



# County of Los Angeles Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2002  
J. Tyler McCauley • Auditor/Controller

COUNTY OF LOS ANGELES  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
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# **INTRODUCTORY SECTION**



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

KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, ROOM 525  
LOS ANGELES, CALIFORNIA 90012-2766  
PHONE: (213) 974-8301 FAX: (213) 626-5427

J. TYLER McCAULEY  
AUDITOR-CONTROLLER

January 10, 2003

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, 2002. 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.

This year's CAFR incorporates the new financial reporting requirements established by Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" (GASB 34), as amended by GASB Statement No. 37. The implementation of GASB 34 significantly modifies the content of the CAFR from the previous year. The County is required to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

During the current year, the County also implemented GASB Statement No. 38, "Certain Financial Statement Note Disclosures," and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Government Fund Financial Statements." The effects of implementing all of the above-mentioned accounting standards are discussed in Note 2 to the basic financial statements.

Honorable Board of Supervisors  
Page 2

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, the MD&A, the Basic Financial Statements (including notes) and the Required Supplementary Information. The Basic Financial Statements include the government-wide financial statements that are presented for the first time and 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	Regional Park and Open Space District
Flood Control District	Garbage Disposal Districts
Street Lighting Districts	Sewer Maintenance Districts
Improvement Districts	Waterworks Districts
Community Development	Los Angeles County Employees
Commission (including the	Retirement Association
Housing Authority of the	Los Angeles County Capital Asset
County of Los Angeles)	Leasing Corporation
Children and Families First	Various Joint Powers Authorities
Commission	

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

Honorable Board of Supervisors  
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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 9.8 million, as of January 2002, 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 of the Supervisors and the other elected County officials. The limits consist of 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.

Many municipal services are provided by the County to 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. 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.

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

## **ECONOMIC CONDITION AND OUTLOOK**

Los Angeles County serves as the central trade district for the western United States and controls nearly three quarters of the Pacific Coast trade with Asia. The County remains a leader in the communications industry, has established itself as a leading financial center and serves as the western headquarters for many national industrial and financial firms.

The County's number of diversified industries continues to be a major strength. In 2001, the manufacturing industry continued its diversification away from aerospace to other durable goods production. Employment in the services industry continues to expand, as does employment in the transportation, utilities and financial sectors. International trade has continued to increase, making the ports of Los Angeles and Long Beach the busiest and most productive in the nation. The continued growth in the industrial sector has significantly decreased real estate vacancy rates and has led to expansion in the County's real estate markets and construction industry.

The County's overall real estate market has remained relatively strong in comparison with overall economic conditions. The number of annual home sales has increased from 83,036 in 1996 to 108,790 in 2000. In 2001, home sales declined slightly to 107,439. The average sales price continued to increase, however, from \$220,000 in 1996 to \$288,000 in 2001. Lending for residential purchases has risen since 1996 with a volume of \$27.8 billion in 2001.

The rebound in annual home sales has been accompanied by a decline in office and industrial vacancy rates and defaults/foreclosures. In 1993, vacancy rates of 19.7% and 12.1% were reported for office and industrial sites, respectively. In 2001, these vacancy rates had declined to 13.9% for office space and 4.3% for industrial sites. The decline in vacant space reflects, in particular, the increasing space needs of the growing motion picture, multimedia and business services industries. Annual default notices also declined from a high of 60,794 in 1996 to 30,138 in 2001.

Construction activity has increased steadily since 1996. The decrease in office and industrial site vacancies, the active real estate market, and the rise in employment and earnings have all contributed to demand for new construction. As a result, the number of residential building permits issued each year has more than doubled from 8,607 in 1996 to 18,059 in 2001. Annual building permit valuations have increased from \$4.2 billion in 1996 to \$7.5 billion in 2001 and construction lending rose from \$1.5 billion to \$3.4 billion during the same period.

## **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 cost of a system of internal accounting controls should not exceed the benefits likely to be derived therefrom 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.

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 transfers of appropriations. The Board must also approve necessary supplemental appropriations, normally financed by unanticipated revenues 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 complied with 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 fraudulent activities by County employees, vendors, contractors, inspectors, etc. Allegations reported over the hotline are evaluated and investigated.

## CASH MANAGEMENT

The majority of the entities included in the report 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 the Treasurer's investment policy. Any deviations from the policy are reported to the Los Angeles County Board of Supervisors monthly and the Treasury Oversight Committee quarterly.

While the Treasurer did not enter into any reverse repurchase agreements during 2001-2002, the Treasurer has determined that, prudently managed and controlled, the use of reverse repurchase agreements can provide incremental gains thereby adding value to the portfolio. The Treasurer's policy limits the maximum par value to \$500 million and proceeds from reverse repurchase agreements may only be reinvested in instruments with maturities at or before the maturity of the reverse repurchase agreement.

Floating rate notes (derivatives) are used as part of the Treasurer's investment strategy. The Treasurer's investment policy precludes the use of complex or hybrid structured investments such as inverse floating rate notes, range notes, and interest only strips derived from mortgage pools.

As of June 30, 2002, LACTP investments had the following maturity ranges:

<u>Maturity Period</u>	<u>% of Total</u>
1 to 60 days	28.7%
61 days to 1 year	42.5%
Over 1 year	28.8%

The Pension Trust Fund is managed by the Retirement Association's Board of Investments. Its investments are made in accordance with State law which authorizes a "Prudent Expert" guideline as to the form and type of investments which may be purchased. Examples of the fund's investments include domestic and global stocks and convertibles, obligations of various federal agencies, domestic corporate bonds, and real estate.

Honorable Board of Supervisors

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The average earnings rate for LACTP for 2001-2002 was 3.55 percent. The Pension Trust Fund's total fund return was negative 5.6 percent, due to the declining stock markets.

The Governmental Accounting Standards Board has established rating criteria to be utilized as indicators, but not absolute measurements, of credit risk for deposits and investments. Credit risk is the risk that the issuer of a security will not redeem it. A low risk category is not necessarily good and a high risk category is not necessarily bad. Additional factors such as the internal controls and financial stability of the parties involved must be taken into consideration. As of June 30, 2002, all of the County's investments were in the low risk category. Note 4 to the basic financial statements provides additional information regarding deposits and investments.

## CONSTITUTIONAL LIMITATIONS ON TAXES AND APPROPRIATIONS

### Article XIII A and XIII B

Article XIII A of the California Constitution limits the taxing powers of California public agencies. Article XIII A provides that the maximum ad valorem tax on real property cannot exceed one percent of the "full cash value" of the property, and effectively prohibits the levying of any other ad valorem property tax except for taxes which are required to pay debt service on voter-approved general obligation bonds. "Full cash value" is defined as "the County Assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The "full cash value" is subject to annual adjustment to reflect inflation at a rate not to exceed two percent or a reduction in the consumer price index or comparable local data, or declining property value caused by damage, destruction or other factors.

The foregoing limitation does not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any indebtedness approved by the voters before July 1, 1978 or any bonded indebtedness for the acquisition or improvement of real property approved by two-thirds of the voters voting on a proposition subsequent to that date.

## 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.

Honorable Board of Supervisors  
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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.

At the direction of the Board, an independent consulting firm conducted a comprehensive evaluation of the County's risk management program and issued two reports. One of the principal recommendations made by the consultant was to consolidate risk management responsibilities that were shared among several County departments. On April 30, 2002, the Board approved the formation of a consolidated Centralized Risk Management Program that would report to the newly established position of County Risk Manager. The Board also directed that high priority be given to the County's workers' compensation and third party liabilities. On December 17, 2002, the Board appointed the County Risk Manager, who reports to the County's Chief Administrative Officer.

## **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 2000-2001 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 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. Such report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

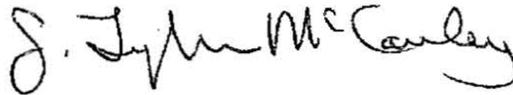
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Honorable Board of Supervisors  
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**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 that reads "J. Tyler McCauley". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

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, 2001

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.



*Timothy A. Brewer*  
President

*Jeffrey L. Essler*  
Executive Director

COUNTY OF LOS ANGELES  
BOARD OF SUPERVISORS AND PRINCIPAL COUNTY OFFICIALS  
JUNE 30, 2002

BOARD OF SUPERVISORS

Zev Yaroslavsky, Chairman  
Third District

Gloria Molina  
First District

Don Knabe  
Fourth District

Yvonne Brathwaite Burke  
Second 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

Lloyd W. Pellman  
County Counsel

# COUNTY OF LOS ANGELES

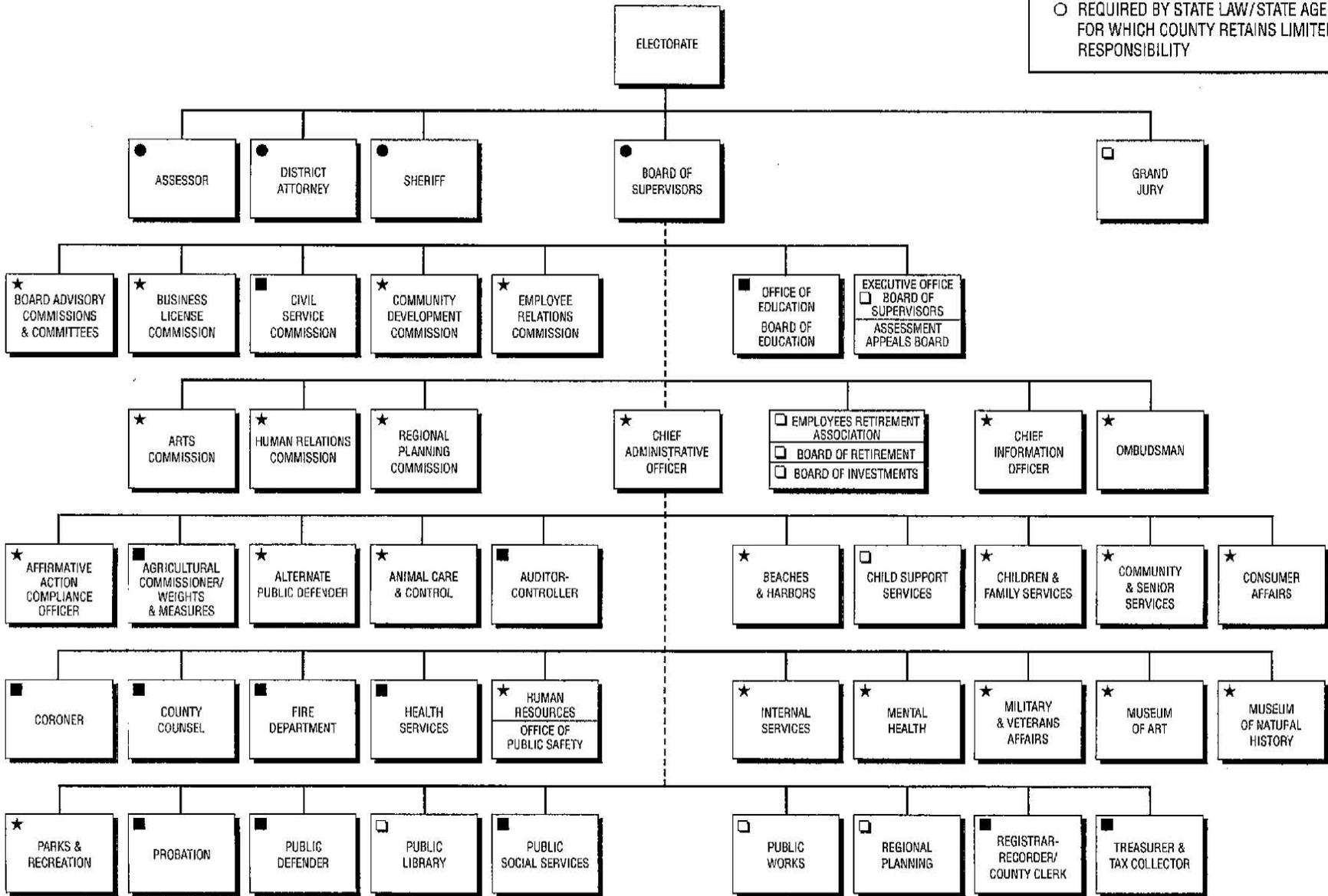
**LEGEND**

**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**



355 South Grand Avenue  
Suite 2000  
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, 2002, 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 Los Angeles County Employees' Retirement Association (LACERA), which statements are shown in the Pension Trust Fund of the basic financial statements, and the Children and Families First Commission (CFFC), shown as a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for LACERA and CFFC, is based on the report 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report 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, 2002 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison 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.

As described in note 2, the County has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; GASB



KPMG LLP, a U.S. limited partnership, is  
a member of KPMG International, a Swiss association.

Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*; and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditure in Governmental Fund Financial Statements*, effective July 1, 2001.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 10, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management’s Discussion and Analysis on pages 3 through 17, and the schedules of funding progress on page 91 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 and the other auditors 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 an opinion 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 combining and individual fund statements and schedules 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

January 10, 2003

## 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, 2002. We recommend that this information be used in conjunction with additional information contained in the letter of transmittal, which can be found on pages i-ix of this report.

This discussion and analysis is being presented as part of the County's CAFR for the first time and it coincides with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 34. Accordingly, there is limited comparative data available for analysis this year. Future reports will include extensive comparisons as required.

### Financial Highlights

At the end of the current year, the net assets (total assets less total liabilities) of the County were positive \$712 million. However, net assets are classified into three categories and the unrestricted component is negative \$2.64 billion. See further discussion on page 7.

During the current year, the County's net assets increased by a total of \$164 million. The amount of the increase was \$41 million and \$123 million for governmental activities and business-type activities, respectively.

At the end of the current year, the County's General Fund reported a total fund balance of \$1.512 billion. The amount of unreserved and undesignated fund balance was \$558 million.

The County's capital asset balances were \$3.86 billion at year-end and increased by \$134 million during the year. Infrastructure assets are reflected only to the extent that they were acquired during the year. Retroactive infrastructure reporting has been deferred until future years as discussed on page 6.

The County's total long-term debt decreased by \$318 million during the year. Bond maturities of \$436 million exceeded the \$118 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.

COMBINING FINANCIAL STATEMENTS

Combining financial statements are presented for non-major governmental and proprietary funds. The combining statements also provide details for the fiduciary funds.

**Government-wide Financial Analysis**

This year is the first period the County applied Governmental Accounting Standards Board (GASB) Statement No. 34. The County has not restated prior periods for purposes of providing the comparative data for the Management's Discussion and Analysis (MD&A) because certain prior-year information is unavailable. However, in future years, when prior-year information is available, a comparative analysis of government-wide data will be presented.

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 \$712 million at the close of the most recent fiscal year.

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

Statement of Net Assets  
June 30, 2002  
(in thousands)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current and other assets	\$ 5,184,932	\$ 1,071,554	\$ 6,256,486
Capital assets	<u>3,069,746</u>	<u>790,313</u>	<u>3,860,059</u>
Total assets	<u>\$ 8,254,678</u>	<u>\$ 1,861,867</u>	<u>\$ 10,116,545</u>
Current and other liabilities	\$ 1,247,121	\$ 168,073	\$ 1,415,194
Long-term liabilities	<u>6,041,492</u>	<u>1,947,455</u>	<u>7,988,947</u>
Total liabilities	<u>7,288,613</u>	<u>2,115,528</u>	<u>9,404,141</u>
Net assets:			
Invested in capital assets, net of related debt	1,944,507	402,528	2,347,035
Restricted net assets	913,613	91,994	1,005,607
Unrestricted net assets	<u>(1,892,055)</u>	<u>(748,183)</u>	<u>(2,640,238)</u>
Total net assets	<u>966,065</u>	<u>(253,661)</u>	<u>712,404</u>
Total liabilities and net assets	<u>\$ 8,254,678</u>	<u>\$ 1,861,867</u>	<u>\$ 10,116,545</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 (\$2.347 billion) represents its investment in capital assets (e.g. land and easements, 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 the current year 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 \$1.006 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

The County's unrestricted net assets are negative \$2.64 billion. Both governmental and business-type activities reported deficits in this category of \$1.892 billion and \$748 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, 2002, there were \$3.356 billion of liabilities recorded for all of the issues noted above and for all activities. Of this amount, the County's budget had funded approximately \$260 million as of June 30, 2002, which consists of \$98 million related to governmental activities and \$162 million related to business-type activities. The \$98 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 \$162 million that has been provided for the business-type activities pertains to estimated third party payor liabilities for the County's hospitals.

The presentation of the unrestricted net assets and the related deficit balances are among the new elements of the basic financial statements this year. However, the underlying liabilities that give rise to the deficits have been evident in previous years' financial statements issued by the County. For governmental activities, such liabilities were displayed in the former General Long-Term Debt Account Group. The County's principal business activities are the six hospitals, which have previously reported accumulated deficits due to the unfunded liabilities discussed above.

In addition to the aforementioned liabilities, the County has recorded pension bonds payable of \$2.094 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 \$1.301 billion. This difference consists of accreted interest (interest expense that accrues each year but is not payable until deferred periods) of \$380 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 \$521 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 \$412 million for outstanding bonds, the County's related assets are only \$185 million. The difference of \$227 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 not require the use of discretionary County funds.

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

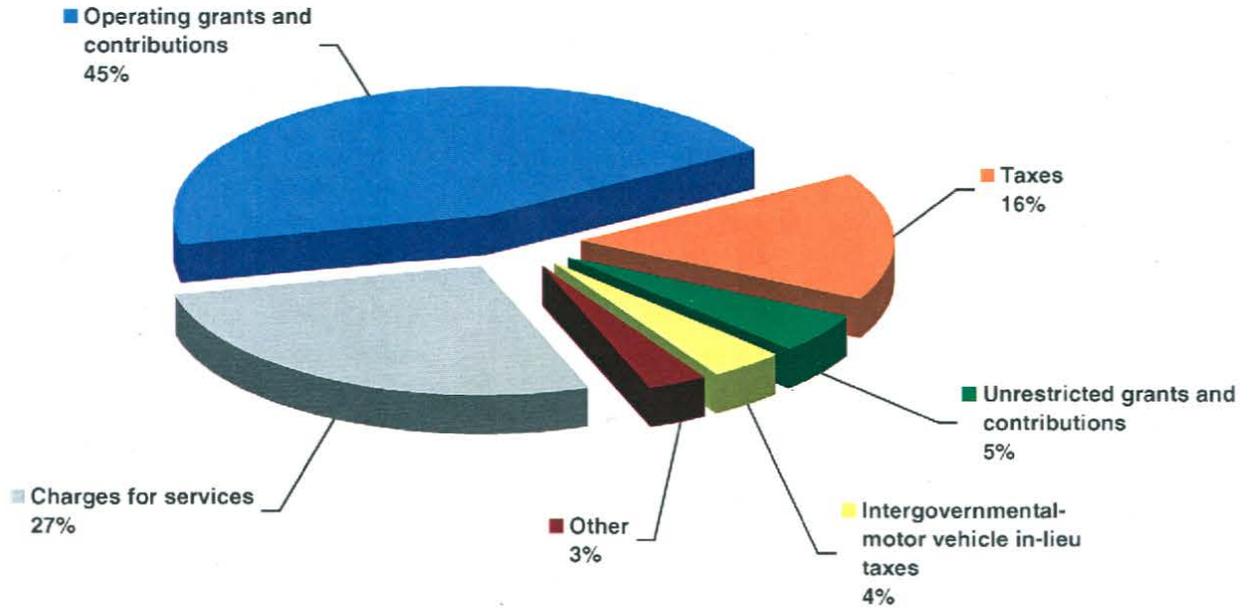
The following table indicates the changes in net assets for governmental and business-type activities:

Statement of Activities  
For the Year Ended June 30, 2002  
(in thousands)

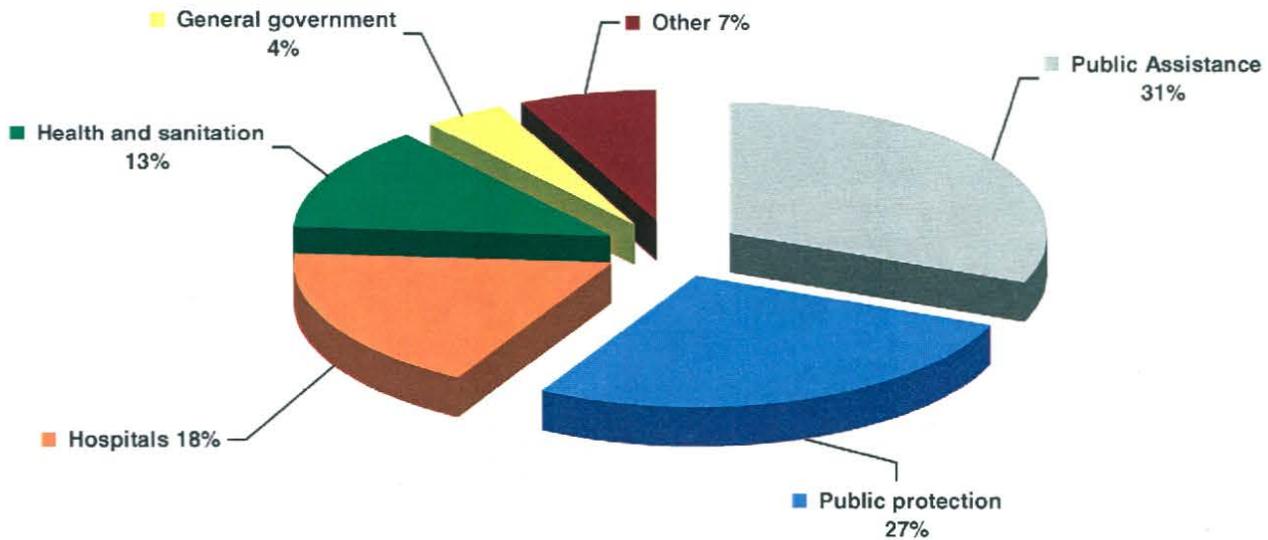
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Revenues:</b>			
<b>Program revenues:</b>			
Charges for services	\$ 1,898,020	\$ 1,994,361	\$ 3,892,381
Operating grants and contributions	6,243,962	267,329	6,511,291
Capital grants and contributions	27,534	13,765	41,299
<b>General revenues:</b>			
Taxes	2,349,836	2,550	2,352,386
Intergovernmental-motor vehicle in-lieu taxes	675,004		675,004
Unrestricted grants and contributions	706,167	33	706,200
Investment earnings	154,439	4,415	158,854
Miscellaneous	148,622	50,860	199,482
Total revenues	<u>12,203,584</u>	<u>2,333,313</u>	<u>14,536,897</u>
<b>Expenses:</b>			
General government	611,203		611,203
Public protection	3,937,519		3,937,519
Public ways and facilities	208,299		208,299
Health and sanitation	1,795,060		1,795,060
Public assistance	4,505,319		4,505,319
Education	73,455		73,455
Recreation	231,605		231,605
Interest on long-term debt	249,586		249,586
Hospitals		2,517,854	2,517,854
Aviation		4,618	4,618
Waterworks		39,857	39,857
Community Development Commission		198,340	198,340
Total expenses	<u>11,612,046</u>	<u>2,760,669</u>	<u>14,372,715</u>
Excess (deficiency) before transfers	591,538	(427,356)	164,182
Transfers	(550,302)	550,302	
Changes in net assets	41,236	122,946	164,182
Net assets – July 1, 2001	924,829	(376,607)	548,222
Net assets – June 30, 2002	<u>\$ 966,065</u>	<u>\$ (253,661)</u>	<u>\$ 712,404</u>

The County's net assets increased by \$164 million during the current fiscal year. Governmental activities accounted for \$41 million of the increase and business-type activities represented \$123 million. Following are specific major factors that provided the net asset increases.

REVENUES BY SOURCE – ALL ACTIVITIES



EXPENSES BY TYPE – ALL ACTIVITIES



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

Governmental Activities

The Statement of Activities is being presented for the first time in the County's basic financial statements. Accordingly, comparable financial information from the prior year is not available. In future years, this section will provide discussion of the changes in the various revenues and expenses that explain the overall change in net assets.

For the current year, governmental activities increased net assets by \$41 million. The County's two largest governmental activities were public assistance and public protection, which reported expenses of \$4.5 billion and \$3.9 billion, respectively. These two areas represented 73% of expenses related to governmental activities. For public assistance, the County's major operating departments consisted of the Department of Public Social Services and the Department of Children and Family Services. For public protection, the significant majority of expenses pertain to programs and services provided by the Sheriff's Department, the Probation Department and the District Attorney.

Program revenues were \$8.17 billion for governmental activities and provided funding for 70% of the related expenses. The County also reported general revenues of \$4.03 billion that were available to fund governmental activities and transfer payments to business activities. The most significant general revenue was from taxes (principally property taxes), which represented 58% of total general revenues related to governmental activities.

Business-type Activities

The County's six hospitals represented nearly all of the increase in net assets for business-type activities, with each hospital reporting an increase during the current year. Revenues from patient services increased by \$77 million over the previous year and the County's subsidy to the hospitals (reflected as "transfers in") also increased by \$17 million.

**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 \$3.101 billion, an increase of \$15 million in comparison with the prior year. Of the total fund balance, \$1.139 billion is reserved to indicate the extent that funds have been committed or are otherwise unavailable for spending. An additional \$783 million has been designated and set aside for intended spending purposes as indicated in the financial statements. The remaining \$1.179 billion of the balances are unreserved and undesignated. This amount is available for spending at the County's discretion.

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

Governmental Funds-Continued

Revenues from all governmental funds for the current year were \$12.18 billion. Intergovernmental revenues, which consisted primarily of federal and State funding, represented \$7.52 billion, or 62% of the total revenues. Expenditures for governmental functions were \$11.67 billion. In addition to the revenues and expenditures, there were significant financing sources and uses reported. These included "transfers out" of \$536 million to provide financial assistance to the Hospital Enterprise Funds.

The General Fund is the County's principal operating fund. At the end of the current fiscal year, the General Fund's total fund balance was \$1.512 billion. \$359 million of this amount was reserved and therefore unavailable for spending. Of the unreserved total of \$1.153 billion, \$595 million has been designated (earmarked) and the remaining \$558 million is considered both unreserved and undesignated.

The fund balance in the County's General Fund increased by \$170 million during the current year. Significant factors that provided the net change in fund balance included increased growth in tax revenues (\$112 million), primarily from property taxes, which continued to trend upward during the year. In addition, vehicle license fees received from the State increased by \$30 million and the County's share of tobacco settlement revenues also grew by \$19 million.

As discussed in Note 2 to the basic financial statements, the County implemented various new accounting standards during the year. The implementation of GASB Interpretation No. 6 had the effect of increasing the General Fund's beginning fund balance by \$216 million. Liabilities of \$271 million previously recognized (primarily for workers' compensation) have been removed. The reduction of liabilities was partially offset by a reduction of property tax receivables of \$55 million.

Proprietary Funds

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

The County's principal proprietary funds are the six hospital enterprise funds and each one has been reported as a major fund. The County's nonmajor enterprise funds consist of the Waterworks Districts, the Aviation Fund, and the Community Development Commission's housing programs. Another significant proprietary fund is the Public Works Internal Service Fund, which is utilized to account for the cost of services provided by the Department of Public Works to the Road Fund, Flood Control District, various other special districts and agencies, and the General Fund. During the current year, each of the hospital funds reported increases in net assets.

The six hospital enterprise funds and the Public Works Internal Service Fund have deficits in unrestricted net assets. As discussed earlier, the County has incurred significant unfunded liabilities for workers' compensation, litigation, self-insurance, and accrued vacation and sick leave. For the Hospital Funds, medical malpractice liabilities and third party payor liabilities are also contributing to the deficits.

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

**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 \$71.3 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 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	\$ 58,666	\$ 1,696,103	\$ 1,709,391	\$ 13,288
Intergovernmental revenues	174,138	8,071,146	7,146,731	(924,415)
Charges for services	16,502	1,094,693	1,174,812	80,119
All other revenue	112,115	698,182	564,906	(133,276)
Other sources and transfers	(6,479)	527,648	493,249	(34,399)
Total	<u>\$ 354,942</u>	<u>\$ 12,087,772</u>	<u>\$ 11,089,089</u>	<u>\$ (998,683)</u>

Changes from Amounts Originally Budgeted

During the year, net increases in budgeted revenues and other financing sources approximated \$355 million. The most significant increases occurred in the following areas:

- The budget for tax revenues was increased by \$59 million. The County's policy is to increase the budget for certain tax revenues that exceed the amounts originally budgeted. The revised budget action occurs at the end of the fiscal year and is designed to demonstrate compliance with legal provisions related to the appropriation of revenues from taxes.
- Estimated revenues from intergovernmental sources were augmented by \$177 million. Increased federal and State funding of \$80 million was identified during the year and added to the budget for mental health programs. The budget for \$37 million of State revenues (principally vehicle license fees) was increased to comply with statutory requirements. The remaining \$60 million consisted primarily of federal and State grant funds that were awarded after the original budget was adopted. The additional revenues funded a large variety of programs across various categories.
- The net increase of \$109 million related to "all other revenues" was attributable to tobacco settlement revenues of \$122 million (offset by miscellaneous reductions of \$13 million). The County's policy is to budget tobacco settlement revenues after they have been received.

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

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the General Fund were nearly \$1 billion lower than budget. As discussed below, most of this variance was concentrated in the area of intergovernmental revenues.

- Actual intergovernmental revenues were \$924 million lower than the amount budgeted. Social service programs accounted for approximately \$530 million of this variance. An additional \$206 million pertained to anticipated reimbursement of capital improvement and disaster recovery projects that were not completed prior to year-end. The remainder of \$188 million was related to a variety of reimbursable programs.
- With regard to the social service programs' variance of \$530 million, approximately \$408 million was due to shortfalls in the level of revenues anticipated. In January, 2002, the Board of Supervisors discussed the specific program curtailments that would be required in order to ensure that the overall budget would not be adversely impacted. Although formal budgetary changes were not enacted, program spending in the category of public assistance was directed to be sufficiently reduced (see budgetary table for expenditures below). Revenues budgeted for public assistance programs were \$122 million higher than the amounts realized. Since actual assistance cases (and their related costs) were lower than anticipated, the revenues that reimburse such costs were also lower.
- The variance of \$133 million related to the category "all other revenue" was mostly due to approximately \$90 million of unrealized miscellaneous revenues budgeted for health services and an additional \$40 million for various capital projects. Although the assumed revenues for health services were not recognized, expenditures were lower than appropriations by a similar amount. The revenues expected for the capital projects were not fully realized because reimbursable expenses had not yet been incurred for projects that remained in planning stages.

Budgetary Summary – Expenditures/Other Financing Uses

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

<u>Category</u>	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance- Positive
General government	\$ 12,274	\$ 817,052	\$ 584,626	\$ 232,426
Public protection	28,127	3,278,323	3,154,714	123,609
Health and sanitation	72,191	2,240,076	2,150,987	89,089
Public assistance	44,724	4,865,886	4,296,071	569,815
All other expenditures	10,966	626,301	252,598	373,703
Transfers out	22,142	563,133	561,872	1,261
Contingencies	5,631	151,702		151,702
Reserves/designations-net	158,887	77,331	16,897	60,434
<b>Total</b>	<b>\$ 354,942</b>	<b>\$ 12,619,804</b>	<b>\$ 11,017,765</b>	<b>\$1,602,039</b>

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

Changes from Amounts Originally Budgeted

During the year, net increases in General Fund appropriations, reserves and designations were approximately \$355 million. The most significant increases were in the following areas:

- Provisions for net reserves and designations were increased during the year by \$159 million. The most significant portion of this amount, \$143 million, pertains to an increase in the designation for health services. This designation was funded by tobacco settlement revenues received during the year (\$122 million) plus the unused balance of amounts received in prior years, including interest (\$21 million).
- After the original budget was established, appropriations for health and sanitation were increased by \$72 million. There was an increase of \$99 million to the Department of Mental Health's budget to provide for expansion of reimbursable services provided by the Department and its contractors, including the cost of medication prescriptions. This increase was offset by a \$27 million shift of appropriations to the "transfers out" budget in order to consolidate health services savings which revert to the Hospital Enterprise Funds.
- After the original budget was established, appropriations for public assistance were increased by \$45 million. This increase was mostly attributable to programs operated by the Department of Children and Family Services. Additional resources of \$27 million were required to fund the foster care program, which provides financial assistance to children in protective custody who are placed in out-of-home care. An additional \$11 million was required for the adoptions assistance program.

Actual Expenditures/Other Financing Uses Compared with Final Budget Amount

Actual funding requirements for the current year were \$1.6 billion, or 13%, lower than the final total budget of \$12.6 billion. Although there were budgetary savings in all categories, following are the functional areas that recognized the largest variations from the final budget:

- Actual public assistance expenditures were \$570 million lower than the final budget. As discussed earlier in the "actual revenues" section, the difference was principally due to social service program curtailments and lower than anticipated public assistance expenditures.
- The category referred to as "all other expenditures" reflected actual spending of \$374 million less than the budgeted amount. Nearly all (\$362 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.
- The general government function reported actual expenditures that were \$232 million less than the amount budgeted. Of this amount, \$122 million represented budgetary savings for items that are not associated with specific County departments, such as interest expenditures and extraordinary maintenance and repairs. The remaining \$110 million was spread across virtually every department comprising general government and was mostly related to salary savings (a hiring freeze existed throughout the year) and savings in services and supplies.
- Contingency appropriations totaling \$152 million were not utilized. Amounts budgeted in this account are not eligible to be spent unless transferred to a specific functional category. The events of September 11, 2001 and increasing concerns regarding the State's growing budget deficit (and its potential impact on the County) were influencing factors that resulted in the final unallocated balance of \$152 million.

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

**Capital Assets**

The County's capital assets for its governmental and business type activities as of June 30, 2002 were \$3.86 billion (net of depreciation). Capital assets include land, buildings and improvements, machinery and equipment. Infrastructure assets have also been recognized for activity that occurred during the current year. As discussed earlier, the County has deferred recognition of infrastructure assets acquired prior to July 1, 2001.

The total increase in the County's capital assets (net of depreciation) for the current fiscal year was \$134 million or 3.6%, 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	\$ 392,555	\$ 376,688	\$ 15,867
Buildings and improvements	2,697,259	2,717,673	(20,414)
Infrastructure	12,107		12,107
Equipment	230,471	244,944	(14,473)
Construction-in-progress	527,667	386,454	141,213
Total	<u>\$3,860,059</u>	<u>\$3,725,759</u>	<u>\$ 134,300</u>

The capital asset activities that led to the increase over the prior year were primarily concentrated in the Construction-in-Progress category. Significant new construction occurred as follows:

New infrastructure costs were capitalized for projects that remained in progress at the end of the year. The projects were related to the County's Flood Control District and Road Fund operations. The value of the new construction for these activities was \$32 million and \$19 million, respectively. These projects will remain classified within the Construction-in-Progress category until they are completed.

Approximately \$31 million of the increase in Construction-in-Progress was related to the Antelope Valley Courthouse. Additions of nearly \$12 million were related to the parking garage of the Disney Concert Hall.

The County is progressing with the rebuilding of the LAC+USC Medical Center. This project is still in its early stages. However, the overall project cost is estimated at \$821 million. During the year, \$15 million of costs were capitalized. Subsequent to year end, the County entered into the principal construction contract for the project in the amount of \$498 million.

**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	\$ 2,424,419	\$ 2,601,875	\$ 177,456
Pension Bonds Payable	2,093,749	2,234,120	140,371
Total	<u>\$ 4,518,168</u>	<u>\$ 4,835,995</u>	<u>\$ 317,827</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 \$318 million, or nearly 7%. Specific changes related to governmental and business-type activities are presented in Note 8 to the financial statements. During the current year, significant long-term debt transactions were as follows:

- Refunding bonds totaling \$29 million were issued to advance refund previously issued debt. The refunding will result in a \$3.47 million reduction of the County's debt service payments over the next 10 years.
- New debt of \$55 million was issued to finance the acquisition of equipment. A similar amount, \$58 million, of outstanding debt issued for equipment was redeemed during the year in accordance with maturity schedules.
- Additions to Pension Bonds of approximately \$28 million were 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 28, 2002, 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+	
Regional Park and Open Space District Bonds	Aa3	AA	

**Economic Conditions and Outlook**

The Board of Supervisors adopted the County's 2002-2003 Budget on June 26, 2002. The Budget was adopted based on estimated fund balances that would be available at the end of 2001-2002. The Board updated the Budget on October 1, 2002 to reflect final 2001-2002 fund balances and other pertinent financial information. For the County's General Fund, the 2002-2003 Budget utilized \$603 million of available fund balance. Of this amount, \$100 million has been placed in Appropriations for Contingencies, which is not available for spending unless the Board amends the Budget and authorizes the funds to be used for specific purposes.

For 2002-2003, County operations and services are generally budgeted at 2001-2002 levels with minimal funding provided to primarily support negotiated increases in salaries and employee benefits. Growth in major revenue categories such as property taxes and major State revenues derived from sales taxes has been incorporated into the budget at levels between 2% and 4%.

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

Although the County's budget has been balanced for 2002-2003, the financial outlook for the State's budget is being closely monitored to assess the potential implications for the County. The State is currently addressing budget deficits that are projected to exceed \$20 billion. State funding reductions for programs operated by the County are expected to impact the County's 2002-2003 budget and beyond. At this time, the State is in the preliminary stages of addressing the projected deficit and material impacts to the County, if any, have not been determined.

The County is also in the process of restructuring the Health Care Delivery System to address the decline in revenue sources from the Medicaid Waiver Extension. Specific curtailments have been directed to be made and additional service reductions are contemplated. This issue is discussed in Notes 11 and 18 to the basic financial statements.

**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, 2002 (In thousands)

	PRIMARY GOVERNMENT			COMPONENT UNIT CHILDREN AND FAMILIES FIRST COMMISSION
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<b>ASSETS</b>				
Pooled cash and investments: (Notes 1 and 4)				
Operating (Note 1)	\$ 2,100,370	\$ 33,871	\$ 2,134,241	\$ 521,761
Other (Note 1)	787,683	38,847	826,530	
Total pooled cash and investments	<u>2,888,053</u>	<u>72,718</u>	<u>2,960,771</u>	<u>521,761</u>
Other investments (Note 4)	356,709	19,348	376,057	
Taxes receivable	226,453	1,478	227,931	
Accounts receivable - net		595,012	595,012	
Interest receivable	27,308	296	27,604	3,391
Other receivables	1,067,915	27,821	1,095,736	25,891
Internal balances	(65,379)	65,379		
Inventories	87,550	31,346	118,896	
Restricted assets (Note 4)	8,412	52,689	61,101	
Net pension obligation (Note 6)	587,911	205,467	793,378	
Capital assets: (Notes 5 and 7)				
Land and construction in progress	650,412	269,810	920,222	
Other capital assets, net of depreciation	2,419,334	520,503	2,939,837	74
Total capital assets	<u>3,069,746</u>	<u>790,313</u>	<u>3,860,059</u>	<u>74</u>
<b>TOTAL ASSETS</b>	<u>8,254,678</u>	<u>1,861,867</u>	<u>10,116,545</u>	<u>551,117</u>
<b>LIABILITIES</b>				
Accounts payable	370,050	64,384	434,434	2,677
Accrued payroll	350,526	83,373	433,899	327
Other payables	205,081	3,920	209,001	
Accrued interest payable	27,643	1,758	29,401	
Deferred revenue (Note 6)	178,263	14,638	192,901	
Advances payable	115,558		115,558	
Noncurrent liabilities: (Notes 6, 7, 8, 11 and 15)				
Due within one year	731,006	333,237	1,064,243	
Due in more than one year	5,310,486	1,614,218	6,924,704	
<b>TOTAL LIABILITIES</b>	<u>7,288,613</u>	<u>2,115,528</u>	<u>9,404,141</u>	<u>3,004</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt (Notes 5 and 8)	1,944,507	402,528	2,347,035	74
Restricted for:				
Capital projects	1,103		1,103	
Debt service	22,215	71,148	93,363	
Special purpose	890,295	20,846	911,141	548,039
Unrestricted (deficit)	(1,892,055)	(748,183)	(2,640,238)	
<b>TOTAL NET ASSETS (DEFICIT)</b>	<u>\$ 966,065</u>	<u>\$ (253,661)</u>	<u>\$ 712,404</u>	<u>\$ 548,113</u>

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, 2002 (in thousands)

FUNCTIONS	PROGRAM REVENUE				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			COMPONENT UNIT CHILDREN AND FAMILIES FIRST COMMISSION	FUNCTIONS
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT				
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL		
<b>PRIMARY GOVERNMENT:</b>									<b>PRIMARY GOVERNMENT:</b>
Governmental activities:									Governmental activities:
General government	\$ 611,203	\$ 332,282	\$ 16,609	\$ 1,875	\$ (260,437)	\$	\$ (260,437)		General government
Public protection	3,837,519	981,002	1,001,793	2,523	(1,952,201)		(1,952,201)		Public protection
Public ways and facilities	208,299	20,540	163,682		(24,077)		(24,077)		Public ways and facilities
Health and sanitation	1,795,060	375,484	1,175,246	3,011	(241,319)		(241,319)		Health and sanitation
Public assistance	4,605,319	31,174	3,879,117		(595,028)		(595,028)		Public assistance
Education	73,455	2,834	5,884		(64,737)		(64,737)		Education
Recreation and cultural services	231,605	154,704	1,031	20,125	(55,145)		(55,145)		Recreation and cultural services
Interest on long-term debt	249,596				(249,586)		(249,586)		Interest on long-term debt
Total governmental activities	<u>11,612,046</u>	<u>1,896,020</u>	<u>6,243,962</u>	<u>27,534</u>	<u>(3,442,530)</u>		<u>(3,442,530)</u>		Total governmental activities
Business-type activities:									Business-type activities:
Hospitals	2,517,854	1,947,403	81,865	12,246		(476,340)	(476,340)		Hospitals
Aviation	4,618	2,638	928	1,519		467	467		Aviation
Waterworks	38,857	35,909	960			(2,958)	(2,958)		Waterworks
Community Development Commission	198,340	8,411	183,546			(6,383)	(6,383)		Community Development Commission
Total business-type activities	<u>2,760,669</u>	<u>1,994,361</u>	<u>267,329</u>	<u>13,765</u>		<u>(485,214)</u>	<u>(485,214)</u>		Total business-type activities
Total primary government	<u>\$ 14,372,715</u>	<u>\$ 3,892,381</u>	<u>\$ 6,511,291</u>	<u>\$ 41,299</u>	<u>(3,442,530)</u>		<u>(3,827,744)</u>		Total primary government
<b>COMPONENT UNIT -</b>									<b>COMPONENT UNIT -</b>
Children and Families First Commission	\$ 32,155	\$	\$ 148,445	\$			\$ 116,289		Total - Children & Families First Commission
<b>GENERAL REVENUES:</b>									<b>GENERAL REVENUES:</b>
Taxes:									Taxes:
Property taxes					2,076,911	2,550	2,079,461		Property taxes
Sales and use taxes					69,629		69,629		Sales and use taxes
Utility users taxes					49,999		49,999		Utility users taxes
Voter approved taxes					63,555		63,555		Voter approved taxes
Other taxes					89,742		89,742		Other taxes
Intergovernmental - motor vehicle in-lieu taxes					675,004		675,004		Intergovernmental - motor vehicle in-lieu taxes
Grants and contributions not restricted to special programs					706,167	33	706,200		Grants and contributions not restricted to special programs
Investment earnings					154,439	4,415	158,854	15,706	Investment earnings
Miscellaneous					148,622	50,860	199,482		Miscellaneous
TRANSFERS - NET					(550,302)	550,302			TRANSFERS - NET
Total general revenues and transfers					<u>3,483,766</u>	<u>609,160</u>	<u>4,091,926</u>	<u>15,706</u>	Total general revenues and transfers
<b>CHANGE IN NET ASSETS</b>					<u>41,236</u>	<u>122,946</u>	<u>164,182</u>	<u>131,995</u>	<b>CHANGE IN NET ASSETS</b>
NET ASSETS, JULY 1, 2001					924,829	(376,807)	548,222	416,118	NET ASSETS, JULY 1, 2001
NET ASSETS, JUNE 30, 2002					<u>\$ 966,065</u>	<u>\$ (253,861)</u>	<u>\$ 712,404</u>	<u>\$ 548,113</u>	NET ASSETS, JUNE 30, 2002

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

COUNTY OF LOS ANGELES  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2002 (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)	\$ 807,450	8,404	113,163	8,533
Other (Note 1)	724,271	18,160	6,701	2,184
Total pooled cash and investments	<u>1,531,721</u>	<u>26,564</u>	<u>119,864</u>	<u>10,717</u>
Other investments (Note 4)	7,954			
Taxes receivable	158,447	39,625	14,432	5,503
Interest receivable	16,319	94	986	84
Other receivables	928,039	10,933	4,118	47
Due from other funds (Note 12)	266,588	1,234	3,112	166
Advances to other funds (Note 12)	33,139		6,842	
Inventories	36,740	5,771		84
<b>TOTAL ASSETS</b>	<u>\$ 2,978,947</u>	<u>84,221</u>	<u>149,354</u>	<u>16,601</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 304,943	3,874	2,454	2,713
Accrued payroll	300,728	29,364		3,185
Other payables	194,405	837		64
Due to other funds (Note 12)	283,710	208	11,077	219
Deferred revenue (Note 6)	251,541	31,447	18,436	4,875
Advances payable	105,629			
Third party payor liability (Notes 8 and 11)	25,637	1,372		
<b>TOTAL LIABILITIES</b>	<u>1,466,593</u>	<u>67,102</u>	<u>31,967</u>	<u>10,856</u>
<b>FUND BALANCES:</b>				
Reserved for:				
Encumbrances	277,146	7,369	88,300	2,587
Inventories	36,740	5,771		84
Housing programs				
Debt service				
Endowments and annuities				
Other	44,879	25	3,011	15
Unreserved, designated for:				
Budget uncertainties	388,235			
Program expansion	205,805			862
Subsequent years' expenditures				
Capital projects			20,307	
Unreserved, undesignated, reported in:				
General fund	558,549			
Special revenue funds		3,954	5,769	2,197
Capital projects funds				
<b>TOTAL FUND BALANCES</b>	<u>1,512,354</u>	<u>17,119</u>	<u>117,387</u>	<u>5,745</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,978,947</u>	<u>84,221</u>	<u>149,354</u>	<u>16,601</u>

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
\$ 272,281	847,755		\$ 2,057,586
1,531	28,756		781,603
<u>273,812</u>	<u>876,511</u>		<u>2,839,189</u>
	757,949	(412,295)	353,608
3,520	4,926		226,453
2,462	7,005		26,950
6,009	95,629		1,044,775
	8,502		279,602
	10,863		50,844
	38,851		81,446
<u>\$ 285,803</u>	<u>1,800,236</u>	<u>(412,295)</u>	<u>\$ 4,902,867</u>
\$ 6,526	43,983		\$ 364,493
	487		333,764
4,101	4,994		204,401
7,137	97,740		400,091
7,498	40,313		353,910
	9,929		115,558
	2,335		29,344
<u>25,202</u>	<u>199,781</u>		<u>1,801,561</u>
161,234	192,140		728,776
	38,851		81,446
	2,568		2,568
	665,360	(412,295)	253,065
	3,454		3,454
	22,170		70,100
			388,235
	35,944		243,611
	130,219		130,219
	796		21,103
			558,549
99,307	398,716		509,943
	110,237		110,237
<u>260,541</u>	<u>1,600,455</u>	<u>(412,295)</u>	<u>3,101,306</u>
<u>\$ 285,803</u>	<u>1,800,236</u>	<u>(412,295)</u>	<u>\$ 4,902,867</u>

## 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)

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

Other

Unreserved, designated for:

Budget uncertainties

Program expansion

Subsequent years' expenditures

Capital projects

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, 2002 (in thousands)

Fund balances - total governmental funds (page 23)		\$ 3,101,306
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	273,701	
Construction-in-progress	376,711	
Buildings and improvements - net	2,212,829	
Equipment - net	108,668	
Infrastructure - net	12,107	2,984,016
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	178,107	
Long-term receivables	22,871	200,978
The net pension obligation (an asset) pertaining to governmental fund types is not recorded in governmental fund statements.		548,442
Accrued interest payable is not recognized in governmental funds.		(28,070)
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	(1,955,861)	
Pension bonds payable	(1,447,358)	
Capital lease obligations	(113,035)	
Accrued vacation/sick leave	(528,470)	
Workers' compensation	(1,357,733)	
Litigation/self-insurance	(364,156)	
Third party payors	(4,397)	(5,771,010)
Assets and liabilities of the internal service funds are included in governmental activities in the accompanying statement of net assets.		(69,597)
Net assets of governmental activities (page 19)		\$ 966,065

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  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2002 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	PUBLIC LIBRARY
<b>REVENUES:</b>				
Taxes	\$ 1,708,877	393,670	59,298	45,989
Licenses, permits and franchises	45,876	7,961	731	
Fines, forfeitures and penalties	192,427	2,986	1,474	390
Revenue from use of money and property:				
Investment income (Note 4)	93,779	800	4,382	227
Rents and concessions (Note 7)	15,733	86	6,108	46
Royalties	146		140	
Intergovernmental revenues:				
Federal	3,139,737	474	1,329	45
State	3,940,782	12,174	1,502	6,335
Other	69,068	15,544	1,984	1,079
Charges for services	1,174,812	106,054	107,552	2,787
Proceeds from property owners				
Miscellaneous	232,164	232	1,061	991
<b>TOTAL REVENUES</b>	<b>10,513,401</b>	<b>539,981</b>	<b>185,561</b>	<b>57,889</b>
<b>EXPENDITURES:</b>				
Current:				
General government	565,562			
Public protection	3,006,920	531,525	186,669	
Public ways and facilities				
Health and sanitation	1,682,256			
Public assistance	4,228,408			
Education				72,542
Recreation and cultural services	154,485			
Debt service:				
Principal	109,924	5,416		1,205
Interest and other charges	102,396	3,621		806
Capital leases	8,220			
Capital outlay	47,568			
<b>TOTAL EXPENDITURES</b>	<b>9,905,739</b>	<b>540,562</b>	<b>186,669</b>	<b>74,553</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>707,662</b>	<b>(581)</b>	<b>(1,108)</b>	<b>(16,664)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (Note 12)	73,405	62		15,790
Transfers out (Note 12)	(660,087)	(850)	(19,779)	(492)
Proceeds of refunding bonds (Note 8)				
Payment to refunded bonds escrow agent (Note 8)				
Capital leases (Note 7)	47,568			
Sales of capital assets	1,347	483	206	3
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(537,767)</b>	<b>(305)</b>	<b>(19,573)</b>	<b>15,301</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>169,895</b>	<b>(886)</b>	<b>(20,681)</b>	<b>(1,363)</b>
<b>FUND BALANCE, JULY 1, 2001, AS RESTATED (Note 2)</b>	<b>1,342,459</b>	<b>18,005</b>	<b>138,068</b>	<b>7,108</b>
<b>FUND BALANCE, JUNE 30, 2002</b>	<b>\$ 1,512,354</b>	<b>17,119</b>	<b>117,387</b>	<b>5,745</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
\$	74,786		\$ 2,282,620
	5,144		59,712
826	66,610		264,713
10,929	86,021	(22,308)	153,830
	38,208		60,181
	3		289
	111,012		3,252,597
	209,260		4,170,053
	10,376		98,051
76,762	70,401		1,538,368
	1,336		1,336
	61,454		295,902
<u>88,517</u>	<u>714,611</u>	<u>(22,308)</u>	<u>12,177,652</u>
	23,719		589,281
	70,315		3,795,429
	261,679		261,679
	83,178		1,765,432
	131,934		4,360,342
			72,542
73,930	6,773		235,188
	150,917	(25,725)	241,737
	136,286	(22,308)	220,801
			8,220
	73,011		120,579
<u>73,930</u>	<u>937,810</u>	<u>(48,033)</u>	<u>11,671,230</u>
<u>14,587</u>	<u>(223,199)</u>	<u>25,725</u>	<u>506,422</u>
	204,905		294,162
(38,154)	(119,158)		(838,520)
	29,000		29,000
	(29,000)		(29,000)
			47,568
	3,253		5,292
<u>(38,154)</u>	<u>89,000</u>		<u>(491,498)</u>
(23,567)	(134,199)	25,725	14,924
<u>284,108</u>	<u>1,734,654</u>	<u>(438,020)</u>	<u>3,086,382</u>
<u>\$ 260,541</u>	<u>1,600,455</u>	<u>(412,295)</u>	<u>\$ 3,101,306</u>

## 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
Proceeds from property owners
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 refunding bonds (Note 8)
Payment to refunded bonds escrow agent (Note 8)
Capital leases (Note 7)
Sales of capital assets

## TOTAL OTHER FINANCING SOURCES (USES)

## NET CHANGE IN FUND BALANCES

FUND BALANCE, JULY 1, 2001,  
AS RESTATED (Note 2)

FUND BALANCE, JUNE 30, 2002

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, 2002 (in thousands)

Net change in fund balances - total governmental funds (page 27)	\$	14,924
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	\$ 177,720	
Less - current year depreciation expense	<u>(91,151)</u>	86,569
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.		(3,615)
Revenue timing differences result in less revenue in government-wide statements.		(1,057)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of assets:		
Certificates of participation	\$ 85,509	
General obligation bonds	12,535	
Pension bonds	116,545	
Assessment bonds	25,846	
Capital leases	<u>8,220</u>	248,655
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	\$ (86,099)	
Change in litigation/self-insurance	(119,860)	
Change in accrued vacation/sick leave	(33,168)	
Change in third party payors	(1,419)	
Change in accrued interest payable	14,467	
Accretion of pension bonds	(19,510)	
Transfer of capital assets from governmental fund to enterprise fund	<u>(11,496)</u>	(257,085)
The change in the net pension obligation (an asset) is not recognized in governmental funds.		(59,113)
The portion of internal service funds that is reported with governmental activities.		<u>11,958</u>
Change in net assets of governmental activities (page 21)	\$	<u><u>41,236</u></u>

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  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2002 (in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
<b>REVENUES:</b>				
Taxes	\$ 1,637,437	1,696,103	1,709,391	13,288
Licenses, permits and franchises	47,818	46,632	45,876	(756)
Fines, forfeitures and penalties	173,506	174,773	192,427	17,654
Revenue from use of money and property:				
Investment income	110,947	115,612	89,937	(25,675)
Rents and concessions	15,828	15,851	15,733	(118)
Royalties	232	232	146	(86)
Intergovernmental revenues:				
Federal	3,125,224	3,174,002	3,125,431	(48,571)
State	4,634,697	4,764,001	3,946,861	(817,140)
Other	137,087	133,143	74,439	(58,704)
Charges for services	1,078,191	1,094,693	1,174,812	80,119
Miscellaneous	237,736	345,082	220,787	(124,295)
<b>TOTAL REVENUES</b>	<b>11,198,703</b>	<b>11,560,124</b>	<b>10,595,840</b>	<b>(964,284)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	804,778	817,052	584,626	(232,426)
Public protection	3,250,196	3,278,323	3,154,714	(123,609)
Health and sanitation	2,167,885	2,240,076	2,150,987	(89,089)
Public assistance	4,821,162	4,865,886	4,296,071	(569,815)
Recreation and cultural services	168,448	170,275	158,164	(12,111)
Debt Service-				
Interest	15,977	15,977	15,977	
Capital Outlay	430,910	440,049	78,457	(361,592)
<b>TOTAL EXPENDITURES</b>	<b>11,659,356</b>	<b>11,827,638</b>	<b>10,438,996</b>	<b>(1,388,642)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(460,653)</b>	<b>(267,514)</b>	<b>156,844</b>	<b>424,358</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sales of fixed assets	1,815	1,815	1,347	(468)
Transfers in	532,312	525,833	491,902	(33,931)
Transfers out	(540,991)	(563,133)	(561,872)	1,261
Appropriation for contingencies	(146,071)	(151,702)		151,702
Changes in reserves and designations	81,556	(77,331)	(16,897)	60,434
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(71,379)</b>	<b>(264,518)</b>	<b>(85,520)</b>	<b>178,998</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(532,032)</b>	<b>(532,032)</b>	<b>71,324</b>	<b>603,356</b>
<b>FUND BALANCE, JULY 1, 2001, AS RESTATED (Note 13)</b>	<b>532,032</b>	<b>532,032</b>	<b>532,032</b>	
<b>FUND BALANCE, JUNE 30, 2002 (Note 13)</b>	<b>\$</b>		<b>603,356</b>	<b>603,356</b>

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, 2002 (in thousands)

	FIRE PROTECTION DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
<b>REVENUES:</b>				
Taxes	\$ 385,224	393,341	393,623	282
Licenses, permits and franchises	8,102	8,102	7,961	(141)
Fines, forfeitures and penalties	2,689	2,689	2,986	297
Revenue from use of money and property:				
Investment income	1,110	1,110	640	(470)
Rents and concessions	83	83	86	3
Intergovernmental revenues:				
Federal	1,001	1,231	474	(757)
State	11,722	11,722	12,174	452
Other	15,359	15,359	15,544	185
Charges for services	105,319	105,319	106,054	735
Miscellaneous	3,305	3,305	232	(3,073)
<b>TOTAL REVENUES</b>	<b>533,914</b>	<b>542,261</b>	<b>539,774</b>	<b>(2,487)</b>
<b>EXPENDITURES:</b>				
Current-Public protection:				
Salaries and employee benefits	466,331	474,035	468,068	(5,967)
Services and supplies	68,124	67,662	62,664	(4,998)
Other charges	7,350	6,776	4,889	(1,887)
Fixed assets	8,548	8,810	3,580	(5,230)
<b>TOTAL EXPENDITURES</b>	<b>550,353</b>	<b>557,283</b>	<b>539,201</b>	<b>(18,082)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(16,439)</b>	<b>(15,022)</b>	<b>573</b>	<b>15,595</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sales of fixed assets	68	68	483	415
Transfers in	60	60	62	2
Transfers out	(200)	(200)	(200)	
Appropriation for contingencies	(1,073)	(2,490)		2,490
Changes in reserves and designations	3,662	3,662	4,692	1,030
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>2,517</b>	<b>1,100</b>	<b>5,037</b>	<b>3,937</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(13,922)</b>	<b>(13,922)</b>	<b>5,610</b>	<b>19,532</b>
<b>FUND BALANCE, JULY 1, 2001, AS RESTATED (Note 13)</b>	<b>13,922</b>	<b>13,922</b>	<b>13,922</b>	
<b>FUND BALANCE, JUNE 30, 2002 (Note 13)</b>	<b>\$</b>		<b>19,532</b>	<b>19,532</b>

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, 2002 (in thousands)

	FLOOD CONTROL DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 55,605	59,534	59,626	92
Licenses, permits and franchises	600	600	731	131
Fines, forfeitures and penalties	1,557	1,557	1,474	(83)
Revenue from use of money and property:				
Investment income	6,000	6,000	4,323	(1,677)
Rents and concessions	5,527	5,527	6,108	581
Royalties	600	600	140	(460)
Intergovernmental revenues:				
Federal	17,544	17,544	1,329	(16,215)
State	2,000	2,000	1,502	(498)
Other	1,120	1,120	1,984	864
Charges for services	110,508	110,508	107,002	(3,506)
Miscellaneous	860	860	1,061	201
TOTAL REVENUES	201,921	205,850	185,280	(20,570)
EXPENDITURES:				
Current-Public protection:				
Services and supplies	180,823	187,428	185,221	(2,207)
Other charges	20,985	24,200	24,200	
Fixed assets	20,289	20,764	3,033	(17,731)
TOTAL EXPENDITURES	222,097	232,392	212,454	(19,938)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(20,176)	(26,542)	(27,174)	(632)
OTHER FINANCING SOURCES (USES):				
Sales of fixed assets	200	200	206	6
Transfers out	(2,416)	(2,416)	(1,551)	865
Appropriation for contingencies		(3,929)		3,929
Changes in reserves and designations	4,000	14,295	20,375	6,080
OTHER FINANCING SOURCES (USES) - NET	1,784	8,150	19,030	10,880
NET CHANGE IN FUND BALANCE	(18,392)	(18,392)	(8,144)	10,248
FUND BALANCE, JULY 1, 2001, AS RESTATED (Note 13)	18,392	18,392	18,392	
FUND BALANCE, JUNE 30, 2002 (Note 13)	\$		10,248	10,248

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, 2002 (in thousands)

	PUBLIC LIBRARY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
<b>REVENUES:</b>				
Taxes	\$ 46,424	46,424	46,052	(372)
Fines, forfeitures and penalties			390	390
Revenue from use of money and property:				
Investment income	177	177	199	22
Rents and concessions	83	83	46	(37)
Intergovernmental revenues:				
Federal		54	45	(9)
State	6,312	6,402	6,335	(67)
Other	988	988	1,079	91
Charges for services	3,358	3,358	2,787	(571)
Miscellaneous	437	437	991	554
<b>TOTAL REVENUES</b>	<b>57,779</b>	<b>57,923</b>	<b>57,924</b>	<b>1</b>
<b>EXPENDITURES:</b>				
Current-Education:				
Salaries and employee benefits	48,366	48,339	47,150	(1,189)
Services and supplies	27,951	28,576	26,920	(1,656)
Other charges	1,014	1,014	794	(220)
Fixed assets	1,512	1,854	743	(1,111)
<b>TOTAL EXPENDITURES</b>	<b>78,843</b>	<b>79,783</b>	<b>75,607</b>	<b>(4,176)</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(21,064)</b>	<b>(21,860)</b>	<b>(17,683)</b>	<b>4,177</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sales of fixed assets			3	3
Transfers in	15,595	16,391	15,790	(601)
Changes in reserves and designations	(80)	(80)	661	741
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>15,515</b>	<b>16,311</b>	<b>16,454</b>	<b>143</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(5,549)</b>	<b>(5,549)</b>	<b>(1,229)</b>	<b>4,320</b>
<b>FUND BALANCE, JULY 1, 2001, AS RESTATED (Note 13)</b>	<b>5,549</b>	<b>5,549</b>	<b>5,549</b>	
<b>FUND BALANCE, JUNE 30, 2002 (Note 13)</b>	<b>\$</b>		<b>4,320</b>	<b>4,320</b>

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, 2002 (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	\$ 809	809	826	17
Revenue from use of money and property-				
Investment income	13,663	13,663	11,168	(2,495)
Charges for services	76,171	76,171	76,533	362
<b>TOTAL REVENUES</b>	<b>90,643</b>	<b>90,643</b>	<b>88,527</b>	<b>(2,116)</b>
EXPENDITURES:				
Current-Recreation and cultural services:				
Services and supplies	19,783	19,783	4,594	(15,189)
Other charges	329,984	329,984	74,717	(255,267)
<b>TOTAL EXPENDITURES</b>	<b>349,767</b>	<b>349,767</b>	<b>79,311</b>	<b>(270,456)</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(259,124)	(259,124)	9,216	268,340
OTHER FINANCING SOURCES (USES):				
Transfers in	96,174	95,594	81,512	(14,082)
Transfers out	(135,790)	(135,790)	(119,667)	16,123
Long-term debt proceeds	180,841	181,421		(181,421)
Appropriation for contingencies	(424)	(424)		424
Changes in reserves and designations			5,784	5,784
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>140,801</b>	<b>140,801</b>	<b>(32,371)</b>	<b>(173,172)</b>
NET CHANGE IN FUND BALANCE	(118,323)	(118,323)	(23,155)	95,168
FUND BALANCE, JULY 1, 2001, AS RESTATED (Note 13)	127,376	127,376	127,376	
<b>FUND BALANCE, JUNE 30, 2002 (Note 13)</b>	<b>\$ 9,053</b>	<b>9,053</b>	<b>104,221</b>	<b>95,168</b>

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, 2002 (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)	\$ 926	725	2,484	1,361	294
Other (Note 1)	6,402	4,628	16,796	7,057	1,514
Total pooled cash and investments	<u>7,328</u>	<u>5,353</u>	<u>19,280</u>	<u>8,418</u>	<u>1,808</u>
Other investments (Note 4)					
Taxes receivable					
Accounts receivable - net	116,169	88,049	200,884	110,853	6,454
Interest receivable	21	16	20	5	1
Other receivables	3,887	4,185	13,122	3,166	903
Due from other funds (Note 12)	70,426	48,955	69,066	68,776	9,285
Advances to other funds (Note 12)					
Inventories	2,664	2,430	14,271	6,446	867
Total current assets	<u>200,495</u>	<u>148,988</u>	<u>316,643</u>	<u>197,664</u>	<u>19,318</u>
Noncurrent assets:					
Restricted assets (Note 4)	5,452	6,347	7,800	11,963	396
Net pension obligation (Note 6)	32,331	21,468	84,891	36,029	7,476
Capital assets: (Notes 5 and 7)					
Land	1,001	1,967	18,183	2,277	13,329
Buildings and improvements	68,849	140,457	164,359	195,867	9,491
Equipment	26,904	18,743	87,590	29,973	4,352
Construction in progress	19,522		120,152		
Less accumulated depreciation	<u>(71,562)</u>	<u>(79,142)</u>	<u>(199,308)</u>	<u>(114,888)</u>	<u>(11,517)</u>
Total capital assets - net	<u>44,714</u>	<u>82,025</u>	<u>190,976</u>	<u>113,229</u>	<u>15,655</u>
Total noncurrent assets	<u>82,497</u>	<u>109,840</u>	<u>283,667</u>	<u>161,221</u>	<u>23,527</u>
<b>TOTAL ASSETS</b>	<u>282,992</u>	<u>258,828</u>	<u>600,310</u>	<u>358,885</u>	<u>42,845</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	14,539	4,384	21,869	6,163	1,574
Accrued payroll	14,854	10,168	32,109	16,538	2,854
Other payables	358	279	810	349	76
Accrued interest payable	181	252	156	660	
Due to other funds (Note 12)	41,894	53,267	12	70,279	2,098
Advances from other funds (Note 12)	5,049	5,341	10,645	5,495	864
Deferred revenue (Note 6)	1,970	1,308	6,647	2,196	456
Current portion of long-term liabilities (Note 8)	35,138	25,921	160,640	45,921	12,060
Total current liabilities	<u>113,983</u>	<u>100,920</u>	<u>232,888</u>	<u>147,601</u>	<u>19,982</u>
Noncurrent liabilities:					
Accrued vacation and sick leave (Note 8)	19,844	11,282	36,612	21,460	3,282
Bonds and notes payable (Note 8)	24,050	44,680	27,533	79,152	
Pension bonds payable (Notes 6 and 8)	77,212	51,270	202,733	86,043	17,854
Capital lease obligations (Notes 7 and 8)	497		112	38	120
Workers' compensation (Notes 8 and 15)	32,785	19,449	114,777	43,867	8,021
Litigation and self-insurance (Notes 8 and 15)	22,820	6,937	94,782	40,755	5,179
Third party payors (Notes 8 and 11)	83,382	82,431	82,049	36,267	7,384
Total noncurrent liabilities	<u>260,590</u>	<u>216,049</u>	<u>558,598</u>	<u>307,582</u>	<u>41,840</u>
<b>TOTAL LIABILITIES</b>	<u>374,573</u>	<u>316,969</u>	<u>791,486</u>	<u>455,183</u>	<u>61,822</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt (Notes 5 and 8)	13,120	30,738	87,541	34,835	10,511
Restricted	5,271	6,095	7,644	11,303	396
Unrestricted	<u>(109,972)</u>	<u>(94,974)</u>	<u>(286,361)</u>	<u>(142,436)</u>	<u>(29,884)</u>
<b>TOTAL NET ASSETS (DEFICIT) (Note 16)</b>	<u>\$ (91,581)</u>	<u>(58,141)</u>	<u>(191,176)</u>	<u>(96,298)</u>	<u>(18,977)</u>

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	
\$ 728	25,760	\$ 32,278	\$ 44,380	
2,113	281	38,791	6,133	
2,841	26,041	71,069	50,513	
	16,248	16,248	6,201	
	1,243	1,243		
54,882		577,291		
5		68	381	
2,408	18,092	45,763	488	
25,658		292,166	26,289	
	747	747		
1,173	3,422	31,273	6,179	
86,967	65,793	1,035,868	90,051	
15,998		47,956	13,145	
23,272		205,467	39,469	
217	199,871	236,845		
187,179	197,774	963,976	1,734	
10,387	2,025	179,974	213,293	
6,550	4,732	150,956		
(86,743)	(201,030)	(764,190)	(106,546)	
117,590	203,372	767,561	108,481	
156,860	203,372	1,020,984	161,095	
243,827	269,165	2,056,852	251,146	
2,045	12,119	62,693	6,981	
6,851		83,374	16,761	
259	1,789	3,920	348	
375		1,624	308	
27,465	2,906	197,921	45	
2,197		29,591	22,000	
1,418	643	14,638	2,460	
36,732	585	316,997	40,482	
77,342	18,042	710,758	89,385	
9,190		101,670	30,469	
84,285	8,101	267,801	46,135	
55,576		490,688	94,257	
806		1,573	289	
28,053		246,952	41,392	
10,921		181,394	13,637	
23,343		314,856		
212,174	8,101	1,604,934	226,179	
289,516	26,143	2,315,692	315,564	
26,751	194,686	398,182	57,529	
15,623	44,829	91,161	1,895	
(88,063)	3,507	(748,183)	(123,842)	
\$ (45,689)	243,022	(258,840)	\$ (64,418)	
		5,179		
		\$ (253,661)		

## 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

TOTAL NET ASSETS (DEFICIT) (Note 16)

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

NET ASSETS OF BUSINESS-TYPE ACTIVITIES (PAGE 19)

COUNTY OF LOS ANGELES  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2002 (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>OPERATING REVENUES:</b>					
Net patient service revenues (Note 11)	\$ 463,823	334,946	1,018,982	505,534	64,468
Rentals					
Charges for services					
Other	13,751	9,254	57,982	9,409	3,060
<b>TOTAL OPERATING REVENUES</b>	<b>477,574</b>	<b>344,200</b>	<b>1,076,964</b>	<b>514,943</b>	<b>67,528</b>
<b>OPERATING EXPENSES:</b>					
Salaries and employee benefits	212,623	148,597	465,722	239,694	38,525
Services and supplies	55,435	41,699	154,219	51,784	10,379
Other professional services	73,338	52,803	186,452	72,048	14,763
Depreciation and amortization (Note 5)	1,883	2,940	4,316	4,063	633
Medical malpractice	1,894	757	5,680	3,179	1,995
Rent	3,844	3,612	9,639	7,235	663
Provision for bad debts	2,930	4,233	5,571	2,419	5,947
<b>TOTAL OPERATING EXPENSES</b>	<b>351,947</b>	<b>254,641</b>	<b>831,599</b>	<b>380,422</b>	<b>72,905</b>
<b>OPERATING INCOME (LOSS)</b>	<b>125,627</b>	<b>89,559</b>	<b>245,365</b>	<b>134,521</b>	<b>(5,377)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Taxes					
Interest income	416	247	757	887	65
Interest expense	(7,202)	(7,584)	(18,815)	(11,968)	(1,500)
Intergovernmental transfers expense (Note 11)	(166,008)	(129,662)	(419,176)	(204,089)	(17,642)
Intergovernmental revenues:					
State					
Federal					
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(172,794)</b>	<b>(136,999)</b>	<b>(437,234)</b>	<b>(215,170)</b>	<b>(19,077)</b>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(47,167)</b>	<b>(47,440)</b>	<b>(191,869)</b>	<b>(80,649)</b>	<b>(24,454)</b>
Capital contributions		11,496			
Transfers in (Note 12)	73,562	71,293	229,223	100,269	24,571
Transfers out (Note 12)	(262)	(180)		(111)	
<b>CHANGE IN NET ASSETS</b>	<b>26,133</b>	<b>35,169</b>	<b>37,354</b>	<b>19,509</b>	<b>117</b>
<b>TOTAL NET ASSETS, JULY 1, 2001, AS RESTATED (Note 2)</b>	<b>(117,714)</b>	<b>(93,310)</b>	<b>(228,530)</b>	<b>(115,807)</b>	<b>(19,094)</b>
<b>TOTAL NET ASSETS (DEFICIT), JUNE 30, 2002</b>	<b>\$ (91,581)</b>	<b>(58,141)</b>	<b>(191,176)</b>	<b>(96,298)</b>	<b>(18,977)</b>

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		
\$ 164,021		\$ 2,551,774	\$		OPERATING REVENUES:
	10,789	10,789		31,061	Net patient service revenues (Note 11)
	36,238	36,238		300,797	Rentals
15,335	2,544	111,335			Charges for services
					Other
179,356	49,571	2,710,136		331,858	TOTAL OPERATING REVENUES
					OPERATING EXPENSES:
94,966		1,200,127	222,704		Salaries and employee benefits
22,476	224,822	560,814	51,351		Services and supplies
21,979	450	421,833	8,306		Other professional services
3,782	10,779	28,396	33,848		Depreciation and amortization (Note 5)
271		13,776			Medical malpractice
1,713		26,706			Rent
6,840		27,940			Provision for bad debts
152,027	236,051	2,279,592		316,209	TOTAL OPERATING EXPENSES
27,329	(186,480)	430,544		15,649	OPERATING INCOME (LOSS)
	2,487	2,487			NONOPERATING REVENUES (EXPENSES):
774	1,491	4,637	760		Taxes
(9,615)	(441)	(57,125)	(9,435)		Interest income
(50,520)		(987,097)			Interest expense
	680	680			Intergovernmental transfers expense (Note 11)
	177,950	177,950			Intergovernmental revenues:
					State
					Federal
(59,361)	182,167	(858,468)		(8,675)	TOTAL NONOPERATING REVENUES (EXPENSES)
(32,032)	(4,313)	(427,924)		6,974	INCOME BEFORE CONTRIBUTIONS AND TRANSFERS
		11,496			Capital contributions
40,439	6,692	546,049	6,163		Transfers in (Note 12)
	(7,264)	(7,817)	(37)		Transfers out (Note 12)
8,407	(4,885)	121,804		13,100	CHANGE IN NET ASSETS
(54,096)	247,907			(77,518)	TOTAL NET ASSETS, JULY 1, 2001, AS RESTATED (Note 2)
\$ (45,689)	243,022		\$ (64,418)		TOTAL NET ASSETS (DEFICIT), JUNE 30, 2002
		1,142			Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
		\$ 122,946			CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES (PAGE 21)

COUNTY OF LOS ANGELES  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2002 (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 ACTIVITIES:</b>					
Cash received from patient services	\$ 411,489	284,730	1,037,140	474,117	70,328
Rentals received					
Cash received from charges for services					
Other operating revenues	13,730	9,167	57,897	9,409	3,057
Cash received for services provided to other funds	10,424	8,160	19,190	14,297	1,358
Cash paid for salaries and employee benefits	(208,941)	(147,853)	(452,761)	(234,771)	(35,445)
Cash paid for services and supplies	(30,303)	(25,114)	(146,124)	(14,761)	(20,128)
Other operating expenses	(79,076)	(57,171)	(201,771)	(82,462)	(17,421)
Cash paid for services from other funds	(18,738)	(15,411)	(53,917)	(27,264)	(4,906)
<b>Net cash provided by (required for) operating activities</b>	<b>98,585</b>	<b>56,508</b>	<b>259,654</b>	<b>138,565</b>	<b>(3,157)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Cash advances received from other funds	4,068	58,202	593	39,011	27
Cash advances paid/returned to other funds	(16,585)	(55,940)		(73,455)	
Interest paid on pension bonds	(5,745)	(3,814)	(15,082)	(6,402)	(1,328)
Interest paid on advances	(81)	(174)		(223)	
Intergovernmental transfers	(139,432)	(107,655)	(424,361)	(177,735)	(16,805)
Transfers in	73,562	71,293	229,223	100,269	24,571
Transfers out	(262)	(180)		(111)	
<b>Net cash provided by (required for) noncapital financing activities</b>	<b>(84,475)</b>	<b>(38,268)</b>	<b>(209,627)</b>	<b>(118,646)</b>	<b>6,465</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds from taxes					
Intergovernmental receipts					
Proceeds from bonds and notes					
Interest paid on capital borrowing	(1,195)	(3,344)	(3,579)	(4,683)	(172)
Principal payments on bonds and notes	(4,822)	(8,357)	(20,528)	(6,131)	(1,624)
Principal payments on capital leases	(122)		(32)	(11)	(30)
Acquisition and construction of capital assets	(5,127)	(1,445)	(16,123)	(1,389)	(145)
<b>Net cash provided by (required for) capital and related financing activities</b>	<b>(11,266)</b>	<b>(13,146)</b>	<b>(40,262)</b>	<b>(12,214)</b>	<b>(1,971)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES -</b>					
Interest income received	231	123	212	669	20
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,075</b>	<b>5,217</b>	<b>9,977</b>	<b>8,374</b>	<b>1,357</b>
Cash and cash equivalents, July 1, 2001	9,705	6,483	17,103	12,007	847
<b>Cash and cash equivalents, June 30, 2002</b>	<b>\$ 12,780</b>	<b>11,700</b>	<b>27,080</b>	<b>20,381</b>	<b>2,204</b>

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	
\$ 146,833		\$ 2,424,637	\$	CASH FLOWS FROM OPERATING ACTIVITIES:
	8,340	8,340	31,233	Cash received from patient services
	39,971	39,971	325,574	Rentals received
15,300	2,544	111,104		Cash received from charges for services
300		53,729		Other operating revenues
(92,137)		(1,171,908)	(220,632)	Cash received for services provided to other funds
(5,899)	(237,919)	(480,248)	(75,585)	Cash paid for salaries and employee benefits
(23,963)	(450)	(462,314)	(8,306)	Cash paid for services and supplies
(12,163)		(132,399)		Other operating expenses
				Cash paid for services from other funds
28,271	(187,514)	390,912	52,284	Net cash provided by (required for) operating activities
				CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:
28,302		130,203		Cash advances received from other funds
(33,258)		(179,238)		Cash advances paid/returned to other funds
(4,134)		(36,505)	(7,012)	Interest paid on pension bonds
(106)		(584)		Interest paid on advances
(41,373)		(907,361)		Intergovernmental transfers
40,439	6,692	546,049	6,163	Transfers in
	(7,264)	(7,817)	(37)	Transfers out
				Net cash provided by (required for) noncapital financing activities
(10,130)	(572)	(455,253)	(886)	
				CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:
	2,469	2,469		Proceeds from taxes
	178,630	178,630		Intergovernmental receipts
			55,020	Proceeds from bonds and notes
(5,000)	(441)	(18,414)	(2,423)	Interest paid on capital borrowing
(10,440)	(549)	(52,451)	(57,760)	Principal payments on bonds and notes
(79)		(274)	(178)	Principal payments on capital leases
(140)	(12,673)	(37,042)	(33,098)	Acquisition and construction of capital assets
				Net cash provided by (required for) capital and related financing activities
(15,659)	167,436	72,918	(38,439)	
				CASH FLOWS FROM INVESTING ACTIVITIES -
625	1,769	3,649	107	Interest income received
				Net increase (decrease) in cash and cash equivalents
3,107	(18,881)	12,226	13,066	
15,732	61,170	123,047	56,793	Cash and cash equivalents, July 1, 2001
\$ 18,839	42,289	\$ 135,273	\$ 69,859	Cash and cash equivalents, June 30, 2002

Continued...

COUNTY OF LOS ANGELES  
STATEMENT OF CASH FLOWS - Continued  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2002 (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>RECONCILIATION OF OPERATING INCOME</b>					
<b>(LOSS) TO NET CASH PROVIDED BY</b>					
<b>(REQUIRED FOR) OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ 125,627	89,559	245,365	134,521	(5,377)
Adjustments to reconcile operating income					
(loss) to net cash provided by (required					
for) operating activities:					
Depreciation and amortization	1,883	2,940	4,316	4,063	633
Other charges - net	(1,694)	(190)	3,806	220	32
(Increase) decrease in:					
Accounts receivable - net	(51,999)	(37,652)	(63,191)	(49,718)	8,537
Interest receivable					
Other receivables	33	363	(1,230)	322	109
Due from other funds	19,317	2,588	112,299	19,934	5,887
Inventories	142	357	527	458	(47)
Net pension obligation	3,485	2,314	9,150	3,883	806
Increase (decrease) in:					
Accounts payable	5,560	172	864	(137)	286
Accrued payroll	436	508	314	722	240
Other payables	358	279	809	349	76
Accrued vacation and sick leave	1,053	1,121	1,265	1,279	226
Due to other funds	2,345	587	(51,104)	24,524	(15,285)
Deferred revenue			222		
Pension bonds payable	(5,721)	(3,798)	(15,020)	(6,372)	(1,323)
Workers' compensation liability	1,818	919	568	4,249	384
Litigation and self-insurance liability	(3,437)	(4,178)	1,205	(4,412)	1,986
Third party payor liability	(621)	619	9,489	4,680	(327)
<b>TOTAL ADJUSTMENTS</b>	<b>(27,042)</b>	<b>(33,051)</b>	<b>14,289</b>	<b>4,044</b>	<b>2,220</b>
<b>NET CASH PROVIDED BY (REQUIRED FOR)</b>					
<b>OPERATING ACTIVITIES</b>	<b>\$ 98,585</b>	<b>56,508</b>	<b>259,654</b>	<b>138,565</b>	<b>(3,157)</b>
<b>NONCASH INVESTING, CAPITAL AND</b>					
<b>FINANCING ACTIVITIES:</b>					
Other property transfers	\$ 2,391	(260)	9,670	3,156	121
Capital contributions		11,496			
<b>TOTAL</b>	<b>\$ 2,391</b>	<b>11,236</b>	<b>9,670</b>	<b>3,156</b>	<b>121</b>
<b>RECONCILIATION OF CASH AND CASH</b>					
<b>EQUIVALENTS TO THE STATEMENT OF</b>					
<b>NET ASSETS:</b>					
Pooled cash and investments	\$ 7,328	5,353	19,280	8,418	1,808
Other investments					
Restricted assets	5,452	6,347	7,800	11,963	396
<b>TOTAL</b>	<b>\$ 12,780</b>	<b>11,700</b>	<b>27,080</b>	<b>20,381</b>	<b>2,204</b>

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		
\$ 27,329	(186,480)	\$ 430,544	\$ 15,649		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:
3,782	10,779	28,396	33,848		Depreciation and amortization
490	1,425	4,089	(371)		Other charges - net
					(Increase) decrease in:
(14,449)		(208,472)			Accounts receivable - net
			(6)		Interest receivable
(192)	(3,671)	(4,266)	(308)		Other receivables
3,651	4,615	168,291	31,682		Due from other funds
323	(586)	1,174	(443)		Inventories
2,508		22,146	4,254		Net pension obligation
					Increase (decrease) in:
(1,128)	3,210	8,827	30		Accounts payable
451		2,671	849		Accrued payroll
259	(12,412)	(10,282)	279		Other payables
289		5,233	1,577		Accrued vacation and sick leave
4,694	(4,734)	(38,973)	(24,015)		Due to other funds
	340	562	(29)		Deferred revenue
(4,118)		(36,352)	(6,984)		Pension bonds payable
(1,131)		6,807	(4,202)		Workers' compensation liability
855		(7,981)	474		Litigation and self-insurance liability
4,658		18,498			Third party payor liability
942	(1,034)	(39,632)	36,635		TOTAL ADJUSTMENTS
\$ 28,271	(187,514)	\$ 390,912	\$ 52,284		NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES
					NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:
\$ 256	3,893	\$ 19,227	\$ 609		Other property transfers
		11,496			Capital contributions
\$ 256	3,893	\$ 30,723	\$ 609		TOTAL
					RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:
\$ 2,841	26,041	\$ 71,069	\$ 50,513		Pooled cash and investments
	16,248	16,248	6,201		Other investments
15,998		47,956	13,145		Restricted assets
\$ 18,839	42,289	\$ 135,273	\$ 69,859		TOTAL

COUNTY OF LOS ANGELES  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2002 (in thousands)

	PENSION TRUST FUNDS	INVESTMENT TRUST FUNDS	AGENCY FUNDS
<b>ASSETS</b>			
Pooled cash and investments (Note 4)	\$ 32,688	\$ 7,945,898	\$ 1,070,726
Other investments (Note 4)	28,538,768	592,230	302
Taxes receivable			239,887
Interest receivable	115,530	80,465	10,024
Other receivables	298,558		
Capital assets, net	135		
<b>TOTAL ASSETS</b>	<b>28,985,679</b>	<b>8,618,593</b>	<b>1,320,939</b>
<b>LIABILITIES</b>			
Accounts payable	1,097,055		
Other payables (Note 4)	1,841,384		
Due to other governments			1,320,939
<b>TOTAL LIABILITIES</b>	<b>2,938,439</b>		<b>\$ 1,320,939</b>
<b>NET ASSETS</b>			
Held in trust for pension benefits and investment trust participants	<b>\$ 26,047,240</b>	<b>\$ 8,618,593</b>	

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, 2002 (in thousands)

	PENSION TRUST FUND	INVESTMENT TRUST FUNDS
<b>ADDITIONS:</b>		
Contributions:		
Pension trust contributions:		
Employer	\$ 297,928	
Member	265,573	
Contributions to investment trust funds		28,569,500
Total contributions	<u>563,501</u>	<u>28,569,500</u>
Investment earnings:		
Interest	734,949	263,471
Net decrease in the fair value of investments	(2,214,241)	
Securities lending income (Note 4)	39,159	
Total investment earnings (losses)	<u>(1,440,133)</u>	<u>263,471</u>
Less - Investment expenses:		
Expense from investing activities	60,282	
Expense from securities lending activities (Note 4)	33,210	
Total net investment expense	<u>93,492</u>	
Net investment earnings (losses)	<u>(1,533,625)</u>	<u>263,471</u>
Miscellaneous	<u>133</u>	
<b>TOTAL ADDITIONS</b>	<u>(969,991)</u>	<u>28,832,971</u>
<b>DEDUCTIONS:</b>		
Salaries and employee benefits	20,643	
Services and supplies	16,563	
Depreciation and amortization	196	
Benefit payments	1,281,766	
Distribution from investment trust funds		29,012,174
Miscellaneous	16,863	
<b>TOTAL DEDUCTIONS</b>	<u>1,336,031</u>	<u>29,012,174</u>
<b>CHANGE IN NET ASSETS</b>	<u>(2,306,022)</u>	<u>(179,203)</u>
<b>NET ASSETS HELD IN TRUST, JULY 1, 2001</b>	<u>28,353,262</u>	<u>8,797,796</u>
<b>NET ASSETS HELD IN TRUST, JUNE 30, 2002</b>	<u>\$ 26,047,240</u>	<u>8,618,593</u>

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 Corporation (a Non Profit Corporation) ("NPC")
Community Development Commission (including the Housing Authority of the County of Los Angeles) ("CDC")	Various Joint Powers Authorities ("JPAs")
Regional Park and Open Space District	Los Angeles County Employees Retirement Association ("LACERA")

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. 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.

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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

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 wildlands, 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 each of the 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, pediatrics and obstetrics, 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, obstetrics and gynecology services, and psychiatric services.

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, trauma and emergency room services, psychiatric services, dental services, pediatrics and obstetrics services.

High Desert Hospital

The High Desert Hospital provides acute medical and surgical inpatient and outpatient services, as well as extended skilled nursing services.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

Rancho Los Amigos Medical Center

The Rancho Los Amigos Medical 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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Accounting-Continued

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 assets 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. For the year ended June 30, 2002, the County changed the manner in which intergovernmental transfer payments are recorded in the Hospitals and this item is now classified as a nonoperating expense. The accounting change is discussed further in Note 2 and the nature of the intergovernmental transfers is discussed in Note 11.

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 proprietary fund types. FASB pronouncements issued after November 30, 1989, have not been applied unless specifically adopted in a GASB pronouncement.

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").

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Budgetary Data-Continued

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 fixed asset expenditures, which are controlled on the sub-object level. The total budget exceeds \$18 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, 2002. 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. Budget amounts reported in the accompanying basic financial statements are as amended. 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 2001-2002 gross assessed valuation of the County of Los Angeles was \$630,367,215,000.

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 approximately 12,050 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 is 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, 2002 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. Prior to GASB 34, amounts receivable from agency funds were reported in the operating funds as Due From Other Funds.

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 and business-type activities, \$38,851,000 and \$3,422,000, respectively, represent 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 improvement, 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	2 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, 2002 does not reflect those infrastructure assets completed prior to July 1, 2001. The accompanying government-wide financial statements include infrastructure assets that were either completed during the fiscal year or considered construction in progress at year-end. Infrastructure assets that are functional are currently being depreciated.

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).

2. ACCOUNTING CHANGES AND RESTATEMENTS OF FUND BALANCE/NET ASSETS

During the year, the County implemented the following new accounting standards and restated beginning balances as discussed below.

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

2. ACCOUNTING CHANGES AND RESTATEMENTS OF FUND BALANCE/NET ASSETS-Continued

GASB Interpretation No. 6

During the year, the County implemented GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Government Fund Financial Statements," which clarified that certain liabilities are not recognized as governmental fund liabilities until they actually mature and payment is required. Prior to GASB Interpretation No. 6, the County had recognized governmental fund liabilities for workers' compensation, litigation and self-insurance, and accrued vacation and sick leave. The liabilities were recorded to the extent that amounts were due and payable within one year of the balance sheet date. The effect of such liabilities has been removed from the governmental funds and beginning fund balances have been increased accordingly.

Property Taxes

In conjunction with implementing GASB Interpretation No. 6, the County reevaluated the recognition of accrued property tax revenues. The accrual of property tax revenues is generally limited to the extent that collection occurs within 60 days after the balance sheet date. The County believes that strict adherence to the 60-day rule is appropriate now that certain fund liabilities are no longer recognized in accordance with GASB Interpretation No. 6. Accordingly, liabilities (deferred revenues) have been recorded in the governmental funds, with a corresponding reduction in beginning fund balances.

GASB Statement No. 34

For the year ended June 30, 2002, the County implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" (GASB 34), as amended by GASB Statement No. 37. This statement significantly changes the manner in which the County's financial condition and results of operations are presented.

The "Management's Discussion and Analysis" is among the new requirements of GASB 34 and is designed to provide a narrative introduction and analytical overview of the County's financial activities. This analysis is similar to the analysis provided in the annual reports of private-sector organizations.

Government-wide Financial Statements

The reporting model includes financial statements prepared using full accrual accounting for all of the County's activities. This approach includes not just current assets and liabilities, but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. Government-wide financial statements include the following:

Statement of Net Assets

The Statement of Net Assets is designed to display the financial position of the primary government (governmental and business-type activities). The County now reports all capital assets in the government-wide Statement of Net Assets and reports depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net assets of the County are broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

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

2. ACCOUNTING CHANGES AND RESTATEMENTS OF FUND BALANCE/NET ASSETS-Continued

GASB Statement No. 34-Continued

Statement of Activities

The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the County's functions. The expense of individual functions is compared to the revenue generated directly by the function.

GASB Statement No. 34 discontinued the presentation of expendable and nonexpendable trust funds. Net assets and activities formerly accounted for in these funds have been transferred to the special revenue funds and permanent funds, respectively. Separate funds that were formerly included within the display of the Fire Protection District and Public Library Special Revenue Funds have been reclassified as Nonmajor Governmental Funds. The beginning fund balance of the Nonmajor Enterprise Funds has been reduced from amounts previously reported and restated to adjust the balance of capital assets, net of depreciation, for the Community Development Commission Enterprise Fund.

GASB Statement No. 38

GASB Statement No. 38, "Certain Financial Statement Note Disclosures," modifies, adds and deletes various note disclosure requirements. Those requirements address revenue recognition policies, actions taken in response to legal violations, debt service requirements, variable-rate debt, receivable and payable balances, interfund transfers and balances, and short-term debt.

Restatement of Fund Balances

The effects of the changes noted above are as follows (in thousands):

<u>Fund</u>	<u>Fund Balance, as previously reported</u>	<u>Effect of Interpretation 6</u>	<u>Property Taxes</u>	<u>Effect of GASB 34</u>	<u>Fund Balance as restated</u>
General	\$ 1,126,084	\$ 270,979	\$ (54,604)	\$	\$ 1,342,459
Fire Protection District	7,365	33,174	(14,139)	(8,395)	18,005
Flood Control District	140,049	3,001	(4,982)		138,068
Public Library	12,956	1,053	(1,864)	(5,037)	7,108
Regional Park and Open Space District	286,957		(2,849)		284,108
Nonmajor Governmental Funds	1,715,552	355	(2,469)	21,216	1,734,654
Nonmajor Enterprise Funds	254,656			(6,749)	247,907
Expendable Trust	4,397			(4,397)	
Nonexpendable Trust	3,387			(3,387)	

Change in Classification of Costs Related to Pension Bonds

In previous years, principal and interest expenditures related to pension bonds were recorded within functional expenditure categories (as an employee benefit cost) for governmental fund types. For the proprietary funds, interest expense (including accretions) related to pension bonds was recorded as a component of salary and employee benefit expenses. Amounts related to these items were disclosed in the notes to the previous years' financial statements.

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

2. ACCOUNTING CHANGES AND RESTATEMENTS OF FUND BALANCE/NET ASSETS-Continued

Change in Classification of Costs Related to Pension Bonds-Continued

For the year ended June 30, 2002, the County discontinued classifying pension bond costs as an integral part of salaries and employee benefits. The governmental fund financial statements have reported principal and interest payments on pension bonds as Debt Service expenditures. In addition, the government-wide and proprietary fund financial statements have recognized interest expense (including accretions) as such in the Statement of Activities and Statement of Revenues, Expenses, and Changes in Fund Net Assets, respectively.

The classification change was made in conjunction with implementing GASB Statement No. 34, which clarified that borrowing costs of this nature are distinct from the costs of providing services and should be displayed separately in the financial statements. Changes in pension bonds outstanding and related interest costs for the year ended June 30, 2002 are specifically identified and discussed in Note 6.

Change in Classification of Intergovernmental Transfer Charges

As discussed in the Intergovernmental Transfers segment of Note 11, the County is required to make intergovernmental transfer payments to the State for Hospital related programs. In previous years, the County recorded the transfer payments as General Fund expenditures. At the time the Hospitals recognized program revenues, transfers out were recorded in the Hospitals and the General Fund recognized transfers in. The amount of the transfers was equivalent to the payment amount originally made to the State by the General Fund.

For the year ended June 30, 2002, the General Fund initially recorded an expenditure that was charged to the health and sanitation functional category. However, at the time that the Hospitals recognized the related net patient services revenues, the General Fund's costs were distributed to the Hospitals and recorded as nonoperating expenses (intergovernmental transfers) therein.

The County believes that the changes described above more appropriately reflect the economic substance of these transactions and more accurately reflect the presentation of each Hospital's income before contributions and transfers. Program details and intergovernmental transfer amounts for 2001-2002 are discussed 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, 2002, the Fund Financial Statements reflect an investment asset (referred to as "Other Investments") held by the JPA of \$412,295,000 that has been recorded in the Nonmajor Governmental Funds. The Fund Financial Statements do not reflect a liability for the related Bonds Payable (\$412,295,000), 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 (\$412,295,000 for each) and Investment Earnings and Interest Expense (\$22,308,000 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 \$412,295,000 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, 2002 (in thousands):

	Pooled Cash and Investments	Other Investments	Restricted Assets		Total
			Pooled Cash and Investments	Other Investments	
Governmental Funds	\$ 2,839,189	\$ 353,608			\$ 3,192,797
Proprietary Funds	121,582	22,449	\$ 12,175	\$ 48,926	205,132
Fiduciary Funds (excluding Pension Trust Fund)	9,016,624	592,532			9,609,156
Pension Trust Fund	32,688	28,538,768			28,571,456
Component Unit	521,761				521,761
Total	<u>\$ 12,531,844</u>	<u>\$ 29,507,357</u>	<u>\$ 12,175</u>	<u>\$ 48,926</u>	<u>\$ 42,100,302</u>

Deposits

At June 30, 2002, the carrying amount of the County's deposits was \$77,264,000 and the balance per various financial institutions was \$81,917,000. Of the balance in financial institutions, \$70,036,000 was covered by either Federal depository insurance or collateralized with securities held by the County or its agent in the County's name. The remaining balance of \$11,881,000 was uninsured and uncollateralized.

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

4. CASH AND INVESTMENTS-Continued

Deposits-Continued

At June 30, 2002, the carrying amount of Pension Trust Fund deposits was \$19,889,000 and the balance per various financial institutions was \$19,889,000. Of the balance in financial institutions, \$6,579,000 was either covered by Federal depository insurance or collateralized with securities held by the entity or its agent in the entity's name. The remaining balance of \$13,310,000 was uninsured and uncollateralized.

Investments

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 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.

The School Districts and the Courts are required by legal provisions to participate in the County's investment pool. 52.8% of the Treasurer's pool consists of these involuntary participants. Voluntary participants in the County's investment pool include the Sanitation Districts, 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 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.

In accordance with the Governmental Accounting Standards Board Statement No. 3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements," the County's investments and investments of the Pension Trust Fund are categorized separately below to give an indication of the level of credit risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the agent's nominee name, with subsidiary records listing the County as the legal owner. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by the counterparty's trust department or agent but not in the County's name.

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

## 4. CASH AND INVESTMENTS-Continued

Investments-Continued

County pooled and other investments (excluding Pension Trust Fund investments) are categorized as follows at June 30, 2002 (in thousands):

	Category			Fair Value
	1	2	3	
U.S. Government securities	\$ 8,797,834			\$ 8,797,834
Negotiable certificates of deposit	1,615,153			1,615,153
Commercial paper	1,546,668			1,546,668
Corporate and deposit notes	432,133			432,133
Municipal/school bonds	5,559			5,559
Repurchase agreements	635,586			635,586
Los Angeles County securities	47,471			47,471
	<u>\$ 13,080,404</u>	<u>\$</u>	<u>\$</u>	
Investments not considered securities for purposes of custodial risk classification:				
Investment in money market funds				304,991
Investment in State and local agency investment funds				96,479
1st and 2nd Mortgages				2,396
Total				<u>\$13,484,270</u>

Pension Trust Fund investments are reported in the basic financial statements at fair value and are categorized as follows at June 30, 2002 (in thousands):

	Category			Fair Value
	1	2	3	
U.S. Government and agency instruments	\$ 2,489,469			\$ 2,489,469
Domestic stocks	7,313,910			7,313,910
Global stocks and convertibles	5,130,842			5,130,842
Domestic corporate bonds	3,729,554			3,729,554
Short term corporate and government bonds and notes	1,345,595			1,345,595
Private placement bonds	382,238			382,238
	<u>\$ 20,391,608</u>	<u>_____</u>	<u>_____</u>	
Investments not considered securities for purposes of custodial risk classification:				
Real estate				3,099,180
Business investments				1,277,040
Mortgages				268,386
Investments held by broker-dealer under securities loans with cash collateral:				
Stocks				677,664
Government bonds				678,241
Corporate bonds				351,261
Securities lending cash collateral - Invested in short-term fixed income fund				1,775,499
Total				<u>\$ 28,518,879</u>

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

4. CASH AND INVESTMENTS-Continued

Investments-Continued

The Pension Trust Fund portfolio contained no concentration of investments in any one organization (other than those issued or guaranteed by the US 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, 2002 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 County Treasurer is as follows (in thousands):

	<u>Fair Value</u>	<u>Principal</u>	<u>Interest Rate %</u> <u>Range</u>	<u>Maturity Range</u>
U. S. Government securities	\$ 8,672,945	\$ 8,645,162	1.70% - 9.25%	07/01/02 - 12/01/08
Negotiable certificates of deposit	1,615,153	1,612,691	1.70% - 4.07%	07/03/02 - 05/30/03
Commercial paper	1,546,668	1,546,890	1.74% - 2.00%	07/01/02 - 08/16/02
Corporate and deposit notes	432,133	431,181	1.82% - 7.13%	07/01/02 - 03/15/05
Los Angeles County securities	47,471	47,471	2.34% - 5.55%	06/30/04 - 08/01/07
Repurchase agreements	34,000	34,000	1.95%	07/01/02
Investments in money market funds	125,358	125,358		
Deposits	<u>70,291</u>	<u>70,291</u>		
	<u>\$ 12,544,019</u>	<u>\$12,513,044</u>		

The earned yield, which includes net gains on investments sold, on all investments held by the County Treasurer for the fiscal year ended June 30, 2002 was 3.55%.

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, 2002 (in thousands):

Statement of Net Assets

Net assets held in trust for all pool participants	<u>\$ 12,544,019</u>
Equity of internal pool participants	\$ 4,520,848
Equity of external pool participants	8,023,171
Total equity	<u>\$ 12,544,019</u>

Statement of Changes in Net Assets

Net assets at July 1, 2001	\$ 12,256,660
Net change in investments by pool participants	287,359
Net assets at June 30, 2002	<u>\$ 12,544,019</u>

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

4. CASH AND INVESTMENTS-Continued

Investments-Continued

The unrealized gain on investments held in the Treasurer's Pool was \$30,975,000 as of June 30, 2002. This amount takes into account all changes in fair value (including purchases, sales and redemptions) that occurred during the year.

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, 2002, there were approximately \$629,693,000 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. The net foreign currency loss in fiscal year 2002 was \$33,000,000. At June 30, 2002, forward currency contracts receivable and payable totaled \$270,000,000 and \$272,000,000, 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, 2002, 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, 2002.

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

As of June 30, 2002, the fair value of securities on loan was \$1,707,000,000. The value of the cash collateral received for those securities was \$1,775,000,000. Securities lending assets (Other Investments) and liabilities (Other Payables) of \$1,775,499,000 are recorded in the Pension Trust Fund. Pension Trust Fund income, net of expenses, from securities lending was \$5,949,000 for the year ended June 30, 2002.

For the year ended June 30, 2002, 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, 2002 (in thousands):

	<u>County</u>	<u>Pension Trust Fund</u>	<u>Total</u>
Deposits	\$ 77,264	\$ 19,889	\$ 97,153
Investments	13,484,270	28,518,879	42,003,149
	<u>\$ 13,561,534</u>	<u>\$ 28,538,768</u>	<u>\$ 42,100,302</u>

5. CAPITAL ASSETS

In conjunction with the implementation of GASB 34, capital assets reported within governmental activities have been restated from amounts previously reported in the General Fixed Assets Account Group. The specific changes consisted of an increase in capital assets, reclassification of capital assets between categories, and the recognition of accumulated depreciation.

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

## 5. CAPITAL ASSETS-Continued

Capital assets activity for the year ended June 30, 2002 are as follows (in thousands):

	Balance July 1, 2001 <u>as restated</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, 2002
<u>Governmental Activities</u>				
Capital assets, not depreciated:				
Land	\$ 265,026	\$ 8,929	\$ (254)	\$ 273,701
Construction in progress-buildings and improvements	257,541	91,125	(28,711)	319,955
Construction in progress-infrastructure	<u>56,756</u>	<u>56,756</u>	<u>          </u>	<u>56,756</u>
Subtotal	<u>522,567</u>	<u>156,810</u>	<u>(28,965)</u>	<u>650,412</u>
Capital assets, depreciated:				
Buildings and improvements	3,205,698	56,745	(17,350)	3,245,093
Equipment	671,364	82,985	(55,073)	699,276
Infrastructure	<u>12,910</u>	<u>12,910</u>	<u>          </u>	<u>12,910</u>
Subtotal	<u>3,877,062</u>	<u>152,640</u>	<u>(72,423)</u>	<u>3,957,279</u>
Less accumulated depreciation:				
Buildings and improvements	(978,445)	(57,837)	4,620	(1,031,662)
Equipment	(471,870)	(87,087)	53,477	(505,480)
Infrastructure	<u>(803)</u>	<u>(803)</u>	<u>          </u>	<u>(803)</u>
Subtotal	<u>(1,450,315)</u>	<u>(145,727)</u>	<u>58,097</u>	<u>(1,537,945)</u>
Total capital assets, being depreciated, net	<u>2,426,747</u>	<u>6,913</u>	<u>(14,326)</u>	<u>2,419,334</u>
Governmental activities capital assets, net	<u>\$ 2,949,314</u>	<u>\$ 163,723</u>	<u>\$ (43,291)</u>	<u>\$ 3,069,746</u>
<u>Business-type Activities</u>				
Capital assets, not depreciated:				
Land	\$ 111,662	\$ 7,195	\$ (3)	\$ 118,854
Construction in progress-buildings and improvements	<u>128,913</u>	<u>27,330</u>	<u>(5,287)</u>	<u>150,956</u>
Subtotal	<u>240,575</u>	<u>34,525</u>	<u>(5,290)</u>	<u>269,810</u>
Capital assets, being depreciated:				
Buildings and improvements	1,065,559	18,193	(1,785)	1,081,967
Equipment	<u>218,363</u>	<u>28,442</u>	<u>(25,801)</u>	<u>221,004</u>
Subtotal	<u>1,283,922</u>	<u>46,635</u>	<u>(27,586)</u>	<u>1,302,971</u>
Less accumulated depreciation for:				
Buildings and improvements	(575,139)	(24,325)	1,325	(598,139)
Equipment	<u>(172,913)</u>	<u>(22,021)</u>	<u>10,605</u>	<u>(184,329)</u>
Subtotal	<u>(748,052)</u>	<u>(46,346)</u>	<u>11,930</u>	<u>(782,468)</u>
Total capital assets, being depreciated, net	<u>535,870</u>	<u>289</u>	<u>(15,656)</u>	<u>520,503</u>
Business-type activities capital assets, net	<u>776,445</u>	<u>34,814</u>	<u>(20,946)</u>	<u>790,313</u>
Total Capital Assets, Net	<u>\$ 3,725,759</u>	<u>\$ 198,537</u>	<u>\$ (64,237)</u>	<u>\$ 3,860,059</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	\$ 6,276
Public protection	66,544
Public ways and facilities, including depreciation of infrastructure assets	1,137
Health and sanitation	827
Public assistance	6,032
Education	1,024
Recreation and cultural services	9,311
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>24,183</u>
Total depreciation expense, governmental activities	<u>\$ 115,334</u>

Business-type activities:

Hospitals	\$ 17,617
Aviation	1,344
Waterworks	2,829
Community Development Commission	6,606
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>9,665</u>
Total depreciation expense, business-type activities	<u>\$ 38,061</u>

Discretely presented component unit

Capital assets activity for the Children and Families First Commission component unit for the year ended June 30, 2002 was as follows (in thousands):

July 1, 2001 - Equipment, not yet depreciated	\$ 129
Current year activity, Depreciation Expense	<u>(55)</u>
June 30, 2002 - Equipment (\$129), net of Accumulated Depreciation (\$55)	<u>\$ 74</u>

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:

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

6. PENSION PLAN-Continued

Plan Description-Continued

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 extremely 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 2001-2002:

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
General Members	11.69%	7.01%	6.47%	6.95%	6.00%
Safety Members	22.27%	14.38%			

The rates were determined by the most recent actuarial valuation performed as of June 30, 2001 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 4% to 15% of their annual covered salary.

During 2001-2002, the County did not pay LACERA the full amount of the ARC. LACERA applied \$155,824,000 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 2001-2002 were as follows (in thousands):

Annual required contribution (ARC):	
County	\$ 414,629
Non County entities	79
Total ARC	<u>414,708</u>
Interest on net pension obligation	<u>(70,311)</u>
Annual pension cost	<u>344,397</u>
Contributions made:	
County	258,805
Non County entities	79
Total contributions	<u>258,884</u>
Cost in excess of contributions	85,513
Net pension obligation (asset), July 1, 2001	<u>(878,891)</u>
Net pension obligation (asset), June 30, 2002	<u>\$ (793,378)</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, 2000	\$ 253,406	51.4%	\$ (985,090)
June 30, 2001	299,849	64.6%	(878,891)
June 30, 2002	344,397	75.2%	(793,378)

The annual required contribution was calculated based upon an actuarial valuation performed as of June 30, 2001 using the entry age normal method. The valuation assumed an annual investment rate of return of 8%, and projected salary increases ranging from 4.78% to 10.24%, with both assumptions including a 4% inflation factor. The valuation also assumed post-retirement benefit increases of between 0% 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. Since the valuation determined the funded ratio to be 100%, there is no positive unfunded actuarial accrued liability, and no County contribution for an unfunded positive liability is required. Amortization of the unfunded actuarial liability would use the level percentage of projected payroll amortization method, with a thirty-year open amortization period.

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.

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

6. PENSION PLAN-Continued

Pension Obligation Bonds and Certificates-Continued

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, 2002, the unamortized balance was \$48,352,000.

The outstanding principal balance of the bonds (including accreted interest on deep discount bonds) as of June 30, 2002 was \$1,783,016,000. The bonds have interest rates varying from 6.65% to 9.19%.

In 1986, the County issued fixed rate pension obligation certificates to purchase annuity contracts to provide pension benefits to a specified group of LACERA members. In accordance with a 1993-94 interest rate swap agreement, 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 2001-2002 from 0.85% to 2.60%. The swap agreement obligates the County to a fixed rate of 6.48% for the life of the bonds. The actual rates were less than the fixed rate, resulting in the County paying the difference to the counterparty. In addition, the County is paying .35% in liquidity and remarketing fees. As of June 30, 2002, the total outstanding principal balance of the bonds was \$268,500,000.

The remaining \$80,740,000 in fixed rate certificates (including accreted interest on deep discount bonds) have rates varying from 6.2% to 6.9%. At June 30, 2002, the total outstanding principal (including accreted interest) for the refunding bonds and remaining fixed rate certificates was \$310,733,000 and has been included in the financial statements as pension bonds payable.

For the year ended June 30, 2002, the combined principal and interest payments for both the bonds and certificates were \$222,967,000 and \$58,359,000, respectively. For governmental activities, the total debt service was \$208,469,000. For business-type activities, the total debt service was \$72,857,000. At June 30, 2002, the total outstanding principal, including accreted interest of \$380,264,000 on both bonds and certificates, was \$2,093,749,000. 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>
2003	\$ 147,489	73,857	\$ 51,546	25,812
2004	171,991	62,257	60,109	21,758
2005	200,632	48,596	70,118	16,983
2006	231,955	32,503	81,065	11,360
2007	140,971	141,524	49,267	49,461
2008-2012	376,693	684,635	131,649	239,271
Total	<u>\$1,269,731</u>	<u>1,043,372</u>	<u>\$ 443,754</u>	<u>364,645</u>
Accretions	281,784		98,480	
Total Pension Bonds Payable	<u>\$1,551,515</u>		<u>\$ 542,234</u>	

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

6. PENSION PLAN-Continued

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 46,000 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, 2002, the amounts of such payments were approximately \$100,726,000 for governmental activities and \$22,023,000 for business-type activities. These amounts exclude \$57,658,000 of LACERA excess earnings reserves, which were utilized to offset a portion of the total funding requirements.

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, 2002 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2003	\$ 62,270
2004	55,463
2005	45,869
2006	38,422
2007	33,613
2008-2012	83,177
2013-2017	19,883
2018-2022	37
2023-2027	11
Total	<u>\$ 338,745</u>

Rent expenditures related to operating leases were \$62,361,000 for the year ended June 30, 2002.

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

## 7. LEASES-Continued

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, 2002 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2003	\$ 20,581	\$ 490
2004	19,334	465
2005	18,366	453
2006	18,099	422
2007	17,566	243
2008-2012	54,122	441
2013-2017	28,693	
2018-2022	24,939	
2023-2027	24,939	
2028-2032	21,064	
2033-2037	<u>131</u>	
Total	247,834	2,514
Less: Amount representing interest	<u>134,654</u>	<u>428</u>
Present value of future minimum lease payments	<u>\$ 113,180</u>	<u>\$ 2,086</u>

The following is a schedule of property under capital leases by major classes at June 30, 2002 (in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Land	\$ 10,776	
Buildings and improvements	145,308	\$ 1,200
Equipment	5,739	2,249
Accumulated amortization	(31,597)	(1,489)
Total	<u>\$ 130,226</u>	<u>\$ 1,960</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 92 years and are accounted for in the General Fund. The lease terms for the golf courses and regional

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

7. LEASES-Continued

Leases of County-Owned Property-Continued

parks cover remaining periods ranging from 1 to 33 years and are also accounted for in the General Fund. The Marina del Rey leases cover remaining periods ranging from 1 to 65 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, 2002 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2003	\$ 31,303
2004	31,137
2005	31,167
2006	31,003
2007	30,935
Thereafter	1,031,315
Total	<u>\$ 1,186,860</u>

The following is a schedule of rental income for these operating leases for the year ended June 30, 2002 (in thousands):

	<u>Governmental Activities</u>
Minimum rentals	\$ 31,612
Contingent rentals	16,939
Total	<u>\$ 48,551</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>Balance June 30, 2002</u>
Los Angeles County General Obligation Detention Facilities Bonds, 6.5 % to 7.875%	\$ 36,505
Los Angeles County Flood Control District Storm Drain General Obligation Bonds, 2.5% to 8.5%	16,975
Los Angeles County Flood Control District Certificates of Participation, 4.5% to 7.875%	158,135
Regional Park and Open Space District Bonds (issued by Public Works Financing Authority), 4.2% to 6%	412,295

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

## 8. LONG-TERM OBLIGATIONS-Continued

	<u>Balance</u> <u>June 30, 2002</u>
Community Development Commission Notes Payable, 3.82% to 7.91%	28,669
NPC Bonds and Bond Anticipation Notes, 4.6% to 8.97%	41,174
Marina del Rey Certificates of Participation, 4.75% to 6.5%	111,086
Marina del Rey Loans Payable, 4.5% to 4.70%	23,282
Public Buildings Certificates of Participation, 2.8% to 7.75%	<u>1,168,914</u>
 Total	 <u>\$1,997,035</u>

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

	<u>Balance</u> <u>June 30, 2002</u>
NPC Bonds and Bond Anticipation Notes, 4.6% to 8.9%	\$ 23,161
Public Buildings Certificates of Participation and Commercial Paper, 2.8% to 7.0%	395,537
Waterworks District Bonds, 3.3% to 8.0%	382
Community Development Commission Mortgage Notes, 0.00% to 7.3%	<u>8,304</u>
 Total	 <u>\$ 427,384</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):

<u>Year</u> <u>Ending</u> <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 12,300	3,631	\$ 85	28
2004	11,555	2,865	58	23
2005	11,155	2,117	58	20
2006	8,995	1,379	45	15
2007	9,105	704	15	12
2008-2012	370	9	97	36
2013-2017			24	1
Total	<u>\$ 53,480</u>	<u>10,705</u>	<u>\$ 382</u>	<u>135</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>
2003	\$ 17,560	21,185
2004	18,525	20,183
2005	19,565	19,208
2006	20,475	18,252
2007	21,475	17,175
2008-2012	126,175	66,505
2013-2017	142,055	28,231
2018-2022	<u>46,465</u>	<u>3,560</u>
Total	<u>\$412,295</u>	<u>194,299</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>
2003	\$ 94,519	85,325	\$ 33,009	14,904
2004	93,248	82,341	30,412	13,327
2005	95,384	78,974	30,083	11,799
2006	87,913	55,436	30,092	10,241
2007	89,999	53,274	22,563	8,595
2008-2012	403,663	212,202	84,234	27,973
2013-2017	220,704	150,322	69,925	8,296
2018-2022	98,218	115,293		
2023-2027	94,550	35,545		
2028-2032	76,735	14,090		
2033-2037	<u>14,595</u>	<u>777</u>		
Total	<u>\$1,369,528</u>	<u>883,579</u>	<u>\$ 300,318</u>	<u>95,135</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 (TECP) was initially issued by the County in July 1997 to redeem outstanding BANS which were issued to fund various Hospital Enterprise Funds' construction projects and to provide a future source of interim funding for capital projects pending long-term financing. 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, but plans to retire the remaining TECP over an eight-year period. 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>
2003	\$ 18,432	2,750	\$118,880	362
2004	2,015	2,630	535	327
2005	1,702	2,535	570	288
2006	1,708	2,448	615	246
2007	1,670	2,361	660	200
2008-2012	9,328	10,405	2,245	308
2013-2017	11,209	7,472	993	
2018-2022	13,008	4,068		
2023-2027	6,057	1,477		
2028-2032	2,822	192		
Indeterminate maturity			2,186	
Total	<u>\$ 67,951</u>	<u>36,338</u>	<u>\$126,684</u>	<u>1,731</u>

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

8. LONG-TERM OBLIGATIONS-Continued

Summary-All Future Principal, Interest and Accretions

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	\$ 53,480	10,705	\$ 382	135
Assessment Bonds	412,295	194,299		
Certificates of Participation	1,369,528	883,579	300,318	95,135
Notes, Loans, and Commercial Paper	<u>67,951</u>	<u>36,338</u>	<u>126,684</u>	<u>1,731</u>
Subtotal	1,903,254	<u>1,124,921</u>	427,384	<u>97,001</u>
Add: Accretions	<u>93,781</u>			
Total Bonds and Notes Payable	<u>\$ 1,997,035</u>		<u>\$427,384</u>	

Long-term liabilities recorded in the Government-wide Statement of Net Assets include accreted interest on zero coupon bonds for Public Buildings related to governmental activities.

Advance Refunding of Debt

On April 1, 2002, the County issued \$29,000,000 in lease revenue bonds maturing on various dates between 2003 and 2012. These bonds, with an average interest rate of 4.38%, were issued to advance refund the outstanding principal amount of \$29,225,000 of certificates of participation issued in 1992 at an average interest rate of 6.03%.

The proceeds of \$29,000,000 were used to purchase "Qualified Investments", as defined in the trust agreement for the prior certificates. These investments were then deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded certificates. Accordingly, the refunded certificates of participation are considered to be defeased, and the liabilities for those certificates have been removed from the Government-wide Statement of Net Assets (governmental activities).

The advance refunding will result in a \$3,470,000 reduction of the County's debt service payments over the next 10 years. The economic gain (the difference between the reacquisition price of the refunded debt and the net carrying value of the refunded debt) was immaterial.

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, 2002, the amount of outstanding bonds and certificates of participation considered defeased was \$231,342,000. Of this amount, \$230,991,000 was related to governmental activities and \$351,000 to business-type activities.

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

## 8. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities

The following is a summary of long-term liabilities and corresponding activity for the year ended June 30, 2002 (in thousands):

	Balance July 1, 2001	Additions/ Accretions	Transfers/ Maturities	Balance June 30, 2002	Due Within One Year
<b>Governmental activities:</b>					
Bonds and notes payable	\$ 2,121,054	\$ 70,412	\$ 194,431	\$ 1,997,035	\$ 142,811
Pension bonds payable (Note 6)	1,655,534	20,914	124,933	1,551,515	147,489
Capital lease obligations (Note 7)	73,796	47,693	8,309	113,180	8,363
Accrued vacation and sick leave	555,772	6,204		561,976	38,751
Workers' compensation liability (Note 15)	1,368,853	324,795	287,818	1,405,830	274,044
Litigation and self-insurance liability (Note 15)	280,437	181,569	83,791	378,215	90,204
Third party payor liability	41,609		7,868	33,741	29,344
<b>Total governmental activities</b>	<b>\$ 6,097,055</b>	<b>\$ 651,587</b>	<b>\$ 707,150</b>	<b>\$ 6,041,492</b>	<b>\$ 731,006</b>
<b>Business-type activities:</b>					
Bonds and notes payable	\$ 480,821	\$ 19,808	\$ 73,245	\$ 427,384	\$ 151,974
Pension bonds payable (Note 6)	578,586	7,310	43,662	542,234	51,546
Capital lease obligations (Note 7)	2,326	124	364	2,086	368
Accrued vacation and sick leave	103,158	5,516		108,674	6,617
Workers' compensation liability (Note 15)	290,983	54,515	47,708	297,790	50,314
Litigation and self-insurance liability (Note 15)	222,163	24,286	30,624	215,825	33,812
Third party payor liability (Note 11)	334,964	18,498		353,462	38,606
<b>Total business-type activities</b>	<b>\$ 2,013,001</b>	<b>\$ 130,057</b>	<b>\$ 195,603</b>	<b>\$ 1,947,455</b>	<b>\$ 333,237</b>

Changes in Long-Term 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 2001-2002, thereby reducing liabilities for Bonds and Notes Payable by \$14,158,000 for governmental activities. Liabilities for Pension Bonds Payable were increased for governmental and business-type activities by \$20,914,000 and \$7,310,000, 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. It is not practicable to determine specific additions and maturities for accrued vacation and sick leave.

## 9. SHORT-TERM DEBT

On July 2, 2001, the County issued \$600 million of short-term Tax and Revenue Anticipation Notes at an effective interest rate of 2.61%. 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 2001. The notes matured and were redeemed on June 28, 2002.

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

## 10. CONDUIT DEBT OBLIGATIONS

### Improvement District Bonds

As of June 30, 2002, various improvement districts established by the County had outstanding special tax bonds payable totaling \$99,485,000 and limited obligation improvement bonds totaling \$21,303,000. The bonds were issued to finance the cost of various construction activities and infrastructure improvements which have a special and direct benefit to the related property owners.

The bonds do not constitute an indebtedness of the County, and are payable solely from special taxes collected from property owners within the improvement 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.

The County functions as an agent for the assessed property owners 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 \$1,429,974,000. The amount of bonds outstanding as of June 30, 2002 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, 2002, the amount of industrial development and other conduit bonds outstanding was \$192,871,000.

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

### 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.

#### Medicaid Demonstration Project

In June 1996, 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. The plan provided \$366.5 million in financial assistance in 1995-96 which provided impetus and support to the restructuring of health care delivery in the County.

#### Medicaid Demonstration Project Extension

The Federal Health Care Financing Administration, now known as the Center 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 continue to assist the County in restructuring its health care delivery system.

As part of this extension agreement, the County commits 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, will be 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 will provide 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 will 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>

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

11. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medicaid Demonstration Project Extension-Continued

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.

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 Project Federal Financial Participation (FFP) revenues recognized in the Hospital Enterprise Funds totaled \$207.6 million and consisted of the following:

- \$22.1 million in additional Medi-Cal matching funds for indigent care at health centers and outpatient facilities.
- \$185.5 million in increased Medi-Cal funding for providing at least 450,000 outpatient visits.

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 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). Certain other services to Medicare beneficiaries are reimbursed based on cost, subject to certain limitations. Revenues from Medi-Cal and Medicare programs represent approximately 90% and 3.1%, respectively, of net patient care revenue for the year ended June 30, 2002.

Medi-Cal audit reports have been issued for all hospitals except M.L. King/Drew Medical Center through Fiscal Year 1998-99. Audits for Fiscal Year 1999-2000 have been issued for Olive View/UCLA Medical Center and High Desert Hospital, with the other facilities' audits currently in progress. Medi-Cal and Cost-Based Reimbursement Clinic Fiscal Year 2000-01 audits are in progress for all hospitals.

The Medicare audits have been completed for Fiscal Year 1997-98 at all hospitals. For Fiscal Year 1998-99, the audits have been completed. However, the notices of program reimbursement have been received only for M.L. King/Drew Medical Center, Olive View/UCLA Medical Center, and High Desert Hospital. For Fiscal Year 1999-00, the audits are in progress.

The Hospitals, excluding health centers, have various outstanding appeals pertaining to Medi-Cal and Medicare audit settlements. 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.

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 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 \$131 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 \$89.5 million have also been recognized as liabilities in the basic financial statements as of June 30, 2002. The amount includes \$61 million and \$28.5 million related to Fiscal Years 1996-97 and 1997-98, respectively.

The Office of Inspector-General (OIG) is performing an audit to verify that FY 1997-98 DSH payments to the six Los Angeles County hospitals did not exceed the OBRA '93 limits. Based on the OIG's draft audit findings there exists a potential additional liability of \$113.5 million for the fiscal year. However, the County and the State are vigorously contesting both the findings of the draft audit report and the methodology used to determine the OBRA '93 DSH limits. The outcome of the OIG's draft report remains uncertain and a liability for this issue has not been recorded in the basic financial statements.

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.

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, 2002 was \$30.9 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, 2002, 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)	\$ 212,600	\$ 437,100
SB 855	418,497	629,234
SB 1255	356,000	700,000
Total	<u>\$ 987,097</u>	<u>\$1,766,334</u>

Charity Care

Charity care includes those uncollectible amounts which the patient is unable to pay. Generally, charity care adjustment accounts are those accounts for which an indigency 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.

The total amount of such charity care provided by the hospitals for the fiscal year ended June 30, 2002, based on established rates, is as follows (in thousands):

Charges forgone	\$1,878,545
Less: Federal and State subventions	<u>30,897</u>
Net charges forgone	<u>\$1,847,648</u>

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

11. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Restructuring of the County's Health Care Delivery System

As indicated in the "Medicaid Demonstration Project Extension" segment of this note, the County's reimbursement for health services is scheduled to significantly decline over the next three years. To address projected budget deficits, the Board approved a strategic plan in January 2002 that provided several options for a redesigned Health Care Delivery System (System). The plan established the direction for the System's restructuring and included the immediate closure of five health centers, a two-phased administrative reduction, and the consolidation of certain clinical services.

In June 2002, the Board adopted a redesign plan that contemplates a System based on four acute hospitals, the closure of an additional 11 health centers, and additional reductions focused on narrowing the projected deficit. In addition, Rancho Los Amigos Hospital is to be evaluated for consideration of a separate governance structure with a reduced County subsidy or, alternatively, to be scheduled for closure if the former option is not fiscally viable.

The Board and County management are continuing to work closely with federal and State officials to collaborate on the resolution of the projected deficit, the restructuring process, and other matters that impact the viability of the System. Significant health care matters that arose after June 30, 2002 are discussed in Note 18.

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, 2002. 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, 2002 are as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Flood Control District	\$ 2,470
	Public Library	215
	Regional Park and Open Space District	7,031
	Harbor UCLA Medical Center	39,842
	Olive View UCLA Medical Center	46,598
	M.L. King/Drew Medical Center	68,570
	High Desert Hospital	1,569
	Rancho Los Amigos Medical Center	26,353
	Nonmajor Enterprise Funds	270
	Nonmajor Governmental Funds	73,670
		<u>266,588</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>
Fire Protection District	General Fund	1,141
	Flood Control District	69
	Nonmajor Enterprise Funds	1
	Nonmajor Governmental Funds	23
		<u>1,234</u>
Flood Control District	Nonmajor Enterprise Funds	249
	Nonmajor Governmental Funds	2,863
		<u>3,112</u>
Public Library	Nonmajor Governmental Funds	<u>166</u>
Internal Service Funds	General Fund	2,568
	Fire Protection District	28
	Flood Control District	8,538
	Public Library	4
	Regional Park and Open Space District	106
	Harbor UCLA Medical Center	2
	Olive View UCLA Medical Center	1
	LAC+USC Medical Center	12
	M. L. King/Drew Medical Center	23
	Rancho Los Amigos Medical Center	32
	Nonmajor Enterprise Funds	2,317
	Nonmajor Governmental Funds	12,658
		<u>26,289</u>
Harbor UCLA Medical Center	General Fund	67,354
	Fire Protection District	69
	Olive View UCLA Medical Center	2,876
	M.L. King/Drew Medical Center	96
	Rancho Los Amigos Medical Center	31
		<u>70,426</u>
Olive View UCLA Medical Center	General Fund	48,826
	Fire Protection District	8
	High Desert Hospital	117
	Rancho Los Amigos Medical Center	4
		<u>48,955</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>
LAC+USC Medical Center	General Fund	60,230
	Fire Protection District	28
	Harbor UCLA Medical Center	2,001
	Olive View UCLA Medical Center	3,789
	M.L. King/Drew Medical Center	1,575
	High Desert Hospital	412
	Rancho Los Amigos Medical Center	<u>1,031</u>
		<u>69,066</u>
M. L. King/Drew Medical Center	General Fund	68,736
	Fire Protection District	23
	Olive View UCLA Medical Center	3
	Rancho Los Amigos Medical Center	<u>14</u>
		<u>68,776</u>
High Desert Hospital	General Fund	9,197
	Fire Protection District	24
	Harbor UCLA Medical Center	49
	M.L. King/Drew Medical Center	<u>15</u>
		<u>9,285</u>
Rancho Los Amigos Medical Center	General Fund	<u>25,658</u>
Nonmajor Governmental Funds	Fire Protection District	28
	Internal Service Funds	45
	Nonmajor Enterprise Funds	69
	Nonmajor Governmental Funds	<u>8,360</u>
		<u>8,502</u>
Total Interfund Receivables/Payables		<u>\$ 598,057</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.

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

## 12. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Interfund transfers to/from other funds for the year ended June 30, 2002 are as follows (in thousands):

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Fire Protection District	\$ 62
	Public Library	15,444
	Internal Service Funds	166
	Harbor UCLA Medical Center	73,007
	Olive View UCLA Medical Center	71,060
	LAC+USC Medical Center	227,436
	M.L. King/Drew Medical Center	99,611
	High Desert Hospital	24,571
	Rancho Los Amigos Medical Center	40,439
	Nonmajor Governmental Funds	<u>108,291</u>
		<u>660,087</u>
Fire Protection District	Nonmajor Governmental Funds	<u>850</u>
Flood Control District	Internal Service Funds	1,551
	Nonmajor Governmental Funds	<u>18,228</u>
		<u>19,779</u>
Public Library	Nonmajor Governmental Funds	<u>492</u>
Regional Park and Open Space District	Nonmajor Governmental Funds	<u>38,154</u>
Internal Service Funds	Nonmajor Governmental Funds	<u>37</u>
Harbor UCLA Medical Center	Nonmajor Governmental Funds	<u>262</u>
Olive View UCLA Medical Center	Nonmajor Governmental Funds	<u>180</u>
M. L. King/Drew Medical Center	Nonmajor Governmental Funds	<u>111</u>
Nonmajor Enterprise Funds	Internal Service Funds	189
	Nonmajor Governmental Funds	<u>7,075</u>
		<u>7,264</u>
Nonmajor Governmental Funds	General Fund	73,405
	Public Library	346
	Internal Service Funds	4,257
	Harbor UCLA Medical Center	555
	Olive View UCLA Medical Center	233
	LAC+USC Medical Center	1,787
	M.L. King/Drew Medical Center	658
	Nonmajor Enterprise Funds	6,692
	Nonmajor Governmental Funds	<u>31,225</u>
		<u>119,158</u>
Total Interfund Transfers		<u>\$ 846,374</u>

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

## 12. INTERFUND TRANSACTIONS-Continued

Short-term Advances

Advances from/to other funds at June 30, 2002 are as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Internal Service Funds	\$ 3,548
	Harbor UCLA Medical Center	5,049
	Olive View UCLA Medical Center	5,341
	LAC+USC Medical Center	10,645
	M.L. King/Drew Medical Center	5,495
	High Desert Hospital	864
	Rancho Los Amigos Medical Center	<u>2,197</u>
		<u>33,139</u>
Flood Control District	Internal Service Funds	<u>6,842</u>
Nonmajor Enterprise Funds	Internal Service Funds	<u>747</u>
Nonmajor Governmental Funds	Internal Service Funds	<u>10,863</u>
Total Short-term Advances		<u>\$ 51,591</u>

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

During the current year, the County modified the format of the budgetary financial statements to include all reserves and designations as uses of budgetary financial resources. In previous years, such uses of budgetary financial resources only included the outstanding reserves for encumbrances. The change in format is consistent with the County's budgetary accounting policies and presents budgetary fund balances in a manner that is consistent with the County Budget. As a result of the change, beginning budgetary fund balances have been restated from amounts previously reported.

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:

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

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

- 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 budgetary purposes, encumbrances and other reserves are also recorded as other financing uses at the time they are established. For encumbrances, this occurs at the time contracts or purchase agreements are entered into. Other reserves are also recognized as other financing uses to indicate that certain assets (such as inventories) are not available for appropriation. Cancellations of encumbrances and other fund balance reserves are recorded as other financing sources for budgetary purposes.
- 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 (see discussion in Note 2).
- 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 with 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	\$ 603,356	\$ 19,532	\$ 10,248	\$ 4,320	\$ 104,221
Reserves and designations	<u>953,805</u>	<u>13,165</u>	<u>111,618</u>	<u>3,548</u>	<u>161,234</u>
Subtotal	<u>1,557,161</u>	<u>32,697</u>	<u>121,866</u>	<u>7,868</u>	<u>265,455</u>
Adjustments:					
Reversal of estimated liability for litigation and self-insurance claims	66,937	46		129	
Reversal of accrued vacation and sick leave benefits	30,613				
Deferral of unearned investment income	(31,526)	(1,553)		(346)	
Change in revenue accruals	<u>(110,831)</u>	<u>(14,071)</u>	<u>(4,479)</u>	<u>(1,906)</u>	<u>(4,914)</u>
Subtotal	<u>(44,807)</u>	<u>(15,578)</u>	<u>(4,479)</u>	<u>(2,123)</u>	<u>(4,914)</u>
Fund balance - GAAP basis	<u>\$1,512,354</u>	<u>\$ 17,119</u>	<u>\$ 117,387</u>	<u>\$ 5,745</u>	<u>\$ 260,541</u>

14. COMMITMENTS

Construction Commitments

At June 30, 2002, the LAC+USC Medical Center Hospital Enterprise Fund had contractual commitments of approximately \$53,722,000 to provide for the construction of the LAC+USC Medical Center replacement facility. The construction is currently being financed by commercial paper. Additional commitments related to this project are discussed in Note 18.

At June 30, 2002, the Public Buildings Capital Projects Fund had contractual commitments of approximately \$40,882,000 to provide for the construction of the Antelope Valley Courthouse. The construction is being financed by proceeds from certificates of participation. There were also contractual commitments of approximately \$2,310,000 for the West San Fernando Valley Court building, which is being financed by lease revenue bonds.

LACERA Capital Commitments

At June 30, 2002, LACERA had outstanding capital commitments to various investment managers, approximating \$1,714,000,000. Subsequent to June 30, 2002, LACERA funded \$59,000,000 of these capital commitments.

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

14. COMMITMENTS-Continued

Investment Purchase Commitments

At June 30, 2002, the County had open trade commitments (forward contracts) with various brokers to purchase investments approximating \$69,000,000 with settlement dates subsequent to year end. These investment transactions had not been recorded as of June 30, 2002 since the County neither takes delivery of the securities nor earns interest on the investments until the settlement date. By July 11, 2002, the County had purchased such investments.

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 2000-2001 or 2001-2002.

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 of June 30, 2002, the County's best estimate of these liabilities is \$2.298 billion. Changes in the reported liability since June 30, 2000 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>2000-2001</u>				
Workers' Compensation	\$ 1,536,861	\$ 358,277	\$ 235,302	\$ 1,659,836
Other	<u>478,949</u>	<u>132,651</u>	<u>109,000</u>	<u>502,600</u>
Total 2000-2001	<u>\$ 2,015,810</u>	<u>\$ 490,928</u>	<u>\$ 344,302</u>	<u>\$ 2,162,436</u>
<u>2001-2002</u>				
Workers' Compensation	\$ 1,659,836	\$ 379,310	\$ 335,526	\$ 1,703,620
Other	<u>502,600</u>	<u>205,855</u>	<u>114,415</u>	<u>594,040</u>
Total 2001-2002	<u>\$ 2,162,436</u>	<u>\$ 585,165</u>	<u>\$ 449,941</u>	<u>\$ 2,297,660</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 \$435 million (including the \$113.5 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 claims, the County and LACERA have been named as defendants in a number of lawsuits that seek to expand the types of employee benefits which are applied in determining pension compensation. The most significant of these items pertain to vacation and sick leave benefits, which employees are allowed to carry forward, within limits, and be compensated for upon termination. In addition, there are other lawsuits that seek the retroactive application of certain other employee benefits that were recently determined to be included in the definition of compensation for retirement purposes.

County Counsel has determined that these items are reasonably possible of creating an unfunded actuarial liability of \$1.9 billion. At this time, the specific impact on the County's financial position is unknown due to the uncertainties regarding the timing and effect of additional pension compensation items on future actuarially computed valuations, as well as uncertainties regarding the potential impact relative to the County's future actuarial required contributions. County management believes that a material increase in the unfunded actuarial liability resulting from these lawsuits would be funded over approximately 30 years and would not have a material impact on the County's overall financial position.

16. NET ASSET DEFICITS

The following funds had net asset deficits at June 30, 2002 (in thousands):

	<u>Accumulated Deficit</u>
Enterprise Funds:	
Harbor/UCLA Medical Center	\$ 91,581
Olive View/UCLA Medical Center	58,141
LAC+USC Medical Center	191,176
M. L. King/Drew Medical Center	96,298
High Desert Hospital	18,977
Rancho Los Amigos Medical Center	45,689
Internal Service Fund-	
Public Works	78,031

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.

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

17. 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, 2002, the County has budgetarily reserved approximately \$230 million in such collections.

18. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes ("TRANS")

On July 1, 2002, the County issued \$650,000,000 in 2002-2003 TRANS which will mature on June 30, 2003. The TRANS are collateralized by taxes and other revenues attributable to the 2002-2003 fiscal year and were issued in the form of Fixed Rate Notes at an interest rate of 1.64%.

Capital Asset Leasing Corporation Bond Anticipation Notes

On September 18, 2002, the Corporation issued a \$5,000,000 Bond Anticipation Note with an initial interest rate of 2.16%. On November 15, 2002, the Corporation issued an additional \$10,000,000 Bond Anticipation Note with an initial interest rate of 1.76%. The rates are adjustable on January 2 and July 1 of each year. Both notes were purchased by the Los Angeles County Treasury Pool and are due on June 30, 2005. Proceeds of the notes are being used to purchase equipment. The notes are to be repaid from the proceeds of lease revenue bonds.

Trauma/Emergency Services Tax Measure

On November 5, 2002, Los Angeles County voters approved Measure B, which establishes a new tax on all improved parcels in the County. The tax becomes effective in 2003-04 and will provide approximately \$168 million annually, plus discretionary inflation growth, to support emergency and trauma services and bioterrorism preparedness activities in the County.

Capital Asset Leasing Corporation Lease Revenue Bonds, 2002 Master Refunding Project, Series B

On December 2, 2002, the Corporation issued \$17,130,000 in lease revenue bonds maturing from 2011 to 2016 with an interest rate of 6%. Proceeds from the sale of the bonds, together with monies on hand, were used to provide for the current refunding of a portion of the outstanding 1992 Master Refunding Project Lease Revenue Bonds.

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

18. SUBSEQUENT EVENTS-Continued

Health Care Delivery System

Subsequent to June 30, 2002, the County continued to pursue changes to the Health Care Delivery System (System). In August 2002, the Board voted to close High Desert Hospital and revise the scope of the facility to a Multi-service Ambulatory Care Center (MACC). The Board had planned to implement more severe facility and program curtailments in October 2002 if there were not assurances of additional federal and State resources. Those plans included reconfiguring Harbor-UCLA Medical Center and Olive View-UCLA Medical Center to a MACC. Other service reductions, including the closure of additional health centers, were to be implemented. At this time, the Board has deferred these additional service reductions. The passage of the aforementioned property tax assessment and the continuing progress in working with federal and State officials to ensure fiscal stability were factors in the decision to postpone further curtailments.

Construction Contract Commitment

On December 3, 2002, the Board approved the execution of a construction contract in the amount of \$497,883,000 to provide for the construction of the 600-bed LAC+USC Medical Center Replacement Facility. The overall project is estimated to cost \$820,558,000 and is expected to be completed in 2007. The construction of the new facility will replace the existing LAC+USC facility.

The new facility will be funded by approximately \$470 million of federal and State disaster assistance with the remainder to be financed by the issuance of debt. Although the County's health system is confronted with the possibility of service reductions and closure of facilities, the LAC+USC complex is the core of the County's health network, is critical to the County's ability to effectively provide services, and is proceeding as planned several years ago.

State Budget

The State is confronted with a budgetary deficit that is estimated to exceed \$20 billion. The County has balanced its budget for 2002-2003 and is carefully monitoring curtailments in State spending that impact programs operated by the County. At this time, the State is in the preliminary stages of addressing the projected deficit and material impacts to the County, if any, have not been determined.

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

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded/ (Overfunded) AAL [UAAL/(OAAL)] (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL/(OAAL) as a Percentage of Covered Payroll ((b-a)/c)</u>
06/30/99	\$23,536,116	\$22,784,706	\$(751,410)	103.3%	\$3,858,090	-19.5%
06/30/00	25,426,507	24,720,380	(706,127)	102.9%	4,107,964	-17.2%
06/30/01	26,490,000	26,489,976	(24)	100.0%	4,398,443	0.0%



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, 2002 (in thousands)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
<b>GENERAL GOVERNMENT:</b>				
Salaries and employee benefits	\$ 544,466	543,958	479,478	(64,480)
Services and supplies	609,964	626,532	435,997	(190,535)
Other charges	91,231	86,520	32,990	(53,530)
Fixed assets	5,677	6,574	5,532	(1,042)
Intrafund transfers	(446,560)	(446,532)	(369,371)	77,161
<b>TOTAL GENERAL GOVERNMENT</b>	<b>804,778</b>	<b>817,052</b>	<b>584,626</b>	<b>(232,426)</b>
<b>PUBLIC PROTECTION:</b>				
Salaries and employee benefits	2,197,146	2,245,806	2,222,071	(23,735)
Services and supplies	733,477	706,964	607,522	(99,442)
Other charges	375,244	392,351	385,504	(6,847)
Fixed assets	20,270	9,570	6,095	(3,475)
Intrafund transfers	(75,941)	(76,368)	(66,478)	9,890
<b>TOTAL PUBLIC PROTECTION</b>	<b>3,250,196</b>	<b>3,278,323</b>	<b>3,154,714</b>	<b>(123,609)</b>
<b>HEALTH AND SANITATION:</b>				
Salaries and employee benefits	575,458	529,798	509,270	(20,528)
Services and supplies	1,211,556	1,339,644	1,266,908	(72,736)
Other charges	491,894	486,049	483,020	(3,029)
Fixed assets	5,817	7,320	5,201	(2,119)
Intrafund transfers	(116,840)	(122,735)	(113,412)	9,323
<b>TOTAL HEALTH AND SANITATION</b>	<b>2,167,885</b>	<b>2,240,076</b>	<b>2,150,987</b>	<b>(89,089)</b>
<b>PUBLIC ASSISTANCE:</b>				
Salaries and employee benefits	1,148,900	1,144,383	1,052,027	(92,356)
Services and supplies	1,087,556	1,092,855	758,796	(334,059)
Other charges	2,685,914	2,729,356	2,570,086	(159,270)
Fixed assets	5,320	5,820	2,297	(3,523)
Intrafund transfers	(106,528)	(106,528)	(87,135)	19,393
<b>TOTAL PUBLIC ASSISTANCE</b>	<b>4,821,162</b>	<b>4,865,886</b>	<b>4,296,071</b>	<b>(569,815)</b>
<b>RECREATION AND CULTURAL SERVICES:</b>				
Salaries and employee benefits	81,572	80,926	74,545	(6,381)
Services and supplies	77,348	79,500	73,874	(5,626)
Other charges	11,980	12,445	11,954	(491)
Fixed assets	1,412	2,878	1,732	(1,146)
Intrafund transfers	(3,864)	(5,474)	(3,941)	1,533
<b>TOTAL RECREATION AND CULTURAL SERVICES</b>	<b>168,448</b>	<b>170,275</b>	<b>158,164</b>	<b>(12,111)</b>
<b>DEBT SERVICE-</b>				
Interest	15,977	15,977	15,977	
<b>CAPITAL OUTLAY</b>	<b>430,910</b>	<b>440,049</b>	<b>78,457</b>	<b>(361,592)</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 11,659,356</b>	<b>11,827,638</b>	<b>10,438,996</b>	<b>(1,388,642)</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 & Sanitation Funds: Hospital Services, Physician Services, Statham Alcohol, Driving Under the Influence, AIDS Education, Air Quality Improvement, 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, 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.

The Other Public Protection Funds: Jail Store, Inmate Welfare, Narcotic Enforcement, Vehicle Theft Prevention, Countywide Warrant System, Sheriff's Processing Fees and Automation, Automated Fingerprint Identification System, District Attorney Asset Forfeiture 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, equipment maintenance and automated systems. Revenues are derived from sale of minor supplies, fines related to controlled substance convictions, forfeiture of assets used in connection with transportation or possession of a controlled substance and court revenues.

## COUNTY OF LOS ANGELES

## NONMAJOR GOVERNMENTAL FUNDS

## NONMAJOR SPECIAL REVENUE FUNDS

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.

The Public Financing Fund was established to account for long-term debt proceeds issued to finance the County-Wide Integrated Radio Communication System Project. The project has been concluded and the fund was closed during 2001-2002.

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. 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.

## 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, Public Buildings and Public Financing receive their funds primarily from the General Fund in the form of operating transfers. During 2001-2002, all bonds related to Public Financing were redeemed and the fund was closed.

Joint Powers Authorities

Public Works Financing Authority

Public FinancingCounty-Wide Integrated Radio  
Communication System ProjectPublic 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  
1992 Master Refunding Project  
1996 Master Refunding Project  
1997 Master Refunding Project  
2002 Master Refunding Project –  
Series A

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.

Continued...

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, 2002 (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	\$ 710,802	87,512	46,875	2,566	\$ 847,755
Other	27,095	1,398	260	3	28,756
Total pooled cash and investments	737,897	88,910	47,135	2,569	876,511
Other investments	47,823	592,628	116,631	867	757,949
Taxes receivable	3,075	1,851			4,926
Interest receivable	5,175	1,005	789	36	7,005
Other receivables	84,670	10,355	604		95,629
Due from other funds	2,503		5,999		8,502
Advances to other funds	10,863				10,863
Inventories	38,851				38,851
<b>TOTAL ASSETS</b>	<b>\$ 930,857</b>	<b>694,749</b>	<b>171,158</b>	<b>3,472</b>	<b>\$ 1,800,236</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 39,952		4,031		\$ 43,983
Accrued payroll	487				487
Other payables	748	4,246			4,994
Due to other funds	84,337	12,794	591	18	97,740
Deferred revenue	27,964	12,349			40,313
Advances payable	9,929				9,929
Third party payor liability	2,335				2,335
<b>TOTAL LIABILITIES</b>	<b>165,752</b>	<b>29,389</b>	<b>4,622</b>	<b>18</b>	<b>199,781</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Encumbrances	135,901		56,239		192,140
Inventories	38,851				38,851
Housing programs	2,568				2,568
Debt service		665,360			665,360
Endowments & annuities				3,454	3,454
Other	22,110		60		22,170
Unreserved, designated for:					
Program expansion	35,944				35,944
Subsequent years' expenditures	130,219				130,219
Capital projects	796				796
Unreserved, undesignated, reported in:					
Special revenue funds	398,716				398,716
Capital projects funds			110,237		110,237
<b>TOTAL FUND BALANCES</b>	<b>765,105</b>	<b>665,360</b>	<b>166,536</b>	<b>3,454</b>	<b>1,600,455</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 930,857</b>	<b>694,749</b>	<b>171,158</b>	<b>3,472</b>	<b>\$ 1,800,236</b>

96 COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS - SUMMARY  
 FOR THE YEAR ENDED JUNE 30, 2002 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>REVENUES:</b>					
Taxes	\$ 59,037	15,749			\$ 74,786
Licenses, permits and franchises	5,133	11			5,144
Fines, forfeitures and penalties	66,530	80			66,610
Revenue from use of money/property:					
Investment income	28,556	27,766	9,536	163	66,021
Rents and concessions	5,626	32,582			38,208
Royalties	3				3
Intergovernmental revenues:					
Federal	111,012				111,012
State	208,982	89	189		209,260
Other	10,376				10,376
Charges for services	67,156	894	2,351		70,401
Proceeds from property owners			1,336		1,336
Miscellaneous	60,549	2	903		61,454
<b>TOTAL REVENUES</b>	<b>622,960</b>	<b>77,173</b>	<b>14,315</b>	<b>163</b>	<b>714,611</b>
<b>EXPENDITURES:</b>					
Current:					
General government	23,623			96	23,719
Public protection	70,315				70,315
Public ways and facilities	261,679				261,679
Health and sanitation	83,176				83,176
Public assistance	131,934				131,934
Recreation and cultural services	6,773				6,773
Debt service:					
Principal	1,423	149,494			150,917
Interest and other charges	571	135,715			136,286
Capital outlay			73,011		73,011
<b>TOTAL EXPENDITURES</b>	<b>579,494</b>	<b>285,209</b>	<b>73,011</b>	<b>96</b>	<b>937,810</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>43,466</b>	<b>(208,036)</b>	<b>(58,696)</b>	<b>67</b>	<b>(223,199)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	26,131	172,138	6,636		204,905
Transfers out	(105,044)	(13,555)	(559)		(119,158)
Proceeds of refunding bonds		29,000			29,000
Payment to refunded bonds escrow agent		(29,000)			(29,000)
Sales of capital assets	3,213		40		3,253
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(75,700)</b>	<b>158,583</b>	<b>6,117</b>		<b>89,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(32,234)</b>	<b>(49,453)</b>	<b>(52,579)</b>	<b>67</b>	<b>(134,199)</b>
FUND BALANCE, JULY 1, 2001, AS RESTATED	797,339	714,813	219,115	3,387	1,734,654
FUND BALANCE, JUNE 30, 2002	\$ 765,105	665,360	166,536	3,454	\$ 1,600,455



COUNTY OF LOS ANGELES  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 JUNE 30, 2002 (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	\$ 59,826	75,430	38,980	21,296	8,424
Other	14,682	525	275	179	216
Total pooled cash and investments	<u>74,508</u>	<u>75,955</u>	<u>39,255</u>	<u>21,475</u>	<u>8,640</u>
Other investments					
Taxes receivable	1	348	1,426	700	552
Interest receivable	613	662	325	176	75
Other receivables	47,798	13,096	15	1,024	933
Due from other funds	7	271			
Advances to other funds	8,849	374	179		1,165
Inventories					
<b>TOTAL ASSETS</b>	<u>\$ 131,776</u>	<u>90,706</u>	<u>41,200</u>	<u>23,375</u>	<u>11,365</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 5,495	1,906	1,132	2,979	195
Accrued payroll					
Other payables					396
Due to other funds	16,301	1,296	116	58	2,044
Deferred revenue	13,714	1,862	1,014	1,320	1,089
Advances payable	9,929				
Third party payor liability	863			1,472	
<b>TOTAL LIABILITIES</b>	<u>46,302</u>	<u>5,064</u>	<u>2,262</u>	<u>5,829</u>	<u>3,724</u>
<b>FUND BALANCES:</b>					
Reserved for:					
Encumbrances	79,916	29,606	2	8	1,954
Inventories					
Housing programs					
Other	3,021	15,120			1,743
Unreserved, designated for:					
Program expansion		587	13		
Subsequent years' expenditures				13,784	
Capital projects					758
Unreserved, undesignated	2,537	40,329	38,923	3,754	3,186
<b>TOTAL FUND BALANCES</b>	<u>85,474</u>	<u>85,642</u>	<u>38,938</u>	<u>17,546</u>	<u>7,641</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 131,776</u>	<u>90,706</u>	<u>41,200</u>	<u>23,375</u>	<u>11,365</u>

	Health and Sanitation	Other Public Protection	Public Assistance	Recreation	Community Development Commission	
						<b>ASSETS</b>
						Pooled cash and investments:
\$	88,060	113,809	7,150	2,916	76,610	Operating
	2,940	3,011	744	244		Other
	<u>91,000</u>	<u>116,820</u>	<u>7,894</u>	<u>3,160</u>	<u>76,610</u>	Total pooled cash and investments
					47,822	Other investments
	48					Taxes receivable
	721	919	28	15		Interest receivable
	5,428				16,139	Other receivables
					1,210	Due from other funds
	296					Advances to other funds
					38,851	Inventories
\$	<u>97,493</u>	<u>117,739</u>	<u>7,922</u>	<u>3,182</u>	<u>180,632</u>	<b>TOTAL ASSETS</b>
						<b>LIABILITIES AND FUND BALANCES</b>
						<b>LIABILITIES:</b>
\$	14,392	1,894	314	327	11,143	Accounts payable
			252		100	Accrued payroll
	18,403	32,774	933	87	1,364	Other payables
	720				8,245	Due to other funds
						Deferred revenue
						Advances payable
						Third party payor liability
	<u>33,515</u>	<u>34,668</u>	<u>1,499</u>	<u>414</u>	<u>20,852</u>	<b>TOTAL LIABILITIES</b>
						<b>FUND BALANCES:</b>
						Reserved for:
	9,521	8,500	199	59		Encumbrances
					38,851	Inventories
					2,568	Housing programs
		300			1,926	Other
	31,274	282	1,941	717		Unreserved, designated for:
					116,435	Program expansion
						Subsequent years' expenditures
						Capital projects
	23,183	73,989	4,283	1,992		Unreserved, undesignated
	<u>63,978</u>	<u>83,071</u>	<u>6,423</u>	<u>2,768</u>	<u>159,780</u>	<b>TOTAL FUND BALANCES</b>
\$	<u>97,493</u>	<u>117,739</u>	<u>7,922</u>	<u>3,182</u>	<u>180,632</u>	<b>TOTAL LIABILITIES AND FUND BALANCES</b>

Continued...

COUNTY OF LOS ANGELES  
 COMBINING BALANCE SHEET - Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 JUNE 30, 2002 (in thousands)

	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Public Financing	Other Special Revenue	Total
<b>ASSETS</b>					
Pooled cash and investments:					
Operating	\$ 105,480	28,852		83,969	\$ 710,802
Other	1,899	2,054		326	27,095
Total pooled cash and investments	107,379	30,906		84,295	737,897
Other investments				1	47,823
Taxes receivable					3,075
Interest receivable	885	242		514	5,175
Other receivables				237	84,670
Due from other funds				1,008	2,503
Advances to other funds					10,863
Inventories					38,851
<b>TOTAL ASSETS</b>	<b>\$ 108,264</b>	<b>31,148</b>		<b>86,055</b>	<b>\$ 930,857</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$	36		139	\$ 39,952
Accrued payroll				487	487
Other payables					748
Due to other funds	376	5,593		4,992	84,337
Deferred revenue					27,964
Advances payable					9,929
Third party payor liability					2,335
<b>TOTAL LIABILITIES</b>	<b>376</b>	<b>5,629</b>		<b>5,618</b>	<b>165,752</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Encumbrances	509	1,999		3,628	135,901
Inventories					38,851
Housing programs					2,568
Other					22,110
Unreserved, designated for:					
Program expansion				1,130	35,944
Subsequent years' expenditures					130,219
Capital projects				38	796
Unreserved, undesignated	107,379	23,520		75,641	398,716
<b>TOTAL FUND BALANCES</b>	<b>107,888</b>	<b>25,519</b>		<b>80,437</b>	<b>765,105</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 108,264</b>	<b>31,148</b>		<b>86,055</b>	<b>\$ 930,857</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, 2002 (in thousands)

	Streets, Highways, Roads and Bridges		Street Lighting Districts	Garbage Disposal Districts	Sewer Maintenance Districts
	Roads	Other			
<b>REVENUES:</b>					
Taxes	\$ 1	31,428	11,213	2,869	
Licenses, permits and franchises	2,036				
Fines, forfeitures and penalties		25	124	273	171
Revenue from use of money/property:					
Investment income	3,568	2,724	1,324	723	465
Rents and concessions	3	169			
Royalties					
Intergovernmental revenues:					
Federal	15,914	1,483	12		23
State	144,892	284	154	38	1
Other	2,003	6,814	405		
Charges for services	12,000	3,088	3,493	8,935	15,000
Miscellaneous	257	306			6
<b>TOTAL REVENUES</b>	<b>180,674</b>	<b>46,321</b>	<b>16,725</b>	<b>12,838</b>	<b>15,666</b>
<b>EXPENDITURES:</b>					
Current:					
General government					
Public protection					
Public ways and facilities	196,751	48,339	16,589		
Health and sanitation				14,438	18,464
Public assistance					
Recreation and cultural services					
Debt service:					
Principal					
Interest and other charges					
<b>TOTAL EXPENDITURES</b>	<b>196,751</b>	<b>48,339</b>	<b>16,589</b>	<b>14,438</b>	<b>18,464</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(16,077)</b>	<b>(2,018)</b>	<b>136</b>	<b>(1,600)</b>	<b>(2,798)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in					
Transfers out	(2,526)				(564)
Sales of capital assets	11	12			
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,515)</b>	<b>12</b>			<b>(564)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(18,592)</b>	<b>(2,006)</b>	<b>136</b>	<b>(1,600)</b>	<b>(3,362)</b>
<b>FUND BALANCES, JULY 1, 2001, AS RESTATED</b>	<b>104,066</b>	<b>87,648</b>	<b>38,802</b>	<b>19,146</b>	<b>11,003</b>
<b>FUND BALANCES, JUNE 30, 2002</b>	<b>\$ 85,474</b>	<b>85,642</b>	<b>38,938</b>	<b>17,546</b>	<b>7,641</b>

	Health and Sanitation	Other Public Protection	Public Assistance	Recreation	Community Development Commission
\$					13,526
		26	1,247		
	15,720	5,825	1,624	51	
	3,044	3,346	29	39	6,810
		680		141	673
		279	1	1	93,299
	51,590	12,023			
	1,154				
	11,749	7,766	3,310		
		43,518	3,175	6,498	5,920
	<u>83,257</u>	<u>73,463</u>	<u>9,386</u>	<u>6,730</u>	<u>120,228</u>
		45,267			
	50,274		8,104		123,830
				6,773	
					1,423
					571
	<u>50,274</u>	<u>45,267</u>	<u>8,104</u>	<u>6,773</u>	<u>125,824</u>
	<u>32,983</u>	<u>28,196</u>	<u>1,282</u>	<u>(43)</u>	<u>(5,596)</u>
		3,860			7,075
	(26,306)	(38,619)	(784)	(63)	(7,859)
		52			
	<u>(26,306)</u>	<u>(34,707)</u>	<u>(784)</u>	<u>(63)</u>	<u>(784)</u>
	6,677	(6,511)	498	(106)	(6,360)
	<u>57,301</u>	<u>89,582</u>	<u>5,925</u>	<u>2,874</u>	<u>166,160</u>
\$	<u>63,978</u>	<u>83,071</u>	<u>6,423</u>	<u>2,768</u>	<u>159,780</u>

**REVENUES:**

Taxes

Licenses, permits and franchises

Fines, forfeitures and penalties

Revenue from use of money/property:

Investment income

Rents and concessions

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

Recreation and cultural services

Debt service:

Principal

Interest and other charges

**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 BALANCES, JULY 1, 2001, AS RESTATED****FUND BALANCES, JUNE 30, 2002**

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, 2002 (in thousands)

	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Public Financing	Other Special Revenue	Total
<b>REVENUES:</b>					
Taxes	\$				\$ 59,037
Licenses, permits and franchises				1,824	5,133
Fines, forfeitures and penalties	19,626	22,941		150	66,530
Revenue from use of money/property:					
Investment income	3,767	946	57	1,714	28,556
Rents and concessions	155			3,805	5,626
Royalties				3	3
Intergovernmental revenues:					
Federal					111,012
State					208,982
Other					10,376
Charges for services				1,815	67,156
Miscellaneous				869	60,549
<b>TOTAL REVENUES</b>	<b>23,548</b>	<b>23,887</b>	<b>57</b>	<b>10,180</b>	<b>622,960</b>
<b>EXPENDITURES:</b>					
Current:					
General government				23,623	23,623
Public protection	9,831	15,217			70,315
Public ways and facilities					261,679
Health and sanitation					83,176
Public assistance					131,934
Recreation and cultural services					6,773
Debt service:					
Principal					1,423
Interest and other charges					571
<b>TOTAL EXPENDITURES</b>	<b>9,831</b>	<b>15,217</b>		<b>23,623</b>	<b>579,494</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>13,717</b>	<b>8,670</b>	<b>57</b>	<b>(13,443)</b>	<b>43,466</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in			25	15,171	26,131
Transfers out	(9,576)	(8,447)	(4,276)	(6,024)	(105,044)
Sales of capital assets				3,138	3,213
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(9,576)</b>	<b>(8,447)</b>	<b>(4,251)</b>	<b>12,285</b>	<b>(75,700)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>4,141</b>	<b>223</b>	<b>(4,194)</b>	<b>(1,158)</b>	<b>(32,234)</b>
<b>FUND BALANCES, JULY 1, 2001, AS RESTATED</b>	<b>103,747</b>	<b>25,296</b>	<b>4,194</b>	<b>81,595</b>	<b>797,339</b>
<b>FUND BALANCES, JUNE 30, 2002</b>	<b>\$ 107,888</b>	<b>25,519</b>		<b>80,437</b>	<b>\$ 765,105</b>

COUNTY OF LOS ANGELES  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2002 (in thousands)

	TOTALS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
<b>REVENUES:</b>				
Taxes	\$ 42,530	42,530	45,413	2,883
Licenses, permits and franchises	4,999	4,999	5,133	134
Fines, forfeitures and penalties	66,972	66,972	66,530	(442)
Revenue from use of money and property:				
Investment income	25,840	25,840	21,284	(4,556)
Rents and concessions	4,652	4,652	4,953	301
Royalties	209	209	4,299	4,090
Intergovernmental revenues:				
Federal	43,500	43,500	22,747	(20,753)
State	183,616	197,226	204,139	6,913
Other	16,156	16,178	10,777	(5,401)
Charges for services	156,553	156,598	67,134	(89,464)
Miscellaneous	51,583	54,371	54,473	102
<b>TOTAL REVENUES</b>	<b>596,610</b>	<b>613,075</b>	<b>506,882</b>	<b>(106,193)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	47,358	47,648	18,461	(29,187)
Public protection	275,347	253,898	82,440	(171,458)
Public ways and facilities	443,202	443,224	286,712	(156,512)
Health and sanitation	78,523	92,155	84,524	(7,631)
Public assistance	9,448	9,448	8,231	(1,217)
Recreation and cultural services	6,269	8,994	6,670	(2,324)
<b>TOTAL EXPENDITURES</b>	<b>860,147</b>	<b>855,367</b>	<b>487,038</b>	<b>(368,329)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(263,537)</b>	<b>(242,292)</b>	<b>19,844</b>	<b>262,136</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sales of fixed assets	3,565	3,565	3,214	(351)
Transfers in	18,992	19,314	24,119	4,805
Transfers out	(127,013)	(149,019)	(80,885)	68,134
Long-term debt proceeds			162	162
Appropriation for contingencies	(48,421)	(52,140)		52,140
Changes in reserves and designations	(15,805)	(11,711)	4,204	15,915
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(168,682)</b>	<b>(189,991)</b>	<b>(49,186)</b>	<b>140,805</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(432,219)</b>	<b>(432,283)</b>	<b>(29,342)</b>	<b>402,941</b>
<b>FUND BALANCE, JULY 1, 2001, AS RESTATED</b>	<b>432,306</b>	<b>432,306</b>	<b>432,306</b>	
<b>FUND BALANCE, JUNE 30, 2002</b>	<b>\$ 87</b>	<b>23</b>	<b>402,964</b>	<b>402,941</b>

Continued...

COUNTY OF LOS ANGELES  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 FOR THE YEAR ENDED JUNE 30, 2002 (in thousands)

	ROAD			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 3,104	3,104	1	(3,103)
Licenses, permits and franchises	1,839	1,839	2,036	197
Fines, forfeitures and penalties	1	1		(1)
Revenue from use of money and property:				
Investment income	5,756	5,756	3,560	(2,196)
Rents and concessions	50	50	3	(47)
Intergovernmental revenues:				
Federal	38,228	38,228	20,948	(17,280)
State	170,682	170,682	145,739	(24,943)
Other	500	500	2,404	1,904
Charges for services	12,217	12,217	12,000	(217)
Miscellaneous	287	287	257	(30)
<b>TOTAL REVENUES</b>	<b>232,664</b>	<b>232,664</b>	<b>186,948</b>	<b>(45,716)</b>
EXPENDITURES:				
Current-Public ways and facilities:				
Services and supplies	237,037	237,037	215,987	(21,050)
Other charges	8,604	8,604	2,660	(5,944)
Fixed assets	2,126	2,126		(2,126)
<b>TOTAL EXPENDITURES</b>	<b>247,767</b>	<b>247,767</b>	<b>218,647</b>	<b>(29,120)</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(15,103)</b>	<b>(15,103)</b>	<b>(31,699)</b>	<b>(16,596)</b>
OTHER FINANCING SOURCES (USES):				
Sales of fixed assets	55	55	11	(44)
Transfers out	(3,452)	(3,452)	(2,525)	927
Appropriation for contingencies	(18,062)	(18,062)		18,062
Changes in reserves and designations			6,322	6,322
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(21,459)</b>	<b>(21,459)</b>	<b>3,808</b>	<b>25,267</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(36,562)</b>	<b>(36,562)</b>	<b>(27,891)</b>	<b>8,671</b>
<b>FUND BALANCE, JULY 1, 2001, AS RESTATED</b>	<b>36,562</b>	<b>36,562</b>	<b>36,562</b>	
<b>FUND BALANCE, JUNE 30, 2002</b>	<b>\$</b>		<b>8,671</b>	<b>8,671</b>

Continued...

COUNTY OF LOS ANGELES  
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
FOR THE YEAR ENDED JUNE 30, 2002 (in thousands)

	OTHER STREETS, HIGHWAYS, ROADS, AND BRIDGES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 26,982	26,982	31,416	4,434
Fines, forfeitures and penalties	29	29	25	(4)
Revenue from use of money and property:				
Investment income	3,276	3,276	2,682	(594)
Rents and concessions	138	138	169	31
Intergovernmental revenues:				
Federal	5,240	5,240	1,483	(3,757)
State	249	249	284	35
Other	14,045	14,045	6,814	(7,231)
Charges for services	56,139	56,139	3,088	(53,051)
Miscellaneous	2,582	2,582	306	(2,276)
TOTAL REVENUES	108,680	108,680	46,267	(62,413)
EXPENDITURES:				
Current-Public ways and facilities:				
Services and supplies	139,271	138,086	50,567	(87,519)
Other charges	1,982	1,972	103	(1,869)
Fixed assets	4,293	5,488	754	(4,734)
TOTAL EXPENDITURES	145,546	145,546	51,424	(94,122)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(36,866)	(36,866)	(5,157)	31,709
OTHER FINANCING SOURCES (USES):				
Sales of fixed assets			12	12
Transfers out	(192)	(192)		192
Appropriation for contingencies	(959)	(5,053)		5,053
Changes in reserves and designations	(7,783)	(3,689)	(446)	3,243
OTHER FINANCING SOURCES (USES) - NET	(8,934)	(8,934)	(434)	8,500
NET CHANGE IN FUND BALANCE	(45,800)	(45,800)	(5,591)	40,209
FUND BALANCE, JULY 1, 2001, AS RESTATED	45,800	45,800	45,800	
FUND BALANCE, JUNE 30, 2002	\$		40,209	40,209

Continued...

COUNTY OF LOS ANGELES  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 FOR THE YEAR ENDED JUNE 30, 2002 (in thousands)

	STREET LIGHTING DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 9,772	9,772	11,147	1,375
Fines, forfeitures and penalties	132	132	124	(8)
Revenue from use of money and property-				
Investment income	1,460	1,460	1,299	(161)
Intergovernmental revenues:				
Federal			12	12
State	147	147	154	7
Other	431	453	405	(48)
Charges for services	3,942	3,942	3,493	(449)
TOTAL REVENUES	15,884	15,906	16,634	728
EXPENDITURES:				
Current-Public ways and facilities-				
Services and supplies	49,889	49,911	16,641	(33,270)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(34,005)	(34,005)	(7)	33,998
OTHER FINANCING SOURCES (USES):				
Transfers in	4,115	4,115	3,477	(638)
Transfers out	(4,135)	(4,135)	(3,477)	658
Appropriation for contingencies	(5,049)	(5,049)		5,049
Changes in reserves and designations	8,229	8,229	8,232	3
OTHER FINANCING SOURCES (USES) - NET	3,160	3,160	8,232	5,072
NET CHANGE IN FUND BALANCE	(30,845)	(30,845)	8,225	39,070
FUND BALANCE, JULY 1, 2001, AS RESTATED	30,856	30,856	30,856	
FUND BALANCE, JUNE 30, 2002	\$ 11	11	39,081	39,070

Continued...

COUNTY OF LOS ANGELES  
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
FOR THE YEAR ENDED JUNE 30, 2002 (in thousands)

	GARBAGE DISPOSAL DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 2,672	2,672	2,849	177
Fines, forfeitures and penalties	283	283	273	(10)
Revenue from use of money and property-				
Investment income	844	844	708	(136)
Intergovernmental revenues-				
State	38	38	38	
Charges for services	7,914	7,914	8,894	980
TOTAL REVENUES	11,751	11,751	12,762	1,011
EXPENDITURES:				
Current-Health and sanitation:				
Services and supplies	12,898	12,973	12,077	(896)
Other charges	2,130	2,430	2,369	(61)
TOTAL EXPENDITURES	15,028	15,403	14,446	(957)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(3,277)	(3,652)	(1,684)	1,968
OTHER FINANCING SOURCES (USES):				
Appropriation for contingencies	(2,251)	(1,876)		1,876
Changes in reserves and designations	1,865	1,865	1,867	2
OTHER FINANCING SOURCES (USES) - NET	(386)	(11)	1,867	1,878
NET CHANGE IN FUND BALANCE	(3,663)	(3,663)	183	3,846
FUND BALANCE, JULY 1, 2001, AS RESTATED	3,663	3,663	3,663	
FUND BALANCE, JUNE 30, 2002	\$		3,846	3,846

Continued...

COUNTY OF LOS ANGELES  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 FOR THE YEAR ENDED JUNE 30, 2002 (in thousands)

	SEWER MAINTENANCE DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Fines, forfeitures and penalties	\$ 227	227	171	(56)
Revenue from use of money and property- Investment income	730	730	465	(265)
Intergovernmental revenues:				
Federal	32	32	23	(9)
State			(98)	(98)
Charges for services	15,097	15,097	15,025	(72)
Miscellaneous	35	35	6	(29)
<b>TOTAL REVENUES</b>	<b>16,121</b>	<b>16,121</b>	<b>15,592</b>	<b>(529)</b>
EXPENDITURES:				
Current-Health and sanitation:				
Services and supplies	21,252	21,941	18,515	(3,426)
Other charges	367	367	349	(18)
Fixed assets	2,050	1,361		(1,361)
<b>TOTAL EXPENDITURES</b>	<b>23,669</b>	<b>23,669</b>	<b>18,864</b>	<b>(4,805)</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(7,548)</b>	<b>(7,548)</b>	<b>(3,272)</b>	<b>4,276</b>
OTHER FINANCING SOURCES (USES):				
Sales of fixed assets			1	1
Transfers in	35	35		(35)
Transfers out	(722)	(722)	(564)	158
Long term debt proceeds			162	162
Appropriation for contingencies	(484)	(484)		484
Changes in reserves and designations	597	597	1,108	511
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(574)</b>	<b>(574)</b>	<b>707</b>	<b>1,281</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(8,122)</b>	<b>(8,122)</b>	<b>(2,565)</b>	<b>5,557</b>
<b>FUND BALANCE, JULY 1, 2001, AS RESTATED</b>	<b>8,122</b>	<b>8,122</b>	<b>8,122</b>	
<b>FUND BALANCE, JUNE 30, 2002</b>			<b>\$ 5,557</b>	<b>5,557</b>

Continued...

COUNTY OF LOS ANGELES  
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
FOR THE YEAR ENDED JUNE 30, 2002 (in thousands)

	HEALTH AND SANITATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Fines, forfeitures and penalties	\$ 15,665	15,665	15,720	55
Revenue from use of money and property-				
Investment income	1,961	1,961	2,951	990
Intergovernmental revenues:				
State	4,922	18,532	45,999	27,487
Other	1,180	1,180	1,154	(26)
Charges for services	43,792	43,792	11,743	(32,049)
Miscellaneous			(156)	(156)
TOTAL REVENUES	67,520	81,130	77,411	(3,719)
EXPENDITURES:				
Current-Health and sanitation:				
Services and supplies	38,916	52,173	50,623	(1,550)
Fixed assets	910	910	591	(319)
TOTAL EXPENDITURES	39,826	53,083	51,214	(1,869)
EXCESS OF REVENUES OVER EXPENDITURES	27,694	28,047	26,197	(1,850)
OTHER FINANCING SOURCES (USES):				
Transfers in			5,907	5,907
Transfers out	(40,392)	(40,745)	(26,464)	14,281
Appropriation for contingencies	(1,215)	(1,215)		1,215
Changes in reserves and designations	(21,948)	(21,948)	(18,523)	3,425
OTHER FINANCING SOURCES (USES) - NET	(63,555)	(63,908)	(39,080)	24,828
NET CHANGE IN FUND BALANCE	(35,861)	(35,861)	(12,883)	22,978
FUND BALANCE, JULY 1, 2001, AS RESTATED	35,861	35,861	35,861	
FUND BALANCE, JUNE 30, 2002	\$		22,978	22,978

Continued...

COUNTY OF LOS ANGELES  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 FOR THE YEAR ENDED JUNE 30, 2002 (in thousands)

	OTHER PUBLIC PROTECTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Licenses, permits and franchises	\$ 30	30	26	(4)
Fines, forfeitures and penalties	4,678	4,678	5,825	1,147
Revenue from use of money and property:				
Investment income	5,008	5,008	3,265	(1,743)
Rents and concessions	361	361	680	319
Royalties	209	209		(209)
Intergovernmental revenues:				
Federal			279	279
State	7,578	7,578	12,023	4,445
Charges for services	12,347	12,392	7,766	(4,626)
Miscellaneous	41,322	41,322	43,518	2,196
<b>TOTAL REVENUES</b>	<b>71,533</b>	<b>71,578</b>	<b>73,382</b>	<b>1,804</b>
EXPENDITURES:				
Current-Public protection:				
Services and supplies	85,645	64,407	35,272	(29,135)
Other charges	3,987	3,987	3,754	(233)
Fixed assets	35,095	34,884	6,019	(28,865)
<b>TOTAL EXPENDITURES</b>	<b>124,727</b>	<b>103,278</b>	<b>45,045</b>	<b>(58,233)</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(53,194)	(31,700)	28,337	60,037
OTHER FINANCING SOURCES (USES):				
Sales of fixed assets	110	110	52	(58)
Transfers in	3,860	3,860	3,860	
Transfers out	(24,592)	(46,086)	(34,868)	11,218
Appropriation for contingencies	(1,308)	(1,308)		1,308
Changes in reserves and designations	3,999	3,999	5,193	1,194
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(17,931)</b>	<b>(39,425)</b>	<b>(25,763)</b>	<b>13,662</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(71,125)</b>	<b>(71,125)</b>	<b>2,574</b>	<b>73,699</b>
FUND BALANCE, JULY 1, 2001, AS RESTATED	71,125	71,125	71,125	
FUND BALANCE, JUNE 30, 2002	\$		73,699	73,699

Continued...

COUNTY OF LOS ANGELES  
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
FOR THE YEAR ENDED JUNE 30, 2002 (in thousands)

	PUBLIC ASSISTANCE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Licenses, permits and franchises	\$ 1,230	1,230	1,247	17
Fines, forfeitures and penalties	1,644	1,644	1,624	(20)
Revenue from use of money and property-				
Investment income	65	65	26	(39)
Intergovernmental revenues-				
Federal			1	1
Charges for services	3,140	3,140	3,310	170
Miscellaneous	2,889	2,889	3,175	286
<b>TOTAL REVENUES</b>	<b>8,968</b>	<b>8,968</b>	<b>9,383</b>	<b>415</b>
EXPENDITURES:				
Current-Public assistance-				
Services and supplies	9,448	9,448	8,231	(1,217)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(480)</b>	<b>(480)</b>	<b>1,152</b>	<b>1,632</b>
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,312)	(2,312)	(784)	1,528
Appropriation for contingencies	(768)	(768)		768
Changes in reserves and designations	389	389	722	333
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(2,691)</b>	<b>(2,691)</b>	<b>(62)</b>	<b>2,629</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(3,171)</b>	<b>(3,171)</b>	<b>1,090</b>	<b>4,261</b>
<b>FUND BALANCE, JULY 1, 2001, AS RESTATED</b>	<b>3,171</b>	<b>3,171</b>	<b>3,171</b>	
<b>FUND BALANCE, JUNE 30, 2002</b>	<b>\$</b>		<b>4,261</b>	<b>4,261</b>

Continued...

COUNTY OF LOS ANGELES  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 FOR THE YEAR ENDED JUNE 30, 2002 (in thousands)

	RECREATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Fines, forfeitures and penalties	\$ 3	3	51	48
Revenue from use of money and property:				
Investment income	3	3	37	34
Rents and concessions	100	100	141	41
Intergovernmental revenues-				
Federal			1	1
Miscellaneous	4,468	7,256	6,498	(758)
TOTAL REVENUES	4,574	7,362	6,728	(634)
EXPENDITURES:				
Current-Recreation and cultural services:				
Services and supplies	6,269	8,790	6,534	(2,256)
Other charges		4	4	
Fixed assets		200	132	(68)
TOTAL EXPENDITURES	6,269	8,994	6,670	(2,324)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,695)	(1,632)	58	1,690
OTHER FINANCING SOURCES (USES):				
Transfers out		(63)	(63)	
Appropriation for contingencies	(210)	(210)		210
Changes in reserves and designations	(690)	(690)	(621)	69
OTHER FINANCING SOURCES (USES) - NET	(900)	(963)	(684)	279
NET CHANGE IN FUND BALANCE	(2,595)	(2,595)	(626)	1,969
FUND BALANCE, JULY 1, 2001, AS RESTATED	2,607	2,607	2,607	
FUND BALANCE, JUNE 30, 2002	\$ 12	12	1,981	1,969

Continued...

COUNTY OF LOS ANGELES  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 FOR THE YEAR ENDED JUNE 30, 2002 (in thousands)

	COURTHOUSE TEMPORARY CONSTRUCTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Fines, forfeitures and penalties	\$ 20,660	20,660	19,626	(1,034)
Revenue from use of money and property:				
Investment income	4,800	4,800	3,688	(1,112)
Rents and concessions	150	150	155	5
TOTAL REVENUES	25,610	25,610	23,469	(2,141)
EXPENDITURES:				
Current-Public protection:				
Services and supplies	99,225	99,225	505	(98,720)
Other charges	19,038	19,038	18,653	(385)
TOTAL EXPENDITURES	118,263	118,263	19,158	(99,105)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(92,653)	(92,653)	4,311	96,964
OTHER FINANCING SOURCES (USES):				
Transfers out	(4,000)	(4,000)	(189)	3,811
Appropriation for contingencies	(5,180)	(5,180)		5,180
Changes in reserves and designations			1,162	1,162
OTHER FINANCING SOURCES (USES) - NET	(9,180)	(9,180)	973	10,153
NET CHANGE IN FUND BALANCE	(101,833)	(101,833)	5,284	107,117
FUND BALANCE, JULY 1, 2001, AS RESTATED	101,833	101,833	101,833	
FUND BALANCE, JUNE 30, 2002	\$		107,117	107,117

Continued...

COUNTY OF LOS ANGELES  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 FOR THE YEAR ENDED JUNE 30, 2002 (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	\$ 23,500	23,500	22,941	(559)
Revenue from use of money and property-				
Investment income	1,100	1,100	931	(169)
<b>TOTAL REVENUES</b>	<b>24,600</b>	<b>24,600</b>	<b>23,872</b>	<b>(728)</b>
EXPENDITURES:				
Current-Public protection:				
Services and supplies	26,634	24,134	13,121	(11,013)
Other charges	3,874	3,874	3,784	(90)
Fixed assets	1,849	4,349	1,332	(3,017)
<b>TOTAL EXPENDITURES</b>	<b>32,357</b>	<b>32,357</b>	<b>18,237</b>	<b>(14,120)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(7,757)</b>	<b>(7,757)</b>	<b>5,635</b>	<b>13,392</b>
OTHER FINANCING SOURCES (USES):				
Transfers out	(10,609)	(10,609)	(6,412)	4,197
Appropriation for contingencies	(5,852)	(5,852)		5,852
Changes in reserves and designations			8	8
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(16,461)</b>	<b>(16,461)</b>	<b>(6,404)</b>	<b>10,057</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(24,218)</b>	<b>(24,218)</b>	<b>(769)</b>	<b>23,449</b>
<b>FUND BALANCE, JULY 1, 2001, AS RESTATED</b>	<b>24,218</b>	<b>24,218</b>	<b>24,218</b>	
<b>FUND BALANCE, JUNE 30, 2002</b>			<b>\$ 23,449</b>	<b>23,449</b>

Continued...

COUNTY OF LOS ANGELES  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 FOR THE YEAR ENDED JUNE 30, 2002 (in thousands)

	OTHER SPECIAL REVENUE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
<b>REVENUES:</b>				
Licenses, permits and franchises	\$ 1,900	1,900	1,824	(76)
Fines, forfeitures and penalties	150	150	150	
Revenue from use of money and property:				
Investment income	837	837	1,672	835
Rents and concessions	3,853	3,853	3,805	(48)
Royalties			4,299	4,299
Charges for services	1,965	1,965	1,815	(150)
Miscellaneous			869	869
<b>TOTAL REVENUES</b>	<b>8,705</b>	<b>8,705</b>	<b>14,434</b>	<b>5,729</b>
<b>EXPENDITURES:</b>				
Current-General government:				
Salaries and employee benefits	5,600	5,820	5,820	
Services and supplies	33,725	33,595	7,219	(26,376)
Other charges	4,710	4,910	4,584	(326)
Fixed assets	3,323	3,323	838	(2,485)
<b>TOTAL EXPENDITURES</b>	<b>47,358</b>	<b>47,648</b>	<b>18,461</b>	<b>(29,187)</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(38,653)</b>	<b>(38,943)</b>	<b>(4,027)</b>	<b>34,916</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sales of fixed assets	3,400	3,400	3,138	(262)
Transfers in	10,982	11,304	10,875	(429)
Transfers out	(36,607)	(36,703)	(5,539)	31,164
Appropriation for contingencies	(7,083)	(7,083)		7,083
Changes in reserves and designations	(463)	(463)	(820)	(357)
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(29,771)</b>	<b>(29,545)</b>	<b>7,654</b>	<b>37,199</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(68,424)</b>	<b>(68,488)</b>	<b>3,627</b>	<b>72,115</b>
<b>FUND BALANCE, JULY 1, 2001, AS RESTATED</b>	<b>68,488</b>	<b>68,488</b>	<b>68,488</b>	
<b>FUND BALANCE, JUNE 30, 2002</b>	<b>\$ 64</b>		<b>72,115</b>	<b>72,115</b>

COUNTY OF LOS ANGELES  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
 JUNE 30, 2002 (in thousands)

	Detention Facilities	Flood Control District	Regional Park and Open Space District	Marina Del Rey
<b>ASSETS</b>				
Pooled cash and investments:				
Operating	\$ 4,076	4,540	66,124	12,772
Other	114	103	43	1,138
Total pooled cash and investments	<u>4,190</u>	<u>4,643</u>	<u>66,167</u>	<u>13,910</u>
Other investments				25,672
Taxes receivable	796	1,055		
Interest receivable	51	38	354	87
Other receivables				<u>10,355</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 5,037</u></b>	<b><u>5,736</u></b>	<b><u>66,521</u></b>	<b><u>50,024</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Other payables	\$			549
Due to other funds				12,794
Deferred revenue	<u>570</u>	<u>802</u>		<u>10,977</u>
<b>TOTAL LIABILITIES</b>	<b><u>570</u></b>	<b><u>802</u></b>		<b><u>24,320</u></b>
<b>FUND BALANCES - reserved for debt service</b>	<b><u>4,467</u></b>	<b><u>4,934</u></b>	<b><u>66,521</u></b>	<b><u>25,704</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 5,037</u></b>	<b><u>5,736</u></b>	<b><u>66,521</u></b>	<b><u>50,024</u></b>

<u>Joint Powers Authorities</u>	<u>Public Buildings</u>	<u>Public Financing</u>	<u>Total</u>
\$			\$ 87,512
			1,398
			<u>88,910</u>
412,295	154,661		592,628
	475		1,851
			<u>1,005</u>
\$ 412,295	155,136		\$ 694,749
\$	3,697		\$ 4,246
			12,794
			<u>12,349</u>
	3,697		29,389
412,295	151,439		665,360
\$ 412,295	155,136		\$ 694,749

**ASSETS**

**Pooled cash and investments:**

Operating	
Other	
<b>Total pooled cash and investments</b>	
Other investments	
Taxes receivable	
Interest receivable	
Other receivables	

**TOTAL ASSETS**

**LIABILITIES AND FUND BALANCES**

**LIABILITIES:**

Other payables	
Due to other funds	
Deferred revenue	

**TOTAL LIABILITIES**

**FUND BALANCES - reserved for debt service**

**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, 2002 (in thousands)

	Detention Facilities	Flood Control District	Regional Park and Open Space District	Marina Del Rey
<b>REVENUES:</b>				
Taxes	\$ 8,732	7,017		
Licenses, permits and franchises				11
Fines, forfeitures and penalties	36	44		
Revenue from use of money/property:				
Investment income	252	159	805	1,060
Rents and concessions				31,396
Intergovernmental revenues:				
State	89			
Charges for services				894
Miscellaneous				2
<b>TOTAL REVENUE</b>	<b>9,109</b>	<b>7,220</b>	<b>805</b>	<b>33,363</b>
<b>EXPENDITURES - Debt service:</b>				
Principal	5,870	16,775	25,725	12,867
Interest and other charges	3,326	9,369	22,310	7,275
<b>TOTAL EXPENDITURES</b>	<b>9,196</b>	<b>26,144</b>	<b>48,035</b>	<b>20,142</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(87)</b>	<b>(18,924)</b>	<b>(47,230)</b>	<b>13,221</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in		18,429	38,733	
Transfers out			(578)	(12,932)
Proceeds of refunding bonds				
Payment to refunded bonds escrow agent				
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>		<b>18,429</b>	<b>38,155</b>	<b>(12,932)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(87)</b>	<b>(495)</b>	<b>(9,075)</b>	<b>289</b>
<b>FUND BALANCES, JULY 1, 2001</b>	<b>4,554</b>	<b>5,429</b>	<b>75,596</b>	<b>25,415</b>
<b>FUND BALANCES, JUNE 30, 2002</b>	<b>\$ 4,467</b>	<b>4,934</b>	<b>66,521</b>	<b>25,704</b>

Joint Powers Authorities	Public Buildings	Public Financing	Total
\$			\$ 15,749
			11
			80
22,308	3,145	37	27,766
	1,186		32,582
			89
			894
			2
<u>22,308</u>	<u>4,331</u>	<u>37</u>	<u>77,173</u>
25,725	58,907	3,625	149,494
<u>22,310</u>	<u>71,012</u>	<u>113</u>	<u>135,715</u>
<u>48,035</u>	<u>129,919</u>	<u>3,738</u>	<u>285,209</u>
<u>(25,727)</u>	<u>(125,588)</u>	<u>(3,701)</u>	<u>(208,036)</u>
	113,991	985	172,138
		(45)	(13,555)
	29,000		29,000
	(29,000)		(29,000)
	<u>113,991</u>	<u>940</u>	<u>158,583</u>
(25,727)	(11,597)	(2,761)	(49,453)
<u>438,022</u>	<u>163,036</u>	<u>2,761</u>	<u>714,813</u>
<u>\$ 412,295</u>	<u>151,439</u>		<u>\$ 665,360</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  
TOTAL OTHER FINANCING SOURCES (USES)

## NET CHANGE IN FUND BALANCES

## FUND BALANCES, JULY 1, 2001

## FUND BALANCES, JUNE 30, 2002

COUNTY OF LOS ANGELES  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2002 (in thousands)

	TOTALS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 12,005	12,005	15,605	3,600
Licenses, permits and franchises	10	10	11	1
Fines, forfeitures and penalties	89	89	79	(10)
Revenue from use of money and property:				
Investment income	3,509	3,509	2,232	(1,277)
Rents and concessions	32,246	32,246	31,395	(851)
Intergovernmental revenues:				
State	87	87	89	2
Other			3	3
Charges for services	940	940	894	(46)
Miscellaneous	10	10	2	(8)
TOTAL REVENUES	48,896	48,896	50,310	1,414
EXPENDITURES:				
Debt service:				
Principal	51,687	51,687	51,687	
Interest	62,084	62,084	33,678	(28,406)
TOTAL EXPENDITURES	113,771	113,771	85,365	(28,406)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(64,875)	(64,875)	(35,055)	29,820
OTHER FINANCING SOURCES (USES):				
Transfers in	40,309	40,309	38,733	(1,576)
Transfers out	(15,152)	(15,152)	(13,510)	1,642
Appropriation for contingencies	(2,900)	(2,900)		2,900
Changes in reserves and designations	643	643	643	
OTHER FINANCING SOURCES (USES) - NET	22,900	22,900	25,866	2,966
NET CHANGE IN FUND BALANCE	(41,975)	(41,975)	(9,189)	32,786
FUND BALANCE, JULY 1, 2001, AS RESTATED	41,975	41,975	41,975	
FUND BALANCE, JUNE 30, 2002	\$		32,786	32,786

Continued...

COUNTY OF LOS ANGELES  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 FOR THE YEAR ENDED JUNE 30, 2002 (in thousands)

	DETENTION FACILITIES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 6,244	6,244	8,613	2,369
Fines, forfeitures and penalties			35	35
Revenue from use of money and property-				
Investment income	300	300	249	(51)
Intergovernmental revenues:				
State	87	87	89	2
Other			1	1
TOTAL REVENUES	6,631	6,631	8,987	2,356
EXPENDITURES:				
Debt service:				
Principal	5,870	5,870	5,870	
Interest	3,328	3,328	3,326	(2)
TOTAL EXPENDITURES	9,198	9,198	9,196	(2)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(2,567)	(2,567)	(209)	2,358
OTHER FINANCING SOURCES (USES):				
Appropriation for contingencies	(235)	(235)		235
Changes in reserves and designations	125	125	125	
OTHER FINANCING SOURCES (USES) - NET	(110)	(110)	125	235
NET CHANGE IN FUND BALANCE	(2,677)	(2,677)	(84)	2,593
FUND BALANCE, JULY 1, 2001, AS RESTATED	2,677	2,677	2,677	
FUND BALANCE, JUNE 30, 2002	\$		2,593	2,593

Continued...

COUNTY OF LOS ANGELES  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 FOR THE YEAR ENDED JUNE 30, 2002 (in thousands)

	FLOOD CONTROL DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 5,761	5,761	6,992	1,231
Fines, forfeitures and penalties	89	89	44	(45)
Revenue from use of money and property-				
Investment income	217	217	155	(62)
Intergovernmental revenues-				
Other			2	2
TOTAL REVENUES	6,067	6,067	7,193	1,126
EXPENDITURES:				
Debt service:				
Principal	6,665	6,665	6,665	
Interest	1,051	1,051	1,050	(1)
TOTAL EXPENDITURES	7,716	7,716	7,715	(1)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,649)	(1,649)	(522)	1,127
OTHER FINANCING SOURCES (USES):				
Appropriation for contingencies	(224)	(224)		224
Changes in reserves and designations	519	519	519	
OTHER FINANCING SOURCES (USES) - NET	295	295	519	224
NET CHANGE IN FUND BALANCE	(1,354)	(1,354)	(3)	1,351
FUND BALANCE, JULY 1, 2001, AS RESTATED	1,354	1,354	1,354	
FUND BALANCE, JUNE 30, 2002	\$		1,351	1,351

Continued...

COUNTY OF LOS ANGELES  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 FOR THE YEAR ENDED JUNE 30, 2002 (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	\$ 1,197	1,197	778	(419)
EXPENDITURES:				
Debt service:				
Principal	25,725	25,725	25,725	
Interest	50,703	50,703	22,309	(28,394)
TOTAL EXPENDITURES	76,428	76,428	48,034	(28,394)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(75,231)	(75,231)	(47,256)	27,975
OTHER FINANCING SOURCES (USES):				
Transfers in	40,309	40,309	38,733	(1,576)
Transfers out	(580)	(580)	(578)	2
Appropriation for contingencies	(2,441)	(2,441)		2,441
Changes in reserves and designations	(1)	(1)	(1)	
OTHER FINANCING SOURCES (USES) - NET	37,287	37,287	38,154	867
NET CHANGE IN FUND BALANCE	(37,944)	(37,944)	(9,102)	28,842
FUND BALANCE, JULY 1, 2001, AS RESTATED	37,944	37,944	37,944	
FUND BALANCE, JUNE 30, 2002	\$		28,842	28,842

Continued...

COUNTY OF LOS ANGELES  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 FOR THE YEAR ENDED JUNE 30, 2002 (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	11	1
Revenue from use of money and property:				
Investment income	1,795	1,795	1,050	(745)
Rents and concessions	32,246	32,246	31,395	(851)
Charges for services	940	940	894	(46)
Miscellaneous	10	10	2	(8)
TOTAL REVENUES	35,001	35,001	33,352	(1,649)
EXPENDITURES:				
Debt service:				
Principal	13,427	13,427	13,427	
Interest	7,002	7,002	6,993	(9)
TOTAL EXPENDITURES	20,429	20,429	20,420	(9)
EXCESS OF REVENUES OVER EXPENDITURES	14,572	14,572	12,932	(1,640)
OTHER FINANCING USES -				
Transfers out	(14,572)	(14,572)	(12,932)	1,640
NET CHANGE IN FUND BALANCE				
FUND BALANCE, JULY 1, 2001, AS RESTATED				
FUND BALANCE, JUNE 30, 2002	\$			

COUNTY OF LOS ANGELES  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS  
 JUNE 30, 2002 (in thousands)

	Accumulative Capital Outlay	Flood Control District	Improvement Districts	Public Buildings	Total
<b>ASSETS</b>					
Pooled cash and investments:					
Operating	\$ 45,794	100	981		\$ 46,875
Other	257		3		260
Total pooled cash and investments	<u>46,051</u>	<u>100</u>	<u>984</u>		<u>47,135</u>
Other investments	137	17		116,477	116,631
Interest receivable	376		10	403	789
Other receivables	604				604
Due from other funds	<u>5,999</u>				<u>5,999</u>
<b>TOTAL ASSETS</b>	<u>\$ 53,167</u>	<u>117</u>	<u>994</u>	<u>116,880</u>	<u>\$ 171,158</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 314			3,717	\$ 4,031
Due to other funds	<u>583</u>		8		<u>591</u>
<b>TOTAL LIABILITIES</b>	<u>897</u>		<u>8</u>	<u>3,717</u>	<u>4,622</u>
<b>FUND BALANCES:</b>					
Reserved for:					
Encumbrances	11,787			44,452	56,239
Other	60				60
Unreserved-Undesignated	<u>40,423</u>	<u>117</u>	<u>986</u>	<u>68,711</u>	<u>110,237</u>
<b>TOTAL FUND BALANCES</b>	<u>52,270</u>	<u>117</u>	<u>986</u>	<u>113,163</u>	<u>166,536</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 53,167</u>	<u>117</u>	<u>994</u>	<u>116,880</u>	<u>\$ 171,158</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, 2002 (in thousands)

	Accumulative Capital Outlay	Flood Control District	Improvement Districts	Public Buildings	Total
REVENUES:					
Revenue from use of money and property -					
Investment income	\$ 1,647	34	149	7,706	\$ 9,536
Intergovernmental revenues -					
State	189				189
Charges for services	2,351				2,351
Proceeds from property owners			1,336		1,336
Miscellaneous	903				903
<b>TOTAL REVENUES</b>	<b>5,090</b>	<b>34</b>	<b>1,485</b>	<b>7,706</b>	<b>14,315</b>
<b>EXPENDITURES - Capital outlay</b>	<b>7,909</b>		<b>16,350</b>	<b>48,752</b>	<b>73,011</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,819)</b>	<b>34</b>	<b>(14,865)</b>	<b>(41,046)</b>	<b>(58,696)</b>
OTHER FINANCING SOURCES (USES):					
Transfers in	6,636				6,636
Transfers out	(200)	(201)		(158)	(559)
Sales of capital assets	40				40
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>6,476</b>	<b>(201)</b>		<b>(158)</b>	<b>6,117</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>3,657</b>	<b>(167)</b>	<b>(14,865)</b>	<b>(41,204)</b>	<b>(52,579)</b>
<b>FUND BALANCES, JULY 1, 2001</b>	<b>48,613</b>	<b>284</b>	<b>15,851</b>	<b>154,367</b>	<b>219,115</b>
<b>FUND BALANCES, JUNE 30, 2002</b>	<b>\$ 52,270</b>	<b>117</b>	<b>986</b>	<b>113,163</b>	<b>\$ 166,536</b>

COUNTY OF LOS ANGELES  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS  
 JUNE 30, 2002 (in thousands)

	<u>Annuities</u>	<u>Endowments</u>	<u>Total</u>
<b>ASSETS</b>			
Pooled cash and investments:			
Operating	\$ 276	2,290	\$ 2,566
Other		3	3
Total pooled cash and investments	<u>276</u>	<u>2,293</u>	<u>2,569</u>
Other investments	867		867
Interest receivable	<u>18</u>	<u>18</u>	<u>36</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,161</u>	<u>2,311</u>	<u>\$ 3,472</u>
<b>LIABILITIES - Due to other funds</b>	\$	18	\$ 18
<b>FUND BALANCES - Reserved for annuities and endowments</b>	<u>1,161</u>	<u>2,293</u>	<u>3,454</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,161</u>	<u>2,311</u>	<u>\$ 3,472</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, 2002 (in thousands)

	<u>Annuities</u>	<u>Endowments</u>	<u>Total</u>
REVENUES:			
Revenue from use of money and property -			
Investment income	<u>\$ 93</u>	<u>70</u>	<u>\$ 163</u>
EXPENDITURES - General government	<u>63</u>	<u>33</u>	<u>96</u>
EXCESS OF REVENUES OVER EXPENDITURES	30	37	67
FUND BALANCES, JULY 1, 2001, AS RESTATED	<u>1,131</u>	<u>2,256</u>	<u>3,387</u>
FUND BALANCES, JUNE 30, 2002	<u>\$ 1,161</u>	<u>2,293</u>	<u>\$ 3,454</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, 2002 (in thousands)

	Aviation	Waterworks Funds	Community Development Commission	Total Nonmajor Enterprise Funds
<b>ASSETS</b>				
Current assets:				
Pooled cash and investments:				
Operating	\$ 4,128	21,632		\$ 25,760
Other		281		281
Total pooled cash and investments	<u>4,128</u>	<u>21,913</u>		<u>26,041</u>
Other investments			16,248	16,248
Taxes receivable		1,243		1,243
Other receivables	1,055	6,468	10,569	18,092
Advances to other funds		747		747
Inventories			3,422	3,422
Total current assets	<u>5,183</u>	<u>30,371</u>	<u>30,239</u>	<u>65,793</u>
Noncurrent assets:				
Capital assets:				
Land	11,451	5,315	183,105	199,871
Buildings and improvements	47,471	126,216	24,087	197,774
Equipment	839	206	980	2,025
Construction in progress	471	4,261		4,732
Less accumulated depreciation	(27,851)	(68,507)	(114,672)	(201,030)
Total capital assets - net	<u>32,381</u>	<u>77,491</u>	<u>93,500</u>	<u>203,372</u>
Total noncurrent assets	<u>32,381</u>	<u>77,491</u>	<u>93,500</u>	<u>203,372</u>
<b>TOTAL ASSETS</b>	<u>37,564</u>	<u>107,862</u>	<u>123,739</u>	<u>269,165</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	16	2,990	9,113	12,119
Other payables	1,380		409	1,789
Due to other funds	280	2,557	69	2,906
Deferred revenue		261	382	643
Current portion of long-term liabilities		85	500	585
Total current liabilities	<u>1,676</u>	<u>5,893</u>	<u>10,473</u>	<u>18,042</u>
Noncurrent liabilities -				
Bonds and notes payable		297	7,804	8,101
<b>TOTAL LIABILITIES</b>	<u>1,676</u>	<u>6,190</u>	<u>18,277</u>	<u>26,143</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	32,381	77,109	85,196	194,686
Restricted		24,563	20,266	44,829
Unrestricted	3,507			3,507
<b>TOTAL NET ASSETS</b>	<u>\$ 35,888</u>	<u>101,672</u>	<u>105,462</u>	<u>\$ 243,022</u>

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2002 (in thousands)

	Aviation	Waterworks Funds	Community Development Commission	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES:</b>				
Rentals	\$ 2,378		8,411	\$ 10,789
Charges for services	262	35,976		36,238
Other			2,544	2,544
<b>TOTAL OPERATING REVENUES</b>	<u>2,640</u>	<u>35,976</u>	<u>10,955</u>	<u>49,571</u>
<b>OPERATING EXPENSES:</b>				
Services and supplies	3,242	36,577	185,003	224,822
Other professional services	32	418		450
Depreciation and amortization	1,344	2,829	6,606	10,779
<b>TOTAL OPERATING EXPENSES</b>	<u>4,618</u>	<u>39,824</u>	<u>191,609</u>	<u>236,051</u>
<b>OPERATING LOSS</b>	<u>(1,978)</u>	<u>(3,848)</u>	<u>(180,654)</u>	<u>(186,480)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Taxes		2,487		2,487
Interest income		986	505	1,491
Interest expense		(33)	(408)	(441)
Intergovernmental revenues:				
State	643	37		680
Federal	1,804	986	175,160	177,950
<b>TOTAL NONOPERATING REVENUES</b>	<u>2,447</u>	<u>4,463</u>	<u>175,257</u>	<u>182,167</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>469</u>	<u>615</u>	<u>(5,397)</u>	<u>(4,313)</u>
Transfers in			6,692	6,692
Transfers out		(189)	(7,075)	(7,264)
<b>CHANGE IN NET ASSETS</b>	469	426	(5,780)	(4,885)
<b>TOTAL NET ASSETS, JULY 1, 2001, AS RESTATED</b>	<u>35,419</u>	<u>101,246</u>	<u>111,242</u>	<u>247,907</u>
<b>TOTAL NET ASSETS, JUNE 30, 2002</b>	<u>\$ 35,888</u>	<u>101,672</u>	<u>105,462</u>	<u>\$ 243,022</u>

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2002 (in thousands)

	Aviation	Waterworks Funds	Community Development Commission	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Rentals received	\$ 2,378		5,962	\$ 8,340
Cash received from charges for services	1,264	38,707		39,971
Other operating revenues			2,544	2,544
Cash paid for services and supplies	(4,146)	(38,301)	(195,472)	(237,919)
Other operating expenses	(32)	(418)		(450)
<b>Net cash required for operating activities</b>	<b>(536)</b>	<b>(12)</b>	<b>(186,966)</b>	<b>(187,514)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers in			6,692	6,692
Transfers out		(189)	(7,075)	(7,264)
<b>Net cash required for noncapital financing activities</b>		<b>(189)</b>	<b>(383)</b>	<b>(572)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from taxes		2,469		2,469
Intergovernmental receipts	2,447	1,023	175,160	178,630
Interest paid on capital borrowing		(33)	(408)	(441)
Principal payments on bonds		(84)	(465)	(549)
Acquisition and construction of capital assets	(2,374)	(9,808)	(491)	(12,673)
<b>Net cash provided by (required for) capital and related financing activities</b>	<b>73</b>	<b>(6,433)</b>	<b>173,796</b>	<b>167,436</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES -</b>				
Interest income received		1,264	505	1,769
<b>Net decrease in cash and cash equivalents</b>	<b>(463)</b>	<b>(5,370)</b>	<b>(13,048)</b>	<b>(18,881)</b>
Cash and cash equivalents, July 1, 2001	4,591	27,283	29,296	61,170
Cash and cash equivalents, June 30, 2002	<u>\$ 4,128</u>	<u>21,913</u>	<u>16,248</u>	<u>\$ 42,289</u>

Continued...

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CASH FLOWS - Continued  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2002 (in thousands)

	Aviation	Waterworks Funds	Community Development Commission	Total Nonmajor Enterprise Funds
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH REQUIRED FOR OPERATING ACTIVITIES:</b>				
Operating loss	\$ (1,978)	(3,848)	(180,654)	\$ (186,480)
Adjustments to reconcile operating loss to net cash required for operating activities:				
Depreciation and amortization	1,344	2,829	6,606	10,779
Other charges - net	641	754	30	1,425
(Increase) decrease in:				
Other receivables	(235)	(605)	(2,831)	(3,671)
Due from other funds	1,237	3,378		4,615
Inventories			(586)	(586)
Increase (decrease) in:				
Accounts payable	8	729	2,473	3,210
Other payables	(60)		(12,352)	(12,412)
Due to other funds	(1,493)	(3,207)	(34)	(4,734)
Deferred revenue		(42)	382	340
<b>TOTAL ADJUSTMENTS</b>	<u>1,442</u>	<u>3,836</u>	<u>(6,312)</u>	<u>(1,034)</u>
<b>NET CASH REQUIRED FOR OPERATING ACTIVITIES</b>	<u>\$ (536)</u>	<u>(12)</u>	<u>(186,966)</u>	<u>\$ (187,514)</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>				
Other property transfers	<u>\$ 1,957</u>	<u>1,936</u>		<u>\$ 3,893</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:</b>				
Pooled cash and investments	\$ 4,128	21,913		\$ 26,041
Other investments			16,248	16,248
<b>TOTAL</b>	<u>\$ 4,128</u>	<u>21,913</u>	<u>16,248</u>	<u>\$ 42,289</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, 2002 (in thousands)

	Public Works	Equipment Acquisition	Community Development Commission	Total
<b>ASSETS</b>				
Current assets:				
Pooled cash and investments:				
Operating	\$ 39,959	4,421		\$ 44,380
Other	5,978	155		6,133
Total pooled cash and investments	45,937	4,576		50,513
Other investments			6,201	6,201
Interest receivable	280	101		381
Other receivables	50		438	488
Due from other funds	26,289			26,289
Inventories	6,032		147	6,179
Total current assets	78,588	4,677	6,786	90,051
Noncurrent assets:				
Restricted assets		13,145		13,145
Net pension obligation	39,469			39,469
Capital assets:				
Buildings and improvements	1,734			1,734
Equipment	100,953	108,140	4,200	213,293
Less accumulated depreciation	(56,876)	(46,835)	(2,835)	(106,546)
Total capital assets - net	45,811	61,305	1,365	108,481
Total noncurrent assets	85,280	74,450	1,365	161,095
<b>TOTAL ASSETS</b>	<b>163,868</b>	<b>79,127</b>	<b>8,151</b>	<b>251,146</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	2,792	2,888	1,301	6,981
Accrued payroll	16,761			16,761
Other payables	284	64		348
Accrued interest payable		308		308
Due to other funds			45	45
Advances from other funds	22,000			22,000
Deferred revenue	2,460			2,460
Current portion of long-term liabilities	20,904	18,200	1,378	40,482
Total current liabilities	65,201	21,460	2,724	89,385
Noncurrent liabilities:				
Accrued vacation and sick leave	29,696		773	30,469
Bonds and notes payable		46,135		46,135
Pension bonds payable	94,257			94,257
Capital lease obligations			289	289
Workers' compensation liability	40,346		1,046	41,392
Litigation and self-insurance liability	12,399		1,238	13,637
Total noncurrent liabilities	176,698	46,135	3,346	226,179
<b>TOTAL LIABILITIES</b>	<b>241,899</b>	<b>67,595</b>	<b>6,070</b>	<b>315,564</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	45,811	10,798	920	57,529
Restricted		734	1,161	1,895
Unrestricted	(123,842)			(123,842)
<b>TOTAL NET ASSETS (DEFICIT)</b>	<b>\$ (78,031)</b>	<b>11,532</b>	<b>2,081</b>	<b>\$ (64,418)</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, 2002 (in thousands)

	Public Works	Equipment Acquisition	Community Development Commission	Total
<b>OPERATING REVENUES:</b>				
Rentals	\$	31,061		\$ 31,061
Charges for services	289,115		11,682	300,797
<b>TOTAL OPERATING REVENUES</b>	<b>289,115</b>	<b>31,061</b>	<b>11,682</b>	<b>331,858</b>
<b>OPERATING EXPENSES:</b>				
Salaries and employee benefits	222,704			222,704
Services and supplies	39,137	126	12,088	51,351
Other professional services	8,306			8,306
Depreciation and amortization	7,196	26,145	507	33,848
<b>TOTAL OPERATING EXPENSES</b>	<b>277,343</b>	<b>26,271</b>	<b>12,595</b>	<b>316,209</b>
<b>OPERATING INCOME (LOSS)</b>	<b>11,772</b>	<b>4,790</b>	<b>(913)</b>	<b>15,649</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	253	507		760
Interest expense	(7,012)	(2,372)	(51)	(9,435)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(6,759)</b>	<b>(1,865)</b>	<b>(51)</b>	<b>(8,675)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>5,013</b>	<b>2,925</b>	<b>(964)</b>	<b>6,974</b>
Transfers in	4,996		1,167	6,163
Transfers out	(37)			(37)
<b>CHANGE IN NET ASSETS</b>	<b>9,972</b>	<b>2,925</b>	<b>203</b>	<b>13,100</b>
<b>TOTAL NET ASSETS, JULY 1, 2001</b>	<b>(88,003)</b>	<b>8,607</b>	<b>1,878</b>	<b>(77,518)</b>
<b>TOTAL NET ASSETS, JUNE 30, 2002</b>	<b>\$ (78,031)</b>	<b>11,532</b>	<b>2,081</b>	<b>\$ (64,418)</b>

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2002 (in thousands)

	Public Works	Equipment Acquisition	Community Development Commission	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Rentals received	\$	31,233		\$ 31,233
Cash received from charges for services	314,295		11,279	325,574
Cash paid for salaries and employee benefits	(220,632)			(220,632)
Cash paid for services and supplies	(63,891)	(126)	(11,568)	(75,585)
Other operating expenses	(8,306)			(8,306)
<b>Net cash provided by (required for) operating activities</b>	<b>21,466</b>	<b>31,107</b>	<b>(289)</b>	<b>52,284</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Interest paid on pension bonds	(7,012)			(7,012)
Transfers in	4,996		1,167	6,163
Transfers out	(37)			(37)
<b>Net cash provided by (required for) noncapital financing activities</b>	<b>(2,053)</b>		<b>1,167</b>	<b>(886)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from bonds and notes		55,020		55,020
Interest paid on capital borrowing		(2,372)	(51)	(2,423)
Principal payments on bonds and notes		(57,760)		(57,760)
Principal payments on capital leases			(178)	(178)
Acquisition and construction of capital assets	(10,770)	(22,201)	(127)	(33,098)
<b>Net cash required for capital and related financing activities</b>	<b>(10,770)</b>	<b>(27,313)</b>	<b>(356)</b>	<b>(38,439)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES -</b>				
Interest income received		107		107
<b>Net increase in cash and cash equivalents</b>	<b>8,543</b>	<b>3,901</b>	<b>522</b>	<b>13,066</b>
Cash and cash equivalents, July 1, 2001	37,294	13,820	5,679	56,793
<b>Cash and cash equivalents, June 30, 2002</b>	<b>\$ 45,937</b>	<b>17,721</b>	<b>6,201</b>	<b>\$ 69,859</b>

Continued...

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CASH FLOWS - Continued  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2002 (in thousands)

	Public Works	Equipment Acquisition	Community Development Commission	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 11,772	4,790	(913)	\$ 15,649
Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities:				
Depreciation and amortization	7,196	26,145	507	33,848
Other charges - net	(65)		(306)	(371)
(Increase) decrease in:				
Interest receivable	(6)			(6)
Other receivables	95		(403)	(308)
Due from other funds	31,510	172		31,682
Inventories	(464)		21	(443)
Net pension obligation	4,254			4,254
Increase (decrease) in:				
Accounts payable	(318)		348	30
Accrued payroll	849			849
Other payables	279			279
Accrued vacation and sick leave	1,012		565	1,577
Due to other funds	(23,907)		(108)	(24,015)
Deferred revenue	(29)			(29)
Pension bonds payable	(6,984)			(6,984)
Workers' compensation liability	(4,202)			(4,202)
Litigation and self-insurance liability	474			474
<b>TOTAL ADJUSTMENTS</b>	<b>9,694</b>	<b>26,317</b>	<b>624</b>	<b>36,635</b>
<b>NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES</b>	<b>\$ 21,466</b>	<b>31,107</b>	<b>(289)</b>	<b>\$ 52,284</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES -</b>				
Other property transfers	\$ 609			\$ 609
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:</b>				
Pooled cash and investments	\$ 45,937	4,576		\$ 50,513
Other investments			6,201	6,201
Restricted assets		13,145		13,145
<b>TOTAL</b>	<b>\$ 45,937</b>	<b>17,721</b>	<b>6,201</b>	<b>\$ 69,859</b>

## 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, 2002 (in thousands)

	Pooled Investment Trust Fund	Specific Investment Trust Fund	Total
<b>ASSETS</b>			
Pooled cash and investments	\$ 7,945,898		\$ 7,945,898
Other investments		592,230	592,230
Interest receivable	77,273	3,192	80,465
<b>TOTAL ASSETS</b>	<b>8,023,171</b>	<b>595,422</b>	<b>8,618,593</b>
 <b>NET ASSETS</b>			
Held in trust for investment trust fund participants	<u>\$ 8,023,171</u>	<u>595,422</u>	<u>\$ 8,618,593</u>

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS - INVESTMENT TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2002 (in thousands)

	Pooled Investment Trust Fund	Specific Investment Trust Fund	Total
ADDITIONS:			
Contributions to investment trust funds	\$ 27,324,998	1,244,502	\$ 28,569,500
Interest income	218,969	44,502	263,471
TOTAL ADDITIONS	<u>27,543,967</u>	<u>1,289,004</u>	<u>28,832,971</u>
DEDUCTIONS -			
Distribution from investment trust funds	<u>27,234,717</u>	<u>1,777,457</u>	<u>29,012,174</u>
CHANGE IN NET ASSETS	309,250	(488,453)	(179,203)
NET ASSETS HELD IN TRUST, JULY 1, 2001	<u>7,713,921</u>	<u>1,083,875</u>	<u>8,797,796</u>
NET ASSETS HELD IN TRUST, JUNE 30, 2002	<u>\$ 8,023,171</u>	<u>595,422</u>	<u>\$ 8,618,593</u>

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FIDUCIARY FUNDS - AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2002 (in thousands)

	Balance July 1, 2001	Additions	Deductions	Balance June 30, 2002
<b><u>TOTAL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Pooled cash and investments	\$ 2,058,915	75,265,200	76,253,389	\$ 1,070,726
Other investments	305	610	613	302
Taxes receivable	246,656	565,222	571,991	239,887
Interest receivable	7,335	10,055	7,366	10,024
Due from other funds	262,618	7,200,958	7,463,576	
<b>TOTAL ASSETS</b>	<b>\$ 2,575,829</b>	<b>83,042,045</b>	<b>84,296,935</b>	<b>\$ 1,320,939</b>
<b>LIABILITIES</b>				
Due to other funds	\$ 746,763	6,051,375	6,798,138	\$
Due to other governments	1,829,066	2,030,545	2,538,672	1,320,939
<b>TOTAL LIABILITIES</b>	<b>\$ 2,575,829</b>	<b>8,081,920</b>	<b>9,336,810</b>	<b>\$ 1,320,939</b>



**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, 2002 (in thousands)

	<u>Total</u>
Governmental Funds Capital Assets:	
Land	273,701
Buildings and improvements	3,243,359
Equipment	527,013
Infrastructure	12,910
Construction in progress-Buildings and improvements	319,955
Construction in progress-Infrastructure	<u>56,756</u>
Total governmental funds capital assets	<u>\$ 4,433,694</u>
Investments in governmental funds capital assets by source:	
General fund	\$ 4,021,552
Special Revenue funds	408,051
Capital Projects funds	<u>4,091</u>
Total governmental funds capital assets	<u>\$ 4,433,694</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, 2002 (in thousands)

Function:	Land	Buildings and Improvements	Equipment	Infrastructure
General government	29,928	278,220	121,206	-
Public protection	99,382	2,168,330	333,295	-
Public ways and facilities	1,717	13,893	2,994	12,910
Health and sanitation	5,153	60,244	24,598	-
Public assistance	22,713	182,770	20,455	-
Education	7,159	48,395	4,182	-
Recreation and cultural services	107,649	491,507	20,283	-
Total governmental funds capital assets	\$ 273,701	\$ 3,243,359	\$ 527,013	\$ 12,910

<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.

Construction in Progress Buildings and Improvements	Construction in Progress Infrastructure	Total	
4,475	-	433,829	Function:
152,512	56,756	2,810,275	General government
91	-	31,605	Public protection
4,422	-	94,417	Public ways and facilities
27	-	225,965	Health and sanitation
1,855	-	61,591	Public assistance
156,573	-	776,012	Education
			Recreation and cultural services
<u>\$ 319,955</u>	<u>\$ 56,756</u>	<u>\$ 4,433,694</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>  
 JUNE 30, 2002 (in thousands)

Function:	Balance July 1, 2001	Additions	Deductions	Balance June 30, 2002
General government	425,450	28,811	(20,432)	433,829
Public protection	2,682,594	141,023	(13,342)	2,810,275
Public ways and facilities	17,761	13,911	(67)	31,605
Health and sanitation	108,688	12,691	(26,962)	94,417
Public assistance	183,056	47,274	(4,365)	225,965
Education	60,571	1,294	(274)	61,591
Recreation and cultural services	747,811	38,052	(9,851)	776,012
Total governmental funds capital assets	<u>\$ 4,225,931</u>	<u>\$ 283,056</u>	<u>\$ (75,293)</u>	<u>\$ 4,433,694</u>

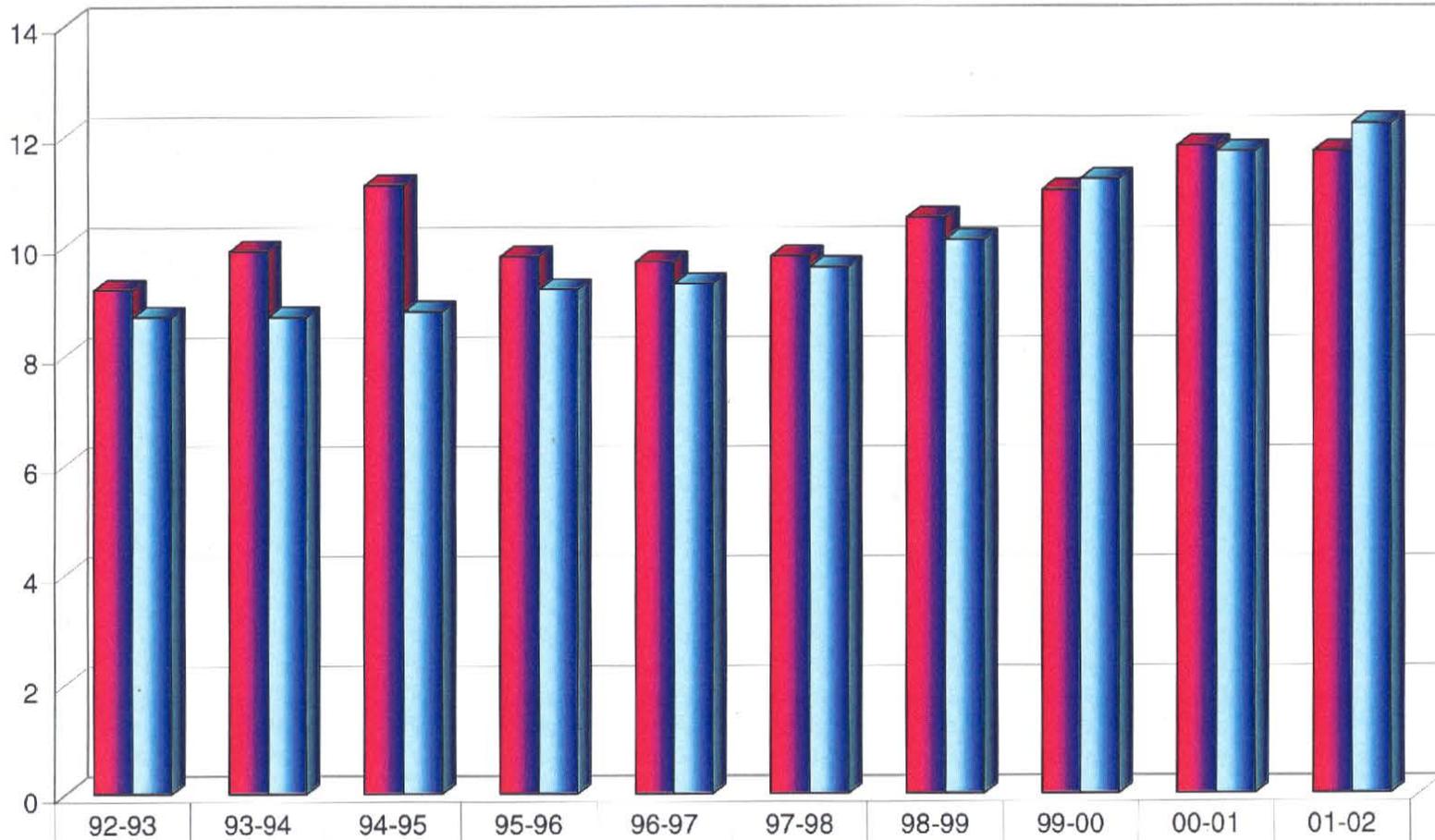
<sup>1</sup>This schedule presents only the capital assets balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included within governmental activities in the statement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

# **STATISTICAL SECTION**

# COUNTY of LOS ANGELES

## Government Expenditures & Revenues

### Last 10 Years



	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02
Expenditures	9.2	9.9	11.1	9.8	9.7	9.8	10.5	11	11.8	11.7
Revenues	8.7	8.7	8.8	9.2	9.3	9.6	10.1	11.2	11.7	12.2

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>1992-93</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>
General government	\$ 409,736	396,997	415,219	478,680	415,241
Public protection	2,568,785	2,610,305	2,686,944	2,749,821	2,718,755
Public ways and facilities	205,164	190,600	218,155	188,590	173,072
Health and sanitation	1,546,876	2,133,835	1,758,178	1,659,727	1,731,003
Public assistance	3,735,239	3,799,275	3,973,040	4,007,782	3,915,607
Education	56,074	43,396	60,067	51,691	55,594
Recreation and cultural services	143,595	171,598	160,252	179,324	204,064
Debt service	265,861	336,986	1,686,047 (1)	344,233	340,482
Capital outlay	241,833	179,663	100,712	167,031	108,848
<b>TOTAL</b>	<b>\$ 9,173,163</b>	<b>9,862,655</b>	<b>11,058,614</b>	<b>9,826,879</b>	<b>9,662,666</b>

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).

(1) In FY 94-95 the Debt service expenditures include one-time pension payments of \$1,390,714,000, related to the issuance of 1994-95 pension bonds.

	<u>1997-98</u>	<u>1998-99</u>	<u>1999-2000</u>	<u>2000-2001</u>	<u>2001-2002</u>	<u>FUNCTION</u>
\$	408,378	436,520	520,740	639,527	589,281	General government
	2,857,944	3,132,176	3,369,610	3,636,902	3,795,429	Public protection
	182,829	209,190	248,166	279,703	261,679	Public ways and facilities
	2,013,821	2,081,634	2,161,285	2,493,074	1,765,432	Health and sanitation
	3,703,503	3,845,071	4,053,280	4,041,544	4,360,342	Public assistance
	56,553	61,864	65,769	71,998	72,542	Education
	190,758	217,544	227,318	238,071	235,188	Recreation and cultural services
	368,897	454,489	329,688	337,017	470,758	Debt service
	64,967	89,851	52,329	67,620	120,579	Capital outlay
<u>\$</u>	<u>9,847,650</u>	<u>10,528,339</u>	<u>11,028,185</u>	<u>11,805,456</u>	<u>11,671,230</u>	TOTAL

COUNTY OF LOS ANGELES  
 GENERAL GOVERNMENTAL REVENUES BY SOURCE  
 LAST TEN FISCAL YEARS (In Thousands)

<u>SOURCE</u>	<u>1992-93</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>
Taxes	\$ 2,435,481	1,698,456	1,578,794	1,630,227	1,675,289
Licenses, permits and franchises	40,113	39,709	41,048	48,351	47,001
Fines, forfeitures and penalties	93,341	129,557	157,110	130,483	167,925
Revenue from use of money and property	210,918	214,906	250,189	256,480	251,489
Intergovernmental revenues:					
Federal	1,772,305	2,018,964	2,137,972	2,149,029	2,161,431
State	3,131,647	3,480,335	3,601,116	3,784,444	3,751,635
Other	12,781	5,040	4,403	7,248	32,255
Charges for services	876,173	974,457	897,135	1,022,760	1,034,166
Proceeds from property owners	24,823	4,923		9,416	
Miscellaneous	113,297	141,728	171,797	193,761	155,100
<b>TOTAL</b>	<b>\$ 8,710,879</b>	<b>8,708,075</b>	<b>8,839,564</b>	<b>9,232,199</b>	<b>9,276,291</b>

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>1997-98</u>	<u>1998-99</u>	<u>1999-2000</u>	<u>2000-2001</u>	<u>2001-2002</u>	<u>SOURCE</u>
\$	1,799,365	1,902,194	1,969,177	2,140,846	2,282,620	Taxes
	62,977	52,532	58,611	58,986	59,712	Licenses, permits and franchises
	242,532	252,201	262,142	254,919	264,713	Fines, forfeitures and penalties
	306,176	298,175	298,630	357,632	214,300	Revenue from use of money and property
	2,268,053	2,817,849	3,113,281	3,006,474	3,252,597	Intergovernmental revenues:
	3,446,097	3,274,149	3,735,572	4,039,887	4,170,053	Federal
	66,326	67,768	88,213	104,169	98,051	State
						Other
	1,138,253	1,289,122	1,327,383	1,445,182	1,538,368	Charges for services
			9,068	22,521	1,336	Proceeds from property owners
	244,518	187,043	296,094	271,737	295,902	Miscellaneous
<u>\$</u>	<u>9,574,297</u>	<u>10,141,033</u>	<u>11,158,171</u>	<u>11,702,353</u>	<u>12,177,652</u>	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>
1992-93	\$ 5,312,606	\$ 4,894,210	92.1	\$ 311,449	\$ 5,205,659	98.0	\$ 1,070,779	20.2
1993-94	5,404,312	5,033,521	93.1	351,572	5,385,093	99.6	1,147,941	21.2
1994-95	5,402,496	5,128,589	94.9	379,958	5,508,547	102.0	1,083,695	20.1
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

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>
1992-93	\$ 472,654,807	\$ 29,865,751	\$ 502,520,558
1993-94	482,666,686	29,780,227	512,446,913
1994-95	489,979,385	29,153,172	519,132,557
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

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>
1992-93	.001409	.003397	.009742	.004084	.008900	1.000000	1.027532
1993-94	.001713	.004212	.018699	.003611	.008900	1.000000	1.037135
1994-95	.001993	.006041	.025211	.004036	.008900	1.000000	1.046181
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

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
1992-93	9,285,490	\$ 502,520,558	\$ 2,707,795	\$ 317,859	\$ 2,389,936	.4756	\$ 257.38
1993-94	9,230,599	512,446,913	3,108,489	490,997	2,617,492	.5108	283.57
1994-95	9,244,646	519,132,557	5,090,012	529,595	4,560,417	.8785	493.30
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

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, 2002

Assessed valuation (net taxable) August 2001 (1)	\$ 622,362,096,471
Applicable percentage in computing capacity	<u>1.25%</u>
Total debt limit	\$ <u>7,779,526,205</u>
Less indebtedness, JUNE 30, 2002 (2)	<u>36,505,000</u>
Legal debt margin, JUNE 30, 2002	\$ <u><u>7,743,021,205</u></u>

Notes:

- (1) Net taxable valuation does not include homeowners' exemption of \$8,005,118,877 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, 2002

Full Cash Value (2001-02) \$ 568,557,108,096 (1)  
Population - (2002) 9,825,045 (4)

	%	Debt
	<u>Applicable (5)</u>	<u>May 1, 2002</u>
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		
Los Angeles County	100%	\$ 42,375,000
Los Angeles County Flood Control District	100	16,975,000
Metropolitan Water District	49.193	247,477,685
Other Water Districts	Various	7,833,318
Community College Districts	100	585,125,000
Beverly Hills Unified School District	100	72,175,000
Glendale Unified School District	100	108,520,000
Long Beach Unified School District	100	154,095,000
Los Angeles Unified School District	100	1,806,545,000
Pasadena Unified School District	100	160,140,000
Pomona Unified School District	100	101,085,000
Santa Monica-Malibu Unified School District	100	102,495,034
Other Unified School Districts	100	967,311,877
Other School and High School Districts	Various (2)	419,605,927
City of Los Angeles	100	767,475,000
City of Industry	100	226,335,000
Other Cities	100	21,685,000
Special Districts	100	13,777,000
Community Facilities Districts	100	490,324,151
Los Angeles County Regional Park & Open Space Assessment District	100	412,295,000
City of Los Angeles Special Tax Lease Revenue Bonds	100	190,985,000
1915 Act and Benefit Assessment Bonds - Estimate	100	238,958,954
Southern California Rapid Transit Benefit Assessment District Bonds	100	135,245,000
<b>TOTAL GROSS DIRECT AND OVERLAPPING TAX &amp; ASSESSMENT DEBT</b>		<b>\$ 7,288,838,946</b>
Less:		
City of Beverly Hills Water Bonds		470,000
Kinneloa Irrigation District, ID #1 Self-Supporting Bonds		120,000
<b>TOTAL NET DIRECT AND OVERLAPPING TAX &amp; ASSESSMENT DEBT</b>		<b>\$ 7,288,248,946</b>

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:

Los Angeles County General Fund Obligations	100	\$ 1,681,084,033
Los Angeles County Pension Obligations	100	1,920,582,395
Los Angeles County Office of Education Certificates of Participation	100	29,770,721
Los Angeles County Flood Control District Certificates of Participation	100	158,135,000
Community College District Certificates of Participation	Various (2)	232,867,420

Continued...

COUNTY OF LOS ANGELES  
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT-Continued  
JUNE 30, 2002

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

Los Angeles Unified School District		
Certificates of Participation	100	495,150,000
Long Beach Unified School District		
Certificates of Participation	100	74,010,000
Other Unified School District		
Certificates of Participation	100	298,283,353
School and High School District		
General Fund Obligations	Various (2)	163,330,651
City of Beverly Hills General Fund Obligations	100	205,905,000
City of Los Angeles General Fund & Judgement Obligations	100	1,282,750,000
City of Long Beach General Fund Obligations	100	277,810,000
City of Long Beach Pension Obligations	100	97,705,000
City of Pasadena General Fund Obligations	100	187,830,000
City of Pasadena Pension Obligations	100	101,470,000
Other Cities' General Fund Obligations	100	653,871,522
Los Angeles County Sanitation Districts		
General Fund Obligations	100	331,120,000
Other Special Districts General Fund Obligations	100	20,120,000
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<b>\$ 8,211,795,095</b>
Less:		
Los Angeles County Certificates of Participation (100% self-supporting from leasehold revenues on properties in Marina del Rey)		96,005,000
Pomona Unified School District Lease Revenue Bonds		12,000,000
Cities' self-supporting bonds		153,755,000
Walnut Valley Water District General Fund Obligations		18,850,000
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<b>\$ 7,931,185,095</b>
<b>GROSS COMBINED TOTAL DEBT</b>		<b>\$ 15,500,634,041 (3)</b>
<b>NET COMBINED TOTAL DEBT</b>		<b>\$ 15,219,434,041</b>
<b>RATIOS TO 2001-02 ASSESSED VALUATION</b>		
Direct Debt (\$42,375,000)		0.01%
Total Gross Direct and Overlapping Tax and Assessment Debt		1.16%
Total Net Direct and Overlapping Tax and Assessment Debt		1.16%
<b>RATIOS TO FULL CASH VALUE (ADJUSTED ASSESSED VALUATION)</b>		
Combined Direct Debt (\$3,644,041,428)		0.64%
Gross Combined Total Debt		2.73%
Net Combined Total Debt		2.68%
<b>STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/01:</b>		<b>\$ 2,817,733</b>

(1) Excludes \$61,810,107,252 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, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

(4) 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>
1992-93	\$ 73,881	\$ 119,293	\$ 193,174	\$ 9,173,163	2.11
1993-94	121,185	144,946	266,131	9,862,655	2.70
1994-95	96,598	132,085	228,683	11,058,614	2.07
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

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, 2002

<u>Type of Coverage</u>	Policy Limits		
	<u>Per Occurrence</u>	<u>Aggregate</u>	
Aviation:			
Airport/Aviation	\$ 50,000,000	\$ 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	80,000,000	& 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	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	48,000,000	Unlimited	
Public Safety Employee:			
Sheriff Reserve Disability		300/Week 2 year max.	
	1,000	1,000,000	
Aviation Personal	25,000/Seat	1,000,000	
Volunteer Workers (Accident)	10,000	250,000	
Special Event Liability Insurance	1,000,000	2,000,000	Per event
Contractors Liability (SPARTA)	1,000,000	2,000,000	Per Contract

COUNTY OF LOS ANGELES  
PUBLIC OFFICIAL BLANKET BOND  
JUNE 30, 2002

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

COUNTY OF LOS ANGELES  
 DEMOGRAPHIC STATISTICS  
 LAST TEN YEARS (In Thousands)

Year	Population County of Los Angeles(1)	Population State of California(1)	Population United States(4)	School Enrollment(2)	Unemployment Rate(3)
1993	9,285	31,900	258,300	1,456	9.7%
1994	9,231	32,067	261,300	1,466	9.4%
1995	9,245	32,140	262,661	1,474	7.9%
1996	9,370	32,231	265,072	1,509	8.2% (6)
1997	9,488	32,600	267,368	1,550	6.8% (6)
1998	9,604	33,252	269,816	1,583	6.5% (6)
1999	9,758	33,773	272,878	1,618	5.9% (6)
2000	9,884	34,336	275,130	1,651	5.4% (6)
2001	9,803	34,818	276,059	1,682	5.7% (6)
2002	9,825	35,037	287,170	1,711	(5)

Sources:

- (1) State Department of Finance
- (2) Los Angeles County School District Annual Financial Report for 1993 and prior years. California Department of Education internet web address [WWW.CDE.CA.GOV](http://WWW.CDE.CA.GOV) for 1994 and subsequent years.
- (3) Los Angeles County Economic Development Corporation
- (4) United States Bureau of the Census for 1995 and subsequent years. State Department of Finance for 1994 and prior years.
- (5) Not Available
- (6) Revised per Los Angeles County Economic Development schedule as of June, 2002.

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	
1992 .....	\$ 2,600.4	2,135.1	4,735.5	7.0	4.9	11.9	\$ 164,970,612
1993 .....	1,910.1	2,176.5	4,086.6	4.4	2.9	7.3	156,101,482
1994 .....	2,154.5	2,263.0	4,417.5	4.6	3.0	7.6	151,449,736
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

(1) Source: Construction Industry Research Board and Real Estate Research Council of Southern California for 1992 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, 2002

<u>Taxpayers</u>	<u>Total Tax Levy Fiscal Year 2001-02</u>	<u>Percentage of Total</u>	<u>Percentage of Total Tax Levy Fiscal Year 2001-02</u>
Southern California Edison Company	\$ 35,001,943	16.46	.50
Pacific Bell	33,751,226	15.87	.48
Atlantic Richfield Company	28,525,185	13.42	.41
Chevron USA, Inc.	23,176,969	10.90	.33
Verizon California, Inc.	18,234,037	8.58	.26
Mobil Oil Corporation	17,296,877	8.13	.25
Douglas Emmett Realty Fund	16,021,615	7.54	.23
Southern California Gas Company	15,108,607	7.11	.22
Arden Realty LTD Partnership	13,696,867	6.44	.20
Tosco Corporation	<u>11,798,426</u>	<u>5.55</u>	<u>.17</u>
Total	<u>\$ 212,611,752</u>	<u>100.00</u>	<u>3.05</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>
1992-93	15,293	12,934
1993-94	15,529	13,504
1994-95	13,787	13,149
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

(1) Includes prepayments and foreclosures.

COUNTY OF LOS ANGELES  
 MISCELLANEOUS STATISTICAL DATA  
 JUNE 30, 2002

**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:** 4,160,637 as of January 4, 2002

Estimated Population of the County of Los Angeles  
 As of January, 2002 (1)

<b>INCORPORATED CITIES:</b> Agoura Hills	21,600	Commerce	12,950
Alhambra	88,000	Compton	95,900
Arcadia	54,900	Covina	48,100
Artesia	16,800	Cudahy	25,150
Avalon	3,210	Culver City	39,850
Azusa	46,100	Diamond Bar	58,100
Baldwin Park	78,400	Downey	110,400
Bell	37,600	Duarte	22,100
Bellflower	75,100	El Monte	119,500
Bell Gardens	45,200	El Segundo	16,500
Beverly Hills	34,850	Gardena	59,800
Bradbury	890	Glendale	200,200
Burbank	102,800	Glendora	50,800
Calabasas	20,750	Hawaiian Gardens	15,300
Carson	93,200	Hawthorne	86,400
Cerritos	53,100	Hermosa Beach	19,200
Claremont	35,550	Hidden Hills	1,960

Continued...

COUNTY OF LOS ANGELES  
 MISCELLANEOUS STATISTICAL DATA-Continued  
 JUNE 30, 2002

INCORPORATED CITIES-Continued:

Huntington Park	62,900	Rancho Palos Verdes	42,300
Industry	790	Redondo Beach	65,700
Inglewood	115,100	Rolling Hills	1,920
Irwindale	1,480	Rolling Hills Estates	7,925
La Canada-Flintridge	20,950	Rosemead	55,300
La Habra Heights	5,925	San Dimas	35,950
Lakewood	81,400	San Fernando	24,250
La Mirada	47,950	San Gabriel	40,950
Lancaster	123,100	San Marino	13,300
La Puente	42,150	Santa Clarita	158,300
La Verne	32,500	Santa Fe Springs	17,950
Lawndale	32,500	Santa Monica	88,000
Lomita	20,800	Sierra Madre	10,850
Long Beach	473,100	Signal Hill	9,925
Los Angeles	3,807,400	South El Monte	21,700
Lynwood	71,800	South Gate	99,200
Malibu	13,050	South Pasadena	24,950
Manhattan Beach	35,500	Temple City	34,350
Maywood	28,800	Torrance	142,100
Monrovia	37,950	Vernon	95
Montebello	63,800	Walnut	30,900
Monterey Park	62,600	West Covina	109,100
Norwalk	106,700	West Hollywood	36,800
Palmdale	123,700	Westlake Village	8,575
Palos Verdes Estates	13,750	Whittier	<u>85,600</u>
Paramount	56,700	Total	8,796,345
Pasadena	138,800	Unincorporated	<u>1,028,700</u>
Pico Rivera	65,200	Total Population	<u>9,825,045</u>
Pomona	153,900		

(1) Source: California Department of Finance

Continued...

COUNTY OF LOS ANGELES  
 MISCELLANEOUS STATISTICAL DATA-Continued  
 JUNE 30, 2002

GOVERNMENT AGENCIES AND SPECIAL DISTRICTS

UNDER SUPERVISION OF THE BOARD OF SUPERVISORS:

	Agencies and <u>Districts</u>
General County	1
Construction Fee Districts	7
Drainage Fee District	1
Drainage Special Assessment Areas	15
Fire Protection	1
Flood Control	1
Garbage Disposal	6
LLAD-Landscape Districts and Zones	34
Street Lighting and Zones	22
LLAD-Street Lighting and Zones	18
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>13</u>
Total	<u>141</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>46</u>
Total	<u>101</u>

AGENCY ACCOUNTS:

Municipalities	
General Purposes	<u>88</u>

Continued...

COUNTY OF LOS ANGELES  
 MISCELLANEOUS STATISTICAL DATA-Continued  
 JUNE 30, 2002

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	12
Waterworks	<u>1</u>
Total	<u>81</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 476

COUNTY EMPLOYEES:

1993	74,713	1998	75,349
1994	74,880	1999	78,192
1995	77,111	2000	81,305
1996	73,705	2001	84,878
1997	73,804	2002	86,351

Excludes temporary and seasonal employees.

