, 2005, the Authority issued \$20,540,000 in revenue bonds maturing from 2006 to 2025, with interest rates ranging from 4% to 4.125%. The bond proceeds will be used to finance the design, renovation, and seismic retrofitting of the District's headquarters building.

Capital Asset Leasing Corporation Bond Anticipation Notes

On both July 21, 2005 and September 1, 2005, the Corporation issued a \$5,000,000 Bond Anticipation Note each with an initial interest rate of 3.389%. The rate is adjustable on January 2 and July 1 of each year. The notes were purchased by the Los Angeles County Treasury Pool and are due on June 30, 2008. Proceeds of the notes are being used to purchase equipment. The notes are to be repaid from the proceeds of lease revenue bonds.

Defeasance of Gap Loan Receivable Notes

As discussed in Note 17, the County issued \$204,710,000 of Gap Receivable Notes ("Notes"), which have not been recognized as obligations of the County. On July 26, 2005, the State remitted \$204.7 million to the Trustee and this payment fully satisfies the State's obligation for this matter. The State's full payment of this obligation occurred earlier than anticipated and the Notes were legally defeased on August 12, 2005. Repayment funds have been placed in escrow by the trustee and will be held until December 1, 2006, which is the maturity date of the Notes.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

18. SUBSEQUENT EVENTS-Continued

Marina Del Rey Certificates of Participation

On August 1, 2005, the County prepaid all \$55,313,000 of the outstanding Marina Del Rey Certificates of Participation (COPs) as permitted under the Trust Agreement. The other \$11,515,000 of Marina Del Rey COPs were redeemed as part of the regularly scheduled July 1, 2005 debt service payment. General Fund revenues were used to finance the prepayment.

Medi-Cal Redesign

On August 1, 2005, the California Health and Human Services Agency and CMS approved for the five-year period, August 1, 2005 through July 31, 2010, California's Medi-Cal Hospital/Uninsured Care Section 1115(a) Medicaid Demonstration Project.

Tax-Exempt Commercial Paper

On September 27, 2005, the Los Angeles County Capital Asset Leasing Corporation issued an additional \$60,000,000 in tax-exempt commercial paper. The proceeds are being used to fund capital requirements of the LAC+USC Medical Center Replacement Project. The commercial paper, which was initially issued at an average rate of 2.70%, is secured by a long-term lease of County real estate and a letter of credit.

REQUIRED SUPPLEMENTARY INFORMATION  
(Unaudited - See accompanying independent auditors' report)

Los Angeles County Employees Retirement Association  
Schedule of Funding Progress  
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded/ (Overfunded) AAL [UAAL/(OAAL)] (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL/(OAAL) as a Percentage of Covered Payroll ((b-a)/c)
06/30/02	28,262,129	28,437,493	175,364	99.4%	4,744,340	3.7%
06/30/03	26,564,328	30,474,025	3,909,697	87.2%	4,933,615	79.2%
06/30/04	27,089,440	32,700,505	5,611,065	82.8%	4,919,531	114.1%

COUNTY OF LOS ANGELES  
MAJOR GOVERNMENTAL FUND  
GENERAL FUND

The General Fund is the general operating fund of the County. It is used to account for all financial resources except those accounted for in other funds. Revenues are derived from Taxes; Licenses, permits and franchises; Fines, forfeitures and penalties; Revenue from use of money and property; Intergovernmental revenues; Charges for services and Miscellaneous. Expenditures are expended for functions of General government; Public protection; Health and sanitation; Public assistance; Recreation and cultural services; Debt service and Capital outlay.

COUNTY OF LOS ANGELES  
GENERAL FUND  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
<b>GENERAL GOVERNMENT:</b>				
Salaries and employee benefits	\$ 682,629	646,329	556,163	(90,166)
Services and supplies	655,251	601,692	408,691	(193,001)
Other charges	84,773	88,445	65,097	(23,348)
Capital assets	8,892	11,148	8,056	(3,092)
Intrafund transfers	(427,034)	(429,724)	(387,038)	42,686
<b>TOTAL GENERAL GOVERNMENT</b>	<b>1,004,511</b>	<b>917,890</b>	<b>650,969</b>	<b>(266,921)</b>
<b>PUBLIC PROTECTION:</b>				
Salaries and employee benefits	2,492,503	2,534,995	2,494,926	(40,069)
Services and supplies	707,771	753,449	642,694	(110,755)
Other charges	367,280	347,868	345,936	(1,932)
Capital assets	13,472	29,795	26,929	(2,866)
Intrafund transfers	(78,135)	(87,226)	(72,275)	14,951
<b>TOTAL PUBLIC PROTECTION</b>	<b>3,502,891</b>	<b>3,578,881</b>	<b>3,438,210</b>	<b>(140,671)</b>
<b>HEALTH AND SANITATION:</b>				
Salaries and employee benefits	663,498	625,509	616,865	(8,644)
Services and supplies	1,454,247	1,427,002	1,333,077	(93,925)
Other charges	483,301	276,950	274,255	(2,695)
Capital assets	7,481	19,750	19,425	(325)
Intrafund transfers	(129,648)	(124,224)	(117,759)	6,465
<b>TOTAL HEALTH AND SANITATION</b>	<b>2,478,879</b>	<b>2,224,987</b>	<b>2,125,863</b>	<b>(99,124)</b>
<b>PUBLIC ASSISTANCE:</b>				
Salaries and employee benefits	1,295,580	1,304,067	1,213,565	(90,502)
Services and supplies	809,111	807,142	686,654	(120,488)
Other charges	2,675,278	2,683,854	2,468,576	(215,278)
Capital assets	3,435	4,376	1,846	(2,530)
Intrafund transfers	(71,832)	(65,686)	(51,071)	14,615
<b>TOTAL PUBLIC ASSISTANCE</b>	<b>4,711,572</b>	<b>4,733,753</b>	<b>4,319,570</b>	<b>(414,183)</b>
<b>RECREATION AND CULTURAL SERVICES:</b>				
Salaries and employee benefits	92,015	90,501	84,539	(5,962)
Services and supplies	83,705	86,190	81,229	(4,961)
Other charges	11,928	12,369	11,907	(462)
Capital assets	653	902	803	(99)
Intrafund transfers	(2,037)	(2,037)	(1,624)	413
<b>TOTAL RECREATION AND CULTURAL SERVICES</b>	<b>186,264</b>	<b>187,925</b>	<b>176,854</b>	<b>(11,071)</b>
<b>DEBT SERVICE-</b>				
Interest	9,962	9,962	9,962	
<b>CAPITAL OUTLAY</b>	<b>449,683</b>	<b>581,786</b>	<b>106,603</b>	<b>(475,183)</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 12,343,762</b>	<b>12,235,184</b>	<b>10,828,031</b>	<b>(1,407,153)</b>



## NONMAJOR GOVERNMENTAL FUNDS

COUNTY OF LOS ANGELES  
NONMAJOR GOVERNMENTAL FUNDS  
NONMAJOR SPECIAL REVENUE FUNDS

The Road Fund was established to provide for the maintenance and construction of streets, roads, highways, and bridges. Revenue consists primarily of the County's share of State highway use taxes as supplemented by federal funds, vehicle code fines and charges for services provided to cities.

The Other Streets, Highways, Roads and Bridges Funds: Article 3-Bikeway, Off-Street Parking, Proposition C Local Return, Special Road Districts, Construction Fee Districts, Transit Operations, Paratransit Operations, and Off Highway License Fee were established to provide for transportation and road related services or functions. Revenues are derived from local sales tax revenue, parking meter receipts, districts' share of the countywide tax levy, State revenues and service charges to parking lots.

The Street Lighting Districts Funds were established to provide for the installation and maintenance of street lighting systems. Revenues are derived primarily from the countywide tax levy and benefit assessments.

The Garbage Disposal District Funds were established under the provisions of the Health and Safety Code to provide garbage and refuse collection and disposal services within the boundaries of each District. Revenues are mostly from charges for services and property taxes.

The Sewer Maintenance District Funds were established pursuant to the Health and Safety Code for the administration, maintenance, operation and repair of sanitary sewers, appurtenances, pumping plants, sewer treatment plants and related services. These Districts are financed through sewer service charges.

The Health Services Measure B Fund was established to support a countywide system of Trauma Centers and Emergency Medical Services, for bioterrorism preparedness and response, and for related administrative costs. Revenues are derived primarily from a voter approved special tax.

The Health & Sanitation Funds: Hospital Services, Physician Services, Statham Alcohol, Alcohol and Drug Problem, Proposition 36, Driving Under the Influence, AIDS Education, Air Quality Improvement, Bicycle Safety Helmet, Hazardous Waste Enforcement, and Solid Waste Management Funds were established to offset the cost of emergency services for the indigent, County alcoholism programs and services, AIDS education, air quality improvements, bicycle safety, hazardous waste enforcement and solid waste management. Revenues are from State tobacco taxes, patient collections, court fines, State-assessed vehicle fees, penalties assessed for hazardous waste violations, and sanitation services.

Continued...

COUNTY OF LOS ANGELES  
NONMAJOR GOVERNMENTAL FUNDS  
NONMAJOR SPECIAL REVENUE FUNDS

The Other Public Protection Funds: Jail Store, Inmate Welfare, Narcotic Enforcement, Vehicle Theft Prevention, Countywide Warrant System, Sheriff's Processing Fees, Training and Automation, Automated Fingerprint Identification System, District Attorney Asset Forfeiture, Fire Department Developer Fees, Children's Waiting Room, Oak Forest Mitigation, Information Systems Advisory Body, Drug Abuse Gang Diversion, Jury Operations Improvement, Dependency Court Facilities and Small Claims Advisor Program were established to provide certain services and supplies to inmates, to supplement the cost of various law enforcement and prosecutorial investigation activities, and to finance vehicle replacement, facilities improvement, equipment maintenance and automated systems. Revenues are derived from sale of minor supplies, fines related to controlled substance convictions, benefit assessments, forfeiture of assets used in connection with transportation or possession of a controlled substance and court revenues.

The Public Assistance Funds: Child Abuse/Neglect Prevention Program, Alternate Dispute Resolution Program, Alcohol and Drug Abuse Education Program, Domestic Violence Program, and Linkages Support Program were established to provide a variety of public assistance services. The programs are financed from special fees collected for birth certificates, marriage licenses, confidential marriage certificates, court fines for driving under the influence of alcohol or drugs, and disabled parking violation assessments.

The Recreation Funds: Golf Course, Recreation and Development, and Ford Theater were established to provide for maintenance and improvements to County golf courses, public recreation areas, and Ford Theater. Fish and Game was set up for the preservation and propagation of fish and wildlife. Revenues are derived from a percentage of golf course green fees, vehicle entrance fees collected from the regional parks, and local fish and game fines.

The Community Development Commission: The Housing Authority and Community Development Commission were established to increase the supply of affordable housing, effect community improvements under grant programs and to administer the County's Community Development Block Grant Funds, the County Redevelopment Agency and other County housing related functions. Revenues are derived principally from Federal grants.

The Courthouse Temporary Construction Fund was established to temporarily account for monies ultimately to be used for various courthouse construction projects. Revenues are derived principally from surcharges included in fines for criminal convictions.

The Criminal Justice Temporary Construction Fund was established to temporarily account for monies ultimately to be used for the improvement of criminal justice facilities and automated information systems. Revenues are derived principally from surcharges on criminal fines.

COUNTY OF LOS ANGELES  
NONMAJOR GOVERNMENTAL FUNDS  
NONMAJOR SPECIAL REVENUE FUNDS

The Other Special Revenue Funds: Accumulative Capital Outlay (ACO) was set up for the replacement of motor vehicles, printing and communications equipment, and helicopters. Productivity Investment was established to account for the start-up and incidental costs associated with productivity improvement projects. Civic Center Employee parking was established to provide parking services and alternative means of transportation for County employees. Energy Management provides for the replacement of inefficient energy equipment in County facilities and other energy cost reduction measures. Cable TV Franchise was established to fund cable-related activities. Revenues are derived from a percentage of cable franchise fees. Operating transfers are also made from the General Fund to support operations. Public Library Developer Fees were established to acquire land, construct library facilities, and purchase equipment and library materials. Various funds have been established to report resources that are legally restricted and the principal and earnings may be used for purposes that support recreation, cultural, education, and health and sanitation programs.

Continued...

COUNTY OF LOS ANGELES  
NONMAJOR GOVERNMENTAL FUNDS  
NONMAJOR DEBT SERVICE FUNDS

The Detention Facilities and Flood Control District Debt Service Funds receive their funds from a voted indebtedness tax levy. The Flood Control District additionally receives operating transfers from the Flood Control District Special Revenue Fund. The Regional Park and Open Space District received long-term debt proceeds and also receives voter-approved benefit assessments. The Marina del Rey Fund receives rental revenues from the Marina del Rey Project area. Joint Powers Authorities and Public Buildings receive their funds primarily from the General Fund in the form of operating transfers.

Joint Powers Authorities

Public Works Financing Authority

Public Buildings

Antelope Valley Courthouse Project - Series 2000A  
Disney Parking Project  
1998 Disney Parking Refunding Project  
Los Angeles County Museum of Art  
Los Angeles County Public Properties Project  
Multiple Capital Facilities Project IV  
Multiple Capital Facilities Project V - Series A  
Multiple Capital Facilities Project V - Series B  
Multiple Capital Facilities Project VI - Series A  
1996 Master Refunding Project  
1997 Master Refunding Project  
2002 Master Refunding Project - Series A  
2002 Master Refunding Project - Series B  
2005 Master Refunding Project - Series A

Continued...

COUNTY OF LOS ANGELES  
NONMAJOR GOVERNMENTAL FUNDS  
NONMAJOR CAPITAL PROJECTS FUNDS

The Capital Projects Funds were established to account for financial resources for the acquisition or construction of major capital facilities.

Accumulative Capital Outlay Funds have been established in accordance with Government Code Section 53730 for specific capital projects.

Flood Control District projects are financed by general obligation bonds and certificates of participation.

Improvement Districts are financed by contributions from property owners.

Public Buildings projects are financed by bonds and operating transfers.

Gap Loan Fund has been established to record the County's proceeds from sale of "Gap Loan" receivables that are restricted for capital spending purposes.

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COUNTY OF LOS ANGELES  
NONMAJOR GOVERNMENTAL FUNDS  
NONMAJOR PERMANENT FUNDS

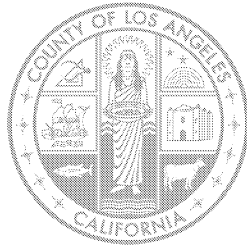
Permanent Funds have been established to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support various County programs.

COUNTY OF LOS ANGELES  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - SUMMARY  
 JUNE 30, 2005 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>ASSETS</b>					
Pooled cash and investments:					
Operating	\$ 811,715	103,571	239,599	2,487	\$ 1,157,372
Other	27,288	2,999	641	6	30,934
Total pooled cash and investments	839,003	106,570	240,240	2,493	1,188,306
Other investments	67,430	519,255	41,842	838	629,365
Taxes receivable	9,433	1,539			10,972
Interest receivable	1,517	308	602	20	2,447
Other receivables	60,960	1,708	221		62,889
Due from other funds	20,719	1,043	2,428		24,190
Advances to other funds	10,530				10,530
Inventories	39,721				39,721
<b>TOTAL ASSETS</b>	<b>\$ 1,049,313</b>	<b>630,423</b>	<b>285,333</b>	<b>3,351</b>	<b>\$ 1,968,420</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 41,082		928		\$ 42,010
Accrued payroll	452				452
Other payables	527	937			1,464
Due to other funds	145,739	19,161	2,944	12	167,856
Advances from other funds	2,100				2,100
Deferred revenue	31,796	1,142			32,938
Advances payable	7,413				7,413
Third party payor liability	2,512				2,512
<b>TOTAL LIABILITIES</b>	<b>231,621</b>	<b>21,240</b>	<b>3,872</b>	<b>12</b>	<b>256,745</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Encumbrances	140,401		7,148		147,549
Inventories	39,721				39,721
Housing programs	2,079				2,079
Debt service		609,183			609,183
Endowments & annuities				3,339	3,339
Assets unavailable for appropriation	21,538		9,431		30,969
Unreserved, designated for:					
Program expansion	153,992				153,992
Unreserved, undesignated, reported in:					
Special revenue funds	459,961				459,961
Capital projects funds			264,882		264,882
<b>TOTAL FUND BALANCES</b>	<b>817,692</b>	<b>609,183</b>	<b>281,461</b>	<b>3,339</b>	<b>1,711,675</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,049,313</b>	<b>630,423</b>	<b>285,333</b>	<b>3,351</b>	<b>\$ 1,968,420</b>

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS - SUMMARY  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:					
Taxes	\$ 248,589	11,650			\$ 260,239
Licenses, permits and franchises	5,892	25			5,917
Fines, forfeitures and penalties	68,499	42			68,541
Revenue from use of money/property:					
Investment income	19,619	31,358	3,653	103	54,733
Rents and concessions	6,477	42,058			48,535
Royalties	10				10
Intergovernmental revenues:					
Federal	94,364				94,364
State	184,016	75	57		184,148
Other	16,733				16,733
Charges for services	94,349	1,221	6,444		102,014
Miscellaneous	65,768	36	2,027		67,831
TOTAL REVENUES	804,316	86,465	12,181	103	903,065
EXPENDITURES:					
Current:					
General government	30,478			79	30,557
Public protection	81,097				81,097
Public ways and facilities	247,314				247,314
Health and sanitation	90,661				90,661
Public assistance	130,119				130,119
Recreation and cultural services	6,049				6,049
Debt service:					
Principal	3,150	182,168			185,318
Interest and other charges	1,647	124,233			125,880
Capital outlay			24,055		24,055
TOTAL EXPENDITURES	590,515	306,401	24,055	79	921,050
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	213,801	(219,936)	(11,874)	24	(17,985)
OTHER FINANCING SOURCES (USES):					
Transfers in	67,245	241,926	4,622		313,793
Transfers out	(225,630)	(58,084)	(1,429)		(285,143)
Proceeds of long-term debt	7,700				7,700
Proceeds of refunding bonds		434,471			434,471
Payment to refunded bonds escrow agent		(434,471)			(434,471)
Bond premium proceeds		37,629			37,629
Sales of capital assets	2,574		95		2,669
TOTAL OTHER FINANCING SOURCES (USES)	(148,111)	221,471	3,288		76,648
SPECIAL ITEM - Proceeds from sale of receivables			188,493		188,493
NET CHANGE IN FUND BALANCES	65,690	1,535	179,907	24	247,156
FUND BALANCE, JULY 1, 2004	752,002	607,648	101,554	3,315	1,464,519
FUND BALANCE, JUNE 30, 2005	\$ 817,692	609,183	281,461	3,339	\$ 1,711,675



COUNTY OF LOS ANGELES  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 JUNE 30, 2005 (in thousands)

	Streets, Highways, Roads and Bridges		Street Lighting Districts	Garbage Disposal Districts	Sewer Maintenance Districts
	Roads	Other			
<b>ASSETS</b>					
Pooled cash and investments:					
Operating	\$ 47,884	101,797	40,637	14,937	7,927
Other	10,947	371	505	234	336
Total pooled cash and investments	58,831	102,168	41,142	15,171	8,263
Other investments					
Taxes receivable	1	390	1,489	888	836
Interest receivable	165	204	90	33	23
Other receivables	19,489	12,001	17	645	561
Due from other funds	10,574	197	87	3	1,795
Advances to other funds	8,586	524			1,061
<b>TOTAL ASSETS</b>	<b>\$ 97,646</b>	<b>115,484</b>	<b>42,825</b>	<b>16,740</b>	<b>12,539</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 3,358	3,964	1,152	1,591	148
Other payables					323
Due to other funds	21,939	4,337	450	98	2,622
Advances from other funds					
Deferred revenue	6,300	1,668	1,020	1,114	940
Advances payable	7,405				
Third party payor liability	1,093			1,419	
<b>TOTAL LIABILITIES</b>	<b>40,095</b>	<b>9,969</b>	<b>2,622</b>	<b>4,222</b>	<b>4,033</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Encumbrances	37,730	40,573	37	646	679
Assets unavailable for appropriation	3,014	15,120			1,908
Unreserved, designated for:					
Program expansion		4,180	29	7,473	584
Unreserved, undesignated	16,807	45,642	40,137	4,399	5,335
<b>TOTAL FUND BALANCES</b>	<b>57,551</b>	<b>105,515</b>	<b>40,203</b>	<b>12,518</b>	<b>8,506</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 97,646</b>	<b>115,484</b>	<b>42,825</b>	<b>16,740</b>	<b>12,539</b>

Health Services Measure B	Health and Sanitation	Other Public Protection	Public Assistance	Recreation	
					ASSETS
					Pooled cash and investments:
					Operating
					Other
					Total pooled cash and investments
					Other investments
					Taxes receivable
					Interest receivable
					Other receivables
					Due from other funds
					Advances to other funds
					TOTAL ASSETS
					LIABILITIES AND FUND BALANCES
					LIABILITIES:
					Accounts payable
					Other payables
					Due to other funds
					Advances from other funds
					Deferred revenue
					Advances payable
					Third party payor liability
					TOTAL LIABILITIES
					FUND BALANCES:
					Reserved for:
					Encumbrances
					Assets unavailable for appropriation
					Unreserved, designated for:
					Program expansion
					Unreserved, undesignated
					TOTAL FUND BALANCES
					TOTAL LIABILITIES AND FUND BALANCES

Continued...

COUNTY OF LOS ANGELES  
 COMBINING BALANCE SHEET - Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 JUNE 30, 2005 (in thousands)

	Community Development Commission	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Other Special Revenue	Total
<b>ASSETS</b>					
Pooled cash and investments:					
Operating	\$ 71,164	90,364	34,169	88,631	\$ 811,715
Other		2,166	2,274	1,211	27,288
Total pooled cash and investments	71,164	92,530	36,443	89,842	839,003
Other investments	67,430				67,430
Taxes receivable					9,433
Interest receivable		201	71	78	1,517
Other receivables	13,758			224	60,960
Due from other funds	1,188		1	5,742	20,719
Advances to other funds					10,530
Inventories	39,721				39,721
<b>TOTAL ASSETS</b>	<b>\$ 193,261</b>	<b>92,731</b>	<b>36,515</b>	<b>95,886</b>	<b>\$ 1,049,313</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 15,730			54	\$ 41,082
Accrued payroll				452	452
Other payables	194				527
Due to other funds	991		3,753	4,361	145,739
Advances from other funds					2,100
Deferred revenue	13,397				31,796
Advances payable					7,413
Third party payor liability					2,512
<b>TOTAL LIABILITIES</b>	<b>30,312</b>		<b>3,753</b>	<b>4,867</b>	<b>231,621</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Encumbrances			530	11,801	140,401
Inventories	39,721				39,721
Housing programs	2,079				2,079
Assets unavailable for appropriation	1,196				21,538
Unreserved, designated for:					
Program expansion	119,953			1,778	153,992
Unreserved, undesignated		92,731	32,232	77,440	459,961
<b>TOTAL FUND BALANCES</b>	<b>162,949</b>	<b>92,731</b>	<b>32,762</b>	<b>91,019</b>	<b>817,692</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 193,261</b>	<b>92,731</b>	<b>36,515</b>	<b>95,886</b>	<b>\$ 1,049,313</b>



COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	Streets, Highways, Roads and Bridges		Street Lighting Districts	Garbage Disposal Districts	Sewer Maintenance Districts
	Roads	Other			
REVENUES:					
Taxes	\$ 3,391	34,363	12,856	2,210	
Licenses, permits and franchises	2,185	4			
Fines, forfeitures and penalties	1	24	114	219	158
Revenue from use of money/property:					
Investment income	1,810	2,032	845	312	254
Rents and concessions	17	168			
Intergovernmental revenues:					
Federal	26,648	453			
State	124,431	2,672	157	38	
Other	7	14,995	335		16
Charges for services	14,178	8,827	4,593	10,062	21,789
Miscellaneous	646	195	6		8
TOTAL REVENUES	173,314	63,733	18,906	12,841	22,225
EXPENDITURES:					
Current:					
General government					
Public protection					
Public ways and facilities	177,185	52,129	18,000		
Health and sanitation				13,959	19,791
Public assistance					
Recreation and cultural services					
TOTAL EXPENDITURES	177,185	52,129	18,000	13,959	19,791
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,871)	11,604	906	(1,118)	2,434
OTHER FINANCING SOURCES (USES):					
Transfers in	10,005				
Transfers out	(399)	(1)			(233)
Sales of capital assets	337				
TOTAL OTHER FINANCING SOURCES (USES)	9,943	(1)			(233)
NET CHANGE IN FUND BALANCES	6,072	11,603	906	(1,118)	2,201
FUND BALANCE, JULY 1, 2004	51,479	93,912	39,297	13,636	6,305
FUND BALANCE, JUNE 30, 2005	\$ 57,551	105,515	40,203	12,518	8,506

Health Services Measure B	Health and Sanitation	Other Public Protection	Public Assistance	Recreation
\$ 179,355		18	1,356	27
441	14,952	7,014	1,749	10
1,783	1,260	2,831	4	27
				1,100
		200	325	175
	41,595	15,123		
	1,378	2		
	16,680	12,332	2,730	1,045
	319	28,638	3,255	5,219
181,579	76,184	66,158	9,419	7,603
		47,647		
18,242	38,669		7,570	6,049
18,242	38,669	47,647	7,570	6,049
163,337	37,515	18,511	1,849	1,554
		3,842		80
(145,336)	(44,979)	(11,215)	(1,631)	(17)
		111		300
(145,336)	(44,979)	(7,262)	(1,631)	363
18,001	(7,464)	11,249	218	1,917
24,466	34,454	124,103	3,091	3,903
\$ 42,467	26,990	135,352	3,309	5,820

## REVENUES:

## Taxes

Licenses, permits and franchises

Fines, forfeitures and penalties

## Revenue from use of money/property:

Investment income

Rents and concessions

## Intergovernmental revenues:

Federal

State

Other

Charges for services

Miscellaneous

## TOTAL REVENUES

## EXPENDITURES:

## Current:

General government

Public protection

Public ways and facilities

Health and sanitation

Public assistance

Recreation and cultural services

## TOTAL EXPENDITURES

## EXCESS (DEFICIENCY) OF REVENUES

## OVER EXPENDITURES

## OTHER FINANCING SOURCES (USES):

Transfers in

Transfers out

Sales of capital assets

## TOTAL OTHER FINANCING SOURCES

## (USES)

## NET CHANGE IN FUND BALANCES

FUND BALANCE, JULY 1, 2004

FUND BALANCE, JUNE 30, 2005

Continued...

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	Community Development Commission	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Other Special Revenue	Total
REVENUES:					
Taxes	\$ 16,414				\$ 248,589
Licenses, permits and franchises				2,302	5,892
Fines, forfeitures and penalties		20,198	23,469	150	68,499
Revenue from use of money/property:					
Investment income	4,690	2,132	664	975	19,619
Rents and concessions	950	137		4,105	6,477
Royalties				10	10
Intergovernmental revenues:					
Federal	66,563				94,364
State					184,016
Other					16,733
Charges for services				2,113	94,349
Miscellaneous	27,376		4	102	65,768
TOTAL REVENUES	115,993	22,467	24,137	9,757	804,316
EXPENDITURES:					
Current:					
General government				30,478	30,478
Public protection		20,218	13,232		81,097
Public ways and facilities					247,314
Health and sanitation					90,661
Public assistance	122,549				130,119
Recreation and cultural services					6,049
Debt service:					
Principal	3,150				3,150
Interest and other charges	1,647				1,647
TOTAL EXPENDITURES	127,346	20,218	13,232	30,478	590,515
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,353)	2,249	10,905	(20,721)	213,801
OTHER FINANCING SOURCES (USES):					
Transfers in	5,711			47,607	67,245
Transfers out	(292)	(10,818)	(5,537)	(5,172)	(225,630)
Proceeds of long-term debt	7,700				7,700
Sales of capital assets				1,826	2,574
TOTAL OTHER FINANCING SOURCES (USES)	13,119	(10,818)	(5,537)	44,261	(148,111)
NET CHANGE IN FUND BALANCES	1,766	(8,569)	5,368	23,540	65,690
FUND BALANCE, JULY 1, 2004	161,183	101,300	27,394	67,479	752,002
FUND BALANCE, JUNE 30, 2005	\$ 162,949	92,731	32,762	91,019	\$ 817,692

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	TOTALS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 224,245	224,245	232,800	8,555
Licenses, permits and franchises	5,011	5,011	5,891	880
Fines, forfeitures and penalties	67,615	68,115	68,500	385
Revenue from use of money and property:				
Investment income	9,669	9,669	14,516	4,847
Rents and concessions	4,539	4,539	5,527	988
Royalties			10	10
Intergovernmental revenues:				
Federal	35,880	35,880	27,801	(8,079)
State	179,820	182,618	184,017	1,399
Other	24,749	24,930	16,732	(8,198)
Charges for services	125,956	125,997	94,598	(31,399)
Miscellaneous	45,171	47,399	38,395	(9,004)
TOTAL REVENUES	722,655	728,403	688,787	(39,616)
EXPENDITURES:				
Current:				
General government	55,204	79,289	37,466	(41,823)
Public protection	284,859	285,359	104,534	(180,825)
Public ways and facilities	374,696	396,094	272,814	(123,280)
Health and sanitation	112,828	116,626	101,669	(14,957)
Public assistance	8,995	9,016	7,493	(1,523)
Recreation and cultural services	9,394	11,754	6,128	(5,626)
TOTAL EXPENDITURES	845,976	898,138	530,104	(368,034)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(123,321)	(169,735)	158,683	328,418
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	4,201	4,201	2,574	(1,627)
Transfers in	28,222	66,343	65,700	(643)
Transfers out	(283,389)	(289,517)	(214,521)	74,996
Appropriation for contingencies	(63,239)	(50,216)		50,216
Changes in reserves and designations	2,702	4,100	16,657	12,557
OTHER FINANCING SOURCES (USES) - NET	(311,503)	(265,089)	(129,590)	135,499
NET CHANGE IN FUND BALANCE	(434,824)	(434,824)	29,093	463,917
FUND BALANCE, JULY 1, 2004	434,837	434,837	434,837	
FUND BALANCE, JUNE 30, 2005	\$ 13	13	463,930	463,917

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	ROAD			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 3,601	3,601	3,391	(210)
Licenses, permits and franchises	1,746	1,746	2,185	439
Fines, forfeitures and penalties			1	1
Revenue from use of money and property:				
Investment income	821	821	1,807	986
Rents and concessions	68	68	17	(51)
Intergovernmental revenues:				
Federal	30,288	30,288	26,648	(3,640)
State	122,700	122,700	124,431	1,731
Other	500	500	7	(493)
Charges for services	11,778	11,778	14,178	2,400
Miscellaneous	222	222	646	424
TOTAL REVENUES	171,724	171,724	173,311	1,587
EXPENDITURES:				
Current-Public ways and facilities:				
Services and supplies	173,718	193,718	186,184	(7,534)
Other charges	2,122	2,122	1,500	(622)
Capital assets	2,200	2,200	1,171	(1,029)
TOTAL EXPENDITURES	178,040	198,040	188,855	(9,185)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(6,316)	(26,316)	(15,544)	10,772
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	20	20	337	317
Transfers in		10,000	10,005	5
Transfers out	(2,451)	(2,451)	(399)	2,052
Appropriation for contingencies	(10,220)	(220)		220
Changes in reserves and designations			3,554	3,554
OTHER FINANCING SOURCES (USES) - NET	(12,651)	7,349	13,497	6,148
NET CHANGE IN FUND BALANCE	(18,967)	(18,967)	(2,047)	16,920
FUND BALANCE, JULY 1, 2004	18,967	18,967	18,967	
FUND BALANCE, JUNE 30, 2005	\$		16,920	16,920

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	OTHER STREETS, HIGHWAYS, ROADS, AND BRIDGES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 30,488	30,488	34,391	3,903
Licenses, permits and franchises			4	4
Fines, forfeitures and penalties	34	34	24	(10)
Revenue from use of money and property:				
Investment income	1,908	1,908	2,003	95
Rents and concessions	170	170	168	(2)
Intergovernmental revenues:				
Federal	5,591	5,591	453	(5,138)
State	1,871	1,871	2,672	801
Other	20,382	20,382	14,995	(5,387)
Charges for services	52,492	52,492	8,827	(43,665)
Miscellaneous	328	328	196	(132)
TOTAL REVENUES	113,264	113,264	63,733	(49,531)
EXPENDITURES:				
Current-Public ways and facilities:				
Services and supplies	139,475	139,475	65,663	(73,812)
Other charges	1,538	2,936	125	(2,811)
Capital assets	1,982	1,982	641	(1,341)
TOTAL EXPENDITURES	142,995	144,393	66,429	(77,964)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(29,731)	(31,129)	(2,696)	28,433
OTHER FINANCING SOURCES (USES):				
Transfers out			(3)	(3)
Appropriation for contingencies	(10,896)	(10,896)		10,896
Changes in reserves and designations	(2,720)	(1,322)	5,360	6,682
OTHER FINANCING SOURCES (USES) - NET	(13,616)	(12,218)	5,357	17,575
NET CHANGE IN FUND BALANCE	(43,347)	(43,347)	2,661	46,008
FUND BALANCE, JULY 1, 2004	43,347	43,347	43,347	
FUND BALANCE, JUNE 30, 2005	\$		46,008	46,008

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	STREET LIGHTING DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 10,488	10,488	12,977	2,489
Fines, forfeitures and penalties	103	103	115	12
Revenue from use of money and property-				
Investment income	448	448	828	380
Intergovernmental revenues:				
State	142	142	158	16
Other	468	468	335	(133)
Charges for services	4,157	4,157	4,592	435
Miscellaneous			6	6
TOTAL REVENUES	15,806	15,806	19,011	3,205
EXPENDITURES:				
Current-Public ways and facilities-				
Services and supplies	53,661	53,661	17,530	(36,131)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(37,855)	(37,855)	1,481	39,336
OTHER FINANCING SOURCES (USES):				
Transfers in	4,376	4,376	4,165	(211)
Transfers out	(4,375)	(4,375)	(4,165)	210
Appropriation for contingencies	(1,381)	(1,381)		1,381
Changes in reserves and designations	(29)	(29)	(15)	14
OTHER FINANCING SOURCES (USES) - NET	(1,409)	(1,409)	(15)	1,394
NET CHANGE IN FUND BALANCE	(39,264)	(39,264)	1,466	40,730
FUND BALANCE, JULY 1, 2004	39,264	39,264	39,264	
FUND BALANCE, JUNE 30, 2005	\$		40,730	40,730

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	GARBAGE DISPOSAL DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 2,168	2,168	2,233	65
Fines, forfeitures and penalties	254	254	219	(35)
Revenue from use of money and property-				
Investment income	192	192	303	111
Intergovernmental revenues-				
State	37	37	38	1
Charges for services	9,344	9,344	10,087	743
TOTAL REVENUES	11,995	11,995	12,880	885
EXPENDITURES:				
Current-Health and sanitation:				
Services and supplies	15,587	15,587	14,303	(1,284)
Other charges	650	650	300	(350)
TOTAL EXPENDITURES	16,237	16,237	14,603	(1,634)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(4,242)	(4,242)	(1,723)	2,519
OTHER FINANCING SOURCES (USES):				
Appropriation for contingencies	(2,276)	(2,276)		2,276
Changes in reserves and designations	2,527	2,527	2,527	
OTHER FINANCING SOURCES (USES) - NET	251	251	2,527	2,276
NET CHANGE IN FUND BALANCE	(3,991)	(3,991)	804	4,795
FUND BALANCE, JULY 1, 2004	3,991	3,991	3,991	
FUND BALANCE, JUNE 30, 2005	\$		4,795	4,795

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	SEWER MAINTENANCE DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Fines, forfeitures and penalties	\$ 160	160	158	(2)
Revenue from use of money and property-				
Investment income	288	288	256	(32)
Intergovernmental revenues:				
Federal	1	1		(1)
Other			16	16
Charges for services	21,608	21,608	22,011	403
Miscellaneous	79	79	8	(71)
TOTAL REVENUES	22,136	22,136	22,449	313
EXPENDITURES:				
Current-Health and sanitation:				
Services and supplies	25,554	24,026	19,932	(4,094)
Other charges	310	310	298	(12)
Capital assets	60	135	77	(58)
TOTAL EXPENDITURES	25,924	24,471	20,307	(4,164)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,788)	(2,335)	2,142	4,477
OTHER FINANCING SOURCES (USES):				
Transfers out	(553)	(2,006)	(233)	1,773
Appropriation for contingencies	(838)	(838)		838
Changes in reserves and designations	(343)	(343)	(83)	260
OTHER FINANCING SOURCES (USES) - NET	(1,734)	(3,187)	(316)	2,871
NET CHANGE IN FUND BALANCE	(5,522)	(5,522)	1,826	7,348
FUND BALANCE, JULY 1, 2004	5,522	5,522	5,522	
FUND BALANCE, JUNE 30, 2005	\$		7,348	7,348

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	HEALTH SERVICES MEASURE B			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 177,500	177,500	179,808	2,308
Fines, forfeitures and penalties			441	441
Revenue from use of money and property-				
Investment income			1,592	1,592
TOTAL REVENUES	177,500	177,500	181,841	4,341
EXPENDITURES:				
Current-Health and sanitation-				
Services and supplies	28,761	33,682	29,621	(4,061)
EXCESS OF REVENUES OVER EXPENDITURES	148,739	143,818	152,220	8,402
OTHER FINANCING SOURCES (USES):				
Transfers out	(148,739)	(146,818)	(145,336)	1,482
Appropriation for contingencies	(15,318)	(12,318)		12,318
Changes in reserves and designations			1,215	1,215
OTHER FINANCING SOURCES (USES) - NET	(164,057)	(159,136)	(144,121)	15,015
NET CHANGE IN FUND BALANCE	(15,318)	(15,318)	8,099	23,417
FUND BALANCE, JULY 1, 2004	15,318	15,318	15,318	
FUND BALANCE, JUNE 30, 2005	\$		23,417	23,417

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	HEALTH AND SANITATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Fines, forfeitures and penalties	\$ 14,401	14,401	14,953	552
Revenue from use of money and property-				
Investment income	1,309	1,309	1,213	(96)
Intergovernmental revenues:				
State	40,980	43,778	41,595	(2,183)
Other	3,399	3,580	1,378	(2,202)
Charges for services	12,350	12,350	16,683	4,333
Miscellaneous	50	50	319	269
TOTAL REVENUES	72,489	75,468	76,141	673
EXPENDITURES:				
Current-Health and sanitation:				
Services and supplies	41,699	41,814	36,963	(4,851)
Capital assets	207	422	175	(247)
TOTAL EXPENDITURES	41,906	42,236	37,138	(5,098)
EXCESS OF REVENUES OVER EXPENDITURES	30,583	33,232	39,003	5,771
OTHER FINANCING SOURCES (USES):				
Transfers out	(44,471)	(47,120)	(44,979)	2,141
Appropriation for contingencies	(3,109)	(3,109)		3,109
Changes in reserves and designations	8,863	8,863	9,407	544
OTHER FINANCING SOURCES (USES) - NET	(38,717)	(41,366)	(35,572)	5,794
NET CHANGE IN FUND BALANCE	(8,134)	(8,134)	3,431	11,565
FUND BALANCE, JULY 1, 2004	8,134	8,134	8,134	
FUND BALANCE, JUNE 30, 2005	\$		11,565	11,565

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	OTHER PUBLIC PROTECTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Licenses, permits and franchises	\$ 25	25	18	(7)
Fines, forfeitures and penalties	8,345	8,845	7,014	(1,831)
Revenue from use of money and property:				
Investment income	1,713	1,713	2,825	1,112
Intergovernmental revenues:				
Federal			200	200
State	14,090	14,090	15,123	1,033
Other			1	1
Charges for services	8,538	8,538	12,332	3,794
Miscellaneous	35,622	35,622	28,639	(6,983)
TOTAL REVENUES	68,333	68,833	66,152	(2,681)
EXPENDITURES:				
Current-Public protection:				
Services and supplies	70,606	71,106	46,221	(24,885)
Other charges	5,755	5,755	3,573	(2,182)
Capital assets	40,274	40,274	10,035	(30,239)
TOTAL EXPENDITURES	116,635	117,135	59,829	(57,306)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(48,302)	(48,302)	6,323	54,625
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	27	27	111	84
Transfers in	3,742	3,742	3,842	100
Transfers out	(41,107)	(41,107)	(7,645)	33,462
Appropriation for contingencies	(15,647)	(15,647)		15,647
Changes in reserves and designations	(5,709)	(5,709)	(5,634)	75
OTHER FINANCING SOURCES (USES) - NET	(58,694)	(58,694)	(9,326)	49,368
NET CHANGE IN FUND BALANCE	(106,996)	(106,996)	(3,003)	103,993
FUND BALANCE, JULY 1, 2004	106,996	106,996	106,996	
FUND BALANCE, JUNE 30, 2005	\$		103,993	103,993

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	PUBLIC ASSISTANCE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Licenses, permits and franchises	\$ 1,391	1,391	1,356	(35)
Fines, forfeitures and penalties	1,734	1,734	1,748	14
Revenue from use of money and property-				
Investment income	32	32	1	(31)
Intergovernmental revenues-				
Federal			325	325
Charges for services	3,237	3,237	2,730	(507)
Miscellaneous	2,617	2,617	3,256	639
TOTAL REVENUES	9,011	9,011	9,416	405
EXPENDITURES:				
Current-Public assistance-				
Services and supplies	8,995	9,016	7,493	(1,523)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	16	(5)	1,923	1,928
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,143)	(2,145)	(1,631)	514
Appropriation for contingencies	(628)	(605)		605
Changes in reserves and designations	(63)	(63)	61	124
OTHER FINANCING SOURCES (USES) - NET	(2,834)	(2,813)	(1,570)	1,243
NET CHANGE IN FUND BALANCE	(2,818)	(2,818)	353	3,171
FUND BALANCE, JULY 1, 2004	2,818	2,818	2,818	
FUND BALANCE, JUNE 30, 2005	\$		3,171	3,171

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	RECREATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Licenses, permits and franchises	\$		27	27
Fines, forfeitures and penalties	12	12	10	(2)
Revenue from use of money and property:				
Investment income	17	17	26	9
Rents and concessions	160	160	1,100	940
Intergovernmental revenues-				
Federal			175	175
Charges for services		41	1,045	1,004
Miscellaneous	6,253	8,481	5,219	(3,262)
TOTAL REVENUES	6,442	8,711	7,602	(1,109)
EXPENDITURES:				
Current-Recreation and cultural services:				
Services and supplies	7,819	10,179	6,128	(4,051)
Other charges	1,575	1,575		(1,575)
TOTAL EXPENDITURES	9,394	11,754	6,128	(5,626)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,952)	(3,043)	1,474	4,517
OTHER FINANCING SOURCES (USES):				
Sales of capital assets			300	300
Transfers in		91	80	(11)
Transfers out	(17)	(17)	(17)	
Appropriation for contingencies	(427)	(427)		427
Changes in reserves and designations	(164)	(164)	(119)	45
OTHER FINANCING SOURCES (USES) - NET	(608)	(517)	244	761
NET CHANGE IN FUND BALANCE	(3,560)	(3,560)	1,718	5,278
FUND BALANCE, JULY 1, 2004	3,560	3,560	3,560	
FUND BALANCE, JUNE 30, 2005	\$		5,278	5,278

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	COURTHOUSE TEMPORARY CONSTRUCTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Fines, forfeitures and penalties	\$ 19,600	19,600	20,198	598
Revenue from use of money and property:				
Investment income	1,500	1,500	2,064	564
Rents and concessions	150	150	137	(13)
TOTAL REVENUES	21,250	21,250	22,399	1,149
EXPENDITURES:				
Current-Public protection:				
Services and supplies	88,260	88,260	1,135	(87,125)
Other charges	34,763	34,763	29,901	(4,862)
TOTAL EXPENDITURES	123,023	123,023	31,036	(91,987)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(101,773)	(101,773)	(8,637)	93,136
OTHER FINANCING SOURCES (USES)-				
Transfer in	189	189		(189)
NET CHANGE IN FUND BALANCE	(101,584)	(101,584)	(8,637)	92,947
FUND BALANCE, JULY 1, 2004	101,584	101,584	101,584	
FUND BALANCE, JUNE 30, 2005	\$		92,947	92,947

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Fines, forfeitures and penalties	\$ 22,822	22,822	23,469	647
Revenue from use of money and property-				
Investment income	800	800	665	(135)
Miscellaneous			4	4
TOTAL REVENUES	23,622	23,622	24,138	516
EXPENDITURES:				
Current-Public protection:				
Services and supplies	22,102	20,961	9,315	(11,646)
Other charges	22,644	23,785	4,324	(19,461)
Capital assets	455	455	30	(425)
TOTAL EXPENDITURES	45,201	45,201	13,669	(31,532)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(21,579)	(21,579)	10,469	32,048
OTHER FINANCING SOURCES (USES):				
Transfers in	7	7		(7)
Transfers out	(5,212)	(5,212)	(4,941)	271
Changes in reserves and designations			2	2
OTHER FINANCING SOURCES (USES) - NET	(5,205)	(5,205)	(4,939)	266
NET CHANGE IN FUND BALANCE	(26,784)	(26,784)	5,530	32,314
FUND BALANCE, JULY 1, 2004	26,784	26,784	26,784	
FUND BALANCE, JUNE 30, 2005	\$		32,314	32,314

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	OTHER SPECIAL REVENUE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Licenses, permits and franchises	\$ 1,849	1,849	2,301	452
Fines, forfeitures and penalties	150	150	150	
Revenue from use of money and property:				
Investment income	641	641	933	292
Rents and concessions	3,991	3,991	4,105	114
Royalties			10	10
Charges for services	2,452	2,452	2,113	(339)
Miscellaneous			102	102
TOTAL REVENUES	9,083	9,083	9,714	631
EXPENDITURES:				
Current-General government:				
Salaries and employee benefits	5,500	5,500	5,437	(63)
Services and supplies	42,276	42,562	5,536	(37,026)
Other charges	5,128	19,128	19,078	(50)
Capital assets	2,300	12,099	7,415	(4,684)
TOTAL EXPENDITURES	55,204	79,289	37,466	(41,823)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(46,121)	(70,206)	(27,752)	42,454
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	4,154	4,154	1,826	(2,328)
Transfers in	19,908	47,938	47,608	(330)
Transfers out	(34,321)	(38,266)	(5,172)	33,094
Appropriation for contingencies	(2,499)	(2,499)		2,499
Changes in reserves and designations	340	340	382	42
OTHER FINANCING SOURCES (USES) - NET	(12,418)	11,667	44,644	32,977
NET CHANGE IN FUND BALANCE	(58,539)	(58,539)	16,892	75,431
FUND BALANCE, JULY 1, 2004	58,552	58,552	58,552	
FUND BALANCE, JUNE 30, 2005	\$ 13	13	75,444	75,431



COUNTY OF LOS ANGELES  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
 JUNE 30, 2005 (in thousands)

	Detention Facilities	Flood Control District	Regional Park and Open Space District	Marina Del Rey
ASSETS				
Pooled cash and investments:				
Operating	\$ 3,341	1,303	68,438	30,489
Other	525	120	90	2,264
Total pooled cash and investments	3,866	1,423	68,528	32,753
Other investments				52,394
Taxes receivable	773	766		
Interest receivable	12	4	32	4
Other receivables				1,708
Due from other funds				1,043
TOTAL ASSETS	\$ 4,651	2,193	68,560	87,902
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Other payables	\$			
Due to other funds				19,161
Deferred revenue	552	590		
TOTAL LIABILITIES	552	590		19,161
FUND BALANCES - reserved for debt service	4,099	1,603	68,560	68,741
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,651	2,193	68,560	87,902

Joint Powers Authorities	Public Buildings	Total	
			ASSETS
			Pooled cash and investments:
\$		\$ 103,571	Operating
		2,999	Other
		106,570	Total pooled cash and investments
349,690	117,171	519,255	Other investments
		1,539	Taxes receivable
	256	308	Interest receivable
		1,708	Other receivables
		1,043	Due from other funds
\$ 349,690	117,427	\$ 630,423	TOTAL ASSETS
			LIABILITIES AND FUND BALANCES
			LIABILITIES:
\$	937	\$ 937	Other payables
		19,161	Due to other funds
		1,142	Deferred revenue
	937	21,240	TOTAL LIABILITIES
349,690	116,490	609,183	FUND BALANCES - reserved for debt service
\$ 349,690	117,427	\$ 630,423	TOTAL LIABILITIES AND FUND BALANCES

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	Detention Facilities	Flood Control District	Regional Park and Open Space District	Marina Del Rey
REVENUES:				
Taxes	\$ 9,232	2,418		
Licenses, permits and franchises				25
Fines, forfeitures and penalties	21	21		
Revenue from use of money/property:				
Investment income	133	54	693	549
Rents and concessions				32,756
Intergovernmental revenues-				
State	75			
Charges for services				1,221
Miscellaneous				36
TOTAL REVENUE	<u>9,461</u>	<u>2,493</u>	<u>693</u>	<u>34,587</u>
EXPENDITURES - Debt service:				
Principal	7,265	16,065	26,520	15,641
Interest and other charges	<u>1,856</u>	<u>5,677</u>	<u>29,121</u>	<u>4,249</u>
TOTAL EXPENDITURES	<u>9,121</u>	<u>21,742</u>	<u>55,641</u>	<u>19,890</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>340</u>	<u>(19,249)</u>	<u>(54,948)</u>	<u>14,697</u>
OTHER FINANCING SOURCES (USES):				
Transfers in		17,582	78,289	41,797
Transfers out			(41,235)	(13,999)
Proceeds of refunding bonds			181,220	
Payment to refunded bonds escrow agent			(181,220)	
Bond premium proceeds			19,539	
TOTAL OTHER FINANCING SOURCES (USES)		<u>17,582</u>	<u>56,593</u>	<u>27,798</u>
NET CHANGE IN FUND BALANCES	340	(1,667)	1,645	42,495
FUND BALANCE, JULY 1, 2004	<u>3,759</u>	<u>3,270</u>	<u>66,915</u>	<u>26,246</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ 4,099</u>	<u>1,603</u>	<u>68,560</u>	<u>68,741</u>

Joint Powers Authorities	Public Buildings	Total
\$		\$ 11,650
		25
		42
15,385	14,544	31,358
	9,302	42,058
		75
		1,221
		36
<u>15,385</u>	<u>23,846</u>	<u>86,465</u>
26,520	90,157	182,168
<u>15,385</u>	<u>67,945</u>	<u>124,233</u>
<u>41,905</u>	<u>158,102</u>	<u>306,401</u>
(26,520)	(134,256)	(219,936)
	104,258	241,926
	(2,850)	(58,084)
	253,251	434,471
	(253,251)	(434,471)
	18,090	37,629
	<u>119,498</u>	<u>221,471</u>
(26,520)	(14,758)	1,535
<u>376,210</u>	<u>131,248</u>	<u>607,648</u>
<u>\$ 349,690</u>	<u>116,490</u>	<u>\$ 609,183</u>

## REVENUES:

Taxes

Licenses, permits and franchises

Fines, forfeitures and penalties

Revenue from use of money/property:

Investment income

Rents and concessions

Intergovernmental revenues-

State

Charges for services

Miscellaneous

TOTAL REVENUES

## EXPENDITURES - Debt service:

Principal

Interest and other charges

TOTAL EXPENDITURES

EXCESS (DEFICIENCY) OF REVENUES  
OVER EXPENDITURES

## OTHER FINANCING SOURCES (USES):

Transfers in

Transfers out

Proceeds of refunding bonds

Payment to refunded bonds escrow agent

Bond premium proceeds

TOTAL OTHER FINANCING SOURCES (USES)

NET CHANGE IN FUND BALANCES

FUND BALANCE, JULY 1, 2004

FUND BALANCE, JUNE 30, 2005

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	TOTALS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 7,844	7,845	11,617	3,772
Licenses, permits and franchises	10	10	25	15
Fines, forfeitures and penalties	4	4	42	38
Revenue from use of money and property:				
Investment income	1,950	2,120	1,421	(699)
Rents and concessions	31,146	31,707	32,756	1,049
Intergovernmental revenues-				
State	72	72	75	3
Charges for services	1,474	1,474	1,221	(253)
Miscellaneous	10	19,550	19,576	26
TOTAL REVENUES	42,510	62,782	66,733	3,951
EXPENDITURES:				
Debt service:				
Principal	63,150	251,329	251,325	(4)
Interest	38,910	100,380	74,708	(25,672)
TOTAL EXPENDITURES	102,060	351,709	326,033	(25,676)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(59,550)	(288,927)	(259,300)	29,627
OTHER FINANCING SOURCES (USES):				
Transfers in	49,857	120,517	120,086	(431)
Transfers out	(25,147)	(55,235)	(55,235)	
Long term debt proceeds		181,220	181,220	
Appropriation for contingencies	(228)	(228)		228
Changes in reserves and designations	1,836	9,421	9,417	(4)
OTHER FINANCING SOURCES (USES) - NET	26,318	255,695	255,488	(207)
NET CHANGE IN FUND BALANCE	(33,232)	(33,232)	(3,812)	29,420
FUND BALANCE, JULY 1, 2004	33,232	33,232	33,232	
FUND BALANCE, JUNE 30, 2005	\$		29,420	29,420

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	DETENTION FACILITIES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 6,216	6,217	9,256	3,039
Fines, forfeitures and penalties			21	21
Revenue from use of money and property-				
Investment income	90	90	130	40
Intergovernmental revenues-				
State	72	72	75	3
TOTAL REVENUES	6,378	6,379	9,482	3,103
EXPENDITURES:				
Debt service:				
Principal	7,265	7,265	7,265	
Interest	1,856	1,857	1,855	(2)
TOTAL EXPENDITURES	9,121	9,122	9,120	(2)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,743)	(2,743)	362	3,105
OTHER FINANCING SOURCES (USES):				
Appropriation for contingencies	(179)	(179)		179
Changes in reserves and designations	360	360	360	
OTHER FINANCING SOURCES (USES) - NET	181	181	360	179
NET CHANGE IN FUND BALANCE	(2,562)	(2,562)	722	3,284
FUND BALANCE, JULY 1, 2004	2,562	2,562	2,562	
FUND BALANCE, JUNE 30, 2005	\$		3,284	3,284

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	FLOOD CONTROL DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 1,628	1,628	2,361	733
Fines, forfeitures and penalties	4	4	21	17
Revenue from use of money and property- Investment income	21	21	48	27
TOTAL REVENUES	1,653	1,653	2,430	777
EXPENDITURES:				
Debt service:				
Principal	3,890	3,894	3,890	(4)
Interest	271	271	270	(1)
TOTAL EXPENDITURES	4,161	4,165	4,160	(5)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(2,508)	(2,512)	(1,730)	782
OTHER FINANCING SOURCES (USES):				
Appropriation for contingencies	(49)	(49)		49
Changes in reserves and designations	1,476	1,480	1,476	(4)
OTHER FINANCING SOURCES (USES) - NET	1,427	1,431	1,476	45
NET CHANGE IN FUND BALANCE	(1,081)	(1,081)	(254)	827
FUND BALANCE, JULY 1, 2004	1,081	1,081	1,081	
FUND BALANCE, JUNE 30, 2005	\$		827	827

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	REGIONAL PARK AND OPEN SPACE DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Revenue from use of money and property-				
Investment income	\$ 424	594	665	71
Miscellaneous		19,540	19,540	
TOTAL REVENUES	424	20,134	20,205	71
EXPENDITURES:				
Debt service:				
Principal	19,565	207,740	207,740	
Interest	48,989	54,789	29,120	(25,669)
TOTAL EXPENDITURES	68,554	262,529	236,860	(25,669)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(68,130)	(242,395)	(216,655)	25,740
OTHER FINANCING SOURCES (USES):				
Transfers in	49,857	78,719	78,288	(431)
Transfers out	(11,316)	(41,236)	(41,236)	
Long term debt proceeds		181,220	181,220	
Changes in reserves and designations		(5,897)	(5,897)	
OTHER FINANCING SOURCES (USES) - NET	38,541	212,806	212,375	(431)
NET CHANGE IN FUND BALANCE	(29,589)	(29,589)	(4,280)	25,309
FUND BALANCE, JULY 1, 2004	29,589	29,589	29,589	
FUND BALANCE, JUNE 30, 2005	\$		25,309	25,309

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	MARINA DEL REY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Licenses, permits and franchises	\$ 10	10	25	15
Revenue from use of money and property:				
Investment income	1,415	1,415	578	(837)
Rents and concessions	31,146	31,707	32,756	1,049
Charges for services	1,474	1,474	1,221	(253)
Miscellaneous	10	10	36	26
TOTAL REVENUES	34,055	34,616	34,616	
EXPENDITURES:				
Debt service:				
Principal	32,430	32,430	32,430	
Interest	(12,206)	43,463	43,463	
TOTAL EXPENDITURES	20,224	75,893	75,893	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	13,831	(41,277)	(41,277)	
OTHER FINANCING SOURCES (USES):				
Transfers in		41,798	41,798	
Transfers out	(13,831)	(13,999)	(13,999)	
Changes in reserves and designations		13,478	13,478	
OTHER FINANCING SOURCES (USES) - NET	(13,831)	41,277	41,277	
NET CHANGE IN FUND BALANCE				
FUND BALANCE, JULY 1, 2004				
FUND BALANCE, JUNE 30, 2005	\$			

COUNTY OF LOS ANGELES  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS  
 JUNE 30, 2005 (in thousands)

	Accumulative Capital Outlay	Flood Control District	Improvement Districts	Public Buildings	Gap Loan	Total
<b>ASSETS</b>						
Pooled cash and investments:						
Operating	\$ 50,046	99	10		189,444	\$ 239,599
Other	126				515	641
Total pooled cash and investments	<u>50,172</u>	<u>99</u>	<u>10</u>		<u>189,959</u>	<u>240,240</u>
Other investments		17		41,825		41,842
Interest receivable	100			95	407	602
Other receivables	221					221
Due from other funds	<u>2,428</u>					<u>2,428</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 52,921</u></u>	<u><u>116</u></u>	<u><u>10</u></u>	<u><u>41,920</u></u>	<u><u>190,366</u></u>	<u><u>\$ 285,333</u></u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ 846			82		\$ 928
Due to other funds	<u>2,944</u>					<u>2,944</u>
<b>TOTAL LIABILITIES</b>	<u>3,790</u>			<u>82</u>		<u>3,872</u>
<b>FUND BALANCES:</b>						
Reserved for:						
Encumbrances	3,872			3,276		7,148
Assets unavailable for appropriation	9,431					9,431
Unreserved-Undesignated	<u>35,828</u>	<u>116</u>	<u>10</u>	<u>38,562</u>	<u>190,366</u>	<u>264,882</u>
<b>TOTAL FUND BALANCES</b>	<u>49,131</u>	<u>116</u>	<u>10</u>	<u>41,838</u>	<u>190,366</u>	<u>281,461</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 52,921</u></u>	<u><u>116</u></u>	<u><u>10</u></u>	<u><u>41,920</u></u>	<u><u>190,366</u></u>	<u><u>\$ 285,333</u></u>

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	Accumulative Capital Outlay	Flood Control District	Improvement Districts	Public Buildings	Gap Loan	Total
REVENUES:						
Revenue from use of money and property -						
Investment income	\$ 969	18	10	783	1,873	\$ 3,653
Intergovernmental revenues-						
State	57					57
Charges for services	6,444					6,444
Miscellaneous	1,497			530		2,027
TOTAL REVENUES	8,967	18	10	1,313	1,873	12,181
EXPENDITURES - Capital outlay	8,927		3,335	11,793		24,055
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	40	18	(3,325)	(10,480)	1,873	(11,874)
OTHER FINANCING SOURCES (USES) :						
Transfers in	3,706			916		4,622
Transfers out	(1,425)	(4)				(1,429)
Sales of capital assets	95					95
OTHER FINANCING SOURCES (USES) - NET	2,376	(4)		916		3,288
SPECIAL ITEM - Proceeds from sale of receivables					188,493	188,493
NET CHANGE IN FUND BALANCES	2,416	14	(3,325)	(9,564)	190,366	179,907
FUND BALANCE, JULY 1, 2004	46,715	102	3,335	51,402		101,554
FUND BALANCE, JUNE 30, 2005	\$ 49,131	116	10	41,838	190,366	\$ 281,461

COUNTY OF LOS ANGELES  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS  
 JUNE 30, 2005 (in thousands)

	<u>Annuities</u>	<u>Endowments</u>	<u>Total</u>
ASSETS			
Pooled cash and investments:			
Operating	\$ 294	2,193	\$ 2,487
Other	<u>1</u>	<u>5</u>	<u>6</u>
Total pooled cash and investments	<u>295</u>	<u>2,198</u>	<u>2,493</u>
Other investments	838		838
Interest receivable	<u>15</u>	<u>5</u>	<u>20</u>
 TOTAL ASSETS	 <u>\$ 1,148</u>	 <u>2,203</u>	 <u>\$ 3,351</u>
 LIABILITIES - Due to other funds	 \$	 12	 \$ 12
 FUND BALANCES - Reserved for annuities and endowments	 <u>1,148</u>	 <u>2,191</u>	 <u>3,339</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 1,148</u>	 <u>2,203</u>	 <u>\$ 3,351</u>

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	<u>Annuities</u>	<u>Endowments</u>	<u>Total</u>
REVENUES:			
Revenue from use of money and property -			
Investment income	<u>\$ 61</u>	<u>42</u>	<u>\$ 103</u>
EXPENDITURES - General government	<u>65</u>	<u>14</u>	<u>79</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4)	28	24
FUND BALANCE, JULY 1, 2004	<u>1,152</u>	<u>2,163</u>	<u>3,315</u>
FUND BALANCE, JUNE 30, 2005	<u><u>\$ 1,148</u></u>	<u><u>2,191</u></u>	<u><u>\$ 3,339</u></u>

## NONMAJOR ENTERPRISE FUNDS

COUNTY OF LOS ANGELES  
NONMAJOR ENTERPRISE FUNDS

The Aviation Enterprise Fund was established to provide for the maintenance and operations of the five airports which are owned by the County. Operating revenues are derived primarily from charges for services and rentals associated with airport operations.

The Waterworks Enterprise Funds were established to provide for the administration, maintenance and operation and improvement of district water systems. Revenues are derived primarily from the sale of water and water service standby charges.

The Community Development Commission Enterprise Fund was established to provide for the operation, maintenance and management of certain housing developments. Revenues are derived primarily from tenant rentals and federal grants.

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF NET ASSETS  
 NONMAJOR ENTERPRISE FUNDS  
 JUNE 30, 2005 (in thousands)

	Aviation	Waterworks Funds	Community Development Commission	Total Nonmajor Enterprise Funds
<b>ASSETS</b>				
Current assets:				
Pooled cash and investments:				
Operating	\$ 3,097	31,756		\$ 34,853
Other	1	2,398		2,399
Total pooled cash and investments	3,098	34,154		37,252
Other investments			19,914	19,914
Taxes receivable		1,153		1,153
Interest receivable		66		66
Other receivables	464	6,552	2,099	9,115
Due from other funds	12	843		855
Advances to other funds		1,159		1,159
Total current assets	3,574	43,927	22,013	69,514
Noncurrent assets:				
Capital assets:				
Land	11,449	3,981	65,094	80,524
Buildings and improvements	47,948	141,984	141,969	331,901
Equipment	1,242	231	1,035	2,508
Construction in progress	904	1,524		2,428
Less accumulated depreciation	(31,589)	(67,561)	(130,149)	(229,299)
Total capital assets - net	29,954	80,159	77,949	188,062
Total noncurrent assets	29,954	80,159	77,949	188,062
<b>TOTAL ASSETS</b>	<b>33,528</b>	<b>124,086</b>	<b>99,962</b>	<b>257,576</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	78	3,290	2,320	5,688
Other payables	1,185		964	2,149
Due to other funds	240	4,378		4,618
Deferred revenue		116	391	507
Current portion of long-term liabilities			1,275	1,275
Total current liabilities	1,503	7,784	4,950	14,237
Noncurrent liabilities:				
Accrued vacation and sick leave			218	218
Bonds and notes payable		181	5,856	6,037
Total noncurrent liabilities		181	6,074	6,255
<b>TOTAL LIABILITIES</b>	<b>1,503</b>	<b>7,965</b>	<b>11,024</b>	<b>20,492</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	29,954	79,978	71,478	181,410
Restricted		36,143	17,460	53,603
Unrestricted	2,071			2,071
<b>TOTAL NET ASSETS</b>	<b>\$ 32,025</b>	<b>116,121</b>	<b>88,938</b>	<b>\$ 237,084</b>

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	Aviation	Waterworks Funds	Community Development Commission	Total Nonmajor Enterprise Funds
OPERATING REVENUES:				
Rentals	\$ 2,360		10,175	\$ 12,535
Charges for services	354	55,262		55,616
Other		43	756	799
TOTAL OPERATING REVENUES	<u>2,714</u>	<u>55,305</u>	<u>10,931</u>	<u>68,950</u>
OPERATING EXPENSES:				
Services and supplies	4,151	38,280	214,581	257,012
Other professional services	386	1,962		2,348
Depreciation and amortization	1,210	3,183	2,447	6,840
TOTAL OPERATING EXPENSES	<u>5,747</u>	<u>43,425</u>	<u>217,028</u>	<u>266,200</u>
OPERATING INCOME (LOSS)	<u>(3,033)</u>	<u>11,880</u>	<u>(206,097)</u>	<u>(197,250)</u>
NONOPERATING REVENUES (EXPENSES):				
Taxes		701		701
Interest income	7	570	435	1,012
Interest expense		(19)	(532)	(551)
Intergovernmental revenues:				
State	11	34		45
Federal	963		212,016	212,979
TOTAL NONOPERATING REVENUES	<u>981</u>	<u>1,286</u>	<u>211,919</u>	<u>214,186</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(2,052)</u>	<u>13,166</u>	<u>5,822</u>	<u>16,936</u>
Transfers out		(218)	(5,711)	(5,929)
CHANGE IN NET ASSETS	(2,052)	12,948	111	11,007
TOTAL NET ASSETS, JULY 1, 2004	<u>34,077</u>	<u>103,173</u>	<u>88,827</u>	<u>226,077</u>
TOTAL NET ASSETS, JUNE 30, 2005	<u>\$ 32,025</u>	<u>116,121</u>	<u>88,938</u>	<u>\$ 237,084</u>

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	Aviation	Waterworks Funds	Community Development Commission	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Rentals received	\$ 2,360		19,282	\$ 21,642
Cash received from charges for services	280	54,902		55,182
Other operating revenues		43	756	799
Cash paid for services and supplies	(2,454)	(37,241)	(216,443)	(256,138)
Other operating expenses	(386)	(1,962)		(2,348)
Net cash provided by (required for) operating activities	(200)	15,742	(196,405)	(180,863)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Cash advances paid/returned to other funds		14		14
Transfers out		(218)	(5,711)	(5,929)
Net cash required for noncapital financing activities		(204)	(5,711)	(5,915)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from taxes		931		931
Intergovernmental receipts	974	34	212,016	213,024
Interest paid on capital borrowing		(19)	(532)	(551)
Principal payments on bonds		(58)	(798)	(856)
Acquisition and construction of capital assets	(2,592)	(6,032)	(61)	(8,685)
Net cash provided by (required for) capital and related financing activities	(1,618)	(5,144)	210,625	203,863
<b>CASH FLOWS FROM INVESTING ACTIVITIES -</b>				
Interest income received	7	559	435	1,001
Net increase (decrease) in cash and cash equivalents	(1,811)	10,953	8,944	18,086
Cash and cash equivalents, July 1, 2004	4,909	23,201	10,970	39,080
Cash and cash equivalents, June 30, 2005	\$ 3,098	34,154	19,914	\$ 57,166

Continued...

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CASH FLOWS - Continued  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	Aviation	Waterworks Funds	Community Development Commission	Total Nonmajor Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$ (3,033)	11,880	(206,097)	\$ (197,250)
Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities:				
Depreciation and amortization	1,210	3,183	2,447	6,840
Other charges - net	1,772	1,800		3,572
(Increase) decrease in:				
Other receivables	(67)	(335)	8,772	8,370
Due from other funds	(7)	(30)		(37)
Increase (decrease) in:				
Accounts payable	24	(1,219)	(2,211)	(3,406)
Other payables	(70)		349	279
Due to other funds	(29)	458		429
Deferred revenue		5	335	340
TOTAL ADJUSTMENTS	2,833	3,862	9,692	16,387
NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES	<u>\$ (200)</u>	<u>15,742</u>	<u>(196,405)</u>	<u>\$ (180,863)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:				
Pooled cash and investments	\$ 3,098	34,154		\$ 37,252
Other investments			19,914	19,914
TOTAL	<u>\$ 3,098</u>	<u>34,154</u>	<u>19,914</u>	<u>\$ 57,166</u>

## INTERNAL SERVICE FUNDS

COUNTY OF LOS ANGELES  
INTERNAL SERVICE FUNDS

The Public Works Fund was established to account for the cost of services provided by the Department of Public Works to the Road Fund, Flood Control District, County Engineer and various other special districts and agencies. Costs are recovered through billings for services.

The Equipment Acquisition Fund was established to account for the operations of the Los Angeles County Capital Asset Leasing Corporation. County departments are charged for equipment items acquired on their behalf. The charges represent recovery of equipment depreciation expense and bond interest expense.

The Community Development Commission Internal Service Fund was established to account for the accumulation of resources for, and the payment of, services provided to various departments within the Commission. The charges for services are on a cost-reimbursement basis.

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 JUNE 30, 2005 (in thousands)

	Public Works	Equipment Acquisition	Community Development Commission	Total
<b>ASSETS</b>				
Current assets:				
Pooled cash and investments:				
Operating	\$ 44,049	1,065		\$ 45,114
Other	7,456	36		7,492
Total pooled cash and investments	51,505	1,101		52,606
Other investments			7,166	7,166
Interest receivable	77	43		120
Other receivables	73	1,589	71	1,733
Due from other funds	47,894	2,036		49,930
Inventories	6,727		33	6,760
Total current assets	106,276	4,769	7,270	118,315
Noncurrent assets:				
Restricted assets		12,368		12,368
Net pension obligation	20,561			20,561
Capital assets:				
Buildings and improvements	1,734			1,734
Equipment	110,420	90,936	5,002	206,358
Less accumulated depreciation	(63,812)	(47,426)	(3,550)	(114,788)
Total capital assets - net	48,342	43,510	1,452	93,304
Total noncurrent assets	68,903	55,878	1,452	126,233
<b>TOTAL ASSETS</b>	<b>175,179</b>	<b>60,647</b>	<b>8,722</b>	<b>244,548</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	2,154	3,929	760	6,843
Accrued payroll	18,204			18,204
Other payables	881			881
Accrued interest payable		398		398
Due to other funds	23,817		197	24,014
Advances from other funds	22,000			22,000
Deferred revenue	1,741		34	1,775
Current portion of long-term liabilities	27,528	15,545	1,405	44,478
Total current liabilities	96,325	19,872	2,396	118,593
Noncurrent liabilities:				
Accrued vacation and sick leave	30,315		327	30,642
Bonds and notes payable		25,110		25,110
Pension bonds payable	65,450			65,450
Capital lease obligations			319	319
Workers' compensation liability	61,891		2,295	64,186
Litigation and self-insurance liability	16,303		1,341	17,644
Total noncurrent liabilities	173,959	25,110	4,282	203,351
<b>TOTAL LIABILITIES</b>	<b>270,284</b>	<b>44,982</b>	<b>6,678</b>	<b>321,944</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	48,342	11,635	1,134	61,111
Restricted		4,030	910	4,940
Unrestricted (Deficit)	(143,447)			(143,447)
<b>TOTAL NET ASSETS (DEFICIT)</b>	<b>\$ (95,105)</b>	<b>15,665</b>	<b>2,044</b>	<b>\$ (77,396)</b>

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	Public Works	Equipment Acquisition	Community Development Commission	Total
OPERATING REVENUES:				
Rentals	\$	23,156		\$ 23,156
Charges for services	329,105		14,168	343,273
TOTAL OPERATING REVENUES	329,105	23,156	14,168	366,429
OPERATING EXPENSES:				
Salaries and employee benefits	275,592			275,592
Services and supplies	34,835	122	13,977	48,934
Other professional services	9,721			9,721
Depreciation and amortization	8,343	19,391	591	28,325
TOTAL OPERATING EXPENSES	328,491	19,513	14,568	362,572
OPERATING INCOME (LOSS)	614	3,643	(400)	3,857
NONOPERATING REVENUES (EXPENSES)				
Interest income	330	335		665
Interest expense	(7,517)	(1,102)	(40)	(8,659)
Intergovernmental revenues - Federal	27		80	107
TOTAL NONOPERATING REVENUES (EXPENSES)	(7,160)	(767)	40	(7,887)
INCOME (LOSS) BEFORE TRANSFERS	(6,546)	2,876	(360)	(4,030)
Transfers in	1,501		292	1,793
Transfers out		(1,468)		(1,468)
CHANGE IN NET ASSETS	(5,045)	1,408	(68)	(3,705)
TOTAL NET ASSETS (DEFICIT), JULY 1, 2004	(90,060)	14,257	2,112	(73,691)
TOTAL NET ASSETS (DEFICIT), JUNE 30, 2005	\$ (95,105)	15,665	2,044	\$ (77,396)

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	Public Works	Equipment Acquisition	Community Development Commission	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Rentals received	\$	19,546		\$ 19,546
Cash received from charges for services	333,570		14,126	347,696
Cash paid for salaries and employee benefits	(271,020)		(415)	(271,435)
Cash paid for services and supplies	(37,304)	(122)	(14,656)	(52,082)
Other operating expenses	(9,721)			(9,721)
Net cash provided by (required for) operating activities	15,525	19,424	(945)	34,004
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Interest paid on pension bonds	(7,517)			(7,517)
Transfers in	1,501		292	1,793
Transfers out		(1,468)		(1,468)
Net cash required for noncapital financing activities	(6,016)	(1,468)	292	(7,192)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Intergovernmental receipts	27		80	107
Proceeds from bonds and notes		32,240		32,240
Interest paid on capital borrowing		(1,061)	(40)	(1,101)
Principal payments on bonds and notes		(36,520)		(36,520)
Principal payments on capital leases			(224)	(224)
Acquisition and construction of capital assets	(7,566)	(19,631)	(695)	(27,892)
Net cash provided by (required for) capital and related financing activities	(7,539)	(24,972)	(879)	(33,390)
<b>CASH FLOWS FROM INVESTING ACTIVITIES -</b>				
Interest income received	18	331		349
Net increase in cash and cash equivalents	1,988	(6,685)	(1,532)	(6,229)
Cash and cash equivalents July 1, 2004	49,517	20,154	8,698	78,369
Cash and cash equivalents June 30, 2005	\$ 51,505	13,469	7,166	\$ 72,140

Continued...

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CASH FLOWS - Continued  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	Public Works	Equipment Acquisition	Community Development Commission	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 614	3,643	(400)	\$ 3,857
Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities:				
Depreciation and amortization	8,343	19,391	591	28,325
Other charges - net	(400)		38	(362)
(Increase) decrease in:				
Interest receivable	23			23
Other receivables	(24)	(1,589)	(38)	(1,651)
Due from other funds	4,620	(2,021)		2,599
Inventories	33		47	80
Net pension obligation	8,729			8,729
Increase (decrease) in:				
Accounts payable	(429)		(960)	(1,389)
Accrued payroll	347			347
Other payables	220			220
Accrued vacation and sick leave	160		(1)	159
Due to other funds	(1,673)		197	(1,476)
Deferred revenue	(154)		(4)	(158)
Pension bonds payable	(9,216)			(9,216)
Workers' compensation liability	2,621		1,458	4,079
Litigation and self-insurance liability	1,711		(1,873)	(162)
TOTAL ADJUSTMENTS	14,911	15,781	(545)	30,147
NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES	<u>\$ 15,525</u>	<u>19,424</u>	<u>(945)</u>	<u>\$ 34,004</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:				
Pooled cash and investments	\$ 51,505	1,101		\$ 52,606
Other investments			7,166	7,166
Restricted assets		12,368		12,368
TOTAL	<u>\$ 51,505</u>	<u>13,469</u>	<u>7,166</u>	<u>\$ 72,140</u>

## FIDUCIARY FUNDS

COUNTY OF LOS ANGELES  
FIDUCIARY FUNDS

POOLED INVESTMENT TRUST FUND

The Pooled Investment Trust Fund was established to account for net assets of the County's external investment pool. The fund primarily consists of deposits held on behalf of School Districts and Sanitation Districts.

SPECIFIC INVESTMENT TRUST FUND

The Specific Investment Trust Fund is used to account for the net assets of individual investment accounts, in aggregate. The related investment activity occurs separately from the County's investment pool and is provided as a service to external investors.

AGENCY

Agency funds have been established to account for cash and other assets and related liabilities of such funds as temporary funds for deposits of unapportioned taxes, departmental funds, and clearing and revolving funds.

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS - INVESTMENT TRUST FUNDS  
 JUNE 30, 2005 (in thousands)

	Pooled Investment Trust Fund	Specific Investment Trust Fund	Total
ASSETS			
Pooled cash and investments	\$ 9,228,149		\$ 9,228,149
Other investments		946,603	946,603
Interest receivable	50,256	1,921	52,177
TOTAL ASSETS	9,278,405	948,524	10,226,929
NET ASSETS			
Held in trust for investment trust fund participants	\$ 9,278,405	948,524	\$ 10,226,929

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS - INVESTMENT TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	Pooled Investment Trust Fund	Specific Investment Trust Fund	Total
ADDITIONS:			
Contributions to investment trust funds	\$ 32,038,677	2,549,673	\$ 34,588,350
Interest income	230,066	17,160	247,226
TOTAL ADDITIONS	32,268,743	2,566,833	34,835,576
DEDUCTIONS -			
Distribution from investment trust funds	33,072,598	2,593,909	35,666,507
CHANGE IN NET ASSETS	(803,855)	(27,076)	(830,931)
NET ASSETS HELD IN TRUST, JULY 1, 2004	10,082,260	975,600	11,057,860
NET ASSETS HELD IN TRUST, JUNE 30, 2005	\$ 9,278,405	948,524	\$ 10,226,929

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FIDUCIARY FUNDS - AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Pooled cash and investments	\$ 1,291,524	95,802,798	95,804,553	\$ 1,289,769
Other investments	202,314	203,068	202,618	202,764
Taxes receivable	230,895	564,790	590,925	204,760
Interest receivable	3,480	3,781	7,261	
TOTAL ASSETS	<u>\$ 1,728,213</u>	<u>96,574,437</u>	<u>96,605,357</u>	<u>\$ 1,697,293</u>
LIABILITIES				
Due to other governments	<u>\$ 1,728,213</u>	<u>2,384,199</u>	<u>2,415,119</u>	<u>\$ 1,697,293</u>
TOTAL LIABILITIES	<u>\$ 1,728,213</u>	<u>2,384,199</u>	<u>2,415,119</u>	<u>\$ 1,697,293</u>



CAPITAL ASSETS  
USED IN THE OPERATION OF  
GOVERNMENTAL FUNDS

COUNTY OF LOS ANGELES  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE BY SOURCE<sup>1</sup>  
 JUNE 30, 2005 (in thousands)

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	<u>Total</u>
Governmental Funds Capital Assets:	
Land	\$ 286,549
Buildings and improvements	3,721,900
Equipment	628,293
Infrastructure	208,427
Construction in progress-Buildings and improvements	85,963
Construction in progress-Infrastructure	<u>61,392</u>
Total governmental funds capital assets	<u>\$ 4,992,524</u>
Investments in governmental funds capital assets by source:	
General fund	\$ 4,134,305
Special Revenue funds	835,699
Capital Projects funds	<u>22,520</u>
Total governmental funds capital assets	<u>\$ 4,992,524</u>

<sup>1</sup>This schedule presents only the capital assets balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included within governmental activities in the statement of net assets.

COUNTY OF LOS ANGELES  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE BY FUNCTION<sup>1</sup>  
 JUNE 30, 2005 (in thousands)

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Function:	Land	Buildings and Improvements	Equipment	Infrastructure
General government	\$ 29,950	274,225	143,818	
Public protection	100,663	2,448,382	382,993	92,252
Public ways and facilities	2,131	15,503	4,807	116,175
Health and sanitation	7,130	61,892	45,840	
Public assistance	26,854	188,566	23,259	
Education	7,114	56,703	5,919	
Recreation and cultural services	112,707	676,629	21,657	
Total governmental funds capital assets	<u>\$ 286,549</u>	<u>3,721,900</u>	<u>628,293</u>	<u>208,427</u>

<sup>1</sup>This schedule presents only the capital assets balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included within governmental activities in the statement of net assets.

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Construction in Progress Buildings and Improvements	Construction in Progress Infrastructure	Total	Function:
\$ 12,457		\$ 460,450	General government
50,756	51,529	3,126,575	Public protection
	9,863	148,479	Public ways and facilities
3,120		117,982	Health and sanitation
		238,679	Public assistance
1,972		71,708	Education
17,658		828,651	Recreation and cultural services
<u>\$ 85,963</u>	<u>61,392</u>	<u>\$ 4,992,524</u>	Total governmental funds capital assets

COUNTY OF LOS ANGELES  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE OF CHANGES BY FUNCTION<sup>1</sup>  
 FOR THE YEAR ENDED JUNE 30, 2005 (in thousands)

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
Function:				
General government	\$ 447,330	15,439	(2,319)	\$ 460,450
Public protection	3,048,360	169,040	(90,825)	3,126,575
Public ways and facilities	128,275	37,206	(17,002)	148,479
Health and sanitation	111,315	7,758	(1,091)	117,982
Public assistance	228,902	16,623	(6,846)	238,679
Education	70,301	9,040	(7,633)	71,708
Recreation and cultural services	812,586	27,456	(11,391)	828,651
Total governmental funds capital assets	<u>\$ 4,847,069</u>	<u>282,562</u>	<u>(137,107)</u>	<u>\$ 4,992,524</u>

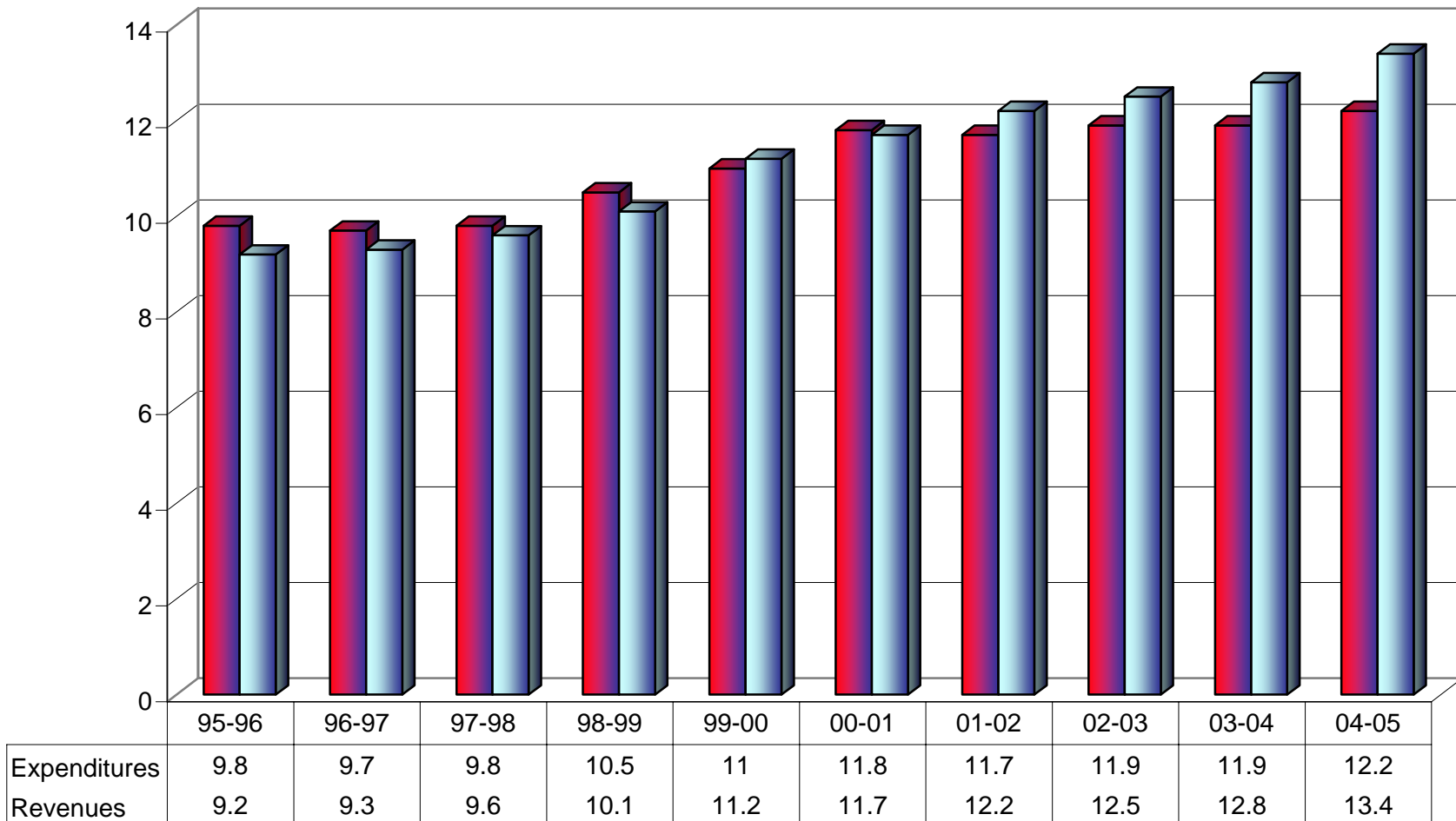
<sup>1</sup>This schedule presents only the capital assets balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included within governmental activities in the statement of net assets.

# **STATISTICAL SECTION**

# COUNTY of LOS ANGELES

## General Governmental Expenditures and Revenues

### Last 10 Fiscal Years



In Billions of Dollars

■ Expenditures ■ Revenues

COUNTY OF LOS ANGELES  
 GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION  
 LAST TEN FISCAL YEARS (in thousands)

<u>FUNCTION</u>		<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-2000</u>
General government	\$	478,680	415,241	408,378	436,520	520,740
Public protection		2,749,821	2,718,755	2,857,944	3,132,176	3,369,610
Public ways and facilities		188,590	173,072	182,829	209,190	248,166
Health and sanitation		1,659,727	1,731,003	2,013,821	2,081,634	2,161,285
Public assistance		4,007,782	3,915,607	3,703,503	3,845,071	4,053,280
Education		51,691	55,594	56,553	61,864	65,769
Recreation and cultural services		179,324	204,064	190,758	217,544	227,318
Debt service		344,233	340,482	368,897	454,489	329,688
Capital outlay		167,031	108,848	64,967	89,851	52,329
TOTAL	\$	9,826,879	9,662,666	9,847,650	10,528,339	11,028,185

Source: Comprehensive Annual Financial Report

Includes General Fund, Fire Protection, Flood Control District, Public Library, Regional Park and Open Space District, and Other Governmental Funds (Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Permanent Funds).

	<u>2000-2001</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>	<u>FUNCTION</u>
\$	639,527	589,281	652,393	673,950	664,670	General government
	3,636,902	3,795,429	3,768,650	3,934,320	4,111,311	Public protection
	279,703	261,679	287,853	229,546	247,314	Public ways and facilities
	2,493,074	1,765,432	1,826,083	1,905,521	1,935,207	Health and sanitation
	4,041,544	4,360,342	4,461,044	4,325,241	4,387,157	Public assistance
	71,998	72,542	74,013	79,285	85,066	Education
	238,071	235,188	225,329	231,210	226,768	Recreation and cultural services
	337,017	470,758	489,813	476,489	539,353	Debt service
	67,620	120,579	99,710	48,536	31,384	Capital outlay
\$	<u>11,805,456</u>	<u>11,671,230</u>	<u>11,884,888</u>	<u>11,904,098</u>	<u>12,228,230</u>	TOTAL

COUNTY OF LOS ANGELES  
 GENERAL GOVERNMENTAL REVENUES BY SOURCE  
 LAST TEN FISCAL YEARS (in thousands)

<u>SOURCE</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-2000</u>
Taxes	\$ 1,630,227	1,675,289	1,799,365	1,902,194	1,969,177
Licenses, permits and franchises	48,351	47,001	62,977	52,532	58,611
Fines, forfeitures and penalties	130,483	167,925	242,532	252,201	262,142
Revenue from use of money and property	256,480	251,489	306,176	298,175	298,630
Intergovernmental revenues:					
Federal	2,149,029	2,161,431	2,268,053	2,817,849	3,113,281
State	3,784,444	3,751,635	3,446,097	3,274,149	3,735,572
Other	7,248	32,255	66,326	67,768	88,213
Charges for services	1,022,760	1,034,166	1,138,253	1,289,122	1,327,383
Proceeds from property owners	9,416				9,068
Miscellaneous	193,761	155,100	244,518	187,043	296,094
TOTAL	<u>\$ 9,232,199</u>	<u>9,276,291</u>	<u>9,574,297</u>	<u>10,141,033</u>	<u>11,158,171</u>

Source: Comprehensive Annual Financial Report

Includes General Fund, Fire Protection, Flood Control District, Public Library, Regional Park and Open Space District, and Other Governmental Funds (Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Permanent Funds).

	<u>2000-2001</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>	<u>SOURCE</u>
\$	2,140,846	2,282,620	2,422,005	2,830,843	3,704,985	Taxes
	58,986	59,712	67,478	71,176	73,450	Licenses, permits and franchises
	254,919	264,713	262,604	275,744	294,714	Fines, forfeitures and penalties
	357,632	214,300	160,401	128,982	206,494	Revenue from use of money and property
	3,006,474	3,252,597	3,198,572	3,148,842	2,763,670	Intergovernmental revenues:
	4,039,887	4,170,053	4,331,478	4,292,677	4,275,176	Federal
	104,169	98,051	107,337	113,576	122,674	State
						Other
	1,445,182	1,538,368	1,625,583	1,616,924	1,699,477	Charges for services
	22,521	1,336	8,123	73		Proceeds from property owners
	271,737	295,902	294,278	328,914	277,000	Miscellaneous
\$	11,702,353	12,177,652	12,477,859	12,807,751	13,417,640	TOTAL

COUNTY OF LOS ANGELES  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS (in thousands)

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Del. Taxes To Total Tax Levy</u>
1995-96	\$ 5,468,162	\$ 5,198,333	95.1	\$ 340,398	\$ 5,538,731	101.3	\$ 1,119,821	20.5
1996-97	5,505,658	5,252,253	95.4	312,632	5,564,885	101.1	1,099,594	20.0
1997-98	5,570,515	5,374,125	96.5	379,128	5,753,253	103.3	931,922	16.7
1998-99	5,760,686	5,549,836	96.3	317,984	5,867,820	101.9	927,526	16.1
1999-00	6,078,979	5,852,946	96.3	300,309	6,153,255	101.2	953,463	15.7
2000-01	6,441,176	6,228,309	96.7	283,004	6,511,313	101.1	987,721	15.3
2001-02	6,964,486	6,760,147	97.1	315,213	7,075,360	101.6	979,497	14.1
2002-03	7,415,691	7,182,974	96.9	290,775	7,473,749	100.8	1,046,059	14.1
2003-04	8,241,631	8,031,587	97.5	330,878	8,362,465	101.5	1,003,496	12.2
2004-05	8,895,871	8,655,953	97.3	297,023	8,952,976	100.6	1,009,664	11.3

COUNTY OF LOS ANGELES  
 GROSS ASSESSED VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS (in thousands)

<u>Fiscal Year</u>	<u>Secured</u>	<u>Unsecured</u>	<u>Total</u>
1995-96	\$ 471,356,158	\$ 30,092,019	\$ 501,448,177
1996-97	474,306,711	31,412,568	505,719,279
1997-98	477,145,025	32,644,992	509,790,017
1998-99	489,487,788	35,296,402	524,784,190
1999-00	517,855,790	36,598,823	554,454,613
2000-01	551,649,114	38,862,504	590,511,618
2001-02	587,752,921	42,614,294	630,367,215
2002-03	626,278,005	41,928,753	668,206,758
2003-04	675,608,642	41,888,076	717,496,718
2004-05	728,514,679	40,875,865	769,390,544

COUNTY OF LOS ANGELES  
 PROPERTY TAX RATES - COMPUTATION OF DIRECT AND OVERLAPPING DEBT - TAX RATE AREA #4  
 (PER \$100 OF ASSESSED VALUE)  
 LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Los Angeles County General</u>	<u>Los Angeles County Flood Control District</u>	<u>Los Angeles City Tax District No. 1</u>	<u>School Districts</u>	<u>Metropolitan Water District</u>	<u>General</u>	<u>Total</u>
1995-96	.001814	.000963	.038012	.003358	.008900	1.000000	1.053047
1996-97	.001604	.001991	.035969	.003338	.008900	1.000000	1.051802
1997-98	.001584	.002197	.031098	.012017	.008900	1.000000	1.055796
1998-99	.001451	.001953	.030161	.024749	.008900	1.000000	1.067214
1999-00	.001422	.001765	.031113	.031528	.008900	1.000000	1.074728
2000-01	.001314	.001552	.026391	.040765	.008800	1.000000	1.078822
2001-02	.001128	.001073	.040051	.064125	.007700	1.000000	1.114077
2002-03	.001033	.000881	.042312	.051571	.006700	1.000000	1.102497
2003-04	.000992	.000462	.050574	.097002	.006100	1.000000	1.155130
2004-05	.000923	.000245	.055733	.106937	.005800	1.000000	1.169638

Source: "Secured Tax Rate and Ratios" Report from Auditor-Controller, Tax Division. The tax rate for Tax Rate Area #4, which applies to most property within the City of Los Angeles, is used to illustrate the breakdown of a tax rate within the County.

Article XIII A (Proposition 13) limits the maximum ad valorem tax rate to 1% of "full cash value" except for indebtedness approved by the voters prior to July 1, 1978.

An exception to the 1% limit was provided by Proposition 46 which was approved in June, 1986, re-establishing authority of local governments to issue general obligation bonds for certain purposes.

COUNTY OF LOS ANGELES  
 RATIO OF NET GENERAL BONDED DEBT  
 TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA  
 LAST TEN FISCAL YEARS (dollars in thousands)

Fiscal Year	Population (1)	Assessed Value	Gross Bonded Debt (2)	Debt Service Monies Available (2)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1995-96	9,369,848	\$ 501,448,177	\$ 4,900,582	\$ 467,357	\$ 4,433,225	.8841	\$ 473.14
1996-97	9,488,225	505,719,279	4,804,391	460,399	4,343,992	.8590	457.83
1997-98	9,603,545	509,790,017	4,974,432	793,479	4,180,953	.8201	435.36
1998-99	9,757,535	524,784,190	4,672,329	649,348	4,022,981	.7666	412.29
1999-00	9,884,350	554,454,613	4,466,999	633,082	3,833,917	.6915	387.88
2000-01	9,802,690	590,511,618	4,291,604	634,099	3,657,505	.6194	373.11
2001-02	9,825,045	630,367,215	3,930,381	593,905	3,336,476	.5293	339.59
2002-03	9,979,465	668,206,758	3,699,715	560,233	3,139,482	.4698	314.59
2003-04	10,102,855	717,496,718	3,435,541	537,463	2,898,078	.4039	286.86
2004-05	10,226,506	769,390,544	2,933,729	539,020	2,394,709	.3112	234.17

Notes:

(1) Source: California Department of Finance

(2) Long-term general obligation bonded debt outstanding includes, Detention Facilities, Nonprofit Corporations, Public Buildings Certificates of Participation, Pension Obligation Certificates, Marina Del Rey Certificates and Community Development Commission. The amounts do not include indebtedness and debt service monies available which are less than County-wide (Regional Park and Open Space District, Flood Control and Waterworks Districts), for which population and assessed values vary.

COUNTY OF LOS ANGELES  
COMPUTATION OF LEGAL DEBT MARGIN  
JUNE 30, 2005

Assessed valuation (net taxable) August 2004 (1)	\$ 761,355,097,239
Applicable percentage in computing capacity	<u>1.25%</u>
 Total debt limit	 \$ <u>9,516,938,715</u>
 Less indebtedness, JUNE 30, 2005 (2)	 <u>16,205,000</u>
 Legal debt margin, JUNE 30, 2005	 <u><u>\$ 9,500,733,715</u></u>

Notes:

- (1) Net taxable valuation does not include homeowners' exemption of \$8,035,446,780 which cannot be considered as part of the valuation in computing legal debt margin.
- (2) Represents County General Obligation Bonds only.

COUNTY OF LOS ANGELES  
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT  
JUNE 30, 2005

Full Cash Value (2004-05)	\$ 690,110,394,778 (1)
Population - (2005)	10,226,506 (5)

	<u>%</u> <u>Applicable</u>	<u>Debt</u> <u>April 1, 2005</u>
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		
Los Angeles County	100%	\$ 23,470,000
Los Angeles County Flood Control District	100	124,000,000
Metropolitan Water District	47.712	199,526,813
Community College Districts	Various	1,269,497,647
Beverly Hills Unified School District	100	109,369,260
Burbank Hills Unified School District	100	100,209,996
Glendale Unified School District	100	157,440,000
Long Beach Unified School District	100	256,685,000
Los Angeles Unified School District	100	4,484,960,000
Pasadena Unified School District	100	219,655,000
Pomona Unified School District	100	133,290,000
Other Unified School Districts	100	1,697,618,110
Other School and High School Districts	Various (2)	709,238,606
City of Los Angeles	100	1,418,980,000
City of Industry	100	214,635,000
Other Cities	100	52,550,000
Special Districts	100	13,708,932
Community Facilities Districts	100	761,274,528
Los Angeles County Regional Park & Open Space Assessment District	100	349,690,000
City of Los Angeles Special Tax Lease Revenue Bonds	100	159,135,000
1915 Act and Benefit Assessment Bonds - Estimate	100	232,415,906
Los Angeles County Metropolitan Transportation Authority Benefit Assessment District Bonds	100	100,410,000
<b>TOTAL DIRECT AND OVERLAPPING TAX &amp; ASSESSMENT DEBT</b>		<b>\$ 12,787,759,798</b>
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
Los Angeles County General Fund Obligations	100	\$ 1,400,549,944 (3)
Los Angeles County Pension Obligations	100	1,320,852,395
Los Angeles County Office of Education Certificates of Participation	100	22,539,577
Community College District Certificates of Participation	Various (2)	124,356,798

Continued...

COUNTY OF LOS ANGELES  
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT-Continued  
JUNE 30, 2005

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT-Con't.:

Los Angeles Unified School District		
Certificates of Participation	100	636,063,350
Long Beach Unified School District		
Certificates of Participation	100	65,560,000
Other Unified School District		
Certificates of Participation	100	401,913,937
School and High School District		
General Fund Obligations	Various (2)	201,324,585
City of Beverly Hills General Fund Obligations	100	190,820,000
City of Los Angeles General Fund &		
Judgement Obligations	100	1,235,253,000
City of Long Beach General Fund Obligations	100	300,285,000
City of Long Beach Pension Obligations	100	102,195,000
City of Pasadena General Fund Obligations	100	235,835,000
City of Pasadena Pension Obligations	100	97,850,000
Other Cities' General Fund Obligations	100	934,959,645
Los Angeles County Sanitation Districts		
General Fund Obligations	100	419,765,000
Other Special Districts General Fund Obligations	100	17,000,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 7,707,123,231</u>
Less:		
Los Angeles County Certificates of		
Participation (100% self-supporting from		
leasehold revenues on properties in Marina del Rey)		(55,345,000)
School District self-supporting bonds		(33,500,000)
Cities' self-supporting bonds		(198,739,223)
Walnut Valley Water District General Fund Obligations		(15,995,000)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 7,403,544,008</u>

GROSS COMBINED TOTAL DEBT	<u>\$ 20,494,883,029 (4)</u>
NET COMBINED TOTAL DEBT	<u>\$ 20,191,303,806</u>

RATIOS TO 2004-05 ASSESSED VALUATION

Direct Debt (\$23,470,000)	.003%
Total Direct and Overlapping Tax and Assessment Debt	1.66%

RATIOS TO FULL CASH VALUE (ADJUSTED ASSESSED VALUATION)

Combined Gross Direct Debt (\$2,717,440,737)	.40%
Net Combined Direct Debt (\$2,662,095,737)	.39%
Gross Combined Total Debt	2.97%
Net Combined Total Debt	2.93%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/04:	\$ 1,609,401
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- (1) Excludes \$79,279,980,980 redevelopment incremental valuation; includes unitary utility valuation.
- (2) All 100%, or almost 100%, except for Antelope Valley Joint UHSD, Fullerton UHSD and Community College District, and the schools and special districts included in them.
- (3) Excludes tax and revenue anticipation notes.
- (4) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.
- (5) Source: California Department of Finance

Source: California Municipal Statistics

COUNTY OF LOS ANGELES  
 RATIO OF ANNUAL DEBT SERVICE FOR  
 GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES  
 LAST TEN FISCAL YEARS (in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (1)</u>	<u>Ratio of Debt Service to Total General Governmental Expenditures</u>
1995-96	\$ 137,068	\$ 142,261	\$ 279,329	\$ 9,826,879	2.84
1996-97	126,570	155,876	282,446	9,662,666	2.92
1997-98	174,478	128,883	303,361	9,847,650	3.08
1998-99	263,273	144,762	408,035	10,528,339	3.88
1999-00	165,066	126,164	291,230	11,028,185	2.64
2000-01	163,043	135,089	298,132	11,805,456	2.53
2001-02	150,917	136,286	287,203	11,671,230	2.46
2002-03	149,320	132,522	281,842	11,884,888	2.37
2003-04	138,336	124,888	263,224	11,904,098	2.21
2004-05	185,318	125,880	311,198	12,228,230	2.54

Note:

(1) Includes General Fund, Fire Protection, Flood Control District, Public Library, Regional Park and Open Space District, and Other Governmental Funds (Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Permanent Funds).

COUNTY OF LOS ANGELES  
SCHEDULE OF INSURANCE IN FORCE  
JUNE 30, 2005

<u>Type of Coverage</u>	<u>Policy Limits</u>	
	<u>Per Occurrence</u>	<u>Aggregate</u>
Aviation:		
Airport/Aviation	\$ 100,000	\$ Unlimited
Hull Protection		
On Ground & In Flight	Replacement Value	
Boiler & Machinery	100,000,000	Unlimited
Properties:		
Over 500 locations	Replacement Value	800,000,000 All Risk,
LAC-CAL equipment	Replacement Value	300,000,000 Flood,
Public Library books	Replacement Value	200,000 & Earthquake
Fidelity Insurance:		
Crime	10,000,000	Unlimited
Public Official Bond	Specified for each official	
Fiduciary Liability:		
Savings Plans, Deferred Compensation		
and Thrift Plan, Deferred Earnings Plan,		
Pension Savings Plan, Terminated Pay		
Pick-up Plan	20,000,000	20,000,000
Fine Arts:		
At County Museums	300,000,000	Unlimited All Risk &
At Other Locations or in Transit	100,000,000	Unlimited Earthquake
Hospital General Liability	95,000,000	Unlimited
Public Safety Employee:		
Sheriff Reserve Disability	10,000	300/Week 2 year max.
		1,000,000
Aviation Personal	25,000	1,000,000
Volunteer Workers (Accident)	10,000	250,000
Special Event Liability Insurance	1,000,000 Per event	1,000,000
Contractors Liability (SPARTA)	1,000,000 Per Contract	2,000,000

COUNTY OF LOS ANGELES  
PUBLIC OFFICIAL BLANKET BOND  
JUNE 30, 2005

OFFICIAL

Assessor	\$	50,000
Auditor-Controller		50,000
Chief Medical Examiner		50,000
Coroner		50,000
County Clerk		50,000
District Attorney		50,000
Public Administrator		50,000
Registrar-Recorder		50,000
Sheriff-Civil		50,000
Sheriff-Criminal		50,000
County Engineer-Surveyor		50,000
Treasurer and Tax Collector:		
Treasurer		300,000
Tax Collector		50,000
License Collector		50,000
Board of Supervisors (per Supervisor)		50,000
Superintendent of Schools		50,000
Public Guardian		50,000

COUNTY OF LOS ANGELES  
 DEMOGRAPHIC STATISTICS  
 LAST TEN YEARS (in thousands)

<u>Year</u>	<u>Population County of Los Angeles(1)</u>	<u>Population State of California(1)</u>	<u>Population United States(4)</u>	<u>School Enrollment(2)</u>	<u>Unemployment Rate(3)</u>	
1996	9,370	32,231	265,072	1,509	8.2%	
1997	9,488	32,600	267,368	1,550	6.8%	
1998	9,604	33,252	269,816	1,583	6.5%	
1999	9,758	33,773	272,878	1,618	5.9%	
2000	9,884	34,336	275,130	1,651	5.3%	
2001	9,803	34,818	276,059	1,682	5.7%	(5)
2002	9,825	35,037	287,170	1,711	6.8%	(5)
2003	9,979	35,591	291,116	1,736	7.0%	(5)
2004	10,103	36,144	293,382	1,742	6.3%	(5)
2005	10,226	36,810	296,250	1,734	6.1%	(5)

Sources:

- (1) State Department of Finance
- (2) California Department of Education internet web address [WWW.CDE.CA.GOV](http://WWW.CDE.CA.GOV) for 1996 and subsequent years.
- (3) Los Angeles County Economic Development Corporation
- (4) United States Bureau of the Census for 1996 and subsequent years.
- (5) Revised per Los Angeles County Economic Development schedule as of June, 2005.

COUNTY OF LOS ANGELES  
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS  
LAST TEN YEARS

Year	Valuation (1) (In Millions)			New Dwelling Units(1) (In Thousands)			Bank Deposits (2) (In Thousands)
	Residential	Non-Residential	Total Values	Single Family	Multiple Family	Total Units	
1995 .....	\$ 2,234.0	1,995.8	4,229.8	5.4	3.0	8.4	\$ 153,714,269
1996 .....	2,087.0	2,082.2	4,169.2	5.4	3.0	8.4	147,100,000
1997 .....	2,476.0	2,200.0	4,676.0	6.8	3.6	10.4	129,308,848
1998 .....	2,785.0	2,344.0	5,129.0	6.7	4.8	11.5	132,611,000
1999 .....	3,282.0	3,650.0	6,932.0	7.8	6.4	14.2	131,996,000
2000 .....	3,808.0	3,297.0	7,105.0	8.3	8.6	16.9	138,122,000
2001 .....	3,983.0	3,529.0	7,512.0	8.2	9.9	18.1	153,369,000
2002 .....	4,285.0	2,895.0	7,180.0	8.2	11.1	19.3	165,632,000
2003 .....	5,142.0	2,924.0	8,066.0	10.2	11.0	21.2	189,825,000
2004 .....	6,542.0	3,181.0	9,723.0	11.7	15.1	26.8	188,911,000

(1) Source: Construction Industry Research Board and Real Estate Research Council of Southern California for 1995 to 1997.  
Real Estate Research Council of Southern California for 1998 and subsequent years.

(2) For 1996 and prior years, bank data is for Commercial Banks, Savings & Loans and Credit Unions. Data was compiled by Sheshunoff Information Services, Inc., California, and is obtained from the L. A. Economic Development Corporation.

For 1997 and subsequent years, data is for Commercial Banks and Savings & Loans. Data is from the Federal Deposit Insurance Corporations (FDIC) Internet web address [WWW.FDIC.GOV](http://WWW.FDIC.GOV).

COUNTY OF LOS ANGELES  
 PRINCIPAL TAXPAYERS  
 JUNE 30, 2005

<u>Taxpayers</u>	<u>Total Tax Levy Fiscal Year 2004-05</u>	<u>Percentage of Total</u>	<u>Percentage of Total Tax Levy Fiscal Year 2004-05</u>
Southern California Edison Company	\$ 38,821,031	17.57	.44
BP Amoco Corporation	25,154,172	11.38	.28
Chevron USA, Inc.	24,806,762	11.23	.28
Douglas Emmett Realty Fund	24,419,974	11.05	.27
Pacific Bell Telephone Company	23,117,664	10.46	.26
Exxon Mobil Corporation	17,760,902	8.04	.20
Arden Realty LTD Partnership	17,185,011	7.78	.19
Southern California Gas Company	16,693,037	7.56	.19
Verizon California, Inc.	16,499,407	7.47	.19
Maguire Thomas Partners	16,484,778	7.46	.18
Total	<u>\$ 220,942,738</u>	<u>100.00</u>	<u>2.48</u>

Source: Los Angeles County Treasurer and Tax Collector

COUNTY OF LOS ANGELES  
COUNTY IMPROVEMENT DISTRICTS  
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS  
LAST TEN FISCAL YEARS (in thousands)

<u>FISCAL YEAR</u>	<u>SPECIAL ASSESSMENT BILLINGS</u>	<u>SPECIAL ASSESSMENTS COLLECTED (1)</u>
1995-96	14,748	10,744
1996-97	16,797	11,360
1997-98	15,100	12,219
1998-99	17,083	12,971
1999-00	9,929	8,777
2000-01	12,388	11,502
2001-02	10,188	9,294
2002-03	11,030	10,500
2003-04	11,235	10,636
2004-05	11,132	10,331

(1) Includes prepayments and foreclosures.

COUNTY OF LOS ANGELES  
 MISCELLANEOUS STATISTICAL DATA  
 JUNE 30, 2005

GEOGRAPHICAL LOCATION: The County of Los Angeles is located in the southern portion of California and is bordered on the east by Orange and San Bernardino Counties, on the north by Kern County, on the west by Ventura County and on the south by the Pacific Ocean.

ALTITUDE: 9 feet below sea level at Wilmington to 10,080 feet above sea level at Mt. San Antonio

AREA OF COUNTY: 4,083.21 square miles

COUNTY SEAT: Los Angeles, California

FORM OF GOVERNMENT: Chartered County, governed by five-member Board of Supervisors

DATE CHARTER ADOPTED: June 2, 1913

FISCAL YEAR: July 1 - June 30

REGISTERED VOTERS: 4,072,097 as of January 6, 2005

Estimated Population of the County of Los Angeles  
 As of January, 2005 (1)

INCORPORATED CITIES: Agoura Hills	23,330	Commerce	13,504
Alhambra	90,561	Compton	98,802
Arcadia	56,320	Covina	49,565
Artesia	17,311	Cudahy	25,846
Avalon	3,508	Culver City	40,870
Azusa	48,520	Diamond Bar	59,953
Baldwin Park	81,226	Downey	113,607
Bell	38,961	Duarte	22,834
Bellflower	77,513	El Monte	125,832
Bell Gardens	46,310	El Segundo	17,024
Beverly Hills	35,969	Gardena	61,072
Bradbury	951	Glendale	207,007
Burbank	106,739	Glendora	52,373
Calabasas	23,123	Hawaiian Gardens	15,872
Carson	98,329	Hawthorne	88,790
Cerritos	55,074	Hermosa Beach	19,608
Claremont	36,636	Hidden Hills	2,038

Continued...

COUNTY OF LOS ANGELES  
 MISCELLANEOUS STATISTICAL DATA-Continued  
 JUNE 30, 2005

INCORPORATED CITIES-Continued:

Huntington Park	64,929	Rancho Palos Verdes	43,525
Industry	804	Redondo Beach	67,325
Inglewood	118,164	Rolling Hills	1,983
Irwindale	1,501	Rolling Hills Estates	8,191
La Canada-Flintridge	21,608	Rosemead	57,189
La Habra Heights	6,193	San Dimas	37,005
Lakewood	83,674	San Fernando	24,958
La Mirada	50,477	San Gabriel	42,374
Lancaster	133,703	San Marino	13,673
La Puente	43,360	Santa Clarita	167,954
La Verne	33,480	Santa Fe Springs	17,867
Lawndale	33,458	Santa Monica	91,495
Lomita	21,153	Sierra Madre	11,146
Long Beach	491,564	Signal Hill	10,951
Los Angeles	3,957,875	South El Monte	22,420
Lynwood	73,212	South Gate	102,165
Malibu	13,704	South Pasadena	25,789
Manhattan Beach	36,843	Temple City	35,648
Maywood	29,596	Torrance	147,405
Monrovia	39,147	Vernon	96
Montebello	65,672	Walnut	31,900
Monterey Park	64,614	West Covina	112,417
Norwalk	110,178	West Hollywood	38,036
Palmdale	136,734	Westlake Village	8,905
Palos Verdes Estates	14,208	Whittier	<u>87,250</u>
Paramount	58,109	Total	9,140,874
Pasadena	146,166	Unincorporated	<u>1,085,632</u>
Pico Rivera	67,288		
Pomona	160,815	Total Population	<u><u>10,226,506</u></u>

(1) Source: California Department of Finance

Continued...

COUNTY OF LOS ANGELES  
 MISCELLANEOUS STATISTICAL DATA-Continued  
 JUNE 30, 2005

GOVERNMENT AGENCIES AND SPECIAL DISTRICTS

UNDER SUPERVISION OF THE BOARD OF SUPERVISORS:

	Agencies and <u>Districts</u>
General County	1
Construction Fee Districts	6
Drainage Fee District	1
Drainage Special Assessment Areas	15
Fire Protection	1
Flood Control	1
Garbage Disposal	7
LLAD-Landscape Districts and Zones	42
Street Lighting and Zones	22
LLAD-Street Lighting and Zones	16
Public Library	1
Recreation and Park	1
LLAD-Recreation and Park Districts	2
Regional Park-Open Space Districts	1
Sewer Maintenance Districts and Zones	12
Special Road	5
Waterworks	<u>11</u>
Total	<u>145</u>

UNDER SUPERVISION OF OWN GOVERNING BOARD:

Cemetery	5
Hospital	1
Irrigation and Zones	10
Library	2
Mosquito Abatement	4
Recreation and Park	3
Resource Conservation Districts	2
Sanitation	<u>23</u>
Total	<u>50</u>

SCHOOLS:

Elementary	32
High	8
Community College	15
Unified	<u>47</u>
Total	<u>102</u>

AGENCY ACCOUNTS:

Municipalities	
General Purposes	<u>88</u>

Continued...

COUNTY OF LOS ANGELES  
 MISCELLANEOUS STATISTICAL DATA-Continued  
 JUNE 30, 2005

CITY GOVERNED SPECIAL DISTRICTS:

Landscape Maintenance	10
Library Fund	1
Lighting Districts and Zones	20
Lighting Maintenance	17
Municipal Improvement	2
Municipal Maintenance	5
Municipal Water	8
Pedestrian Mall	1
Recreation and Park	3
Sewer	1
Vehicle Parking	10
Waterworks	<u>1</u>
Total	<u>79</u>

WATER DISTRICTS:

Metropolitan	1
Antelope Valley-East Kern Water Agency	1
Castaic Lake Water Agency	1
California Water Agency	1
Southern California Water Replenishment	1
County Water Districts and Zones	<u>10</u>
Total	<u>15</u>

TOTAL GOVERNMENT AGENCIES AND SPECIAL DISTRICTS 479

COUNTY EMPLOYEES:

1996	73,705	2001	84,878
1997	73,804	2002	86,351
1998	75,349	2003	84,485
1999	78,192	2004	83,354
2000	81,305	2005	83,879

Excludes temporary and seasonal employees.

