



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

Fiscal Year Ended June 30, 2003  
J. Tyler McCauley · Auditor/Controller

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

Fiscal Year Ended June 30, 2003  
J. Tyler McCauley • Auditor/Controller

COUNTY OF LOS ANGELES  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
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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

December 5, 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, 2003. 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 is the second year that the CAFR has been prepared in conformance with 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." The County is required by GASB 34 to provide a narrative introduction, overview, and analysis to accompany the basic financial statements. This narrative is referred to as "Management's Discussion and Analysis" (MD&A) and the current year's CAFR represents the first period for which comparative financial information is displayed in the MD&A.

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 designed to provide an overview of the County's entire financial operations. In addition, the fund financial statements present financial information of each of the County's major funds, as well as non-major funds, fiduciary funds, and other funds. The statistical section includes other financial information and also demographic information, generally presented on a multi-year basis.

Honorable Board of Supervisors  
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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 Commission (including the Housing Authority of the County of Los Angeles)	Los Angeles County Employees Retirement Association
Children and Families First Commission	Los Angeles County Capital Asset Leasing Corporation
	Various Joint Powers Authorities

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

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

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

Los Angeles County was established by an act of the State Legislature on February 18, 1850 as one of California's original 27 counties. Located in the southern portion of the State, the County covers 4,083 square miles. With a population of nearly ten million, as of January 2003, its population is the largest of any county in the nation.

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

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

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

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

## **ECONOMIC 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.

Since 2001-2002, the County has experienced a modest recession, with an unemployment rate estimated at 6.7% for that period. The County's economic outlook appears to be slowly recovering during 2003, with job increases projected at 39,500. The modest recovery is supported by defense and aerospace work that has flowed into the County. There has also been support from the construction of major projects, including

Honorable Board of Supervisors  
Page 4

port expansions, the UCLA Medical Center, and the replacement of the County's LAC+USC Medical Center. Two other significant projects that were recently completed are the Disney Concert Hall and the Gold Line light rail that extends from downtown Los Angeles to the City of Pasadena.

The County's real estate market maintained its relative strength in comparison to overall economic conditions. With continued high demand for housing, there were increases in both existing and new home sales, which went from 107,439 in 2001 to 117,208 in 2002. The increase in annual home sales has been accompanied by a decline in industrial vacancy rates, defaults, and foreclosures. The decline in vacant office space reflects, in particular, the increasing space needs of the growing motion picture, multimedia, and business services industries.

Construction activity has increased steadily since 1997. The lack of inventory from previous years has added to the demand for new construction. As a result, the number of residential building permits issued each year has nearly doubled from 11,692 in 1997 to 19,271 in 2002. Annual building permit valuations (both residential and non-residential) have steadily increased from \$5.9 billion in 1997 to \$7.2 billion in 2002.

## **FINANCIAL INFORMATION**

### **INTERNAL AND BUDGETARY CONTROLS**

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

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.

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

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

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

A substantial portion of the County's overall budget is appropriated for contracted services. During 2002-2003, the Auditor-Controller evaluated the effectiveness of the County's contract monitoring program. This effort was focused on a small group of County departments that administer a significant volume of contracts at relatively high dollar values. With support from the Board of Supervisors, the Auditor-Controller has begun to implement a series of pilot projects to test the merits of centralizing the contract monitoring function in the Auditor-Controller in order to improve its effectiveness.

#### CASH MANAGEMENT

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

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

Honorable Board of Supervisors  
Page 6

While the Treasurer did not enter into any reverse repurchase agreements during 2002-2003, 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, 2003, LACTP investments had the following maturity ranges:

<u>Maturity Period</u>	<u>% of Total</u>
1 to 60 days	33.4%
61 days to 1 year	20.7%
Over 1 year	45.9%

The Retirement Association's Board of Investments manages the Pension Trust Fund. 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.

The average earnings rate for LACTP for 2002-2003 was 2.16 percent. The Pension Trust Fund's total fund return earned a positive yield of 3.6 percent, reversing a two-year trend of negative earnings that were due to 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, 2003, 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.

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.

As discussed in Note 15 to the basic financial statements, the County's workers' compensation expenses and related liabilities significantly increased during 2002-2003. Workers' compensation costs have become a major concern for both public and private employers in California. Although State legislative reforms were begun in 2003, additional reforms will be necessary in upcoming years to improve the system in a manner that reasonably controls costs.

Honorable Board of Supervisors  
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## OTHER INFORMATION

### INDEPENDENT AUDIT

The basic financial statements have been audited by KPMG LLP, with its subcontractor, Vasquez & Co. LLP. In accordance with the requirements of the Office of Management and Budget Circular A-133, as revised, the auditors are also in the process of completing an annual financial and compliance audit of federal funds received by the County. The County's single audit for 2001-2002 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-one fiscal years.

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

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

## ACKNOWLEDGEMENTS

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

Sincerely,



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, 2002

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



President

Executive Director

COUNTY OF LOS ANGELES  
BOARD OF SUPERVISORS AND PRINCIPAL COUNTY OFFICIALS  
JUNE 30, 2003

BOARD OF SUPERVISORS

Yvonne Brathwaite Burke, Chair  
Second District

Gloria Molina  
First District

Don Knabe  
Fourth District

Zev Yaroslavsky  
Third District

Michael D. Antonovich  
Fifth District

Violet Varona-Lukens  
Executive Officer  
Board of Supervisors

PRINCIPAL COUNTY OFFICIALS

Rick Auerbach  
Assessor

Steve Cooley  
District Attorney

Leroy D. Baca  
Sheriff

---

David E. Janssen  
Chief Administrative Officer

Mark J. Saladino  
Treasurer and Tax Collector

J. Tyler McCauley  
Auditor-Controller

Lloyd W. Pellman  
County Counsel

# COUNTY OF LOS ANGELES

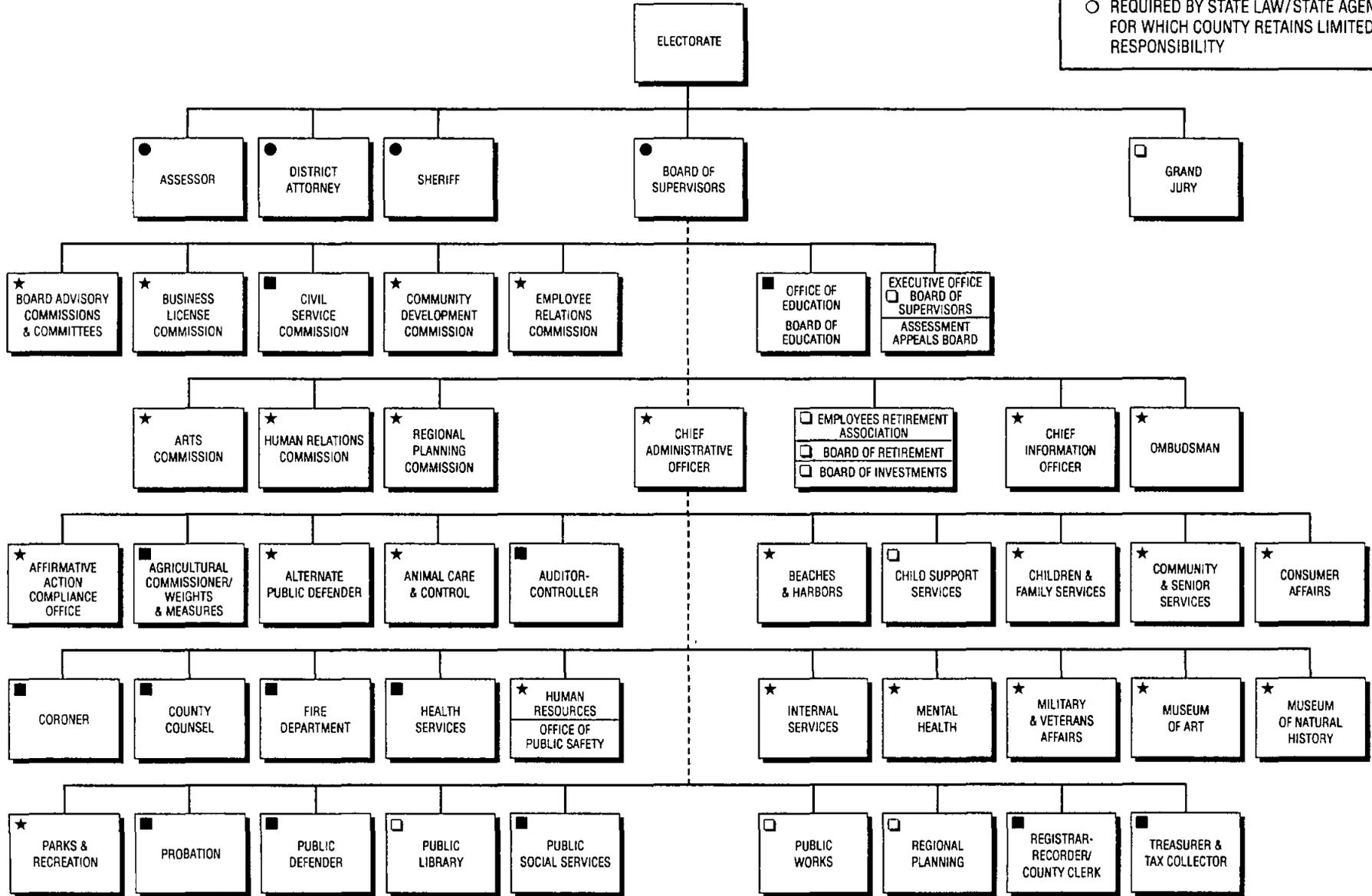
**LEGEND**

**APPOINITIVE**

- 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, 2003, 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 reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for LACERA and CFFC, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the 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, 2003, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 5, 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 20 and the schedule of funding progress on page 94 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 opinions on the financial statements that collectively comprise the County of Los Angeles' basic financial statements. The accompanying supplementary information identified in the table of contents as the introduction section, combining and individual fund statements and schedules, and the statistical section are presented for purposes of additional analysis and are not required parts 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 the statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements, and accordingly, we express no opinion on them.

KPMG LLP

December 5, 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, 2003. We recommend that this information be used in conjunction with additional information contained in the letter of transmittal.

### Financial Highlights

At the end of the current year, the net assets (total assets less total liabilities) of the County were positive \$614 million. However, net assets are classified into three categories and the unrestricted component is negative \$3.126 billion. See further discussion on page 7.

During the current year, the County's net assets decreased by a total of \$98 million. Net assets related to governmental activities decreased by \$240 million, while net assets related to business-type activities increased by \$142 million.

At the end of the current year, the County's General Fund reported a total fund balance of \$1.698 billion. The amount of unreserved fund balance was \$1.315 billion. Of the unreserved total, \$669 million was designated.

The County's capital asset balances were \$4.076 billion at year-end and increased by \$216 million during the year. Infrastructure assets are reflected only to the extent that they were acquired since July 1, 2001. Retroactive infrastructure reporting has been deferred until future years as discussed on page 6.

The County's total long-term debt decreased by \$269 million during the year. Bond maturities of \$598 million exceeded the \$329 million of newly issued and accreted long-term debt.

### Overview of the Basic Financial Statements

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

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

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

#### GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

### GOVERNMENT-WIDE FINANCIAL STATEMENTS-Continued

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

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

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

### FUND FINANCIAL STATEMENTS

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

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

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

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

**FUND FINANCIAL STATEMENTS-Continued**

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**Government-wide Financial Analysis**

This year is the second year that the County has applied Governmental Accounting Standards Board (GASB) Statement No. 34. Accordingly, this year represents the first time that comparable financial information is available in a format consistent with GASB 34. Certain reclassifications and adjustments have been made to the prior year balances to conform to the current year's presentation format.

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 \$614 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, 2003  
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Current and other assets	\$ 5,205,776	\$ 5,184,932	\$ 1,226,589	\$ 1,071,554	\$ 6,432,365	\$ 6,256,486
Capital assets	3,235,007	3,069,746	841,112	790,313	4,076,119	3,860,059
Total assets	<u>8,440,783</u>	<u>8,254,678</u>	<u>2,067,701</u>	<u>1,861,867</u>	<u>10,508,484</u>	<u>10,116,545</u>
Current and other Liabilities	1,230,278	1,247,121	172,570	168,073	1,402,848	1,415,194
Long-term liabilities	6,484,227	6,041,492	2,007,332	1,947,455	8,491,559	7,988,947
Total liabilities	<u>7,714,505</u>	<u>7,288,613</u>	<u>2,179,902</u>	<u>2,115,528</u>	<u>9,894,407</u>	<u>9,404,141</u>
Net assets:						
Invested in capital assets, net of related debt	2,210,640	1,944,507	495,549	402,528	2,706,189	2,347,035
Restricted net assets	907,155	913,613	127,192	91,994	1,034,347	1,005,607
Unrestricted net assets	<u>(2,391,517)</u>	<u>(1,892,055)</u>	<u>(734,942)</u>	<u>(748,183)</u>	<u>(3,126,459)</u>	<u>(2,640,238)</u>
Total net assets	<u>726,278</u>	<u>966,065</u>	<u>(112,201)</u>	<u>(253,661)</u>	<u>614,077</u>	<u>712,404</u>
Total liabilities and net assets	<u>\$ 8,440,783</u>	<u>\$ 8,254,678</u>	<u>\$ 2,067,701</u>	<u>\$ 1,861,867</u>	<u>\$10,508,484</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 (\$2.706 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 2001-2002 in accordance with GASB 34. However, infrastructure assets acquired prior to July 1, 2001 are not yet reflected in the basic financial statements. GASB 34 provides a maximum period of four years for the County to identify and report infrastructure assets acquired before July 1, 2001, in the basic financial statements. The County is in the process of evaluating its infrastructure assets that were acquired in prior years to ensure that they are reported prior to the year ending June 30, 2006. Additional infrastructure assets, net of related debt, will increase this category of net assets.

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

Restricted Net Assets

The County's restricted net assets at year-end were \$1.034 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 \$3.126 billion. Both governmental and business-type activities reported deficits in this category of \$2.391 billion and \$735 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, 2003, there were \$4.121 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 \$258 million as of June 30, 2003, which consists of \$107 million related to governmental activities and \$151 million related to business-type activities. The \$107 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 \$151 million that has been provided for the business-type activities pertains to estimated third party payor liabilities for the County's hospitals.

In addition to the aforementioned liabilities, the County has recorded pension bonds payable of \$1.967 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 \$1.304 billion. This difference consists of accreted interest (interest expense that accrues each year but is not payable until deferred periods) of \$453 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 \$451 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 \$395 million for outstanding bonds, the County's related assets are only \$160 million. The difference of \$235 million represents bond proceeds that have been distributed to cities and other eligible entities pursuant to the voter-approved bond measure. The bond covenants require the County to levy property taxes in future years to specifically repay the principal and interest on the bonds. Accordingly, the deficit related to these bonds is expected to be funded by the dedicated tax levy and will not require the use of discretionary County funds.

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

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

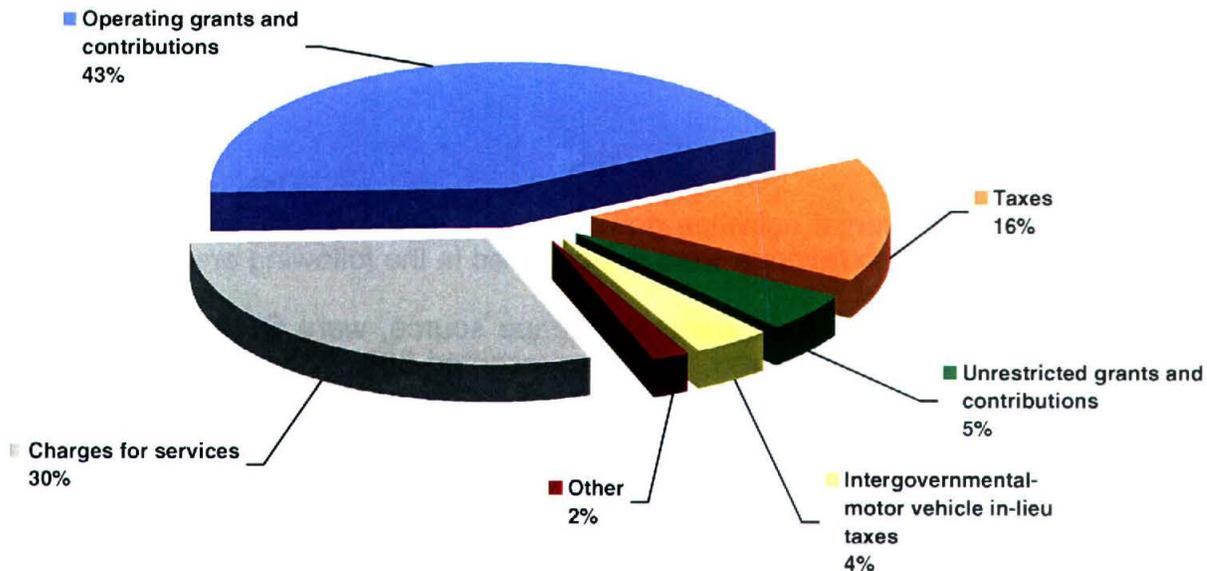
**Statement of Activities  
For the Year Ended June 30, 2003  
(in thousands)**

	Governmental		Business-type		Total	
	Activities		Activities			
	2003	2002	2003	2002	2003	2002
Revenues:						
Program revenues:						
Charges for services*	\$ 1,995,263	\$ 1,898,020	\$ 2,644,949	\$ 2,562,961	\$ 4,640,212	\$ 4,460,981
Operating grants and contributions	6,373,405	6,243,962	295,296	267,329	6,668,701	6,511,291
Capital grants and contributions	38,471	27,534	26,851	13,765	65,322	41,299
General revenues:						
Taxes	2,493,274	2,349,836	2,772	2,550	2,496,046	2,352,386
Intergovernmental-motor vehicle in-lieu taxes, not restricted	690,854	675,004			690,854	675,004
Unrestricted grants and contributions	703,520	706,167	32	33	703,552	706,200
Investment earnings	102,573	154,439	4,373	4,415	106,946	158,854
Miscellaneous	136,702	148,622	58,403	50,860	195,105	199,482
<b>Total revenues</b>	<b>12,534,062</b>	<b>12,203,584</b>	<b>3,032,676</b>	<b>2,901,913</b>	<b>15,566,738</b>	<b>15,105,497</b>
Expenses:						
General government	764,588	611,203			764,588	611,203
Public protection	4,177,049	3,937,519			4,177,049	3,937,519
Public ways and facilities	227,776	208,299			227,776	208,299
Health and sanitation	1,888,141	1,795,060			1,888,141	1,795,060
Public assistance	4,604,757	4,505,319			4,604,757	4,505,319
Education	75,079	73,455			75,079	73,455
Recreation and cultural services	228,008	231,605			228,008	231,605
Interest on long-term debt	270,336	249,586			270,336	249,586
Hospitals*			3,158,458	3,086,454	3,158,458	3,086,454
Aviation			4,617	4,618	4,617	4,618
Waterworks			42,448	39,857	42,448	39,857
Community Development Commission			223,808	198,340	223,808	198,340
<b>Total expenses</b>	<b>12,235,734</b>	<b>11,612,046</b>	<b>3,429,331</b>	<b>3,329,269</b>	<b>15,665,065</b>	<b>14,941,315</b>
Excess (deficiency) before transfers	298,328	591,538	(396,655)	(427,356)	(98,327)	164,182
Transfers	(538,115)	(550,302)	538,115	550,302		
Changes in net assets	(239,787)	41,236	141,460	122,946	(98,327)	164,182
Net assets - beginning	966,065	924,829	(253,661)	(376,607)	712,404	548,222
Net assets - ending	<b>\$ 726,278</b>	<b>\$ 966,065</b>	<b>\$ (112,201)</b>	<b>\$ (253,661)</b>	<b>\$ 614,077</b>	<b>\$ 712,404</b>

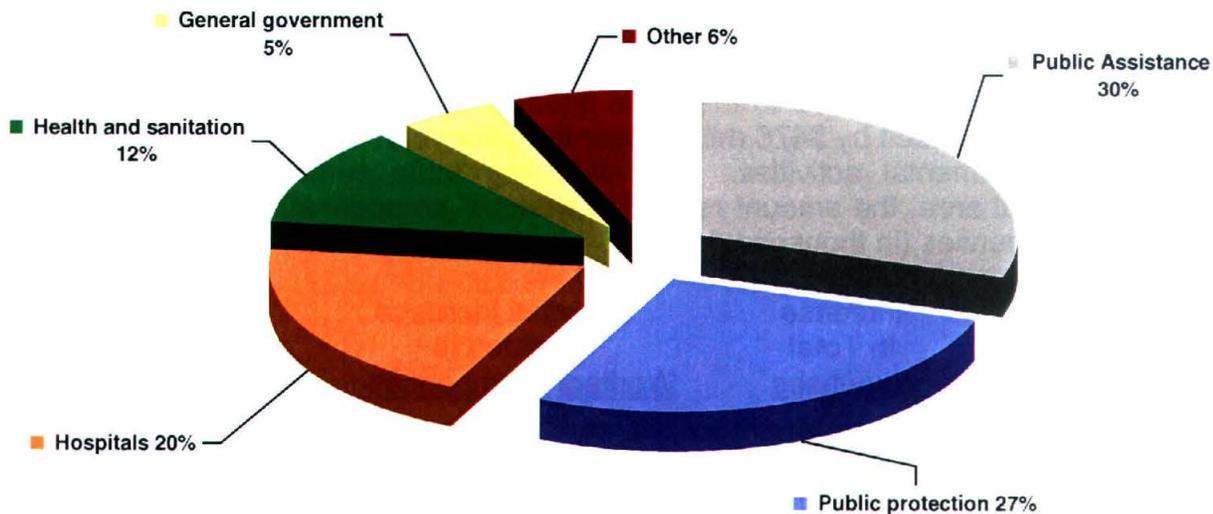
\*Amounts presented for 2002 Business-type Activities have been reclassified and adjusted to conform to the current year's presentation format. Charges for services revenues and Hospital expenses have each been increased by \$568.6 million to more appropriately display Hospital intergovernmental transfer expenses and related revenues.

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

#### REVENUES BY SOURCE – ALL ACTIVITIES



#### EXPENSES BY TYPE – ALL ACTIVITIES



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

The County's net assets decreased by \$98 million during the current fiscal year. Net assets related to governmental activities decreased by \$240 million. This decrease was offset by net asset growth of \$142 million for the business-type activities. Following are specific major factors that resulted in the net asset changes.

Governmental Activities

Revenues from governmental activities grew by \$330 million (2.7%) over the prior year. The most significant changes in revenue were experienced in the following areas:

- Taxes, the County's largest general revenue source, were \$143 million higher than the previous year. Property taxes, which represented 88% of total tax revenues, accounted for \$117 million of the increase. The increase in property taxes is consistent with the ongoing growth in the real estate market and continued upward trends in the County's assessed property values. Sales taxes, utility user taxes, voter approved taxes and other taxes each increased over the previous year and resulted in the additional growth in taxes of \$26 million.
- Operating grants and contributions are the County's largest source of program revenues and grew by \$129 million. The growth in this revenue source was associated with reimbursable activities related to health, mental health and public assistance programs.
- Program revenues related to charges for services increased by \$97 million. This growth was evident in nearly all functional areas and was associated with cost increases which were recoverable through fee increases and other charges to the service recipient.
- Investment earnings declined by \$52 million. Although cash and investments remained at prior year levels or higher, the yield from the County's Treasury Pool declined from 3.55% in the prior year to 2.16% in the current year.

Expenses from governmental activities grew by \$624 million (5.4%) when compared with the prior year. As discussed in Note 15 to the basic financial statements, workers' compensation costs for all activities increased by \$476 million over the prior year. Of this amount, \$416 million was related to governmental activities. The following table summarizes total increased expenses by functional area, the amount related to workers' compensation costs, and changes related to all other expenses (in thousands):

<u>Functional Area</u>	<u>Increase In Total Expenses</u>	<u>Expense Increase Related to Workers' Compensation</u>	<u>Increase (Decrease) in All Other Expenses</u>
General government	\$ 153,385	\$ 37,358	\$ 116,027
Public protection	239,530	255,013	(15,483)
Health and sanitation	93,081	38,233	54,848
Public assistance	99,438	78,798	20,640
All other areas	<u>38,254</u>	<u>7,080</u>	<u>31,174</u>
Total	<u>\$ 623,688</u>	<u>\$ 416,482</u>	<u>\$ 207,206</u>

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

Excluding workers' compensation, expenses increased by approximately \$207 million. There were minimal increases in salaries and most programs were maintained at the level of the previous year. However, as indicated in Note 6 to the basic financial statements, the County's annual pension cost increased by 32% in comparison to the prior year. The County pays health insurance costs for retired employees and this expense increased by 35%.

Public protection expenses, other than workers' compensation, declined by \$15 million. However, this was attributable to a one-time funding opportunity whereby juvenile probation services costs of approximately \$81 million were transferred to the public assistance function and funded by grant contributions.

In addition to cost increases in pension benefits and retirees' health insurance, general government expenses also increased due to judgments and settlements. There were also one-time expenses incurred for routine repair and maintenance of various County facilities.

### Business-type Activities

Revenues from business-type activities increased by \$131 million (4.5%) in comparison to the prior year. The most significant changes were in the following areas:

- Charges for services increased by \$82 million, of which \$80 million was related to net patient services revenues. There were increased revenues recognized in the Hospitals from Medi-Cal, Medicare, SB 1255 and insurance. These increases were partially offset by reduced revenues related to the Medicaid Demonstration Project and SB 855 programs. Hospital revenues are also discussed in Note 11 to the basic financial statements.
- Operating grants and contributions increased by \$28 million. This increase was principally due to increased federal funding for the County's Community Development Commission, which operates a variety of housing related programs.
- Capital grants and contributions increased by \$13 million and were attributable to intergovernmental revenues (primarily from the Federal Emergency Management Agency) associated with the rebuilding of the LAC+USC Medical Center.

Expenses related to business-type activities increased from the previous year by \$100 million (3%). The most significant changes were in the following areas:

- Hospital expenses increased by \$72 million overall. Salaries and benefits were \$101 million higher than they were in the previous year. As mentioned earlier in the analysis of governmental activities, there were significant increases in workers' compensation expenses, annual pension cost, and retirees' health insurance. Cost increases in this area were also a factor in the current year for business-type activities.
- Expenses associated with the Community Development Commission increased by \$25 million.

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

**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 \$3.190 billion, an increase of \$88 million in comparison with the prior year. Of the total fund balance, \$1.037 billion is reserved to indicate the extent that funds have been committed or are otherwise unavailable for spending. An additional \$856 million has been designated and set aside for intended spending purposes as indicated in the financial statements. The remaining \$1.297 billion of the balances are unreserved and undesignated.

Revenues from all governmental funds for the current year were \$12.478 billion, an increase of \$300 million (2.5%) from the previous year. Expenditures for all governmental funds in the current year were \$11.885 billion, an increase of \$214 million (1.8%) from the previous year. In addition, other financing uses exceeded other financing sources by \$505 million, as compared to \$491 million in the prior year.

The General Fund is the County's principal operating fund. During the current year, the fund balance in the General Fund increased by \$185 million (12.3%). At the end of the current fiscal year, the General Fund's total fund balance was \$1.698 billion. Of this amount, \$383 million was reserved and therefore unavailable for spending. Of the unreserved total of \$1.315 billion, \$669 million has been designated (earmarked) and the remaining \$646 million is considered both unreserved and undesignated.

General Fund revenues during the current year were \$10.844 billion, an increase of \$230 million (2.2%) from the previous year. General Fund expenditures during the current year were \$10.081 billion, an increase of \$175 million (1.8%) from the previous year. Other financing sources/uses-net was negative \$577 million in the current year as compared to negative \$538 million in the prior year.

Following are significant changes in General Fund revenues and expenditures:

- Revenues from taxes increased by \$105 million, primarily from property taxes.
- Intergovernmental revenues increased by \$119 million. State revenues increased by \$157 million and were offset by a \$42 million reduction in federal revenues. Revenues from other governmental agencies increased by \$4 million. During the year, State funding for mental health services was increased and funding ratios for certain public assistance programs were modified and resulted in a higher level of State funding and reduced federal assistance.

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

### Governmental Funds-Continued

- Expenditures increased in the functional areas of general government (\$68 million), health and sanitation (\$61 million), and public assistance (\$100 million), while public protection expenditures decreased by \$50 million. Cost increases in the areas of pensions and retiree health care were factors. However, workers' compensation costs did not have the significant impact noted earlier for the government-wide statements as such expenditures are not recognized until paid in the General Fund.

### 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. Each hospital enterprise fund incurred a net loss prior to contributions and transfers. The County is legally required to provide local matching funds to the health care system in order to remain eligible for federal and State assistance. Such funds were provided to the hospitals as operating subsidies from the County General Fund during the year. The total subsidy amount was \$540 million and is reflected in the Statement of Revenues, Expenses and Changes in Fund Net Assets as "transfers in." Capital contributions of \$3.466 million were also made by the General Fund to the Olive View/UCLA Medical Center Fund.

The largest change in net assets was reported in the LAC+USC Medical Center Fund, which had an increase in net assets of \$159 million. Contributing to this net asset increase were "transfers in" of \$105 million to provide for the eventual replacement of medical equipment at the LAC+USC Replacement Facility, which is currently under construction. These funds were not legally obligated as of June 30, 2003, and are earmarked for future use at the time that the medical center replacement project is completed.

Each hospital enterprise fund, as well as the Public Works Internal Service Fund concluded the year with a net asset deficit. As discussed in Note 2 to the basic financial statements, such deficits are expected to continue in the future.

### **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 \$75 million in the General Fund's available (unreserved and undesignated) fund balance from the previous year.

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

Budgetary Summary - Revenues/Financing Sources

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

<u>Category</u>	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance- Positive (Negative)
Taxes	\$ 7,283	\$ 1,773,263	\$ 1,815,121	\$ 41,858
Intergovernmental revenues	37,705	7,902,260	7,303,726	(598,534)
Charges for services	(60,843)	1,189,902	1,206,260	16,358
All other revenues	132,148	582,374	553,830	(28,544)
Other sources and transfers	(39,069)	454,190	417,204	(36,986)
Total	<u>\$ 77,224</u>	<u>\$ 11,901,989</u>	<u>\$ 11,296,141</u>	<u>\$ (605,848)</u>

Changes from Amounts Originally Budgeted

During the year, net increases in budgeted revenues and other financing sources approximated \$77 million. The most significant increases occurred in the following areas:

- Estimated revenues from intergovernmental sources were increased by \$50 million to reflect additional federal assistance consisting of CalWorks Performance Incentives, Stage 1 Child Care funds and Employment Services funds. Other changes to estimated revenues in this category resulted in a net reduction of \$12 million, with an overall increase in budgeted intergovernmental revenues of \$38 million.
- The net decrease of \$61 million related to charges for services was primarily due to adjustments made in the General Fund's Health Administration budget. Estimated revenues for services rendered to the Hospital Enterprise Funds were lowered.
- The net increase of \$132 million related to "all other revenues" was attributable to tobacco settlement revenues of \$120 million (and miscellaneous additions of \$12 million). The County's policy is to budget tobacco settlement revenues after they have been received.
- The net decrease of \$39 million related to "other sources and transfers" was primarily due to reduced transfers from the Hospital Enterprise Funds (\$47 million), offset by various other items of \$8 million. The transfer amounts in the General Fund pertain to the County's participation in the SB855 program, which was originally estimated at \$394 million and was subsequently reduced to \$347 million.

**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 approximately \$606 million lower than budget. As discussed below, most of this variance was concentrated in the area of intergovernmental revenues.

- Actual intergovernmental revenues were \$599 million lower than the amount budgeted. Social service programs accounted for approximately \$230 million of this variance, which was mostly attributable to lower than anticipated caseload. An additional \$179 million pertained to anticipated reimbursement of capital improvement and disaster recovery projects that were not completed prior to year-end. The remaining amount was related to mental health programs (\$83 million) and various other programs (\$107 million).

Budgetary Summary - Expenditures/Other Financing Uses

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

<u>Category</u>	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance- Positive
General government	\$ 34,725	\$ 878,195	\$ 645,675	\$ 232,520
Public protection	16,694	3,358,560	3,133,657	224,903
Health and sanitation	(137,019)	2,186,822	2,151,618	35,204
Public assistance	74,968	4,720,873	4,412,718	308,155
All other expenditures	11,821	605,972	283,124	322,848
Transfers out	(34,786)	570,517	567,500	3,017
Contingencies	(39,679)	60,643		60,643
Reserves/designations-net	150,500	123,763	26,844	96,919
Total	<u>\$ 77,224</u>	<u>\$ 12,505,345</u>	<u>\$11,221,136</u>	<u>\$ 1,284,209</u>

Changes from Amounts Originally Budgeted

During the year, net increases in General Fund appropriations, reserves and designations were approximately \$77 million. As discussed below, the most significant increases were related to designations and public assistance appropriations. The largest decrease was in health and sanitation appropriations.

- Provisions for net reserves and designations were increased during the year by \$150 million. This amount pertains to an increase in the designation for health services. This designation was funded by tobacco settlement revenues received during the year (\$120 million) plus the unused balance of amounts received in prior years, including interest (\$30 million).

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

Changes from Amounts Originally Budgeted-Continued

- After the original budget was established, appropriations for health and sanitation were reduced by \$137 million. At the end of the fiscal year, appropriations for health programs were reduced in order to be more closely aligned with actual expenditures. The most significant changes were associated with appropriation savings related to SB855 Intergovernmental Transfers (\$47 million) and programs funded by tobacco settlement revenues (\$26 million). The remaining amount (\$64 million) was associated with various health programs such as public health, drug and alcohol and administration.
- After the original budget was established, appropriations for public assistance were increased by \$75 million. The largest single change was a \$50 million increase to the Department of Public Social Services to fund juvenile probation services. This increase was funded by federal revenues as previously discussed in the changes to the budgeted revenues. Additional resources of \$32 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. Various other changes resulted in a net decrease of \$7 million.

Actual Expenditures/Other Financing Uses Compared with Final Budget Amount

Actual expenditures/other financing uses for the current year were \$1.3 billion lower (approximately 10%) than the final total budget of \$12.5 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 \$308 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 \$323 million less than the budgeted amount. Nearly all (\$314 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 \$233 million less than the amount budgeted. Of this amount, \$166 million represented budgetary savings for items that are not associated with specific County departments, such as provisional appropriations and extraordinary maintenance and repairs. The remaining \$67 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.

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

Actual Expenditures/Other Financing Uses Compared with Final Budget Amount-Continued

- Overall expenditures for the public protection functional category were \$225 million less than the budgeted amount. This difference was concentrated in the Probation Department (\$87 million), the Disaster Recovery budget unit (\$70 million), and the Sheriff's Department (\$46 million). The remaining \$22 million was derived from various other public protection agencies. Probation savings were mostly due to a one-time funding opportunity whereby eligible costs were transferred to grant-funded public assistance programs. The Disaster Recovery variance was due to unused appropriations that were set aside provisionally for County disasters. The Sheriff's Department realized appropriation savings in all expenditure objects.

**Capital Assets**

The County's capital assets for its governmental and business type activities as of June 30, 2003 were \$4.076 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. Specific changes related to governmental and business-type activities are presented in Note 5 to the basic financial statements. As discussed earlier, the County has deferred recognition of infrastructure assets acquired prior to July 1, 2001.

The total increase in the County's capital assets (net of depreciation) for the current fiscal year was \$216 million or 5.6%, 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	\$ 393,666	\$ 392,555	\$ 1,111
Buildings and improvements	2,757,917	2,697,259	60,658
Infrastructure	92,897	12,107	80,790
Equipment	262,704	230,471	32,233
Construction-in-progress	568,935	527,667	41,268
Total	<u>\$ 4,076,119</u>	<u>\$ 3,860,059</u>	<u>\$ 216,060</u>

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

- New infrastructure costs were capitalized for completed projects and also for those that remained in progress at the end of the year. The projects were related to the County's Flood Control District and Road Fund operations. The value of the new construction for these activities was \$32 million and \$46 million, respectively.

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

- Approximately \$48 million of new Construction-in-Progress was related to the Antelope Valley Courthouse. Additions of \$20 million were related to juvenile detention facilities that will be operated by the Probation Department when completed.
- The County is progressing with the rebuilding of the LAC+USC Medical Center. Construction is underway and the overall project cost is estimated at \$821 million. During the year, \$58 million of costs were capitalized.

**Debt Administration**

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

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

	<u>Current Year</u>	<u>Prior Year</u>	<u>Decrease</u>
Bonds and Notes Payable	\$ 2,281,706	\$ 2,424,419	\$ 142,713
Pension Bonds Payable	<u>1,967,191</u>	<u>2,093,749</u>	<u>126,558</u>
Total	<u>\$ 4,248,897</u>	<u>\$ 4,518,168</u>	<u>\$ 269,271</u>

During the current year, the County's liabilities for long-term debt decreased by \$269 million, or nearly 6%. Specific changes related to governmental and business-type activities are presented in Note 8 to the basic financial statements. During the current year, significant long-term debt transactions were as follows:

- Refunding bonds totaling \$160 million were issued to advance refund previously issued debt. The refunding will result in a \$15.95 million reduction of the County's debt service payments over the next 14 years.
- New debt of \$41 million was issued to finance the acquisition of equipment. Equipment debt totaling \$52 million was redeemed during the year in accordance with maturity schedules.
- Pension bonds totaling \$199 million were redeemed during the year. This amount was offset by \$72.4 million related to the accretion of interest on outstanding bonds.

In addition to the above borrowing, the County continued to finance General Fund cash flow shortages occurring periodically during the fiscal year by selling \$650 million in tax and revenue anticipation notes which reached maturity on June 30, 2003, and by periodic borrowing from available trust funds.

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

Bond Ratings

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

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

**Economic Conditions and Outlook**

The Board of Supervisors adopted the County's 2003-2004 Budget on June 23, 2003. The Budget was adopted based on estimated fund balances that would be available at the end of 2002-2003. The Board updated the Budget on September 16, 2003 to reflect final 2002-2003 fund balances and other pertinent financial information. For the County's General Fund, the 2003-2004 Budget utilized \$678 million of available fund balance.

In conjunction with the September 16, 2003 budget update, the Board reexamined the estimated revenues that were forecast for the County's share of State Vehicle License Fees (VLF). VLF revenues are available for spending at the County's discretion and provide essential County funding for various General Fund services. Although the State was in the process of increasing VLF charges, there was a transitional period of approximately three months where the County's share of VLF (commonly referred to as "backfill") would not be paid. The Board authorized the use of \$160 million of the General Fund's available fund balance to offset this loss. The use of fund balance to address this issue was based on its anticipated one-time nature. In addition, the enacting State legislation indicated an intention to repay the County in 2006-2007.

On November 17, 2003, a new State Governor assumed office and immediately rescinded the VLF increase that had begun to take effect and also directed a refund to taxpayers that had already paid the increased amount. State legislative action is needed to appropriate funds for the VLF backfill. At this time, there is uncertainty regarding the ability and timing of the State to restore the VLF backfill, as the State is confronted with a major budgetary deficit. The County is closely monitoring the VLF issue and estimates the financial impact at \$60 million per month if the backfill is not restored. The County is also monitoring the effects of other State actions that would potentially reduce County revenues as part of the State's overall plan to balance its budget.

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

**Obtaining Additional Information**

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

# BASIC FINANCIAL STATEMENTS

COUNTY OF LOS ANGELES  
STATEMENT OF NET ASSETS  
JUNE 30, 2003 (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)	\$ 2,005,166	\$ 30,201	\$ 2,035,367	\$ 606,344
Other (Note 1)	860,415	96,221	956,636	
Total pooled cash and investments	<u>2,865,581</u>	<u>126,422</u>	<u>2,992,003</u>	<u>606,344</u>
Other investments (Note 4)	280,386	20,938	301,324	
Taxes receivable	237,232	1,501	238,733	
Accounts receivable - net		939,853	939,853	
Interest receivable	8,503	83	8,586	2,166
Other receivables	1,051,760	30,343	1,082,103	25,421
Internal balances	182,769	(182,769)		
Inventories	80,427	29,308	109,735	2,146
Restricted assets (Note 4)	8,097	89,296	97,393	
Net pension obligation (Note 6)	491,021	171,614	662,635	
Capital assets: (Notes 5 and 7)				
Land and construction in progress	636,562	326,039	962,601	
Other capital assets, net of depreciation	2,598,445	515,073	3,113,518	8,625
Total capital assets	<u>3,235,007</u>	<u>841,112</u>	<u>4,076,119</u>	<u>8,625</u>
<b>TOTAL ASSETS</b>	<u>8,440,783</u>	<u>2,067,701</u>	<u>10,508,484</u>	<u>644,702</u>
<b>LIABILITIES</b>				
Accounts payable	366,579	69,992	436,571	5,174
Accrued payroll	361,334	83,686	445,020	598
Other payables	193,326	3,784	197,110	
Accrued interest payable	27,398	1,479	28,877	
Deferred revenue (Note 6)	105,847	13,629	119,476	
Advances payable	175,794		175,794	
Noncurrent liabilities: (Notes 6, 7, 8, 11 and 15)				
Due within one year	749,152	366,690	1,115,842	
Due in more than one year	5,735,075	1,640,642	7,375,717	8,498
<b>TOTAL LIABILITIES</b>	<u>7,714,505</u>	<u>2,179,902</u>	<u>9,894,407</u>	<u>14,270</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt (Notes 5 and 8)	2,210,640	495,549	2,706,189	127
Restricted for:				
Capital projects	4,534		4,534	
Debt service	21,928	107,356	129,284	
Special purpose	880,693	19,836	900,529	630,304
Unrestricted (deficit)	(2,391,517)	(734,942)	(3,126,459)	
<b>TOTAL NET ASSETS (DEFICIT)</b>	<u>\$ 726,278</u>	<u>\$ (112,201)</u>	<u>\$ 614,077</u>	<u>\$ 630,431</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, 2003 (in thousands)

FUNCTIONS	PROGRAM REVENUE			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government	\$ 764,588	\$ 354,291	\$ 28,019	\$ 7,543
Public protection	4,177,049	1,021,186	978,663	17,294
Public ways and facilities	227,776	46,608	164,027	5,856
Health and sanitation	1,888,141	385,490	1,249,936	2,702
Public assistance	4,604,757	31,861	3,946,935	
Education	75,079	2,919	3,973	
Recreation and cultural services	228,008	152,908	1,852	5,076
Interest on long-term debt	270,336			
Total governmental activities	<u>12,235,734</u>	<u>1,995,263</u>	<u>6,373,405</u>	<u>38,471</u>
Business-type activities:				
Hospitals	3,158,458	2,594,762	83,152	26,107
Aviation	4,617	2,641	473	744
Waterworks	42,448	37,637	713	
Community Development Commission	223,808	9,909	210,958	
Total business-type activities	<u>3,429,331</u>	<u>2,644,949</u>	<u>295,296</u>	<u>26,851</u>
Total primary government	<u>\$ 15,665,065</u>	<u>\$ 4,640,212</u>	<u>\$ 6,668,701</u>	<u>\$ 65,322</u>
<b>COMPONENT UNIT -</b>				
Children and Families First Commission	<u>\$ 63,815</u>	<u>\$</u>	<u>\$ 134,058</u>	<u>\$</u>

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			COMPONENT UNIT CHILDREN AND FAMILIES FIRST COMMISSION
PRIMARY GOVERNMENT		TOTAL	
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES		
\$ (374,735)	\$	\$ (374,735)	
(2,159,906)		(2,159,906)	
(11,285)		(11,285)	
(250,013)		(250,013)	
(625,961)		(625,961)	
(68,187)		(68,187)	
(68,172)		(68,172)	
(270,336)		(270,336)	
<u>(3,828,595)</u>		<u>(3,828,595)</u>	
	(454,437)	(454,437)	
	(759)	(759)	
	(4,098)	(4,098)	
	(2,941)	(2,941)	
	<u>(462,235)</u>	<u>(462,235)</u>	
<u>(3,828,595)</u>	<u>(462,235)</u>	<u>(4,290,830)</u>	
			\$ 70,243

FUNCTIONS
<b>PRIMARY GOVERNMENT:</b>
Governmental activities:
General government
Public protection
Public ways and facilities
Health and sanitation
Public assistance
Education
Recreation and cultural services
Interest on long-term debt
Total governmental activities
Business-type activities:
Hospitals
Aviation
Waterworks
Community Development Commission
Total business-type activities
Total primary government
<b>COMPONENT UNIT -</b>
Total - Children & Families First Commission

GENERAL REVENUES:

Taxes:
Property taxes
Sales and use taxes
Utility users taxes
Voter approved taxes
Other taxes
Intergovernmental - State motor vehicle in-lieu taxes, not restricted to specific purposes
Grants and contributions not restricted to special programs
Investment earnings
Miscellaneous
TRANSFERS - NET
Total general revenues and transfers
CHANGE IN NET ASSETS
NET ASSETS (DEFICIT), JULY 1, 2002
NET ASSETS (DEFICIT), JUNE 30, 2003

2,193,539	2,772	2,196,311	
74,018		74,018	
52,262		52,262	
69,792		69,792	
103,663		103,663	
690,854		690,854	
703,520	32	703,552	
102,573	4,373	106,946	12,075
136,702	58,403	195,105	
(538,115)	538,115		
<u>3,588,808</u>	<u>603,695</u>	<u>4,192,503</u>	<u>12,075</u>
(239,787)	141,460	(98,327)	82,318
966,065	(253,661)	712,404	548,113
<u>\$ 726,278</u>	<u>\$ (112,201)</u>	<u>\$ 614,077</u>	<u>\$ 630,431</u>

GENERAL REVENUES:

Taxes:
Property taxes
Sales and use taxes
Utility users taxes
Voter approved taxes
Other taxes
Intergovernmental - State motor vehicle in-lieu taxes, not restricted to specific purposes
Grants and contributions not restricted to special programs
Investment earnings
Miscellaneous
TRANSFERS - NET
Total general revenues and transfers
CHANGE IN NET ASSETS
NET ASSETS (DEFICIT), JULY 1, 2002
NET ASSETS (DEFICIT), JUNE 30, 2003

COUNTY OF LOS ANGELES  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2003 (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)	\$ 922,000	5,286	110,949	11,813
Other (Note 1)	644,544	17,733	5,107	2,284
Total pooled cash and investments	<u>1,566,544</u>	<u>23,019</u>	<u>116,056</u>	<u>14,097</u>
Other investments (Note 4)	7,490			
Taxes receivable	165,472	42,317	15,221	6,036
Interest receivable	5,511	18	286	37
Other receivables	916,871	17,463	1,749	41
Due from other funds (Note 12)	447,456	9,183	9,622	471
Advances to other funds (Note 12)	304,528		6,814	
Inventories	33,230	5,602		439
<b>TOTAL ASSETS</b>	<u>\$ 3,447,102</u>	<u>97,602</u>	<u>149,748</u>	<u>21,121</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 304,857	6,048	2,696	1,071
Accrued payroll	310,698	29,258		3,353
Other payables	188,952	797		56
Due to other funds (Note 12)	524,204	4,620	17,999	2,323
Deferred revenue (Note 6)	231,357	31,765	12,979	4,764
Advances payable	162,673			
Third party payor liability (Notes 8 and 11)	26,631	1,372		
<b>TOTAL LIABILITIES</b>	<u>1,749,372</u>	<u>73,860</u>	<u>33,674</u>	<u>11,567</u>
<b>FUND BALANCES:</b>				
Reserved for:				
Encumbrances	316,118	6,082	85,409	2,927
Inventories	33,230	5,602		439
Housing programs				
Debt service				
Endowments and annuities				
Other	33,410	25	3,008	15
Unreserved, designated for:				
Budget uncertainties	414,054			
Program expansion	254,753			942
Capital projects			19,478	
Special revenue funds - program expansion				
Unreserved, undesignated, reported in:				
General fund	646,165			
Special revenue funds		12,033	8,179	5,231
Capital projects funds				
<b>TOTAL FUND BALANCES</b>	<u>1,697,730</u>	<u>23,742</u>	<u>116,074</u>	<u>9,554</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 3,447,102</u>	<u>97,602</u>	<u>149,748</u>	<u>21,121</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
\$ 254,279	812,503		\$ 2,116,830
1,564	27,453		698,685
<u>255,843</u>	<u>839,956</u>		<u>2,815,515</u>
	663,450	(394,735)	276,205
3,192	4,990		237,228
717	1,825		8,394
6,429	86,029		1,028,582
5	15,702		482,439
	10,718		322,060
	34,813		74,084
<u>\$ 266,186</u>	<u>1,657,483</u>	<u>(394,735)</u>	<u>\$ 5,244,507</u>
\$ 2,767	45,132		\$ 362,571
	459		343,768
204	3,365		193,374
3,667	76,003		628,816
7,476	30,644		318,985
	13,121		175,794
	3,597		31,600
<u>14,114</u>	<u>172,321</u>		<u>2,054,908</u>
133,055	111,545		655,136
	34,813		74,084
	2,260		2,260
	631,656	(394,735)	236,921
	3,541		3,541
	28,558		65,016
			414,054
1			255,696
			19,478
	166,191		166,191
			646,165
119,016	411,799		556,258
	94,799		94,799
<u>252,072</u>	<u>1,485,162</u>	<u>(394,735)</u>	<u>3,189,599</u>
\$ 266,186	1,657,483	(394,735)	\$ 5,244,507

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
<b>TOTAL ASSETS</b>

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)
<b>TOTAL LIABILITIES</b>

FUND BALANCES:

Reserved for:

Encumbrances
Inventories
Housing programs
Debt service
Endowments and annuities
Other
Unreserved, designated for:
Budget uncertainties
Program expansion
Capital projects
Special revenue funds - program expansion

Unreserved, undesignated, reported in:

General fund
Special revenue funds
Capital projects funds

**TOTAL FUND BALANCES**

**TOTAL LIABILITIES AND FUND BALANCES**

COUNTY OF LOS ANGELES  
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 JUNE 30, 2003 (in thousands)

Fund balances - total governmental funds (page 25) \$ 3,189,599

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	\$	276,239	
Construction-in-progress		303,567	
Buildings and improvements - net		2,278,865	
Equipment - net		143,675	
Infrastructure - net		<u>149,653</u>	3,151,999

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	\$	215,619	
Long-term receivables		<u>23,107</u>	238,726

The net pension obligation (an asset) pertaining to governmental fund types is not recorded in governmental fund statements. 458,054

Accrued interest payable is not recognized in governmental funds. (26,976)

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	\$	(1,827,117)	
Pension bonds payable		(1,359,869)	
Capital lease obligations		(120,093)	
Accrued vacation/sick leave		(550,190)	
Workers' compensation		(1,853,735)	
Litigation/self-insurance		(493,406)	
Third party payors		<u>(2,120)</u>	(6,206,530)

Assets and liabilities of the internal service funds are included in governmental activities in the accompanying statement of net assets. (78,594)

Net assets of governmental activities (page 21) \$ 726,278



COUNTY OF LOS ANGELES  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2003 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	PUBLIC LIBRARY
<b>REVENUES:</b>				
Taxes	\$ 1,813,882	419,139	63,102	48,328
Licenses, permits and franchises	53,915	7,784	535	
Fines, forfeitures and penalties	189,982	3,073	1,667	452
Revenue from use of money and property:				
Investment income (Note 4)	62,064	180	2,079	184
Rents and concessions (Note 7)	15,278	85	6,014	32
Royalties	176		119	
Intergovernmental revenues:				
Federal	3,097,839	2,832	2,347	69
State	4,098,346	11,617	1,106	4,402
Other	72,512	17,440	2,232	1,187
Charges for services	1,206,260	119,624	115,003	2,886
Proceeds from property owners				
Miscellaneous	233,379	511	855	890
<b>TOTAL REVENUES</b>	<b>10,843,633</b>	<b>582,285</b>	<b>195,059</b>	<b>58,430</b>
<b>EXPENDITURES:</b>				
Current:				
General government	633,292			
Public protection	2,956,753	561,901	179,010	
Public ways and facilities				
Health and sanitation	1,743,716			
Public assistance	4,328,436			
Education				74,013
Recreation and cultural services	162,201			
Debt service:				
Principal	129,771	6,394		1,424
Interest and other charges	90,866	3,202		713
Capital leases	14,345			
Capital outlay	21,480			
<b>TOTAL EXPENDITURES</b>	<b>10,080,860</b>	<b>571,497</b>	<b>179,010</b>	<b>76,150</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>762,773</b>	<b>10,788</b>	<b>16,049</b>	<b>(17,720)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (Note 12)	68,539		1,700	21,994
Transfers out (Note 12)	(669,087)	(4,203)	(19,305)	(480)
Proceeds of refunding bonds (Note 8)				
Payment to refunded bonds escrow agent (Note 8)				
Bond premium proceeds				
Capital leases (Note 7)	21,480			
Sales of capital assets	1,671	38	243	15
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(577,397)</b>	<b>(4,165)</b>	<b>(17,362)</b>	<b>21,529</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>185,376</b>	<b>6,623</b>	<b>(1,313)</b>	<b>3,809</b>
FUND BALANCE, JULY 1, 2002	1,512,354	17,119	117,387	5,745
<b>FUND BALANCE, JUNE 30, 2003</b>	<b>\$ 1,697,730</b>	<b>23,742</b>	<b>116,074</b>	<b>9,554</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
\$	77,554		\$ 2,422,005
	5,244		67,478
925	66,505		262,604
10,220	48,566	(21,184)	102,109
	36,583		57,992
	5		300
	95,485		3,198,572
	216,007		4,331,478
	13,966		107,337
77,508	104,302		1,625,583
	8,123		8,123
	58,643		294,278
<u>88,653</u>	<u>730,983</u>	<u>(21,184)</u>	<u>12,477,859</u>
	19,101		652,393
	70,986		3,768,650
	287,853		287,853
	82,367		1,826,083
	132,608		4,461,044
			74,013
58,490	4,638		225,329
	149,320	(17,560)	269,349
	132,522	(21,184)	206,119
			14,345
	78,230		99,710
<u>58,490</u>	<u>957,625</u>	<u>(38,744)</u>	<u>11,884,888</u>
<u>30,163</u>	<u>(226,642)</u>	<u>17,560</u>	<u>592,971</u>
(38,632)	202,935		295,168
	(100,155)		(831,862)
	160,325		160,325
	(160,325)		(160,325)
	8,513		8,513
			21,480
	56		2,023
<u>(38,632)</u>	<u>111,349</u>		<u>(504,678)</u>
(8,469)	(115,293)	17,560	88,293
260,541	1,600,455	(412,295)	3,101,306
<u>\$ 252,072</u>	<u>1,485,162</u>	<u>(394,735)</u>	<u>\$ 3,189,599</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)
- Bond premium proceeds
- Capital leases (Note 7)
- Sales of capital assets
- TOTAL OTHER FINANCING SOURCES (USES)

NET CHANGE IN FUND BALANCES

FUND BALANCE, JULY 1, 2002

FUND BALANCE, JUNE 30, 2003

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, 2003 (in thousands)

Net change in fund balances - total governmental funds (page 29) \$ 88,293

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	\$ 296,788	
Less - current year depreciation expense	<u>(116,903)</u>	179,885

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. (15,573)

Revenue timing differences result in less revenue in government-wide statements. 29,607

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

Pension bonds	\$ 137,589	
General obligation bonds	12,300	
Certificates of participation	103,380	
Assessment bonds	17,560	
Other long term notes and loans	<u>6,530</u>	277,359

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	\$ (500,373)	
Change in litigation/self-insurance	(129,476)	
Change in accrued vacation/sick leave	(17,311)	
Change in third party payors	2,278	
Change in accrued interest payable	(1,524)	
Accretion of pension bonds	(50,101)	
Transfer of capital assets from governmental fund to enterprise fund	<u>(3,466)</u>	(699,973)

The change in the net pension obligation (an asset) is not recognized in  
 governmental funds. (90,388)

The portion of internal service funds that is reported with  
 governmental activities. (8,997)

Change in net assets of governmental activities (page 23) \$ (239,787)

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, 2003 (in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
<b>REVENUES:</b>				
Taxes	\$ 1,765,980	1,773,263	1,815,121	41,858
Licenses, permits and franchises	50,744	51,712	53,915	2,203
Fines, forfeitures and penalties	176,373	176,373	189,982	13,609
Revenue from use of money and property:				
Investment income	77,109	80,676	58,836	(21,840)
Rents and concessions	22,350	22,355	15,277	(7,078)
Royalties	232	232	176	(56)
Intergovernmental revenues:				
Federal	3,356,016	3,383,154	3,085,876	(297,278)
State	4,376,626	4,386,174	4,149,165	(237,009)
Other	131,913	132,932	68,685	(64,247)
Charges for services	1,250,745	1,189,902	1,206,260	16,358
Miscellaneous	123,418	251,026	235,644	(15,382)
<b>TOTAL REVENUES</b>	<b>11,331,506</b>	<b>11,447,799</b>	<b>10,878,937</b>	<b>(568,862)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	843,470	878,195	645,675	(232,520)
Public protection	3,341,866	3,358,560	3,133,657	(224,903)
Health and sanitation	2,323,841	2,186,822	2,151,618	(35,204)
Public assistance	4,645,905	4,720,873	4,412,718	(308,155)
Recreation and cultural services	173,064	174,299	165,890	(8,409)
Debt Service-				
Interest	11,076	11,076	11,076	
Capital Outlay	410,011	420,597	106,158	(314,439)
<b>TOTAL EXPENDITURES</b>	<b>11,749,233</b>	<b>11,750,422</b>	<b>10,626,792</b>	<b>(1,123,630)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(417,727)</b>	<b>(302,623)</b>	<b>252,145</b>	<b>554,768</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sales of fixed assets	805	1,770	1,672	(98)
Transfers in	492,454	452,420	415,532	(36,888)
Transfers out	(605,303)	(570,517)	(567,500)	3,017
Appropriation for contingencies	(100,322)	(60,643)		60,643
Changes in reserves and designations	26,737	(123,763)	(26,844)	96,919
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(185,629)</b>	<b>(300,733)</b>	<b>(177,140)</b>	<b>123,593</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(603,356)</b>	<b>(603,356)</b>	<b>75,005</b>	<b>678,361</b>
<b>FUND BALANCE, JULY 1, 2002 (Note 13)</b>	<b>603,356</b>	<b>603,356</b>	<b>603,356</b>	
<b>FUND BALANCE, JUNE 30, 2003 (Note 13)</b>			<b>678,361</b>	<b>678,361</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, 2003 (in thousands)

	FIRE PROTECTION DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 427,306	427,306	419,269	(8,037)
Licenses, permits and franchises	8,395	8,395	7,784	(611)
Fines, forfeitures and penalties	2,400	2,400	3,073	673
Revenue from use of money and property:				
Investment income			18	18
Rents and concessions	86	86	85	(1)
Intergovernmental revenues:				
Federal	430	2,222	2,832	610
State	11,755	11,755	11,617	(138)
Other	16,535	16,535	17,440	905
Charges for services	114,841	114,841	119,624	4,783
Miscellaneous	523	523	511	(12)
<b>TOTAL REVENUES</b>	<b>582,271</b>	<b>584,063</b>	<b>582,253</b>	<b>(1,810)</b>
EXPENDITURES:				
Current-Public protection:				
Salaries and employee benefits	506,506	507,298	498,699	(8,599)
Services and supplies	68,444	72,809	67,224	(5,585)
Other charges	6,547	6,547	5,063	(1,484)
Fixed assets	9,259	10,510	2,473	(8,037)
<b>TOTAL EXPENDITURES</b>	<b>590,756</b>	<b>597,164</b>	<b>573,459</b>	<b>(23,705)</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,485)	(13,101)	8,794	21,895
OTHER FINANCING SOURCES (USES):				
Sales of fixed assets	160	160	38	(122)
Transfers out	(3,551)	(3,551)	(3,551)	
Appropriation for contingencies	(7,656)	(3,040)		3,040
Changes in reserves and designations			2,525	2,525
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(11,047)</b>	<b>(6,431)</b>	<b>(988)</b>	<b>5,443</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(19,532)</b>	<b>(19,532)</b>	<b>7,806</b>	<b>27,338</b>
FUND BALANCE, JULY 1, 2002 (Note 13)	19,532	19,532	19,532	
<b>FUND BALANCE, JUNE 30, 2003 (Note 13)</b>	<b>\$</b>		<b>27,338</b>	<b>27,338</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, 2003 (in thousands)

	FLOOD CONTROL DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
<b>REVENUES:</b>				
Taxes	\$ 59,425	62,550	63,157	607
Licenses, permits and franchises	500	500	535	35
Fines, forfeitures and penalties	1,303	1,303	1,667	364
Revenue from use of money and property:				
Investment income	5,000	5,000	2,169	(2,831)
Rents and concessions	6,040	6,040	6,014	(26)
Royalties	600	600	119	(481)
Intergovernmental revenues:				
Federal	14,790	14,790	2,347	(12,443)
State	1,800	1,800	1,106	(694)
Other	1,540	1,540	2,232	692
Charges for services	110,791	110,791	114,786	3,995
Miscellaneous	860	860	855	(5)
<b>TOTAL REVENUES</b>	<b>202,649</b>	<b>205,774</b>	<b>194,987</b>	<b>(10,787)</b>
<b>EXPENDITURES:</b>				
Current-Public protection:				
Services and supplies	169,336	176,920	176,696	(224)
Other charges	20,968	23,268	22,981	(287)
Fixed assets	21,520	23,336	6,843	(16,493)
<b>TOTAL EXPENDITURES</b>	<b>211,824</b>	<b>223,524</b>	<b>206,520</b>	<b>(17,004)</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(9,175)</b>	<b>(17,750)</b>	<b>(11,533)</b>	<b>6,217</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sales of fixed assets	150	150	243	93
Transfers in		1,700	1,700	
Transfers out	(2,052)	(2,052)	(903)	1,149
Appropriation for contingencies		(3,125)		3,125
Changes in reserves and designations	829	10,829	12,831	2,002
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(1,073)</b>	<b>7,502</b>	<b>13,871</b>	<b>6,369</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(10,248)</b>	<b>(10,248)</b>	<b>2,338</b>	<b>12,586</b>
FUND BALANCE, JULY 1, 2002 (Note 13)	10,248	10,248	10,248	
<b>FUND BALANCE, JUNE 30, 2003 (Note 13)</b>	<b>\$</b>		<b>12,586</b>	<b>12,586</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  
PUBLIC LIBRARY  
FOR THE YEAR ENDED JUNE 30, 2003 (in thousands)

	PUBLIC LIBRARY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 48,655	48,655	48,350	(305)
Fines, forfeitures and penalties			452	452
Revenue from use of money and property:				
Investment income			146	146
Rents and concessions	60	70	32	(38)
Intergovernmental revenues:				
Federal		69	69	
State	4,037	4,226	4,402	176
Other	997	997	1,187	190
Charges for services	2,501	2,878	2,886	8
Miscellaneous	591	591	890	299
TOTAL REVENUES	56,841	57,486	58,414	928
EXPENDITURES:				
Current-Education:				
Salaries and employee benefits	52,241	52,165	49,669	(2,496)
Services and supplies	26,643	28,726	26,056	(2,670)
Other charges	843	859	686	(173)
Fixed assets	1,124	1,814	1,609	(205)
TOTAL EXPENDITURES	80,851	83,564	78,020	(5,544)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(24,010)	(26,078)	(19,606)	6,472
OTHER FINANCING SOURCES (USES):				
Sales of fixed assets			15	15
Transfers in	22,063	22,145	21,994	(151)
Appropriation for contingencies	(2,293)	(307)		307
Changes in reserves and designations	(80)	(80)	561	641
OTHER FINANCING SOURCES (USES) - NET	19,690	21,758	22,570	812
NET CHANGE IN FUND BALANCE	(4,320)	(4,320)	2,964	7,284
FUND BALANCE, JULY 1, 2002 (Note 13)	4,320	4,320	4,320	
FUND BALANCE, JUNE 30, 2003 (Note 13)	\$		7,284	7,284

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, 2003 (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	\$ 935	935	925	(10)
Revenue from use of money and property-				
Investment income	9,550	9,550	6,558	(2,992)
Charges for services	77,391	77,391	77,091	(300)
Miscellaneous			(24)	(24)
TOTAL REVENUES	87,876	87,876	84,550	(3,326)
EXPENDITURES:				
Current-Recreation and cultural services:				
Services and supplies	20,692	20,692	4,392	(16,300)
Other charges	302,650	302,650	63,861	(238,789)
Fixed Assets			(1,325)	(1,325)
TOTAL EXPENDITURES	323,342	323,342	66,928	(256,414)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(235,466)	(235,466)	17,622	253,088
OTHER FINANCING SOURCES (USES):				
Transfers in	73,491	73,491	60,721	(12,770)
Transfers out	(108,877)	(108,877)	(99,353)	9,524
Long-term debt proceeds	169,747	169,747		(169,747)
Appropriation for contingencies	(46)	(46)		46
Changes in reserves and designations	(1)	(1)	36,616	36,617
OTHER FINANCING SOURCES (USES) - NET	134,314	134,314	(2,016)	(136,330)
NET CHANGE IN FUND BALANCE	(101,152)	(101,152)	15,606	116,758
FUND BALANCE, JULY 1, 2002 (Note 13)	104,221	104,221	104,221	
FUND BALANCE, JUNE 30, 2003 (Note 13)	\$ 3,069	3,069	119,827	116,758

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, 2003 (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)	\$ 408	290	1,004	420	83
Other (Note 1)	17,019	12,635	39,595	17,012	3,204
Total pooled cash and investments	<u>17,427</u>	<u>12,925</u>	<u>40,599</u>	<u>17,432</u>	<u>3,287</u>
Other investments (Note 4)					
Taxes receivable					
Accounts receivable - net	161,272	140,634	365,283	176,194	14,741
Interest receivable	4	5	5	1	1
Other receivables	4,270	6,462	12,266	4,084	983
Due from other funds (Note 12)	83,784	52,521	282,912	68,055	12,792
Advances to other funds (Note 12)					
Inventories	3,284	2,648	13,698	4,708	968
Total current assets	<u>270,041</u>	<u>215,195</u>	<u>714,763</u>	<u>270,474</u>	<u>32,772</u>
Noncurrent assets:					
Restricted assets (Note 4)	5,394	6,379	43,294	12,495	395
Net pension obligation (Note 6)	27,003	17,932	70,905	30,092	6,244
Capital assets: (Notes 5 and 7)					
Land	1,001	1,842	18,183	2,277	13,329
Buildings and improvements	68,849	143,449	164,111	195,867	9,491
Equipment	28,634	19,550	91,304	36,764	4,765
Construction in progress	21,931		177,805		
Less accumulated depreciation	<u>(71,543)</u>	<u>(79,687)</u>	<u>(204,605)</u>	<u>(121,543)</u>	<u>(11,749)</u>
Total capital assets - net	<u>48,872</u>	<u>85,154</u>	<u>246,798</u>	<u>113,365</u>	<u>15,836</u>
Total noncurrent assets	<u>81,269</u>	<u>109,465</u>	<u>360,997</u>	<u>155,952</u>	<u>22,475</u>
<b>TOTAL ASSETS</b>	<u>351,310</u>	<u>324,660</u>	<u>1,075,760</u>	<u>426,426</u>	<u>55,247</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	9,539	4,829	33,934	7,536	1,374
Accrued payroll	15,116	9,741	33,368	16,097	2,771
Other payables	338	263	754	319	68
Accrued interest payable	149	218	148	621	
Due to other funds (Note 12)	69,228	52,150	198,263	43,878	14,788
Advances from other funds (Note 12)	47,902	69,095	58,235	108,457	1,001
Deferred revenue (Note 6)	1,748	1,161	6,205	1,948	404
Current portion of long-term liabilities (Note 8)	38,093	28,147	195,662	47,971	11,001
Total current liabilities	<u>182,113</u>	<u>165,604</u>	<u>526,569</u>	<u>226,827</u>	<u>31,407</u>
Noncurrent liabilities:					
Accrued vacation and sick leave (Note 8)	19,961	11,398	37,571	21,229	3,162
Bonds and notes payable (Note 8)	22,290	36,755	25,889	72,932	
Pension bonds payable (Notes 6 and 8)	70,708	46,951	185,654	78,795	16,349
Capital lease obligations (Notes 7 and 8)	363		76	26	87
Workers' compensation (Notes 8 and 15)	34,745	24,561	137,688	71,144	10,605
Litigation and self-insurance (Notes 8 and 15)	27,742	6,726	96,440	40,788	5,220
Third party payors (Notes 8 and 11)	86,500	85,237	98,010	34,528	8,900
Total noncurrent liabilities	<u>262,309</u>	<u>211,628</u>	<u>581,328</u>	<u>319,442</u>	<u>44,323</u>
<b>TOTAL LIABILITIES</b>	<u>444,422</u>	<u>377,232</u>	<u>1,107,897</u>	<u>546,269</u>	<u>75,730</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt (Notes 5 and 8)	22,853	42,598	148,080	40,966	12,327
Restricted	5,245	6,161	43,146	11,874	395
Unrestricted	<u>(121,210)</u>	<u>(101,331)</u>	<u>(223,363)</u>	<u>(172,683)</u>	<u>(33,205)</u>
<b>TOTAL NET ASSETS (DEFICIT) (Note 2)</b>	<u>\$ (93,112)</u>	<u>(52,572)</u>	<u>(32,137)</u>	<u>(119,843)</u>	<u>(20,483)</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	
\$ 195	26,118	\$ 28,518	\$ 45,472	
6,415	338	96,218	6,280	
6,610	26,456	124,736	51,752	
	16,756	16,756	8,363	
	1,501	1,501		
69,268		927,392		
2	55	73	118	
2,280	12,450	42,795	83	
29,524	609	530,197	48,875	
	772	772		
1,085	2,812	29,203	6,448	
108,769	61,411	1,673,425	115,639	
16,784		84,741	12,652	
19,438		171,614	32,967	
217	80,578	117,427		
187,179	322,407	1,091,353	1,734	
10,301	2,076	193,394	209,777	
6,550	2,326	208,612		
(87,854)	(211,854)	(788,835)	(109,342)	
116,393	195,533	821,951	102,169	
152,615	195,533	1,078,306	147,788	
261,384	256,944	2,751,731	263,427	
2,938	8,172	68,322	5,677	
6,593		83,686	17,567	
238	1,731	3,711	251	
343		1,479	195	
30,565	3,998	412,870	19,825	
16,142		300,832	22,000	
1,258	576	13,300	2,810	
37,116	604	358,594	43,022	
95,193	15,081	1,242,794	111,347	
8,468		101,789	31,337	
75,590	7,508	240,964	34,935	
50,893		449,350	86,317	
716		1,268	192	
27,832		306,575	56,046	
13,016		189,932	16,232	
23,700		336,875		
200,215	7,508	1,626,753	225,059	
295,408	22,589	2,869,547	336,406	
36,411	187,530	490,765	62,368	
16,441	43,099	126,361	1,876	
(86,876)	3,726	(734,942)	(137,223)	
\$ (34,024)	234,355	(117,816)	\$ (72,979)	

## 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 2)

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

NET ASSETS OF BUSINESS-TYPE ACTIVITIES (PAGE 21)

5,615  
\$ (112,201)

COUNTY OF LOS ANGELES  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2003 (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)	\$ 442,440	323,063	1,145,950	454,634	72,464
Rentals					
Charges for services					
Other	13,984	11,334	45,380	21,105	2,576
<b>TOTAL OPERATING REVENUES</b>	<b>456,424</b>	<b>334,397</b>	<b>1,191,330</b>	<b>475,739</b>	<b>75,040</b>
<b>OPERATING EXPENSES:</b>					
Salaries and employee benefits	224,871	153,379	509,770	268,043	45,560
Services and supplies	52,171	42,281	150,156	49,867	11,482
Other professional services	76,194	54,439	195,210	78,445	14,994
Depreciation and amortization (Note 5)	1,405	2,452	3,286	3,193	390
Medical malpractice	7,007	(1,020)	4,651	4,027	111
Rent	3,660	4,110	10,840	5,089	789
Provision for bad debts	1,863	1,914	5,958	2,016	4,839
<b>TOTAL OPERATING EXPENSES</b>	<b>367,171</b>	<b>257,555</b>	<b>879,871</b>	<b>410,680</b>	<b>78,165</b>
<b>OPERATING INCOME (LOSS)</b>	<b>89,253</b>	<b>76,842</b>	<b>311,459</b>	<b>65,059</b>	<b>(3,125)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Taxes					
Interest income	488	204	667	1,195	60
Interest expense	(8,592)	(8,734)	(22,027)	(14,002)	(1,740)
Intergovernmental transfers expense (Note 11)	(148,089)	(116,995)	(437,928)	(160,792)	(14,764)
Intergovernmental revenues:					
State			1,864		
Federal			24,243		
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(156,193)</b>	<b>(125,525)</b>	<b>(433,181)</b>	<b>(173,599)</b>	<b>(16,444)</b>
<b>LOSS BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(66,940)</b>	<b>(48,683)</b>	<b>(121,722)</b>	<b>(108,540)</b>	<b>(19,569)</b>
Capital contributions		3,466			
Transfers in (Note 12)	65,409	50,961	280,761	85,107	18,063
Transfers out (Note 12)		(175)		(112)	
<b>CHANGE IN NET ASSETS</b>	<b>(1,531)</b>	<b>5,569</b>	<b>159,039</b>	<b>(23,545)</b>	<b>(1,506)</b>
<b>TOTAL NET ASSETS (DEFICIT), JULY 1, 2002</b>	<b>(91,581)</b>	<b>(58,141)</b>	<b>(191,176)</b>	<b>(96,298)</b>	<b>(18,977)</b>
<b>TOTAL NET ASSETS (DEFICIT), JUNE 30, 2003</b>	<b>\$ (93,112)</b>	<b>(52,572)</b>	<b>(32,137)</b>	<b>(119,843)</b>	<b>(20,483)</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		
\$ 192,924		\$ 2,631,475	\$		OPERATING REVENUES:
	12,182	12,182	29,719		Net patient service revenues (Note 11)
	37,828	37,828	319,411		Rentals
10,250	3,912	108,541			Charges for services
					Other
203,174	53,922	2,790,026	349,130		TOTAL OPERATING REVENUES
					OPERATING EXPENSES:
99,579		1,301,202	263,536		Salaries and employee benefits
20,455	250,096	576,508	48,141		Services and supplies
21,066	684	441,032	7,632		Other professional services
2,369	10,947	24,042	33,345		Depreciation and amortization (Note 5)
4,457		19,233			Medical malpractice
280		24,768			Rent
12,605		29,195			Provision for bad debts
160,811	261,727	2,415,980	352,654		TOTAL OPERATING EXPENSES
42,363	(207,805)	374,046	(3,524)		OPERATING INCOME (LOSS)
	2,772	2,772			NONOPERATING REVENUES (EXPENSES):
972	849	4,435	621		Taxes
(11,572)	(404)	(67,071)	(10,382)		Interest income
(59,931)		(938,499)			Interest expense
	282	2,146			Intergovernmental transfers expense (Note 11)
	200,188	224,431	3,328		Intergovernmental revenues:
					State
					Federal
(70,531)	203,687	(771,786)	(6,433)		TOTAL NONOPERATING REVENUES (EXPENSES)
(28,168)	(4,118)	(397,740)	(9,957)		LOSS BEFORE CONTRIBUTIONS AND TRANSFERS
		3,466			Capital contributions
39,833	1,741	541,875	3,200		Transfers in (Note 12)
	(6,290)	(6,577)	(1,804)		Transfers out (Note 12)
11,665	(8,667)	141,024	(8,561)		CHANGE IN NET ASSETS
(45,689)	243,022		(64,418)		TOTAL NET ASSETS (DEFICIT), JULY 1, 2002
\$ (34,024)	234,355		\$ (72,979)		TOTAL NET ASSETS (DEFICIT), JUNE 30, 2003
		436			Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
		\$ 141,460			CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES (PAGE 23)

COUNTY OF LOS ANGELES  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2003 (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	\$ 379,478	261,235	900,636	369,694	64,424
Rentals received					
Cash received from charges for services					
Other operating revenues	13,987	11,335	45,406	21,107	2,577
Cash received for services provided to other funds	8,054	6,093	18,502	14,188	5,364
Cash paid for salaries and employee benefits	(219,099)	(146,384)	(478,622)	(237,935)	(42,243)
Cash paid for services and supplies	(11,709)	(16,825)	(83,538)	(40,607)	(7,206)
Other operating expenses	(82,389)	(59,503)	(212,926)	(88,818)	(16,474)
Cash paid for services from other funds	(18,046)	(24,354)	(54,371)	(24,322)	(4,972)
Net cash provided by (required for) operating activities	<u>70,276</u>	<u>31,597</u>	<u>135,087</u>	<u>13,307</u>	<u>1,470</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Cash advances received from other funds	193,165	182,811	370,151	259,328	14,935
Cash advances paid/returned to other funds	(150,312)	(119,057)	(322,561)	(156,366)	(14,798)
Interest paid on pension bonds	(7,016)	(4,658)	(18,419)	(7,817)	(1,622)
Interest paid on advances	(647)	(1,226)	(667)	(1,768)	(28)
Intergovernmental transfers	(151,944)	(120,553)	(383,178)	(171,530)	(14,647)
Transfers in	65,409	50,961	280,761	85,107	18,063
Transfers out		(175)		(112)	
Net cash provided by (required for) noncapital financing activities	<u>(51,345)</u>	<u>(11,897)</u>	<u>(73,913)</u>	<u>6,842</u>	<u>1,903</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds from taxes					
Intergovernmental receipts			26,107		
Proceeds from bonds and notes			54,800		
Interest paid on capital borrowing	(961)	(2,884)	(2,950)	(4,456)	(90)
Principal payments on bonds and notes	(5,672)	(8,731)	(23,990)	(6,266)	(1,605)
Principal payments on capital leases	(128)		(34)	(12)	(31)
Acquisition and construction of capital assets	(2,413)	(550)	(58,392)	(821)	(177)
Net cash provided by (required for) capital and related financing activities	<u>(9,174)</u>	<u>(12,165)</u>	<u>(4,459)</u>	<u>(11,555)</u>	<u>(1,903)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES -</b>					
Interest income received	<u>284</u>	<u>69</u>	<u>98</u>	<u>952</u>	<u>8</u>
Net increase in cash and cash equivalents	10,041	7,604	56,813	9,546	1,478
Cash and cash equivalents, July 1, 2002	<u>12,780</u>	<u>11,700</u>	<u>27,080</u>	<u>20,381</u>	<u>2,204</u>
Cash and cash equivalents, June 30, 2003	<u>\$ 22,821</u>	<u>19,304</u>	<u>83,893</u>	<u>29,927</u>	<u>3,682</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	
\$ 160,129		\$ 2,135,596	\$	CASH FLOWS FROM OPERATING ACTIVITIES:
	16,419	16,419	29,688	Cash received from patient services
	38,557	38,557	298,071	Rentals received
10,250	3,912	108,574		Cash received from charges for services
562		52,763		Other operating revenues
(99,526)		(1,223,809)	(244,655)	Cash received for services provided to other funds
(9,398)	(247,595)	(416,878)	(28,929)	Cash paid for salaries and employee benefits
(21,513)	(684)	(482,307)	(7,632)	Cash paid for services and supplies
(9,830)		(135,895)		Other operating expenses
				Cash paid for services from other funds
<u>30,674</u>	<u>(189,391)</u>	<u>93,020</u>	<u>46,543</u>	Net cash provided by (required for) operating activities
				CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:
69,549		1,089,939		Cash advances received from other funds
(55,604)	(25)	(818,723)		Cash advances paid/returned to other funds
(5,050)		(44,582)	(8,564)	Interest paid on pension bonds
(186)		(4,522)		Interest paid on advances
(57,948)		(899,800)		Intergovernmental transfers
39,833	1,741	541,875	3,200	Transfers in
	(6,290)	(6,577)	(1,804)	Transfers out
<u>(9,406)</u>	<u>(4,574)</u>	<u>(142,390)</u>	<u>(7,168)</u>	Net cash provided by (required for) noncapital financing activities
				CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:
	2,514	2,514		Proceeds from taxes
	200,470	226,577	3,328	Intergovernmental receipts
		54,800	40,935	Proceeds from bonds and notes
(6,368)	(404)	(18,113)	(1,931)	Interest paid on capital borrowing
(10,775)	(585)	(57,624)	(52,080)	Principal payments on bonds and notes
(85)		(290)	(134)	Principal payments on capital leases
(301)	(7,901)	(70,555)	(26,955)	Acquisition and construction of capital assets
<u>(17,529)</u>	<u>194,094</u>	<u>137,309</u>	<u>(36,837)</u>	Net cash provided by (required for) capital and related financing activities
				CASH FLOWS FROM INVESTING ACTIVITIES -
816	794	3,021	370	Interest income received
				Net increase in cash and cash equivalents
4,555	923	90,960	2,908	Cash and cash equivalents, July 1, 2002
<u>18,839</u>	<u>42,289</u>	<u>135,273</u>	<u>69,859</u>	Cash and cash equivalents, June 30, 2003
<u>\$ 23,394</u>	<u>43,212</u>	<u>\$ 226,233</u>	<u>\$ 72,767</u>	

Continued...

COUNTY OF LOS ANGELES  
STATEMENT OF CASH FLOWS - Continued  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2003 (in thousands)

	BUSINESS-TYPE ACTIVITIES -				
	Harbor UCLA Medical Center	Olive View UCLA Medical Center	LAC+USC Medical Center	M. L. King/Drew Medical Center	High Desert Hospital
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:					
Operating income (loss)	\$ 89,253	76,842	311,459	65,059	(3,125)
Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities:					
Depreciation and amortization	1,405	2,452	3,286	3,193	390
Other charges - net	(3,150)	(1,565)	(365)	(2,508)	(394)
(Increase) decrease in:					
Accounts receivable - net	(45,103)	(52,585)	(164,399)	(65,341)	(8,287)
Interest receivable					
Other receivables	(383)	(2,277)	856	(918)	(80)
Due from other funds	(13,359)	(3,567)	(70,697)	720	9,066
Inventories	(620)	(218)	573	1,738	(101)
Net pension obligation	5,328	3,536	13,986	5,937	1,232
Increase (decrease) in:					
Accounts payable	(5,000)	445	12,065	1,373	(200)
Accrued payroll	262	(427)	1,259	(441)	(83)
Other payables	(20)	(16)	(55)	(30)	(8)
Accrued vacation and sick leave	1,099	298	1,725	17	(152)
Due to other funds	31,189	2,441		(15,663)	
Deferred revenue			143		
Pension bonds payable	(5,157)	(3,424)	(13,541)	(5,747)	(1,193)
Workers' compensation liability	3,149	5,810	27,351	29,871	2,967
Litigation and self-insurance liability	5,583	(756)	(1,802)	(756)	(26)
Third party payor liability	5,800	4,608	13,243	(3,197)	1,464
<b>TOTAL ADJUSTMENTS</b>	<b>(18,977)</b>	<b>(45,245)</b>	<b>(176,372)</b>	<b>(51,752)</b>	<b>4,595</b>
<b>NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES</b>	<b>\$ 70,276</b>	<b>31,597</b>	<b>135,087</b>	<b>13,307</b>	<b>1,470</b>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Capital contributions - buildings and improvements		3,466			
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:					
Pooled cash and investments	\$ 17,427	12,925	40,599	17,432	3,287
Other investments					
Restricted assets	5,394	6,379	43,294	12,495	395
<b>TOTAL</b>	<b>\$ 22,821</b>	<b>19,304</b>	<b>83,893</b>	<b>29,927</b>	<b>3,682</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		
\$ 42,363	(207,805)	\$ 374,046	\$ (3,524)		RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:
					Operating income (loss)
					Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities:
2,369	10,947	24,042	33,345		Depreciation and amortization
(871)	4,804	(4,049)	(155)		Other charges - net
(14,386)		(350,101)			(Increase) decrease in:
				189	Accounts receivable - net
				405	Interest receivable
128	5,642	2,968			Other receivables
(3,867)	(609)	(82,313)	(22,586)		Due from other funds
88	610	2,070	(269)		Inventories
3,834		33,853	6,502		Net pension obligation
					Increase (decrease) in:
893	(3,947)	5,629	(1,186)		Accounts payable
(258)		312	806		Accrued payroll
(21)	(58)	(208)	(43)		Other payables
(493)		2,494	917		Accrued vacation and sick leave
1,117	1,092	20,176	19,781		Due to other funds
	(67)	76	621		Deferred revenue
(3,713)		(32,775)	(6,295)		Pension bonds payable
(12)		69,136	15,674		Workers' compensation liability
5,006		7,249	2,361		Litigation and self-insurance liability
(1,503)		20,415			Third party payor liability
(11,689)	18,414	(281,026)	50,067		TOTAL ADJUSTMENTS
\$ 30,674	(189,391)	\$ 93,020	\$ 46,543		NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES
		\$ 3,466			NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:
					Capital contributions - buildings and improvements
\$ 6,610	26,456	\$ 124,736	\$ 51,752		RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:
	16,756	16,756	8,363		Pooled cash and investments
16,784		84,741	12,652		Other investments
					Restricted assets
\$ 23,394	43,212	\$ 226,233	\$ 72,767		TOTAL

COUNTY OF LOS ANGELES  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2003 (in thousands)

	PENSION TRUST FUND	INVESTMENT TRUST FUNDS	AGENCY FUNDS
<b>ASSETS</b>			
Pooled cash and investments (Note 4)	\$ 20,556	\$ 9,376,421	\$ 1,107,685
Other investments (Note 4)	29,589,333	2,024,234	43,579
Taxes receivable			253,911
Interest receivable	94,745	49,971	2,276
Other receivables	706,965		
Capital assets, net	42		
<b>TOTAL ASSETS</b>	<b>30,411,641</b>	<b>11,450,626</b>	<b>\$ 1,407,451</b>
<b>LIABILITIES</b>			
Accounts payable	1,612,982		
Other payables (Note 4)	2,550,853		
Due to other governments			1,407,451
<b>TOTAL LIABILITIES</b>	<b>4,163,835</b>		<b>\$ 1,407,451</b>
<b>NET ASSETS</b>			
Held in trust for pension benefits and investment trust participants	<b>\$ 26,247,806</b>	<b>\$ 11,450,626</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, 2003 (in thousands)

	PENSION TRUST FUND	INVESTMENT TRUST FUNDS
ADDITIONS:		
Contributions:		
Pension trust contributions:		
Employer	\$ 325,524	
Member	233,192	
Contributions to investment trust funds		40,722,469
Total contributions	558,716	40,722,469
Investment earnings:		
Interest	580,296	176,274
Net increase in the fair value of investments	405,272	
Securities lending income (Note 4)	40,995	
Total investment earnings	1,026,563	176,274
Less - Investment expenses:		
Expense from investing activities	68,258	
Expense from securities lending activities (Note 4)	33,314	
Total net investment expense	101,572	
Net investment earnings	924,991	176,274
Miscellaneous	151,215	
TOTAL ADDITIONS	1,634,922	40,898,743
DEDUCTIONS:		
Salaries and employee benefits	22,504	
Services and supplies	18,926	
Depreciation and amortization	93	
Benefit payments	1,375,853	
Distribution from investment trust funds		38,066,710
Miscellaneous	16,980	
TOTAL DEDUCTIONS	1,434,356	38,066,710
CHANGE IN NET ASSETS	200,566	2,832,033
NET ASSETS HELD IN TRUST, JULY 1, 2002	26,047,240	8,618,593
NET ASSETS HELD IN TRUST, JUNE 30, 2003	\$ 26,247,806	11,450,626

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

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Blended Component Units

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

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

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

Discretely Presented Component Unit

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Component Unit Financial Statements

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

The County reports the following major governmental funds:

General Fund

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

Fire Protection District Fund

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

Flood Control District Fund

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

Public Library Fund

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

Regional Park and Open Space District Fund

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

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

Harbor/UCLA Medical Center

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

Olive View/UCLA Medical Center

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

LAC+USC Medical Center

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

M. L. King/Drew Medical Center

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

High Desert Hospital

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

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Accounting

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Budgetary Data

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

The County budget is organized by budget unit and by expenditure object. Budget units are established at the discretion of the Board of Supervisors. Within the General Fund (with certain exceptions), budget units are generally defined as individual departments. For other funds, each individual fund constitutes a budget unit. Expenditures are controlled on the object level for all budget units within the County, except for capital asset expenditures, which are controlled on the sub-object level. The total budget exceeds \$19 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, 2003. 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 describe 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 2002-2003 gross assessed valuation of the County of Los Angeles was \$668,206,758,000.

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 11,750 tax rate areas, which are unique combinations of various jurisdictions servicing a specific geographic area. The rates levied within each tax rate area vary only in relation to levies assessed as a result of voter-approved taxes or indebtedness.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Property Taxes-Continued

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

Deposits and Investments

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

Deposits and investments are reflected in the following asset accounts:

Pooled Cash and Investments

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

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

Operating Pooled Cash and Investments

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

Other Pooled Cash and Investments

This account represents amounts identified in various agency funds as of June 30, 2003 that were owed to or were more appropriately classified in County operating funds. Accordingly, certain cash balances have been reclassified from the agency funds as required by GASB Statement No. 34.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deposits and Investments-Continued

Other Investments

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

Restricted Assets

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

Inventories

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

Of the amounts reported as inventories in the governmental activities and business-type activities, \$34,813,000 and \$2,812,000, 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 improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Capital Assets-Continued

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

Buildings and Improvements	10 to 50 years
Equipment	2 to 35 years
Infrastructure	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, 2003 does not reflect those infrastructure assets completed prior to July 1, 2001. The accompanying government-wide financial statements include infrastructure assets that have been acquired since July 1, 2001. Infrastructure assets that are functional are currently being depreciated.

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).

Adoption of New Accounting Disclosure Requirements

For the year ended June 30, 2003, the County implemented GASB Technical Bulletin No. 2003-1, "Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets." As discussed in Note 6, the County has entered into a "swap" transaction in conjunction with outstanding pension debt and there are new disclosures related to this transaction.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Accounting Reclassifications

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

2. NET ASSET DEFICITS

The following funds had net asset deficits at June 30, 2003 (in thousands):

	<u>Accumulated Deficit</u>
Enterprise Funds:	
Harbor/UCLA Medical Center	\$ 93,112
Olive View/UCLA Medical Center	52,572
LAC+USC Medical Center	32,137
M. L. King/Drew Medical Center	119,843
High Desert Hospital	20,483
Rancho Los Amigos Medical Center	34,024
Internal Service Fund-	
Public Works	87,795

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.

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, 2003, the Fund Financial Statements reflect an investment asset (referred to as "Other Investments") held by the JPA of \$394,735,000 that has been recorded in the Nonmajor Governmental Funds. The Fund Financial Statements do not reflect a liability for the related Bonds Payable (\$394,735,000), 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 (\$394,735,000 for each) and Investment Earnings and Interest Expense (\$21,184,000 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 \$394,735,000 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, 2003 (in thousands):

	Pooled Cash and Investments	Other Investments	Restricted Assets		Total
			Pooled Cash and Investments	Other Investments	
Governmental Funds	\$ 2,815,515	\$ 276,205			\$ 3,091,720
Proprietary Funds	176,488	25,119	\$ 17,383	\$ 80,010	299,000
Fiduciary Funds (excluding Pension Trust Fund)	10,484,106	2,067,813			12,551,919
Pension Trust Fund	20,556	29,589,333			29,609,889
Component Unit	606,344				606,344
Total	<u>\$14,103,009</u>	<u>\$ 31,958,470</u>	<u>\$ 17,383</u>	<u>\$ 80,010</u>	<u>\$ 46,158,872</u>

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

4. CASH AND INVESTMENTS-Continued

Deposits

At June 30, 2003, the carrying amount of the County's deposits was \$73,690,000 and the balance per various financial institutions was \$74,153,000. Of the balance in financial institutions, \$68,900,000 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 \$5,253,000 was uninsured and uncollateralized.

At June 30, 2003, the carrying amount of Pension Trust Fund deposits was \$45,750,000 and the balance per various financial institutions was \$45,750,000. Of the balance in financial institutions, \$38,748,000 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 \$7,001,000 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. 86.7% of the Treasurer's external investment pool consists of these involuntary participants. Voluntary participants in the County's external investment pool include the Sanitation Districts, the South Coast Air Quality Management District and other special districts with independent governing boards. The deposits held for both involuntary and voluntary entities are included in the External Pooled Investment Trust Fund. Certain specific investments have been made by the County, as directed by external depositors. This investment activity occurs separately from the County's investment pool and is reported in the Specific Investment Trust Fund.

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

4. CASH AND INVESTMENTS-Continued

Investments-Continued

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 pooled and other investments (excluding Pension Trust Fund other investments) are categorized as follows at June 30, 2003 (in thousands):

	Category			Fair Value
	1	2	3	
U.S. Government securities	\$ 10,921,044			\$ 10,921,044
Negotiable certificates of deposit	983,747			983,747
Commercial paper	3,286,504			3,286,504
Bankers acceptances	172,285			172,285
Corporate and deposit notes	242,370			242,370
Municipal/school bonds	5,549			5,549
Repurchase agreements	486,906			486,906
Los Angeles County securities	33,997			33,997
	<u>\$ 16,132,402</u>			
Investments not considered securities for purposes of custodial risk classification:				
Investment in money market funds				240,265
Investment in State and local agency investment funds				121,239
1st and 2nd Mortgages				1,943
Total				<u>\$ 16,495,849</u>

Pension Trust Fund investments are reported in the basic financial statements at fair value and are categorized as follows at June 30, 2003 (in thousands):

	Category			Fair Value
	1	2	3	
U.S. Government and agency instruments	\$ 1,689,183			\$ 1,689,183
Domestic stocks and convertibles	7,877,157			7,877,157
Global stocks, bonds, and convertibles	5,024,778			5,024,778
Domestic corporate bonds	3,575,369			3,575,369
Short term corporate and government investments	1,417,584			1,417,584
Private placement bonds	412,080			412,080
	<u>\$ 19,996,151</u>			

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

4. CASH AND INVESTMENTS-Continued

Investments-Continued

	Category			Fair Value
	1	2	3	
Investments not considered securities for purposes of custodial risk classification:				
Real estate and title holdings				3,143,473
Alternative assets				1,269,916
Mortgages				331,778
Investments held by broker-dealer under securities loans with cash collateral:				
Stocks				728,475
Government bonds				1,244,109
Corporate bonds				344,223
Securities lending cash collateral - Invested in short-term fixed income fund				2,485,458
Total				\$ 29,543,583

The Pension Trust Fund portfolio contained no concentration of investments in any one organization (other than those issued or guaranteed by the U.S. Government) that represents 5% or more of the total investment portfolio.

The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2003 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):

	Fair Value	Principal	Interest Rate % Range	Maturity Range
U. S. Government securities	\$ 9,448,109	\$ 9,423,602	0.89% - 9.25%	07/01/03 - 12/01/08
Negotiable certificates of deposit	850,132	850,139	1.02% - 1.24%	07/07/03 - 06/23/04
Bankers acceptances	172,285	172,305	0.96%	07/18/03
Commercial paper	3,286,504	3,286,861	0.88% - 1.32%	07/01/03 - 08/25/03
Corporate and deposit notes	242,370	242,253	1.23% - 1.52%	07/08/03 - 03/15/05
Los Angeles County securities	33,997	33,997		
Investments in money market funds	18,358	18,358		
Deposits	69,351	69,351		
	\$ 14,121,106	\$14,096,866		

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

4. CASH AND INVESTMENTS-Continued

Investments-Continued

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, 2003 was 2.16%.

A separate financial report is not issued for the external investment pool. The following represents a condensed statement of net assets and changes in net assets for the Treasurer's Pool as of June 30, 2003 (in thousands):

Statement of Net Assets	
Net assets held in trust for all pool participants	<u>\$ 14,121,106</u>
Equity of internal pool participants	\$ 4,706,962
Equity of external pool participants	<u>9,414,144</u>
Total equity	<u>\$ 14,121,106</u>
Statement of Changes in Net Assets	
Net assets at July 1, 2002	\$ 12,544,019
Net change in investments by pool participants	<u>1,577,087</u>
Net assets at June 30, 2003	<u>\$ 14,121,106</u>

The unrealized gain on investments held in the Treasurer's Pool was \$24,240,000 as of June 30, 2003. 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.

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

4. CASH AND INVESTMENTS-Continued

Derivatives-Continued

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, 2003, there were approximately \$1,226,219,000 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 gain in fiscal year 2003 was \$34,000,000. At June 30, 2003, forward currency contracts receivable and payable totaled \$208,000,000 and \$207,000,000, 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.

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, 2003, 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, 2003.

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.

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

4. CASH AND INVESTMENTS-Continued

Securities Lending Transactions-Continued

As of June 30, 2003, the fair value of securities on loan was \$ 2,327,000,000. The value of the cash collateral received for those securities was \$2,485,000,000 and the non-cash collateral was \$11,000,000. Securities lending assets (Other Investments) and liabilities (Other Payables) of \$2,485,458,000 are recorded in the Pension Trust Fund. Pension Trust Fund income, net of expenses, from securities lending was \$7,681,000 for the year ended June 30, 2003.

For the year ended June 30, 2003, 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, 2003 (in thousands):

	<u>County</u>	<u>Pension Trust Fund</u>	<u>Total</u>
Deposits	\$ 73,690	\$ 45,750	\$ 119,440
Investments	<u>16,495,849</u>	<u>29,543,583</u>	<u>46,039,432</u>
	<u>\$ 16,569,539</u>	<u>\$ 29,589,333</u>	<u>\$ 46,158,872</u>

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2003 are as follows (in thousands):

	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2003</u>
<u>Governmental Activities</u>				
Capital assets, not depreciated:				
Land	\$ 273,701	\$ 5,686	\$ (3,148)	\$ 276,239
Construction in progress-buildings and improvements	319,955	114,011	(133,045)	300,921
Construction in progress-infrastructure	<u>56,756</u>	<u>42,804</u>	<u>(40,158)</u>	<u>59,402</u>
Subtotal	<u>650,412</u>	<u>162,501</u>	<u>(176,351)</u>	<u>636,562</u>
Capital assets, depreciated:				
Buildings and improvements	3,245,093	144,554	(21,501)	3,368,146
Equipment	699,276	148,252	(111,597)	735,931
Infrastructure	<u>12,910</u>	<u>85,577</u>	<u></u>	<u>98,487</u>
Subtotal	<u>3,957,279</u>	<u>378,383</u>	<u>(133,098)</u>	<u>4,202,564</u>

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

5. CAPITAL ASSETS-Continued

	<u>Balance</u> <u>July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2003</u>
<u>Governmental Activities-Continued</u>				
Less accumulated depreciation for:				
Buildings and improvements	(1,031,662)	(61,901)	5,541	(1,088,022)
Equipment	(505,480)	(74,260)	69,233	(510,507)
Infrastructure	(803)	(4,787)		(5,590)
Subtotal	<u>(1,537,945)</u>	<u>(140,948)</u>	<u>74,774</u>	<u>(1,604,119)</u>
Total capital assets, being depreciated, net	<u>2,419,334</u>	<u>237,435</u>	<u>(58,324)</u>	<u>2,598,445</u>
Governmental activities capital assets, net	<u>\$3,069,746</u>	<u>\$399,936</u>	<u>\$(234,675)</u>	<u>\$ 3,235,007</u>
<u>Business-type Activities</u>				
Capital assets, not depreciated:				
Land	\$ 118,854		\$ (1,427)	\$ 117,427
Construction in progress-buildings and improvements	<u>150,956</u>	<u>\$ 60,062</u>	<u>(2,406)</u>	<u>208,612</u>
Subtotal	<u>269,810</u>	<u>60,062</u>	<u>(3,833)</u>	<u>326,039</u>
Capital assets, being depreciated:				
Buildings and improvements	1,081,967	10,154	(768)	1,091,353
Equipment	<u>221,004</u>	<u>24,255</u>	<u>(13,811)</u>	<u>231,448</u>
Subtotal	<u>1,302,971</u>	<u>34,409</u>	<u>(14,579)</u>	<u>1,322,801</u>
Less accumulated depreciation for:				
Buildings and improvements	(598,139)	(20,720)	5,299	(613,560)
Equipment	<u>(184,329)</u>	<u>(12,622)</u>	<u>2,783</u>	<u>(194,168)</u>
Subtotal	<u>(782,468)</u>	<u>(33,342)</u>	<u>8,082</u>	<u>(807,728)</u>
Total capital assets, being depreciated, net	<u>520,503</u>	<u>1,067</u>	<u>(6,497)</u>	<u>515,073</u>
Business-type activities capital assets, net	<u>790,313</u>	<u>61,129</u>	<u>(10,330)</u>	<u>841,112</u>
Total Capital Assets, Net	<u>\$3,860,059</u>	<u>\$461,065</u>	<u>\$(245,005)</u>	<u>\$ 4,076,119</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	\$ 10,590
Public protection, including depreciation of infrastructure assets	77,326
Public ways and facilities, including depreciation of infrastructure assets	2,605
Health and sanitation	5,573
Public assistance	8,833
Education	1,524
Recreation and cultural services	10,452
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>24,045</u>
Total depreciation expense, governmental activities	<u>\$ 140,948</u>

Business-type activities:

Hospitals	\$ 13,095
Aviation	1,323
Waterworks	3,000
Community Development Commission	6,624
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>9,300</u>
Total depreciation expense, business-type activities	<u>\$ 33,342</u>

Discretely Presented Component Unit

Capital assets activity for the Children and Families First Commission component unit for the year ended June 30, 2003 was as follows (in thousands):

	<u>Balance</u> <u>July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2003</u>
Capital assets, depreciated:				
Buildings and improvements		\$ 13,867		\$ 13,867
Equipment	\$ 129	77	\$ (55)	151
Subtotal	<u>129</u>	<u>13,944</u>	<u>(55)</u>	<u>14,018</u>
Less accumulated depreciation for:				
Buildings and improvements		(5,368)		(5,368)
Equipment	(55)	(25)	55	(25)
Subtotal	<u>(55)</u>	<u>(5,393)</u>	<u>55</u>	<u>(5,393)</u>
Component unit capital assets, net	<u>\$ 74</u>	<u>\$ 8,551</u>	<u>\$</u>	<u>\$ 8,625</u>

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

6. PENSION PLAN

Plan Description

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

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

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

LACERA is technically a cost sharing, multi-employer defined benefit plan. However, because the non-County entities are 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 2002-2003:

	A	B	C	D	E
General Members	14.85%	8.22%	7.88%	7.94%	7.64%
Safety Members	21.86%	18.79%			

The rates were determined by the 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 5% to 15% of their annual covered salary.

During 2002-2003, the County did not pay LACERA the full amount of the ARC. LACERA applied \$194,213,000 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 2002-2003 were as follows (in thousands):

Annual required contribution (ARC):	
County	\$ 518,835
Non County entities	87
Total ARC	<u>518,922</u>
Interest on net pension obligation	<u>(63,470)</u>
Annual pension cost	<u>455,452</u>
Contributions made:	
County	324,622
Non County entities	87
Total contributions	<u>324,709</u>
Cost in excess of contributions	130,743
Net pension obligation (asset), July 1, 2002	<u>(793,378)</u>
Net pension obligation (asset), June 30, 2003	<u>\$ (662,635)</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, 2001	\$ 299,849	64.6%	\$ (878,891)
June 30, 2002	344,397	75.2%	(793,378)
June 30, 2003	455,452	71.3%	(662,635)

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.

The June 30, 2002 valuation determined the funding ratio to be 99.4% and recognized an unfunded actuarial accrued liability (UAAL) of \$175 million. The County contribution rate (effective for the 2003-04 fiscal year) was, therefore, increased by .21% of payroll (using the level percentage of payroll amortization method, over a 30-year open period) over the normal cost rate of 10.03%.

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

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

6. PENSION PLAN-Continued

Annual Pension Cost and Net Pension Obligation-Continued

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

Pension Obligation Bonds and Certificates

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

In conjunction with the 1994-95 issuance of the pension bonds, the County entered into debt service advance agreements. Under the agreements, the County received \$79,022,000 in exchange for future interest that the County would have earned on deposits with the trustee between the time the County is required to pay debt service payments to the trustee and the time the trustee pays the bondholders. These proceeds have been recorded as deferred revenue and are being amortized over the life of the bonds on the basis of annual debt service requirements. As of June 30, 2003, the unamortized balance was \$42,891,000.

The outstanding principal balance of the bonds (including accreted interest on deep discount bonds) as of June 30, 2003 was \$1,694,958,000. The bonds have interest rates varying from 6.02% to 9.19%.

In 1986, the County issued \$461,493,000 in fixed rate pension obligation certificates to purchase annuity contracts to provide pension benefits to a specified group of LACERA members. Variable rate bonds totaling \$327,400,000 were issued in May 1996 to advance refund \$327,405,000 of the certificates. Interest rates on the bonds are reset weekly and varied during 2002-2003 from 0.75% to 1.80%. The fixed rate certificates which remain outstanding have rates varying from 6.2% to 6.9%. At June 30, 2003, the total outstanding principal (including accreted interest) for the refunding bonds and remaining fixed rate certificates was \$ 272,233,000 and has been included in the financial statements as pension bonds payable.

For the year ended June 30, 2003, the combined principal and interest payments for both the bonds and certificates were \$236,248,000 and \$62,456,000, respectively. For governmental activities, the total debt service was \$221,346,000. For business-type activities, the total debt service was \$77,358,000. At June 30, 2003, the total outstanding principal, including accreted interest of \$452,741,000 on both bonds and certificates, was \$1,967,191,000.

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

6. PENSION PLAN-Continued

Pension Obligation Bonds and Certificates-Continued

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

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 171,991	62,257	\$ 60,109	21,758
2005	200,631	48,596	70,118	16,983
2006	231,955	32,503	81,065	11,360
2007	140,971	141,524	49,268	49,461
2008	115,664	167,121	40,423	58,407
2009-2013	<u>261,029</u>	<u>517,514</u>	<u>91,226</u>	<u>180,864</u>
Total	<u>\$1,122,241</u>	<u>969,515</u>	<u>\$ 392,209</u>	<u>338,833</u>
Accretions	<u>335,491</u>		<u>117,250</u>	
Total Pension Bonds Payable	<u>\$1,457,732</u>		<u>\$ 509,459</u>	

Swap Transaction Related to Pension Bonds

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

The bonds, and the related swap agreement, mature on June 30, 2007. As of June 30, 2003, the swap's notional amount of \$230,000,000 was the same as the principal amount of the outstanding bonds. Under the swap, the County is obligated to pay the counterparty a fixed rate of 6.48% and receives a variable payment based on the market interest rate of the variable bonds. The market interest rate is reset on a weekly basis and the rate as of June 30, 2003 was 0.85%.

"Credit risk" refers to the risk that the counterparty will not fulfill its obligations. As of June 30, 2003, the County was not exposed to credit risk because the swap transaction had a negative fair value of \$31,555,000. However, should interest rates change, and the fair value of the swap becomes positive, the County would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated Aaa and AAA by Moody's and Standard and Poor's, respectively. If the counterparty's credit rating falls below Aa3 or AA-, or if the rating is suspended or withdrawn, the fair value of the swap will be fully collateralized by either U.S. Government or Government Guaranteed Agency securities. Collateral would be posted with a third-party trustee.

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

6. PENSION PLAN-Continued

Swap Transaction Related to Pension Bonds-Continued

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

Year Ending June 30	<u>Variable-Rate Bonds</u>		<u>Interest Rate Swaps, Net</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>		
2004	\$ 45,300	\$ 1,955	\$ 12,949	\$ 60,204
2005	52,900	1,570	10,399	64,869
2006	61,300	1,120	7,421	69,841
2007	<u>70,500</u>	<u>599</u>	<u>3,969</u>	<u>75,068</u>
Total	<u>\$ 230,000</u>	<u>\$ 5,244</u>	<u>\$ 34,738</u>	<u>\$ 269,982</u>

Post-Retirement Benefits

In addition to providing pension benefits, the County provides funding for certain health care benefits for all retired employees and their eligible dependents or survivors. There are approximately 47,000 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, 2003, the amounts of such payments were approximately \$136,032,000, for governmental activities and \$29,131,000 for business-type activities. These amounts exclude \$53,403,000 of LACERA excess earnings reserves, which were utilized to offset a portion of the total funding requirements.

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

7. LEASES

Operating Leases

The following is a schedule of future minimum rental payments required under operating leases entered into by the County that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2003 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2004	\$ 77,013
2005	66,210
2006	55,879
2007	48,884
2008	41,536
2009-2013	77,742
2014-2018	13,604
2019-2023	37
2024-2028	4
Total	<u>\$ 380,909</u>

Rent expenditures related to operating leases were \$73,684,000 for the year ended June 30, 2003.

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, 2003 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2004	\$ 22,756	\$ 499
2005	21,453	464
2006	20,634	430
2007	20,087	238
2008	19,961	149
2009-2013	47,272	292
2014-2018	26,948	
2019-2023	24,939	
2024-2028	24,939	
2029-2033	16,130	
2034-2038	77	
Total	<u>245,196</u>	<u>2,072</u>
Less: Amount representing interest	<u>124,926</u>	<u>311</u>
Present value of future minimum lease payments	<u>\$ 120,270</u>	<u>\$ 1,761</u>

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

7. LEASES-Continued

Capital Leases-Continued

The following is a schedule of property under capital leases by major classes at June 30, 2003 (in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Land	\$ 8,978	
Buildings and improvements	135,119	\$ 1,200
Equipment	26,230	2,247
Accumulated amortization	<u>(38,280)</u>	<u>(1,764)</u>
Total	<u>\$ 132,047</u>	<u>\$ 1,683</u>

The following is a schedule of future minimum lease payments and the present value of future minimum lease payments for the Children and Families First Commission component unit as of June 30, 2003 as follows (in thousands):

<u>Year Ending June 30</u>	<u>Component Unit</u>
2004	\$
2005	665
2006	1,320
2007	1,310
2008	1,298
2009-2013	6,492
2014-2015	<u>2,781</u>
Total	13,866
Less: Amount representing interest	<u>(5,368)</u>
Present value of future minimum lease payments	<u>\$ 8,498</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 91 years and are accounted for in the General Fund. The lease terms for the golf courses and regional parks cover remaining periods ranging from 1 to 32 years and are also accounted for in the General Fund. The Marina del Rey leases cover remaining periods ranging from 1 to 64 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.

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

7. LEASES-Continued

Leases of County-Owned Property-Continued

The following is a schedule of future minimum rental receipts on noncancelable leases as of June 30, 2003 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2004	\$ 32,825
2005	32,837
2006	32,683
2007	32,632
2008	32,785
Thereafter	<u>1,040,993</u>
Total	<u>\$ 1,204,755</u>

The following is a schedule of rental income for these operating leases for the year ended June 30, 2003 (in thousands):

	<u>Governmental Activities</u>
Minimum rentals	\$ 32,048
Contingent rentals	18,482
Total	<u>\$ 50,530</u>

8. LONG-TERM OBLIGATIONS

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

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

	<u>Original Amount of Debt</u>	<u>Balance June 30, 2003</u>
Los Angeles County General Obligation Detention Facilities Bonds, 6.5 % to 7.875%	\$ 96,000	\$ 30,225
Los Angeles County Flood Control District Storm Drain General Obligation Bonds, 2.5% to 8.5%	132,090	10,955
Los Angeles County Flood Control District Refunding Bonds 2.5% to 5.0%	143,195	143,195
Regional Park and Open Space District Bonds (issued by Public Works Financing Authority), 4.2% to 6%	510,185	394,735

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

8. LONG-TERM OBLIGATIONS-Continued

	<u>Original Amount of Debt</u>	<u>Balance June 30, 2003</u>
Community Development Commission Notes Payable, 3.82% to 7.91%	43,045	31,006
NPC Bonds and Bond Anticipation Notes, 4.6% to 8.97%	88,790	34,041
Marina del Rey Certificates of Participation, 4.75% to 6.5%	186,491	97,229
Marina del Rey Loans Payable, 4.5% to 4.70%	23,000	22,823
Public Buildings Certificates of Participation, 2.8% to 7.75%	<u>1,583,114</u>	<u>1,096,949</u>
Total	<u>\$ 2,805,910</u>	<u>\$ 1,861,158</u>

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

	<u>Original Amount of Debt</u>	<u>Balance June 30, 2003</u>
NPC Bonds and Bond Anticipation Notes, 4.6% to 8.9%	\$ 49,945	\$ 19,149
Public Buildings Certificates of Participation and Commercial Paper, 2.8% to 7.0%	567,567	393,298
Waterworks District Bonds, 3.3% to 8.0%	1,335	297
Community Development Commission Mortgage Notes, 0.00% to 7.3%	<u>11,384</u>	<u>7,804</u>
Total	<u>\$ 630,231</u>	<u>\$ 420,548</u>

General Obligation Bonds

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

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	370	9	17	11
2009-2013			104	26
2014-2018				
Total	<u>\$ 41,180</u>	<u>7,074</u>	<u>\$ 297</u>	<u>107</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>
2004	\$ 18,525	20,183
2005	19,565	19,208
2006	20,475	18,252
2007	21,475	17,175
2008	22,630	15,989
2009-2013	133,085	59,390
2014-2018	127,255	21,312
2019-2023	31,725	1,605
Total	<u>\$ 394,735</u>	<u>173,114</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>
2004	\$ 97,855	81,112	\$ 32,814	13,486
2005	99,394	77,374	32,011	11,888
2006	90,533	54,020	31,387	10,284
2007	90,990	52,032	23,076	8,603
2008	94,691	48,258	23,843	7,330
2009-2013	368,965	193,565	75,876	23,854
2014-2018	162,869	143,264	54,440	5,085
2019-2023	120,988	96,857		
2024-2028	75,025	30,856		
2029-2033	67,235	10,118		
2034-2038	7,490	197		
Total	<u>\$ 1,276,035</u>	<u>787,653</u>	<u>\$ 273,447</u>	<u>80,530</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>
2004	\$ 5,949	2,636	\$134,135	327
2005	11,340	2,547	5,970	288
2006	1,748	2,459	615	246
2007	1,714	2,371	660	200
2008	1,793	2,281	710	151
2009-2013	10,241	9,896	1,535	157
2014-2018	11,226	6,832	993	
2019-2023	11,645	3,363		
2024-2028	6,330	1,204		
2029-2033	1,442	65		
Indeterminate maturity			2,186	
Total	<u>\$ 63,428</u>	<u>33,654</u>	<u>\$146,804</u>	<u>1,369</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	\$ 41,180	7,074	\$ 297	107
Assessment Bonds	394,735	173,114		
Certificates of Participation	1,276,035	787,653	273,447	80,530
Notes, Loans, and Commercial Paper	<u>63,428</u>	<u>33,654</u>	<u>146,804</u>	<u>1,369</u>
Subtotal	1,775,378	<u>1,001,495</u>	420,548	<u>82,006</u>
Add: Accretions	<u>85,780</u>			
Total Bonds and Notes Payable	<u>\$ 1,861,158</u>		<u>\$ 420,548</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 December 2, 2002, the County issued \$17,130,000 in lease revenue refunding bonds, maturing on various dates between 2011 and 2016. These bonds with an average interest rate of 5.39%, were issued to refund the outstanding principal amount of \$22,650,000 of bonds issued in 1992 at an interest rate of 6%.

On January 30, 2003, the County issued \$143,195,000 in refunding revenue bonds, maturing on various dates between 2004 and 2017. These bonds, with an average interest rate of 3.34%, were issued to refund the outstanding principal amount of \$147,565,000 of capital construction and refunding bonds issued in 1993 at an interest rate of 5%.

U.S. Government securities were purchased and deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. Accordingly, the refunded bonds were considered to be defeased and the liabilities for those bonds were removed from the Government-Wide Statement of Net Assets - governmental activities. The refunded bonds were fully redeemed by the escrow agent prior to June 30, 2003. Specific disclosures related to each refunding issue are as follows (in thousands):

	<u>December 2002</u> <u>Refunding</u>	<u>January 2003</u> <u>Refunding</u>
Proceeds of refunding bonds issued	\$ 17,130	\$ 143,195
Prior years' bond reserves and /or premiums	<u>6,400</u>	<u>8,513</u>
Deposit to escrow	<u>\$ 23,530</u>	<u>\$ 151,708</u>
Future years' aggregate debt service payment reduction	\$ 4,170	\$ 11,780
Present value savings (economic gain)	\$ 856	\$ 9,295

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

8. LONG-TERM OBLIGATIONS-Continued

Advance Refunding of Debt-Continued

The difference between the reacquisition price of the refunded debt and the net carrying amount of the refunded debt was immaterial and has not been amortized.

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, 2003, the amount of outstanding bonds and certificates of participation considered defeased was \$168,645,000. All of this amount was related to governmental activities.

Changes in Long-term Liabilities

The following is a summary of long-term liabilities and corresponding activity for the year ended June 30, 2003 (in thousands):

	<u>Balance</u> <u>July 1, 2002</u>	<u>Additions/</u> <u>Accretions</u>	<u>Transfers/</u> <u>Maturities</u>	<u>Balance</u> <u>June 30, 2003</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental activities:</b>					
Bonds and notes payable	\$ 1,997,035	\$ 186,932	\$322,809	\$ 1,861,158	\$ 154,655
Pension bonds payable (Note 6)	1,551,515	53,707	147,490	1,457,732	171,991
Capital lease obligations (Note 7)	113,180	21,501	14,411	120,270	10,822
Accrued vacation and sick leave	561,976	60,871	38,752	584,095	42,392
Workers' compensation liability (Note 15)	1,405,830	741,277	229,416	1,917,691	270,845
Litigation and self-insurance Liability (Note 15)	378,215	195,950	64,603	509,562	66,847
Third party payor liability	33,741	6,074	6,096	33,719	31,600
<b>Total governmental activities</b>	<u>\$ 6,041,492</u>	<u>\$1,266,312</u>	<u>\$823,577</u>	<u>\$ 6,484,227</u>	<u>\$ 749,152</u>
<b>Business-type activities:</b>					
Bonds and notes payable	\$ 427,384	\$ 69,537	\$ 76,373	\$ 420,548	\$ 167,007
Pension bonds payable (Note 6)	542,234	18,770	51,545	509,459	60,109
Capital lease obligations (Note 7)	2,086	33	358	1,761	397
Accrued vacation and sick leave	108,674	9,131	6,618	111,187	9,029
Workers' compensation liability (Note 15)	297,790	113,865	44,721	366,934	59,868
Litigation and self-insurance Liability (Note 15)	215,825	30,864	23,123	223,566	33,278
Third party payor liability (Note 11)	353,462	59,021	38,606	373,877	37,002
<b>Total business-type activities</b>	<u>\$ 1,947,455</u>	<u>\$ 301,221</u>	<u>\$241,344</u>	<u>\$ 2,007,332</u>	<u>\$ 366,690</u>

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

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

8. LONG-TERM OBLIGATIONS-Continued

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 2002-2003, thereby reducing liabilities for Bonds and Notes Payable by \$8,001,000 for governmental activities. Liabilities for Pension Bonds Payable were increased for governmental and business-type activities by \$53,707,000 and \$18,770,000, respectively, for interest accretions. Note 15 contains information about changes in the combined current and long-term liabilities for workers' compensation and litigation and self-insurance liabilities.

9. SHORT-TERM DEBT

On July 1, 2002, the County issued \$650 million of short-term Tax and Revenue Anticipation Notes at an effective interest rate of 1.64%. 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 2002. The notes matured and were redeemed on June 30, 2003.

10. CONDUIT DEBT OBLIGATIONS

Community Facilities and Improvement District Bonds

As of June 30, 2003, various community facilities and improvement districts established by the County had outstanding special tax bonds payable totaling \$99,485,400 and limited obligation improvement bonds totaling \$19,807,000. The bonds were issued to finance the cost of various construction activities and infrastructure improvements which have a regional or direct benefit to the related property owners.

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

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

Residential Mortgage Revenue Bonds

Residential Mortgage Revenue Bonds have been issued to provide funds to purchase mortgage loans secured by first trust deeds on newly constructed and existing single family residences in the County. The purpose of this program is to provide low interest rate home mortgage loans to persons who are unable to qualify for conventional mortgages at market rates. Multi-Family Mortgage Revenue Bonds have been issued to provide permanent financing for apartment projects located in the County to be partially occupied by persons of low or moderate income. The amount of Mortgage Revenue Bonds issued since inception of the programs approximates \$1,456,504,000. The amount of bonds outstanding as of June 30, 2003 was not determinable.

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

10. CONDUIT DEBT OBLIGATIONS-Continued

Residential Mortgage Revenue Bonds-Continued

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, 2003, the amount of industrial development and other conduit bonds outstanding was \$178,423,000.

11. HOSPITAL AND OTHER PROGRAM REVENUES

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

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.

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

11. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medicaid Demonstration Project Extension-Continued

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>

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 recorded in the Hospital Enterprise Funds totaled \$155.8 million and consisted of the following:

- \$83.2 million in additional Medi-Cal matching funds for indigent care at health centers and outpatient facilities.
- \$72.6 million in increased Medi-Cal funding for providing at least 450,000 outpatient visits.

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

11. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal and Medicare Programs

A substantial portion of the Hospitals' revenue is derived from services provided to patients eligible for benefits under the Medi-Cal and Medicare programs. Medi-Cal acute inpatient services are reimbursed at a contractually agreed upon per-diem rate. Services to inpatient Medicare program beneficiaries are primarily paid under prospectively determined rates-per-discharge based upon diagnostic related groups (DRGs). Certain other services to Medicare beneficiaries are reimbursed based on cost, subject to certain limitations. Revenues from Medi-Cal and Medicare programs represent approximately 87% and 4% respectively, of net patient care revenue for the year ended June 30, 2003.

Medi-Cal cost audit reports have been issued for all hospitals through Fiscal Year 1999-2000. Medi-Cal/Cost-Based Reimbursement Clinic Fiscal Year 2000-01 audit reports have been issued for High Desert Hospital and Antelope Valley Cluster clinics, and audits are in progress for all the other facilities. Entrance conferences are being scheduled for FY 2001-02 audits.

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. For Fiscal Year 2000-01, only M.L. King/Drew Medical Center has been audited and the notice of program reimbursement have been issued. For Fiscal Year 2001-02, Rancho's audit is 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 liabilities, as the outcome is not certain. The County believes the final resolution of the appeals will not have a material effect on its financial condition.

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

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

SB 855 funds cannot exceed each hospital's DSH limits as mandated under OBRA '93. As a result of the original 1115 Waiver, the Department of Health Services may have received SB 855 funds beyond its OBRA '93 DSH limits for the fiscal year ended June 30, 1996 (estimated to be \$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, 2003. The amount includes \$ 61 million and \$ 28.5 million related to Fiscal Years 1996-97 and 1997-98, respectively.

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

11. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal and Medicare Programs-Continued

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.

Office of Inspector General

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

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

Although the State has initiated action and fully intends to comply with the CMS requirements, the final state plan amendments have not been submitted to CMS for their review and approval. Accordingly, there is still some uncertainty regarding the final acceptance of the state plan amendment and the ultimate resolution of potential liabilities that the OIG has asserted. The County believes that the state plan amendments will ultimately be submitted and approved by CMS and that the potential liabilities of \$98 million will not significantly affect the County's financial condition.

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, 2003 was \$24.9 million.

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

11. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Program Revenues-Continued

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.

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, 2003, 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)	\$ 110,000	\$ 220,000
SB 855	346,993	528,767
SB 1255	481,506	905,506
Total	<u>\$ 938,499</u>	<u>\$1,654,273</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 indigence standard has been established and under which the patient qualifies. Inability to pay may be determined through one of the Department's Reduced Cost Health Care plans, through other eligibility plans utilized by the Department, by the Treasurer-Tax Collector, or by an outside collection agency. Determinations of charity care may be made prior to, at the time of service, or any time thereafter.

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

11. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Charity Care-Continued

The total amount of such charity care provided by the hospitals for the fiscal year ended June 30, 2003, based on established rates, is as follows (in thousands):

Charges forgone	\$1,574,988
Less: Federal and State subventions	<u>24,883</u>
Net charges forgone	<u>\$1,550,105</u>

Restructuring of the County's Health Care Delivery System

As indicated in the "Medicaid Demonstration Project Extension" segment of this note, the County's 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. 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.

The Department's June 26, 2002, Proposed Savings Plan included reducing LAC+USC Medical Center by 100 acute beds and reducing the County's contribution to Rancho Los Amigos National Rehabilitation Center (Rancho) by either implementing an alternative governance structure or, failing that, by closing the hospital. The Department has not been able to implement either of these plans because of a preliminary injunction issued by a federal district court prohibiting any service reductions at these two facilities.

In fiscal year 2003-04, the incremental costs of operating Rancho and not reducing 100 acute beds at LAC+USC Medical Center are approximately \$49.5 million and \$16.1 million, respectively.

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, 2003.

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

12. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Cash transfers related to interfund receivables/payables are generally made within 30 days after year-end. Amounts due to/from other funds at June 30, 2003 are as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Fire Protection District	\$ 4,513
	Flood Control District	4,085
	Public Library	2,319
	Regional Park and Open Space District	3,661
	Internal Service Funds	4,674
	Harbor UCLA Medical Center	64,085
	Olive View UCLA Medical Center	37,333
	LAC+USC Medical Center	197,410
	M.L. King/Drew Medical Center	41,043
	High Desert Hospital	13,711
	Rancho Los Amigos Medical Center	29,451
	Nonmajor Enterprise Funds	130
	Nonmajor Governmental Funds	<u>45,041</u>
	<u>447,456</u>	
Fire Protection District	General Fund	8,970
	Flood Control District	20
	Internal Service Funds	2
	LAC+USC Medical Center	3
	Nonmajor Governmental Funds	<u>188</u>
	<u>9,183</u>	
Flood Control District	General Fund	1,056
	Internal Service Funds	4,936
	Nonmajor Enterprise Funds	267
	Nonmajor Governmental Funds	<u>3,363</u>
	<u>9,622</u>	
Public Library	General Fund	220
	Nonmajor Governmental Funds	<u>251</u>
	<u>471</u>	
Regional Park and Open Space District	General Fund	<u>5</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>
Internal Service Funds	General Fund	7,186
	Fire Protection District	32
	Flood Control District	13,894
	Public Library	4
	Regional Park and Open Space District	6
	Harbor UCLA Medical Center	1
	LAC+USC Medical Center	50
	M. L. King/Drew Medical Center	46
	Rancho Los Amigos Medical Center	30
	Nonmajor Enterprise Funds	2,922
	Nonmajor Governmental Funds	<u>24,704</u>
		<u>48,875</u>
Harbor UCLA Medical Center	General Fund	71,737
	Fire Protection District	15
	Olive View UCLA Medical Center	11,550
	LAC+USC Medical Center	241
	M.L. King/Drew Medical Center	211
	Rancho Los Amigos Medical Center	30
		<u>83,784</u>
Olive View UCLA Medical Center	General Fund	51,626
	Fire Protection District	5
	Harbor UCLA Medical Center	615
	LAC+USC Medical Center	119
	High Desert Hospital	134
	Rancho Los Amigos Medical Center	8
	Nonmajor Governmental Funds	14
		<u>52,521</u>
LAC+USC Medical Center	General Fund	270,596
	Fire Protection District	16
	Harbor UCLA Medical Center	4,492
	Olive View UCLA Medical Center	3,263
	M.L. King/Drew Medical Center	2,578
	High Desert Hospital	943
	Rancho Los Amigos Medical Center	1,024
		<u>282,912</u>
M. L. King/Drew Medical Center	General Fund	67,564
	Fire Protection District	35
	Olive View UCLA Medical Center	1
	LAC+USC Medical Center	436
	Rancho Los Amigos Medical Center	19
		<u>68,055</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>
High Desert Hospital	General Fund	12,749
	Fire Protection District	4
	Harbor UCLA Medical Center	33
	Olive View UCLA Medical Center	3
	Rancho Los Amigos Medical Center	3
		<u>12,792</u>
Rancho Los Amigos Medical Center	General Fund	29,518
	Harbor UCLA Medical Center	2
	LAC+USC Medical Center	4
		<u>29,524</u>
Nonmajor Enterprise Funds	General Fund	3
	Internal Service Funds	606
		<u>609</u>
Nonmajor Governmental Funds	General Fund	2,974
	Internal Service Funds	9,607
	Nonmajor Enterprise Funds	679
	Nonmajor Governmental Funds	2,442
		<u>15,702</u>
Total Interfund Receivables/Payables		<u>\$1,061,511</u>

Interfund Transfers

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

Interfund transfers to/from other funds for the year ended June 30, 2003 are as follows (in thousands):

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Flood Control District	\$ 1,700
	Public Library	21,913
	Internal Service Funds	186
	Harbor UCLA Medical Center	64,740
	Olive View UCLA Medical Center	50,947
	LAC+USC Medical Center	280,611
	M.L. King/Drew Medical Center	84,883
	High Desert Hospital	18,063
	Rancho Los Amigos Medical Center	39,833
	Nonmajor Governmental Funds	106,211
		<u>669,087</u>

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

## 12. INTERFUND TRANSACTIONS-Continued

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Fire Protection District	Nonmajor Governmental Funds	4,203
Flood Control District	Internal Service Funds	903
	Nonmajor Governmental Funds	18,402
		<u>19,305</u>
Public Library	Nonmajor Governmental Funds	480
Regional Park and Open Space District	Nonmajor Governmental Funds	38,632
Internal Service Funds	General Funds	1,804
Olive View UCLA Medical Center	Nonmajor Governmental Funds	175
M. L. King/Drew Medical Center	Harbor UCLA Medical Center	15
	Nonmajor Governmental Funds	97
		<u>112</u>
Nonmajor Enterprise Funds	Internal Service Funds	176
	Nonmajor Governmental Funds	6,114
		<u>6,290</u>
Nonmajor Governmental Funds	General Fund	66,735
	Public Library	81
	Internal Service Funds	1,935
	Harbor UCLA Medical Center	654
	Olive View UCLA Medical Center	14
	LAC+USC Medical Center	150
	M.L. King/Drew Medical Center	224
	Nonmajor Enterprise Funds	1,741
	Nonmajor Governmental Funds	28,621
		<u>100,155</u>
Total Interfund Transfers		<u>\$ 840,243</u>

Short-term Advances

Advances from/to other funds at June 30, 2003 are as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Internal Service Funds	\$ 3,696
	Harbor UCLA Medical Center	47,902
	Olive View UCLA Medical Center	69,095
	LAC+USC Medical Center	58,235
	M.L. King/Drew Medical Center	108,457
	High Desert Hospital	1,001
	Rancho Los Amigos Medical Center	16,142
		<u>304,528</u>

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

12. INTERFUND TRANSACTIONS-Continued

Short-term Advances-Continued

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Flood Control District	Internal Service Funds	<u>6,814</u>
Nonmajor Enterprise Funds	Internal Service Funds	<u>772</u>
Nonmajor Governmental Funds	Internal Service Funds	<u>10,718</u>
Total Short-term Advances		<u>\$ 322,832</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. BUDETARY ACCOUNTING CHANGES/RECONCILIATION BETWEEN THE  
BUDGETARY BASIS AND GAAP

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

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

- For budgetary purposes, designations are recorded as other financing uses at the time they are established. Although designations are not legal commitments, the County recognizes them as uses of budgetary fund balance. Designations that are subsequently cancelled or otherwise made available for appropriation are recorded as other financing sources.
- For 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.

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

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

- In conjunction with the sale of pension obligation bonds in 1994-95, the County sold the right to future investment income on debt service deposits. Under the budgetary basis, the proceeds were included in 1994-95 revenues. Under the modified accrual basis, the proceeds were recorded as deferred revenue (unearned) and are being amortized over the life of the bonds. This matter is also discussed in Note 6.
- Under the budgetary basis, revenues (primarily intergovernmental) are recognized at the time encumbrances are established for certain programs and capital improvements. The intent of the budgetary policy is to match the use of budgetary resources (for amounts encumbered, but not yet expended) with funding sources that will materialize as revenues when actual expenditures are incurred. Under the modified accrual basis, revenues are not recognized until the qualifying expenditures are incurred.
- Under the budgetary basis, property tax revenues are recognized to the extent that they are collectible within one year after year-end. Under the modified accrual basis, property tax revenues are recognized only to the extent that they are collectible within 60 days.
- For budgetary purposes, investment income is recognized prior to the effect of changes in the fair value of investments. Under the modified accrual basis, the effects of such fair value changes have been recognized.

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

	<u>General Fund</u>	<u>Fire Protection District</u>	<u>Flood Control District</u>	<u>Public Library</u>	<u>Regional Park and Open Space District</u>
Fund balance - budgetary basis	\$ 678,361	\$ 27,338	\$ 12,586	\$ 7,284	\$ 119,827
Reserves and designations	<u>1,051,565</u>	<u>11,709</u>	<u>107,895</u>	<u>4,323</u>	<u>133,056</u>
Subtotal	<u>1,729,926</u>	<u>39,047</u>	<u>120,481</u>	<u>11,607</u>	<u>252,883</u>
Adjustments:					
Reversal of estimated liability for litigation and self-insurance claims	72,508	289		184	
Reversal of accrued vacation and sick leave benefits	34,526				
Deferral of unearned investment income	(27,961)	(1,381)		(307)	
Change in revenue accruals	<u>(111,269)</u>	<u>(14,213)</u>	<u>(4,407)</u>	<u>(1,930)</u>	<u>(811)</u>
Subtotal	<u>(32,196)</u>	<u>(15,305)</u>	<u>(4,407)</u>	<u>(2,053)</u>	<u>(811)</u>
Fund balance - GAAP basis	<u>\$1,697,730</u>	<u>\$ 23,742</u>	<u>\$ 116,074</u>	<u>\$ 9,554</u>	<u>\$ 252,072</u>

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

#### 14. COMMITMENTS

##### Construction Commitments

At June 30, 2003, the LAC+USC Medical Center Hospital Enterprise Fund had contractual commitments of approximately \$521,508,000 to provide for the construction of the LAC+USC Medical Center replacement facility. The construction is currently being financed by commercial paper and a grant from the Federal Emergency Management Agency.

At June 30, 2003, the Public Buildings Capital Projects Fund had contractual commitments of approximately \$5,548,000 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 for the West San Fernando Valley Court building and the Airport Branch Court building of approximately \$1,616,000 and \$1,255,000, respectively, which are being financed by lease revenue bonds.

##### LACERA Capital Commitments

At June 30, 2003, LACERA had outstanding capital commitments to various investment managers, approximating \$1,760,000,000. Subsequent to June 30, 2003, LACERA funded \$85,000,000 of these capital commitments.

##### Investment Purchase Commitments

At June 30, 2003, the County had open trade commitments (forward contracts) with various brokers to purchase investments approximating \$350,000,000 with settlement dates subsequent to year end. These investment transactions had not been recorded as of June 30, 2003 since the County neither takes delivery of the securities nor earns interest on the investments until the settlement date. By July 9, 2003, 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 2001-2002 or 2002- 2003.

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.

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

15. RISK MANAGEMENT-Continued

As indicated in the following table, the County incurred a significant increase in workers' compensation liabilities during 2002-2003 and the balance as of June 30, 2003 was approximately \$2.285 billion. This amount is undiscounted and is based on an actuarial study of the County's self-insured program as of June 30, 2003. Workers' compensation benefits and their related costs are significantly influenced by State laws and regulations. State legislation and legal decisions have lengthened the duration of claims managed by the County. In addition, the County's program has experienced significant increases in medical and litigation expenses, as well as growth in utilization rates.

As of June 30, 2003, the County's best estimate of these liabilities is \$3.018 billion. Changes in the reported liability since June 30, 2001 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>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>
<u>2002-2003</u>				
Workers' Compensation	\$ 1,703,620	\$ 855,142	\$ 274,137	\$ 2,284,625
Other	<u>594,040</u>	<u>226,814</u>	<u>87,726</u>	<u>733,128</u>
Total 2002-2003	<u>\$ 2,297,660</u>	<u>\$ 1,081,956</u>	<u>\$ 361,863</u>	<u>\$ 3,017,753</u>

In addition to the above estimated liabilities, the County has determined that claims seeking damages of approximately \$301 million (including the \$98 million discussed in Note 11) are possible of creating adverse judgments against the County. Because of the uncertainty of their outcome, no loss has been accrued for these claims.

16. PROPOSITIONS 218 AND 62

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

In September 1995, the California Supreme Court upheld the constitutionality of Proposition 62, which requires voter approval of all new local taxes. Taxes imposed without voter approval after the 1986 effective date of Proposition 62 may be invalidated. The Court did not provide clarification about whether the decision would apply only prospectively to all new taxes or retrospectively to all taxes since the effective date of the Proposition. Accordingly, there is uncertainty about the validity of taxes currently being collected and as of June 30, 2003, the County established a general fund designation for approximately \$188 million in such collections.

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

17. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes ("TRANS")

On July 1, 2003, the County issued \$600,000,000 in 2003-2004 TRANS which will mature on June 30, 2004. The TRANS are collateralized by taxes and other revenues attributable to the 2003-2004 fiscal year and were issued in the form of Fixed Rate Notes at an interest rate of 0.90%.

Tax-Exempt Commercial Paper

On October 14, 2003, the Los Angeles County Capital Asset Leasing Corporation issued an additional \$35,000,000 in tax-exempt commercial paper. The proceeds are being used to fund capital requirements of the LAC+USC Medical Center Replacement Project.

The commercial paper, which was initially issued at an average rate of 1.413%, is secured by a long-term lease of County real estate and a letter of credit. The County pays debt service in the form of lease payments.

Capital Asset Leasing Corporation Bond Anticipation Notes

On October 29, 2003, the Corporation issued a \$5,000,000 Bond Anticipation Note with an initial interest rate of 1.52%. The rate is adjustable on January 2 and July 1 of each year. The note was purchased by the Los Angeles County Treasury Pool and is due on June 30, 2006. Proceeds of the note are being used to purchase equipment. The note is to be repaid from the proceeds of lease revenue bonds.

State Budget

The State is confronted with a significant budget deficit for 2003-04. A new State Governor assumed office on November 17, 2003. There are various options that are under consideration to manage the budget deficit, including a proposal to issue State deficit bonds in conjunction with spending reductions.

The County has balanced its budget for 2003-04 and has used General Fund designations of \$160 million to offset the partial loss of the County's annual share of State Vehicle License Fees. The County continues to closely monitor State actions to close its budget deficit. At this time, the impact of further State budget curtailments and their impact to the County 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)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded/ (Overfunded) AAL [UAAL/(OAAL)] (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL/(OAAL) as a Percentage of Covered Payroll ((b-a)/c)
06/30/00	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%
06/30/02	28,262,129	28,437,493	175,364	99.4%	4,744,340	3.7%

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, 2003 (in thousands)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
<b>GENERAL GOVERNMENT:</b>				
Salaries and employee benefits	\$ 594,279	600,512	528,567	(71,945)
Services and supplies	604,540	626,711	407,560	(219,151)
Other charges	83,478	93,311	62,334	(30,977)
Fixed assets	11,520	8,716	8,057	(659)
Intrafund transfers	(450,347)	(451,055)	(360,843)	90,212
<b>TOTAL GENERAL GOVERNMENT</b>	<b>843,470</b>	<b>878,195</b>	<b>645,675</b>	<b>(232,520)</b>
<b>PUBLIC PROTECTION:</b>				
Salaries and employee benefits	2,341,051	2,346,620	2,308,415	(38,205)
Services and supplies	687,156	701,005	603,632	(97,373)
Other charges	378,391	374,993	361,564	(13,429)
Fixed assets	9,934	10,826	6,867	(3,959)
Intrafund transfers	(74,666)	(74,884)	(146,821)	(71,937)
<b>TOTAL PUBLIC PROTECTION</b>	<b>3,341,866</b>	<b>3,358,560</b>	<b>3,133,657</b>	<b>(224,903)</b>
<b>HEALTH AND SANITATION:</b>				
Salaries and employee benefits	584,982	556,035	541,680	(14,355)
Services and supplies	1,408,167	1,356,406	1,318,859	(37,547)
Other charges	459,745	409,348	404,174	(5,174)
Fixed assets	5,646	5,556	4,767	(789)
Intrafund transfers	(134,699)	(140,523)	(117,862)	22,661
<b>TOTAL HEALTH AND SANITATION</b>	<b>2,323,841</b>	<b>2,186,822</b>	<b>2,151,618</b>	<b>(35,204)</b>
<b>PUBLIC ASSISTANCE:</b>				
Salaries and employee benefits	1,162,014	1,165,701	1,115,553	(50,148)
Services and supplies	871,349	901,742	847,120	(54,622)
Other charges	2,686,998	2,731,634	2,523,772	(207,862)
Fixed assets	1,509	2,007	1,133	(874)
Intrafund transfers	(75,965)	(80,211)	(74,860)	5,351
<b>TOTAL PUBLIC ASSISTANCE</b>	<b>4,645,905</b>	<b>4,720,873</b>	<b>4,412,718</b>	<b>(308,155)</b>
<b>RECREATION AND CULTURAL SERVICES:</b>				
Salaries and employee benefits	84,815	83,773	80,133	(3,640)
Services and supplies	77,883	79,881	75,223	(4,658)
Other charges	12,043	12,299	11,512	(787)
Fixed assets	1,112	1,135	947	(188)
Intrafund transfers	(2,789)	(2,789)	(1,925)	864
<b>TOTAL RECREATION AND CULTURAL SERVICES</b>	<b>173,064</b>	<b>174,299</b>	<b>165,890</b>	<b>(8,409)</b>
<b>DEBT SERVICE-</b>				
Interest	11,076	11,076	11,076	
<b>CAPITAL OUTLAY</b>	<b>410,011</b>	<b>420,597</b>	<b>106,158</b>	<b>(314,439)</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 11,749,233</b>	<b>11,750,422</b>	<b>10,626,792</b>	<b>(1,123,630)</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, Alcohol and Drug Problem, Proposition 36, Driving Under the Influence, AIDS Education, Air Quality Improvement, Bicycle Safety Helmet, Hazardous Waste Enforcement, and Solid Waste Management Funds were established to offset the cost of emergency services for the indigent, County alcoholism programs and services, AIDS education, air quality improvements, bicycle safety, hazardous waste enforcement and solid waste management. Revenues are from State tobacco taxes, patient collections, court fines, State-assessed vehicle fees, penalties assessed for hazardous waste violations, and sanitation services.

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

Continued...

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

Continued...

COUNTY OF LOS ANGELES  
NONMAJOR GOVERNMENTAL FUNDS  
NONMAJOR DEBT SERVICE FUNDS

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

Joint Powers Authorities

Public Works Financing Authority

Public Buildings

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

Continued...

COUNTY OF LOS ANGELES  
NONMAJOR GOVERNMENTAL FUNDS  
NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

Improvement Districts are financed by contributions from property owners.

Public Buildings projects are financed by bonds and operating transfers.

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, 2003 (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	\$ 671,083	86,764	52,066	2,590	\$ 812,503
Other	26,457	914	78	4	27,453
Total pooled cash and investments	<u>697,540</u>	<u>87,678</u>	<u>52,144</u>	<u>2,594</u>	<u>839,956</u>
Other investments	42,200	557,848	62,473	929	663,450
Taxes receivable	3,221	1,769			4,990
Interest receivable	1,444	215	145	21	1,825
Other receivables	75,304	10,723	2		86,029
Due from other funds	13,929	308	1,465		15,702
Advances to other funds	10,718				10,718
Inventories	34,813				34,813
<b>TOTAL ASSETS</b>	<u>\$ 879,169</u>	<u>658,541</u>	<u>116,229</u>	<u>3,544</u>	<u>\$ 1,657,483</u>
<b>LIABILITIES AND FUND BALANCES</b>					
LIABILITIES:					
Accounts payable	\$ 43,124		2,008		\$ 45,132
Accrued payroll	459				459
Other payables	1,023	2,342			3,365
Due to other funds	64,512	10,295	1,193	3	76,003
Deferred revenue	16,396	14,248			30,644
Advances payable	13,121				13,121
Third party payor liability	3,597				3,597
<b>TOTAL LIABILITIES</b>	<u>142,232</u>	<u>26,885</u>	<u>3,201</u>	<u>3</u>	<u>172,321</u>
FUND BALANCES:					
Reserved for:					
Encumbrances	100,680		10,865		111,545
Inventories	34,813				34,813
Housing programs	2,260				2,260
Debt service		631,656			631,656
Endowments & annuities				3,541	3,541
Other	21,194		7,364		28,558
Unreserved, designated for:					
Program expansion	166,191				166,191
Unreserved, undesignated, reported in:					
Special revenue funds	411,799				411,799
Capital projects funds			94,799		94,799
<b>TOTAL FUND BALANCES</b>	<u>736,937</u>	<u>631,656</u>	<u>113,028</u>	<u>3,541</u>	<u>1,485,162</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 879,169</u>	<u>658,541</u>	<u>116,229</u>	<u>3,544</u>	<u>\$ 1,657,483</u>

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS - SUMMARY  
 FOR THE YEAR ENDED JUNE 30, 2003 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>REVENUES:</b>					
Taxes	\$ 62,472	15,082			\$ 77,554
Licenses, permits and franchises	5,222	22			5,244
Fines, forfeitures and penalties	66,475	30			66,505
Revenue from use of money/property:					
Investment income	15,935	29,000	3,460	171	48,566
Rents and concessions	6,181	30,402			36,583
Royalties	5				5
Intergovernmental revenues:					
Federal	95,485				95,485
State	215,925	82			216,007
Other	13,966				13,966
Charges for services	100,270	883	3,149		104,302
Proceeds from property owners			8,123		8,123
Miscellaneous	57,490	9	1,144		58,643
<b>TOTAL REVENUES</b>	<b>639,426</b>	<b>75,510</b>	<b>15,876</b>	<b>171</b>	<b>730,983</b>
<b>EXPENDITURES:</b>					
Current:					
General government	19,017			84	19,101
Public protection	70,986				70,986
Public ways and facilities	287,853				287,853
Health and sanitation	82,367				82,367
Public assistance	132,608				132,608
Recreation and cultural services	4,638				4,638
Debt service:					
Principal	6,073	143,247			149,320
Interest and other charges	1,691	130,831			132,522
Capital outlay			78,230		78,230
<b>TOTAL EXPENDITURES</b>	<b>605,233</b>	<b>274,078</b>	<b>78,230</b>	<b>84</b>	<b>957,625</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	<b>34,193</b>	<b>(198,568)</b>	<b>(62,354)</b>	<b>87</b>	<b>(226,642)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	19,159	174,937	8,839		202,935
Transfers out	(81,569)	(18,586)			(100,155)
Proceeds of refunding bonds		160,325			160,325
Payment to refunded bonds escrow agent		(160,325)			(160,325)
Bond premium proceeds		8,513			8,513
Sales of capital assets	49		7		56
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(62,361)</b>	<b>164,864</b>	<b>8,846</b>		<b>111,349</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(28,168)</b>	<b>(33,704)</b>	<b>(53,508)</b>	<b>87</b>	<b>(115,293)</b>
FUND BALANCE, JULY 1, 2002	765,105	665,360	166,536	3,454	1,600,455
<b>FUND BALANCE, JUNE 30, 2003</b>	<b>\$ 736,937</b>	<b>631,656</b>	<b>113,028</b>	<b>3,541</b>	<b>\$ 1,485,162</b>



COUNTY OF LOS ANGELES  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 JUNE 30, 2003 (in thousands)

	Streets, Highways, Roads and Bridges		Street	Garbage	Sewer
	Roads	Other	Lighting Districts	Disposal Districts	Maintenance Districts
<b>ASSETS</b>					
Pooled cash and investments:					
Operating	\$ 42,581	87,358	38,626	17,404	6,925
Other	15,997	209	271	216	245
Total pooled cash and investments	<u>58,578</u>	<u>87,567</u>	<u>38,897</u>	<u>17,620</u>	<u>7,170</u>
Other investments					
Taxes receivable	1	362	1,440	774	599
Interest receivable	161	214	96	44	19
Other receivables	40,228	13,632	42	894	756
Due from other funds	9,147	426	321		742
Advances to other funds	8,825	395			1,198
Inventories					
<b>TOTAL ASSETS</b>	<u>\$ 116,940</u>	<u>102,596</u>	<u>40,796</u>	<u>19,332</u>	<u>10,484</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 6,153	3,891	1,212	1,124	120
Accrued payroll					
Other payables					372
Due to other funds	25,756	2,653	482	58	2,022
Deferred revenue	5,485	357	1,009	1,242	952
Advances payable	13,121				
Third party payor liability	2,142			1,455	
<b>TOTAL LIABILITIES</b>	<u>52,657</u>	<u>6,901</u>	<u>2,703</u>	<u>3,879</u>	<u>3,466</u>
<b>FUND BALANCES:</b>					
Reserved for:					
Encumbrances	40,545	25,940	8	3	992
Inventories					
Housing programs					
Other	3,014	15,120			1,582
Unreserved, designated for:					
Program expansion		2,475	1,627	11,244	
Unreserved, undesignated	20,724	52,160	36,458	4,206	4,444
<b>TOTAL FUND BALANCES</b>	<u>64,283</u>	<u>95,695</u>	<u>38,093</u>	<u>15,453</u>	<u>7,018</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 116,940</u>	<u>102,596</u>	<u>40,796</u>	<u>19,332</u>	<u>10,484</u>

	Health and Sanitation	Other Public Protection	Public Assistance	Recreation	Community Development Commission	
						<b>ASSETS</b>
						Pooled cash and investments:
\$	74,653	107,404	7,121	3,419	77,066	Operating
	2,657	1,199	674	115		Other
	<u>77,310</u>	<u>108,603</u>	<u>7,795</u>	<u>3,534</u>	<u>77,066</u>	Total pooled cash and investments
					42,199	Other investments
	45					Taxes receivable
	186	257	6	4		Interest receivable
	5,386			59	14,079	Other receivables
	317	18	400	203	773	Due from other funds
	300					Advances to other funds
					34,813	Inventories
\$	<u>83,544</u>	<u>108,878</u>	<u>8,201</u>	<u>3,800</u>	<u>168,930</u>	<b>TOTAL ASSETS</b>
						<b>LIABILITIES AND FUND BALANCES</b>
						<b>LIABILITIES:</b>
\$	14,620	1,799	275	225	12,925	Accounts payable
			572	35	44	Accrued payroll
	15,890	8,272	1,501	40		Other payables
	620				6,731	Due to other funds
						Deferred revenue
						Advances payable
						Third party payor liability
	<u>31,130</u>	<u>10,071</u>	<u>2,348</u>	<u>300</u>	<u>19,700</u>	<b>TOTAL LIABILITIES</b>
						<b>FUND BALANCES:</b>
						Reserved for:
	9,374	13,654	156	154		Encumbrances
					34,813	Inventories
					2,260	Housing programs
		300			1,178	Other
	34,052	916	2,271	1,108	110,979	Unreserved, designated for:
	8,988	83,937	3,426	2,238		Program expansion
	<u>52,414</u>	<u>98,807</u>	<u>5,853</u>	<u>3,500</u>	<u>149,230</u>	Unreserved, undesignated
						<b>TOTAL FUND BALANCES</b>
\$	<u>83,544</u>	<u>108,878</u>	<u>8,201</u>	<u>3,800</u>	<u>168,930</u>	<b>TOTAL LIABILITIES AND FUND BALANCES</b>

Continued...

COUNTY OF LOS ANGELES  
 COMBINING BALANCE SHEET - Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 JUNE 30, 2003 (in thousands)

	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Other Special Revenue	Total
<b>ASSETS</b>				
Pooled cash and investments:				
Operating	\$ 104,579	26,784	77,163	\$ 671,083
Other	2,258	2,386	230	26,457
Total pooled cash and investments	<u>106,837</u>	<u>29,170</u>	<u>77,393</u>	<u>697,540</u>
Other investments			1	42,200
Taxes receivable				3,221
Interest receivable	261	70	126	1,444
Other receivables			228	75,304
Due from other funds			1,582	13,929
Advances to other funds				10,718
Inventories				34,813
<b>TOTAL ASSETS</b>	<u>\$ 107,098</u>	<u>29,240</u>	<u>79,330</u>	<u>\$ 879,169</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$	621	159	\$ 43,124
Accrued payroll			459	459
Other payables				1,023
Due to other funds		1,622	6,216	64,512
Deferred revenue				16,396
Advances payable				13,121
Third party payor liability				3,597
<b>TOTAL LIABILITIES</b>		<u>2,243</u>	<u>6,834</u>	<u>142,232</u>
<b>FUND BALANCES:</b>				
Reserved for:				
Encumbrances		3,464	6,390	100,680
Inventories				34,813
Housing programs				2,260
Other				21,194
Unreserved, designated for:				
Program expansion			1,519	166,191
Unreserved, undesignated	107,098	23,533	64,587	411,799
<b>TOTAL FUND BALANCES</b>	<u>107,098</u>	<u>26,997</u>	<u>72,496</u>	<u>736,937</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 107,098</u>	<u>29,240</u>	<u>79,330</u>	<u>\$ 879,169</u>



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, 2003 (in thousands)

	Streets, Highways, Roads and Bridges		Street Lighting Districts	Garbage Disposal Districts	Sewer Maintenance Districts
	Roads	Other			
REVENUES:					
Taxes	\$ 3,565	29,022	11,777	3,012	
Licenses, permits and franchises	1,976				
Fines, forfeitures and penalties		24	121	243	173
Revenue from use of money/property:					
Investment income	1,557	1,711	747	344	239
Rents and concessions	73	177			
Royalties					
Intergovernmental revenues:					
Federal	11,537	3,780	23		
State	153,584	1,026	151	38	99
Other	1,106	11,281	364		15
Charges for services	23,431	17,174	3,474	9,176	17,105
Miscellaneous		6			8
<b>TOTAL REVENUES</b>	<b>196,829</b>	<b>64,201</b>	<b>16,657</b>	<b>12,813</b>	<b>17,639</b>
EXPENDITURES:					
Current:					
General government					
Public protection					
Public ways and facilities	216,203	54,148	17,502		
Health and sanitation				14,906	18,193
Public assistance					
Recreation and cultural services					
Debt service:					
Principal					
Interest and other charges					
<b>TOTAL EXPENDITURES</b>	<b>216,203</b>	<b>54,148</b>	<b>17,502</b>	<b>14,906</b>	<b>18,193</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	(19,374)	10,053	(845)	(2,093)	(554)
OTHER FINANCING SOURCES (USES):					
Transfers in					
Transfers out	(1,849)				(69)
Sales of capital assets	32				
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,817)</b>				<b>(69)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(21,191)</b>	<b>10,053</b>	<b>(845)</b>	<b>(2,093)</b>	<b>(623)</b>
FUND BALANCES, JULY 1, 2002	85,474	85,642	38,938	17,546	7,641
<b>FUND BALANCES, JUNE 30, 2003</b>	<b>\$ 64,283</b>	<b>95,695</b>	<b>38,093</b>	<b>15,453</b>	<b>7,018</b>

	Health and Sanitation	Other Public Protection	Public Assistance	Recreation	Community Development Commission
\$					15,096
		31	1,346		
	14,192	6,057	1,519	37	
	1,613	1,899	11	19	4,147
		546		281	900
		49			80,096
	48,533	12,494			
	1,200				
	12,936	11,167	3,262	39	
	10	31,342	3,199	4,914	17,696
	78,484	63,585	9,337	5,290	117,935
		41,924			
	49,268				
			7,514		125,094
				4,638	
					6,073
					1,691
	49,268	41,924	7,514	4,638	132,858
	29,216	21,661	1,823	652	(14,923)
		3,860		80	6,114
	(40,780)	(9,802)	(2,393)		(1,741)
		17			
	(40,780)	(5,925)	(2,393)	80	4,373
	(11,564)	15,736	(570)	732	(10,550)
	63,978	83,071	6,423	2,768	159,780
\$	52,414	98,807	5,853	3,500	149,230

## 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, 2002

FUND BALANCES, JUNE 30, 2003

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, 2003 (in thousands)

	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Other Special Revenue	Total
<b>REVENUES:</b>				
Taxes	\$			\$ 62,472
Licenses, permits and franchises			1,869	5,222
Fines, forfeitures and penalties	20,383	23,576	150	66,475
Revenue from use of money/property:				
Investment income	2,226	545	877	15,935
Rents and concessions	155		4,049	6,181
Royalties			5	5
Intergovernmental revenues:				
Federal				95,485
State				215,925
Other				13,966
Charges for services			2,506	100,270
Miscellaneous			315	57,490
<b>TOTAL REVENUES</b>	<u>22,764</u>	<u>24,121</u>	<u>9,771</u>	<u>639,426</u>
<b>EXPENDITURES:</b>				
Current:				
General government			19,017	19,017
Public protection	14,645	14,417		70,986
Public ways and facilities				287,853
Health and sanitation				82,367
Public assistance				132,608
Recreation and cultural services				4,638
Debt service:				
Principal				6,073
Interest and other charges				1,691
<b>TOTAL EXPENDITURES</b>	<u>14,645</u>	<u>14,417</u>	<u>19,017</u>	<u>605,233</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>8,119</u>	<u>9,704</u>	<u>(9,246)</u>	<u>34,193</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in			9,105	19,159
Transfers out	(8,909)	(8,226)	(7,800)	(81,569)
Sales of capital assets				49
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(8,909)</u>	<u>(8,226)</u>	<u>1,305</u>	<u>(62,361)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(790)	1,478	(7,941)	(28,168)
FUND BALANCES, JULY 1, 2002	107,888	25,519	80,437	765,105
<b>FUND BALANCES, JUNE 30, 2003</b>	<u>\$ 107,098</u>	<u>26,997</u>	<u>72,496</u>	<u>\$ 736,937</u>

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2003 (in thousands)

	TOTALS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 44,037	44,317	47,233	2,916
Licenses, permits and franchises	5,135	5,135	5,222	87
Fines, forfeitures and penalties	69,115	68,853	66,475	(2,378)
Revenue from use of money and property:				
Investment income	25,624	25,672	12,261	(13,411)
Rents and concessions	4,261	4,805	5,281	476
Royalties			5	5
Intergovernmental revenues:				
Federal	49,809	49,809	10,360	(39,449)
State	158,454	171,379	215,078	43,699
Other	17,965	17,965	13,560	(4,405)
Charges for services	160,703	161,302	100,417	(60,885)
Miscellaneous	54,673	54,682	39,710	(14,972)
<b>TOTAL REVENUES</b>	<b>589,776</b>	<b>603,919</b>	<b>515,602</b>	<b>(88,317)</b>
EXPENDITURES:				
Current:				
General government	41,468	41,873	20,577	(21,296)
Public protection	286,080	269,339	95,014	(174,325)
Public ways and facilities	420,734	421,007	271,317	(149,690)
Health and sanitation	79,712	93,876	84,206	(9,670)
Public assistance	10,056	10,056	7,613	(2,443)
Recreation and cultural services	8,298	8,388	4,754	(3,634)
<b>TOTAL EXPENDITURES</b>	<b>846,348</b>	<b>844,539</b>	<b>483,481</b>	<b>(361,058)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(256,572)</b>	<b>(240,620)</b>	<b>32,121</b>	<b>272,741</b>
OTHER FINANCING SOURCES (USES):				
Sales of fixed assets	388	388	49	(339)
Transfers in	15,662	17,180	17,594	414
Transfers out	(135,978)	(155,416)	(69,804)	85,612
Appropriation for contingencies	(20,773)	(20,998)		20,998
Changes in reserves and designations	(5,664)	(3,471)	28,217	31,688
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(146,365)</b>	<b>(162,317)</b>	<b>(23,944)</b>	<b>138,373</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(402,937)</b>	<b>(402,937)</b>	<b>8,177</b>	<b>411,114</b>
FUND BALANCE, JULY 1, 2002	402,964	402,964	402,964	
<b>FUND BALANCE, JUNE 30, 2003</b>	<b>\$ 27</b>	<b>27</b>	<b>411,141</b>	<b>411,114</b>

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2003 (in thousands)

	ROAD			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 3,300	3,525	3,565	40
Licenses, permits and franchises	1,805	1,805	1,976	171
Fines, forfeitures and penalties	1	1		(1)
Revenue from use of money and property:				
Investment income	4,890	4,890	1,632	(3,258)
Rents and concessions	2	2	73	71
Intergovernmental revenues:				
Federal	47,654	47,654	6,508	(41,146)
State	145,747	145,747	152,737	6,990
Other	1,230	1,230	700	(530)
Charges for services	13,651	13,651	23,505	9,854
Miscellaneous	287	287	(74)	(361)
<b>TOTAL REVENUES</b>	<b>218,567</b>	<b>218,792</b>	<b>190,622</b>	<b>(28,170)</b>
EXPENDITURES:				
Current-Public ways and facilities:				
Services and supplies	219,099	209,917	186,336	(23,581)
Other charges	3,220	12,402	10,755	(1,647)
Fixed assets	689	689	60	(629)
<b>TOTAL EXPENDITURES</b>	<b>223,008</b>	<b>223,008</b>	<b>197,151</b>	<b>(25,857)</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(4,441)</b>	<b>(4,216)</b>	<b>(6,529)</b>	<b>(2,313)</b>
OTHER FINANCING SOURCES (USES):				
Sales of fixed assets	13	13	32	19
Transfers out	(4,243)	(4,243)	(1,849)	2,394
Appropriation for contingencies		(225)		225
Changes in reserves and designations			20,325	20,325
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(4,230)</b>	<b>(4,455)</b>	<b>18,508</b>	<b>22,963</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(8,671)</b>	<b>(8,671)</b>	<b>11,979</b>	<b>20,650</b>
<b>FUND BALANCE, JULY 1, 2002</b>	<b>8,671</b>	<b>8,671</b>	<b>8,671</b>	
<b>FUND BALANCE, JUNE 30, 2003</b>	<b>\$</b>		<b>20,650</b>	<b>20,650</b>

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2003 (in thousands)

	<u>OTHER STREETS, HIGHWAYS, ROADS, AND BRIDGES</u>			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
<b>REVENUES:</b>				
Taxes	\$ 27,488	27,488	28,997	1,509
Fines, forfeitures and penalties	29	29	24	(5)
Revenue from use of money and property:				
Investment income	5,007	5,007	1,748	(3,259)
Rents and concessions	183	183	177	(6)
Intergovernmental revenues:				
Federal	2,127	2,127	3,780	1,653
State	1,271	1,271	1,026	(245)
Other	15,097	15,097	11,281	(3,816)
Charges for services	60,898	60,898	17,174	(43,724)
Miscellaneous	2,976	2,976	6	(2,970)
<b>TOTAL REVENUES</b>	<b>115,076</b>	<b>115,076</b>	<b>64,213</b>	<b>(50,863)</b>
<b>EXPENDITURES:</b>				
Current-Public ways and facilities:				
Services and supplies	144,183	144,183	56,149	(88,034)
Other charges	1,960	1,960	402	(1,558)
Fixed assets	3,460	3,652	107	(3,545)
<b>TOTAL EXPENDITURES</b>	<b>149,603</b>	<b>149,795</b>	<b>56,658</b>	<b>(93,137)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(34,527)</b>	<b>(34,719)</b>	<b>7,555</b>	<b>42,274</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sales of fixed assets	375	375		(375)
Transfers out	(192)			
Appropriation for contingencies	(3,977)	(3,977)		3,977
Changes in reserves and designations	(1,888)	(1,888)	4,289	6,177
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(5,682)</b>	<b>(5,490)</b>	<b>4,289</b>	<b>9,779</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(40,209)</b>	<b>(40,209)</b>	<b>11,844</b>	<b>52,053</b>
<b>FUND BALANCE, JULY 1, 2002</b>	<b>40,209</b>	<b>40,209</b>	<b>40,209</b>	
<b>FUND BALANCE, JUNE 30, 2003</b>	<b>\$</b>		<b>52,053</b>	<b>52,053</b>

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2003 (in thousands)

	STREET LIGHTING DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 10,211	10,266	11,673	1,407
Fines, forfeitures and penalties	107	112	121	9
Revenue from use of money and property- investment income	1,206	1,206	777	(429)
Intergovernmental revenues:				
Federal			23	23
State	147	147	151	4
Other	438	438	364	(74)
Charges for services	3,439	3,460	3,474	14
TOTAL REVENUES	15,548	15,629	16,583	954
EXPENDITURES:				
Current-Public ways and facilities- Services and supplies	48,123	48,204	17,508	(30,696)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(32,575)	(32,575)	(925)	31,650
OTHER FINANCING SOURCES (USES):				
Transfers in	3,555	3,581	3,539	(42)
Transfers out	(3,555)	(3,581)	(3,539)	42
Appropriation for contingencies	(4,877)	(4,877)		4,877
Changes in reserves and designations	(1,614)	(1,614)	(1,614)	
OTHER FINANCING SOURCES (USES) - NET	(6,491)	(6,491)	(1,614)	4,877
NET CHANGE IN FUND BALANCE	(39,066)	(39,066)	(2,539)	36,527
FUND BALANCE, JULY 1, 2002	39,081	39,081	39,081	
FUND BALANCE, JUNE 30, 2003	\$ 15	15	36,542	36,527

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2003 (in thousands)

	GARBAGE DISPOSAL DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 3,038	3,038	2,998	(40)
Fines, forfeitures and penalties	270	270	243	(27)
Revenue from use of money and property-				
Investment income	600	600	367	(233)
Intergovernmental revenues-				
State	38	38	38	
Charges for services	8,641	8,641	9,222	581
TOTAL REVENUES	12,587	12,587	12,868	281
EXPENDITURES:				
Current-Health and sanitation:				
Services and supplies	14,111	14,111	12,850	(1,261)
Other charges	2,390	2,390	2,058	(332)
TOTAL EXPENDITURES	16,501	16,501	14,908	(1,593)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(3,914)	(3,914)	(2,040)	1,874
OTHER FINANCING SOURCES (USES):				
Appropriation for contingencies	(2,472)	(2,472)		2,472
Changes in reserves and designations	2,540	2,540	2,548	8
OTHER FINANCING SOURCES (USES) - NET	68	68	2,548	2,480
NET CHANGE IN FUND BALANCE	(3,846)	(3,846)	508	4,354
FUND BALANCE, JULY 1, 2002	3,846	3,846	3,846	
FUND BALANCE, JUNE 30, 2003	\$		4,354	4,354

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2003 (in thousands)

	SEWER MAINTENANCE DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Fines, forfeitures and penalties	\$ 160	160	173	13
Revenue from use of money and property-				
Investment income	699	699	248	(451)
Intergovernmental revenues:				
Federal	28	28		(28)
State			99	99
Other			15	15
Charges for services	16,972	16,972	17,134	162
Miscellaneous	6	6	8	2
<b>TOTAL REVENUES</b>	<b>17,865</b>	<b>17,865</b>	<b>17,677</b>	<b>(188)</b>
EXPENDITURES:				
Current-Health and sanitation:				
Services and supplies	23,363	23,363	18,426	(4,937)
Other charges	367	367	348	(19)
Fixed assets	50	50	6	(44)
<b>TOTAL EXPENDITURES</b>	<b>23,780</b>	<b>23,780</b>	<b>18,780</b>	<b>(5,000)</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(5,915)</b>	<b>(5,915)</b>	<b>(1,103)</b>	<b>4,812</b>
OTHER FINANCING SOURCES (USES):				
Transfers out	(337)	(337)	(69)	268
Appropriation for contingencies	(226)	(226)		226
Changes in reserves and designations	921	921	2,240	1,319
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>358</b>	<b>358</b>	<b>2,171</b>	<b>1,813</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(5,557)</b>	<b>(5,557)</b>	<b>1,068</b>	<b>6,625</b>
<b>FUND BALANCE, JULY 1, 2002</b>	<b>5,557</b>	<b>5,557</b>	<b>5,557</b>	
<b>FUND BALANCE, JUNE 30, 2003</b>			<b>\$ 6,625</b>	<b>6,625</b>

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2003 (in thousands)

	HEALTH AND SANITATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Fines, forfeitures and penalties	\$ 16,323	16,222	14,192	(2,030)
Revenue from use of money and property-				
Investment income	1,773	1,773	1,702	(71)
Intergovernmental revenues:				
State	3,102	16,027	48,533	32,506
Other	1,200	1,200	1,200	
Charges for services	43,832	43,815	12,934	(30,881)
Miscellaneous	63	63	10	(53)
TOTAL REVENUES	66,293	79,100	78,571	(529)
EXPENDITURES:				
Current-Health and sanitation:				
Services and supplies	38,872	53,036	50,309	(2,727)
Fixed assets	559	559	209	(350)
TOTAL EXPENDITURES	39,431	53,595	50,518	(3,077)
EXCESS OF REVENUES OVER EXPENDITURES	26,862	25,505	28,053	2,548
OTHER FINANCING SOURCES (USES):				
Transfers out	(46,435)	(46,664)	(40,780)	5,884
Appropriation for contingencies	(95)	(95)		95
Changes in reserves and designations	(3,310)	(1,724)	(1,382)	342
OTHER FINANCING SOURCES (USES) - NET	(49,840)	(48,483)	(42,162)	6,321
NET CHANGE IN FUND BALANCE	(22,978)	(22,978)	(14,109)	8,869
FUND BALANCE, JULY 1, 2002	22,978	22,978	22,978	
FUND BALANCE, JUNE 30, 2003	\$		8,869	8,869

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2003 (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	31	1
Fines, forfeitures and penalties	7,915	7,915	6,057	(1,858)
Revenue from use of money and property:				
Investment income	4,393	4,441	1,997	(2,444)
Rents and concessions		544	546	2
Intergovernmental revenues:				
Federal			49	49
State	8,149	8,149	12,494	4,345
Charges for services	8,991	9,586	11,167	1,581
Miscellaneous	41,408	41,417	31,342	(10,075)
<b>TOTAL REVENUES</b>	<b>70,886</b>	<b>72,082</b>	<b>63,683</b>	<b>(8,399)</b>
EXPENDITURES:				
Current-Public protection:				
Services and supplies	84,678	67,471	33,576	(33,895)
Other charges	3,987	5,145	3,653	(1,492)
Fixed assets	31,900	31,900	16,333	(15,567)
<b>TOTAL EXPENDITURES</b>	<b>120,565</b>	<b>104,516</b>	<b>53,562</b>	<b>(50,954)</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(49,679)	(32,434)	10,121	42,555
OTHER FINANCING SOURCES (USES):				
Sales of fixed assets			17	17
Transfers in	3,866	4,868	4,870	2
Transfers out	(25,820)	(44,508)	(7,163)	37,345
Appropriation for contingencies	(991)	(991)		991
Changes in reserves and designations	(1,075)	(634)	2,199	2,833
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(24,020)</b>	<b>(41,265)</b>	<b>(77)</b>	<b>41,188</b>
NET CHANGE IN FUND BALANCE	(73,699)	(73,699)	10,044	83,743
FUND BALANCE, JULY 1, 2002	73,699	73,699	73,699	
FUND BALANCE, JUNE 30, 2003	\$		83,743	83,743

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2003 (in thousands)

	PUBLIC ASSISTANCE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Licenses, permits and franchises	\$ 1,400	1,400	1,346	(54)
Fines, forfeitures and penalties	1,712	1,546	1,519	(27)
Revenue from use of money and property-				
Investment income	33	33	17	(16)
Charges for services	3,323	3,323	3,262	(61)
Miscellaneous	2,886	2,886	3,199	313
TOTAL REVENUES	9,354	9,188	9,343	155
EXPENDITURES:				
Current-Public assistance-				
Services and supplies	10,056	10,056	7,613	(2,443)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(702)	(868)	1,730	2,598
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,410)	(2,410)	(2,393)	17
Appropriation for contingencies	(653)	(653)		653
Changes in reserves and designations	(496)	(330)	(187)	143
OTHER FINANCING SOURCES (USES) - NET	(3,559)	(3,393)	(2,580)	813
NET CHANGE IN FUND BALANCE	(4,261)	(4,261)	(850)	3,411
FUND BALANCE, JULY 1, 2002	4,261	4,261	4,261	
FUND BALANCE, JUNE 30, 2003	\$		3,411	3,411

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2003 (in thousands)

	RECREATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Fines, forfeitures and penalties	\$ 26	26	37	11
Revenue from use of money and property:				
Investment income	41	41	19	(22)
Rents and concessions	100	100	281	181
Charges for services			39	39
Miscellaneous	7,047	7,047	4,914	(2,133)
<b>TOTAL REVENUES</b>	<b>7,214</b>	<b>7,214</b>	<b>5,290</b>	<b>(1,924)</b>
EXPENDITURES:				
Current-Recreation and cultural services:				
Services and supplies	8,204	8,212	4,605	(3,607)
Other charges	35	36	35	(1)
Fixed assets	59	140	114	(26)
<b>TOTAL EXPENDITURES</b>	<b>8,298</b>	<b>8,388</b>	<b>4,754</b>	<b>(3,634)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,084)</b>	<b>(1,174)</b>	<b>536</b>	<b>1,710</b>
OTHER FINANCING SOURCES (USES):				
Transfers in		90	80	(10)
Appropriation for contingencies	(506)	(506)		506
Changes in reserves and designations	(391)	(391)	(368)	23
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(897)</b>	<b>(807)</b>	<b>(288)</b>	<b>519</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,981)</b>	<b>(1,981)</b>	<b>248</b>	<b>2,229</b>
<b>FUND BALANCE, JULY 1, 2002</b>	<b>1,981</b>	<b>1,981</b>	<b>1,981</b>	
<b>FUND BALANCE, JUNE 30, 2003</b>			<b>\$ 2,229</b>	<b>2,229</b>

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2003 (in thousands)

	COURTHOUSE TEMPORARY CONSTRUCTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Fines, forfeitures and penalties	\$ 19,600	19,600	20,383	783
Revenue from use of money and property:				
Investment income	5,000	5,000	2,307	(2,693)
Rents and concessions	150	150	155	5
TOTAL REVENUES	24,750	24,750	22,845	(1,905)
EXPENDITURES:				
Current-Public protection:				
Services and supplies	104,383	104,383	1,043	(103,340)
Other charges	23,195	23,195	22,511	(684)
TOTAL EXPENDITURES	127,578	127,578	23,554	(104,024)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(102,828)	(102,828)	(709)	102,119
OTHER FINANCING SOURCES (USES):				
Transfers out	(3,811)	(3,811)		3,811
Appropriation for contingencies	(478)	(478)		478
Changes in reserves and designations			510	510
OTHER FINANCING SOURCES (USES) - NET	(4,289)	(4,289)	510	4,799
NET CHANGE IN FUND BALANCE	(107,117)	(107,117)	(199)	106,918
FUND BALANCE, JULY 1, 2002	107,117	107,117	107,117	
FUND BALANCE, JUNE 30, 2003	\$		106,918	106,918

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2003 (in thousands)

	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Fines, forfeitures and penalties	\$ 22,822	22,822	23,576	754
Revenue from use of money and property-				
Investment income	1,350	1,350	570	(780)
TOTAL REVENUES	24,172	24,172	24,146	(26)
EXPENDITURES:				
Current-Public protection:				
Services and supplies	31,250	30,457	11,900	(18,557)
Other charges	3,855	3,855	3,831	(24)
Fixed assets	2,832	2,933	2,167	(766)
TOTAL EXPENDITURES	37,937	37,245	17,898	(19,347)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(13,765)	(13,073)	6,248	19,321
OTHER FINANCING USES-				
Transfers out	(9,684)	(10,376)	(6,211)	4,165
NET CHANGE IN FUND BALANCE	(23,449)	(23,449)	37	23,486
FUND BALANCE, JULY 1, 2002	23,449	23,449	23,449	
FUND BALANCE, JUNE 30, 2003	\$		23,486	23,486

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2003 (in thousands)

	OTHER SPECIAL REVENUE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Licenses, permits and franchises	\$ 1,900	1,900	1,869	(31)
Fines, forfeitures and penalties	150	150	150	
Revenue from use of money and property:				
Investment income	632	632	877	245
Rents and concessions	3,826	3,826	4,049	223
Royalties			5	5
Charges for services	956	956	2,506	1,550
Miscellaneous			305	305
TOTAL REVENUES	7,464	7,464	9,761	2,297
EXPENDITURES:				
Current-General government:				
Salaries and employee benefits	5,820	5,820	5,655	(165)
Services and supplies	30,387	30,028	10,428	(19,600)
Other charges	3,351	3,351	3,239	(112)
Fixed assets	1,910	2,674	1,255	(1,419)
TOTAL EXPENDITURES	41,468	41,873	20,577	(21,296)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(34,004)	(34,409)	(10,816)	23,593
OTHER FINANCING SOURCES (USES):				
Transfers in	8,241	8,641	9,105	464
Transfers out	(39,491)	(39,486)	(7,800)	31,686
Appropriation for contingencies	(6,498)	(6,498)		6,498
Changes in reserves and designations	(351)	(351)	(343)	8
OTHER FINANCING SOURCES (USES) - NET	(38,099)	(37,694)	962	38,656
NET CHANGE IN FUND BALANCE	(72,103)	(72,103)	(9,854)	62,249
FUND BALANCE, JULY 1, 2002	72,115	72,115	72,115	
FUND BALANCE, JUNE 30, 2003	\$ 12	12	62,261	62,249

COUNTY OF LOS ANGELES  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
 JUNE 30, 2003 (in thousands)

	Detention Facilities	Flood Control District	Regional Park and Open Space District	Marina Del Rey
<b>ASSETS</b>				
Pooled cash and investments:				
Operating	\$ 3,859	4,305	66,632	11,968
Other	105	86	47	676
Total pooled cash and investments	<u>3,964</u>	<u>4,391</u>	<u>66,679</u>	<u>12,644</u>
Other investments				25,973
Taxes receivable	820	949		
Interest receivable	14	11	90	23
Other receivables				10,723
Due from other funds				<u>308</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 4,798</u></b>	<b><u>5,351</u></b>	<b><u>66,769</u></b>	<b><u>49,671</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Other payables	\$			422
Due to other funds				10,295
Deferred revenue	591	697		<u>12,960</u>
<b>TOTAL LIABILITIES</b>	<u>591</u>	<u>697</u>		<u>23,677</u>
<b>FUND BALANCES - reserved for debt service</b>	<u>4,207</u>	<u>4,654</u>	<u>66,769</u>	<u>25,994</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 4,798</u></b>	<b><u>5,351</u></b>	<b><u>66,769</u></b>	<b><u>49,671</u></b>

Joint Powers Authorities	Public Buildings	Total
\$		\$
		86,764
		914
		<u>87,678</u>
394,735	137,140	557,848
	77	1,769
		215
		10,723
		<u>308</u>
<u>\$ 394,735</u>	<u>137,217</u>	<u>\$ 658,541</u>
\$	1,920	\$
		2,342
		10,295
		<u>14,248</u>
	1,920	26,885
394,735	135,297	631,656
<u>\$ 394,735</u>	<u>137,217</u>	<u>\$ 658,541</u>

ASSETS

Pooled cash and investments:

Operating

Other

Total pooled cash and investments

Other investments

Taxes receivable

Interest receivable

Other receivables

Due from other funds

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, 2003 (in thousands)

	Detention Facilities	Flood Control District	Regional Park and Open Space District	Marina Del Rey
REVENUES:				
Taxes	\$ 8,679	6,403		
Licenses, permits and franchises				22
Fines, forfeitures and penalties	16	14		
Revenue from use of money/property:				
Investment income	123	81	361	746
Rents and concessions				29,079
Intergovernmental revenues:				
State	82			
Charges for services				883
Miscellaneous				9
<b>TOTAL REVENUE</b>	<b>8,900</b>	<b>6,498</b>	<b>361</b>	<b>30,739</b>
EXPENDITURES - Debt service:				
Principal	6,280	24,026	17,560	13,857
Interest and other charges	2,880	9,587	21,185	6,297
<b>TOTAL EXPENDITURES</b>	<b>9,160</b>	<b>33,613</b>	<b>38,745</b>	<b>20,154</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(260)	(27,115)	(38,384)	10,585
OTHER FINANCING SOURCES (USES):				
Transfers in		18,402	39,241	
Transfers out		(80)	(609)	(10,295)
Proceeds of refunding bonds		143,195		
Payment to refunded bonds escrow agent		(143,195)		
Bond premium proceeds		8,513		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>		<b>26,835</b>	<b>38,632</b>	<b>(10,295)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(260)</b>	<b>(280)</b>	<b>248</b>	<b>290</b>
FUND BALANCES, JULY 1, 2002	4,467	4,934	66,521	25,704
<b>FUND BALANCES, JUNE 30, 2003</b>	<b>\$ 4,207</b>	<b>4,654</b>	<b>66,769</b>	<b>25,994</b>

Joint Powers Authorities	Public Buildings	Total
\$		\$ 15,082
		22
		30
21,184	6,505	29,000
	1,323	30,402
<u>21,184</u>	<u>7,828</u>	<u>75,510</u>
17,560	63,964	143,247
<u>21,184</u>	<u>69,698</u>	<u>130,831</u>
<u>38,744</u>	<u>133,662</u>	<u>274,078</u>
<u>(17,560)</u>	<u>(125,834)</u>	<u>(198,568)</u>
	117,294	174,937
	(7,602)	(18,586)
	17,130	160,325
	(17,130)	(160,325)
		8,513
	<u>109,692</u>	<u>164,864</u>
(17,560)	(16,142)	(33,704)
<u>412,295</u>	<u>151,439</u>	<u>665,360</u>
<u>\$ 394,735</u>	<u>135,297</u>	<u>\$ 631,656</u>

## REVENUES:

Taxes
Licenses, permits and franchises
Fines, forfeitures and penalties
Revenue from use of money/property:
Investment income
Rents and concessions
Intergovernmental revenues:
State
Charges for services
Miscellaneous
TOTAL REVENUES

## EXPENDITURES - Debt service:

Principal
Interest and other charges
TOTAL EXPENDITURES

EXCESS (DEFICIENCY) OF REVENUES  
OVER EXPENDITURES

## OTHER FINANCING SOURCES (USES):

Transfers in
Transfers out
Proceeds of refunding bonds
Payment to refunded bonds escrow agent
Bond premium proceeds
TOTAL OTHER FINANCING SOURCES (USES)

## NET CHANGE IN FUND BALANCES

FUND BALANCES, JULY 1, 2002

FUND BALANCES, JUNE 30, 2003

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
 FOR THE YEAR ENDED JUNE 30, 2003 (in thousands)

	TOTALS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 11,018	11,018	15,098	4,080
Licenses, permits and franchises	10	10	22	12
Fines, forfeitures and penalties	64	64	32	(32)
Revenue from use of money and property:				
Investment income	3,723	3,723	1,378	(2,345)
Rents and concessions	30,513	30,513	29,079	(1,434)
Intergovernmental revenues:				
State	80	80	81	1
Charges for services	1,088	1,088	883	(205)
Miscellaneous	10	10	9	(1)
TOTAL REVENUES	46,506	46,506	46,582	76
EXPENDITURES:				
Debt service:				
Principal	44,317	44,317	44,317	(0)
Interest	57,956	57,956	30,822	(27,134)
TOTAL EXPENDITURES	102,273	102,273	75,139	(27,134)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(55,767)	(55,767)	(28,557)	27,210
OTHER FINANCING SOURCES (USES):				
Transfers in	35,996	35,996	39,241	3,245
Transfers out	(13,424)	(13,424)	(10,904)	2,520
Appropriation for contingencies	(438)	(438)		438
Changes in reserves and designations	847	847	847	
OTHER FINANCING SOURCES (USES) - NET	22,981	22,981	29,184	6,203
NET CHANGE IN FUND BALANCE	(32,786)	(32,786)	627	33,413
FUND BALANCE, JULY 1, 2002	32,786	32,786	32,786	
FUND BALANCE, JUNE 30, 2003	\$		33,413	33,413

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
 FOR THE YEAR ENDED JUNE 30, 2003 (in thousands)

	DETENTION FACILITIES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 6,020	6,020	8,730	2,710
Fines, forfeitures and penalties			17	17
Revenue from use of money and property- Investment income	250	250	126	(124)
Intergovernmental revenues- State	80	80	81	1
TOTAL REVENUES	6,350	6,350	8,954	2,604
EXPENDITURES:				
Debt service:				
Principal	6,280	6,280	6,280	
Interest	2,882	2,882	2,880	(2)
TOTAL EXPENDITURES	9,162	9,162	9,160	(2)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(2,812)	(2,812)	(206)	2,606
OTHER FINANCING SOURCES (USES):				
Appropriation for contingencies	(229)	(229)		229
Changes in reserves and designations	448	448	448	
OTHER FINANCING SOURCES (USES) - NET	219	219	448	229
NET CHANGE IN FUND BALANCE	(2,593)	(2,593)	242	2,835
FUND BALANCE, JULY 1, 2002	2,593	2,593	2,593	
FUND BALANCE, JUNE 30, 2003	\$		2,835	2,835

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
 FOR THE YEAR ENDED JUNE 30, 2003 (in thousands)

	FLOOD CONTROL DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 4,998	4,998	6,368	1,370
Fines, forfeitures and penalties	64	64	15	(49)
Revenue from use of money and property- Investment income	177	177	85	(92)
TOTAL REVENUES	5,239	5,239	6,468	1,229
EXPENDITURES:				
Debt service:				
Principal	6,020	6,020	6,020	
Interest	760	760	759	(1)
TOTAL EXPENDITURES	6,780	6,780	6,779	(1)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,541)	(1,541)	(311)	1,230
OTHER FINANCING SOURCES (USES):				
Appropriation for contingencies	(209)	(209)		209
Changes in reserves and designations	399	399	399	
OTHER FINANCING SOURCES (USES) - NET	190	190	399	209
NET CHANGE IN FUND BALANCE	(1,351)	(1,351)	88	1,439
FUND BALANCE, JULY 1, 2002	1,351	1,351	1,351	
FUND BALANCE, JUNE 30, 2003	\$		1,439	1,439

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
 FOR THE YEAR ENDED JUNE 30, 2003 (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	\$ 1,400	1,400	410	(990)
EXPENDITURES:				
Debt service:				
Principal	17,560	17,560	17,560	
Interest	48,068	48,068	21,185	(26,883)
TOTAL EXPENDITURES	65,628	65,628	38,745	(26,883)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(64,228)	(64,228)	(38,335)	25,893
OTHER FINANCING SOURCES (USES):				
Transfers in	35,996	35,996	39,241	3,245
Transfers out	(610)	(610)	(609)	1
OTHER FINANCING SOURCES (USES) - NET	35,386	35,386	38,632	3,246
NET CHANGE IN FUND BALANCE	(28,842)	(28,842)	297	29,139
FUND BALANCE, JULY 1, 2002	28,842	28,842	28,842	
FUND BALANCE, JUNE 30, 2003	\$		29,139	29,139

Continued...

COUNTY OF LOS ANGELES  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
 FOR THE YEAR ENDED JUNE 30, 2003 (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	22	12
Revenue from use of money and property:				
Investment income	1,896	1,896	757	(1,139)
Rents and concessions	30,513	30,513	29,079	(1,434)
Charges for services	1,088	1,088	883	(205)
Miscellaneous	10	10	9	(1)
TOTAL REVENUES	33,517	33,517	30,750	(2,767)
EXPENDITURES:				
Debt service:				
Principal	14,457	14,457	14,457	(0)
Interest	6,246	6,246	5,998	(248)
TOTAL EXPENDITURES	20,703	20,703	20,455	(248)
EXCESS OF REVENUES OVER EXPENDITURES	12,814	12,814	10,295	(2,519)
OTHER FINANCING USES -				
Transfers out	(12,814)	(12,814)	(10,295)	2,519
NET CHANGE IN FUND BALANCE			0	0
FUND BALANCE, JULY 1, 2002				
FUND BALANCE, JUNE 30, 2003	\$		0	0

COUNTY OF LOS ANGELES  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS  
 JUNE 30, 2003 (in thousands)

	Accumulative Capital Outlay	Flood Control District	Improvement Districts	Public Buildings	Total
<b>ASSETS</b>					
Pooled cash and investments:					
Operating	\$ 47,649	100	4,317		\$ 52,066
Other	77		1		78
Total pooled cash and investments	<u>47,726</u>	<u>100</u>	<u>4,318</u>		<u>52,144</u>
Other investments	137	120		62,216	62,473
Interest receivable	114		2	29	145
Other receivables	2				2
Due from other funds	<u>1,465</u>				<u>1,465</u>
<b>TOTAL ASSETS</b>	<u>\$ 49,444</u>	<u>220</u>	<u>4,320</u>	<u>62,245</u>	<u>\$ 116,229</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 609			1,399	\$ 2,008
Due to other funds	<u>1,188</u>		5		<u>1,193</u>
<b>TOTAL LIABILITIES</b>	<u>1,797</u>		<u>5</u>	<u>1,399</u>	<u>3,201</u>
<b>FUND BALANCES:</b>					
Reserved for:					
Encumbrances	2,481			8,384	10,865
Other	7,364				7,364
Unreserved-Undesignated	<u>37,802</u>	<u>220</u>	<u>4,315</u>	<u>52,462</u>	<u>94,799</u>
<b>TOTAL FUND BALANCES</b>	<u>47,647</u>	<u>220</u>	<u>4,315</u>	<u>60,846</u>	<u>113,028</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 49,444</u>	<u>220</u>	<u>4,320</u>	<u>62,245</u>	<u>\$ 116,229</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, 2003 (in thousands)

	Accumulative Capital Outlay	Flood Control District	Improvement Districts	Public Buildings	Total
REVENUES:					
Revenue from use of money and property -					
Investment income	\$ 980	23	26	2,431	\$ 3,460
Charges for services	3,149				3,149
Proceeds from property owners			8,123		8,123
Miscellaneous	1,144				1,144
<b>TOTAL REVENUES</b>	<b>5,273</b>	<b>23</b>	<b>8,149</b>	<b>2,431</b>	<b>15,876</b>
<b>EXPENDITURES - Capital outlay</b>	<b>11,564</b>		<b>4,820</b>	<b>61,846</b>	<b>78,230</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(6,291)</b>	<b>23</b>	<b>3,329</b>	<b>(59,415)</b>	<b>(62,354)</b>
OTHER FINANCING SOURCES:					
Transfers in	1,661	80		7,098	8,839
Sales of capital assets	7				7
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>1,668</b>	<b>80</b>		<b>7,098</b>	<b>8,846</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(4,623)</b>	<b>103</b>	<b>3,329</b>	<b>(52,317)</b>	<b>(53,508)</b>
<b>FUND BALANCES, JULY 1, 2002</b>	<b>52,270</b>	<b>117</b>	<b>986</b>	<b>113,163</b>	<b>166,536</b>
<b>FUND BALANCES, JUNE 30, 2003</b>	<b>\$ 47,647</b>	<b>220</b>	<b>4,315</b>	<b>60,846</b>	<b>\$ 113,028</b>

COUNTY OF LOS ANGELES  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS  
 JUNE 30, 2003 (in thousands)

	<u>Annuities</u>	<u>Endowments</u>	<u>Total</u>
<b>ASSETS</b>			
Pooled cash and investments:			
Operating	\$ 285	2,305	\$ 2,590
Other		<u>4</u>	<u>4</u>
Total pooled cash and investments	<u>285</u>	<u>2,309</u>	<u>2,594</u>
Other investments	929		929
Interest receivable	<u>16</u>	<u>5</u>	<u>21</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,230</u></b>	<b><u>2,314</u></b>	<b><u>\$ 3,544</u></b>
<b>LIABILITIES - Due to other funds</b>	<b>\$</b>	<b>3</b>	<b>\$ 3</b>
<b>FUND BALANCES - Reserved for annuities and endowments</b>	<u>1,230</u>	<u>2,311</u>	<u>3,541</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,230</u></b>	<b><u>2,314</u></b>	<b><u>\$ 3,544</u></b>

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, 2003 (in thousands)

	<u>Annuities</u>	<u>Endowments</u>	<u>Total</u>
REVENUES:			
Revenue from use of money and property -			
Investment income	<u>\$ 131</u>	<u>40</u>	<u>\$ 171</u>
 EXPENDITURES - General government	<u>62</u>	<u>22</u>	<u>84</u>
 EXCESS OF REVENUES OVER EXPENDITURES	69	18	87
 FUND BALANCE, JULY 1, 2002	<u>1,161</u>	<u>2,293</u>	<u>3,454</u>
 FUND BALANCE, JUNE 30, 2003	<u>\$ 1,230</u>	<u>2,311</u>	<u>\$ 3,541</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, 2003 (in thousands)

	Aviation	Waterworks Funds	Community Development Commission	Total Nonmajor Enterprise Funds
<b>ASSETS</b>				
Current assets:				
Pooled cash and investments:				
Operating	\$ 4,674	21,444		\$ 26,118
Other		338		338
Total pooled cash and investments	<u>4,674</u>	<u>21,782</u>		<u>26,456</u>
Other investments			16,756	16,756
Taxes receivable		1,501		1,501
Accounts receivable - net				
Interest receivable		55		55
Other receivables	632	5,403	6,415	12,450
Due from other funds	2	607		609
Advances to other funds		772		772
Inventories			2,812	2,812
Total current assets	<u>5,308</u>	<u>30,120</u>	<u>25,983</u>	<u>61,411</u>
Noncurrent assets:				
Capital assets:				
Land	11,449	4,015	65,114	80,578
Buildings and improvements	47,948	132,381	142,078	322,407
Equipment	927	201	948	2,076
Construction in progress	250	2,076		2,326
Less accumulated depreciation	<u>(29,174)</u>	<u>(61,501)</u>	<u>(121,179)</u>	<u>(211,854)</u>
Total capital assets - net	<u>31,400</u>	<u>77,172</u>	<u>86,961</u>	<u>195,533</u>
Total noncurrent assets	<u>31,400</u>	<u>77,172</u>	<u>86,961</u>	<u>195,533</u>
<b>TOTAL ASSETS</b>	<u>36,708</u>	<u>107,292</u>	<u>112,944</u>	<u>256,944</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	65	3,033	5,074	8,172
Other payables	1,320		411	1,731
Due to other funds	197	3,122	679	3,998
Deferred revenue		111	465	576
Current portion of long-term liabilities		58	546	604
Total current liabilities	<u>1,582</u>	<u>6,324</u>	<u>7,175</u>	<u>15,081</u>
Noncurrent liabilities -				
Bonds and notes payable		239	7,269	7,508
<b>TOTAL LIABILITIES</b>	<u>1,582</u>	<u>6,563</u>	<u>14,444</u>	<u>22,589</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	31,400	76,875	79,255	187,530
Restricted		23,854	19,245	43,099
Unrestricted	3,726			3,726
<b>TOTAL NET ASSETS</b>	<u>\$ 35,126</u>	<u>100,729</u>	<u>98,500</u>	<u>\$ 234,355</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, 2003 (in thousands)

	Aviation	Waterworks Funds	Community Development Commission	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES:</b>				
Rentals	\$ 2,273		9,909	\$ 12,182
Charges for services	366	37,462		37,828
Other			3,912	3,912
<b>TOTAL OPERATING REVENUES</b>	<b>2,639</b>	<b>37,462</b>	<b>13,821</b>	<b>53,922</b>
<b>OPERATING EXPENSES:</b>				
Services and supplies	3,245	38,584	208,267	250,096
Other professional services	50	634		684
Depreciation and amortization	1,323	3,000	6,624	10,947
<b>TOTAL OPERATING EXPENSES</b>	<b>4,618</b>	<b>42,218</b>	<b>214,891</b>	<b>261,727</b>
<b>OPERATING LOSS</b>	<b>(1,979)</b>	<b>(4,756)</b>	<b>(201,070)</b>	<b>(207,805)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Taxes		2,772		2,772
Interest income		500	349	849
Interest expense		(28)	(376)	(404)
Intergovernmental revenues:				
State	250	32		282
Federal	967	713	198,508	200,188
<b>TOTAL NONOPERATING REVENUES</b>	<b>1,217</b>	<b>3,989</b>	<b>198,481</b>	<b>203,687</b>
<b>LOSS BEFORE TRANSFERS</b>	<b>(762)</b>	<b>(767)</b>	<b>(2,589)</b>	<b>(4,118)</b>
Transfers in			1,741	1,741
Transfers out		(176)	(6,114)	(6,290)
<b>CHANGE IN NET ASSETS</b>	<b>(762)</b>	<b>(943)</b>	<b>(6,962)</b>	<b>(8,667)</b>
<b>TOTAL NET ASSETS, JULY 1, 2002</b>	<b>35,888</b>	<b>101,672</b>	<b>105,462</b>	<b>243,022</b>
<b>TOTAL NET ASSETS, JUNE 30, 2003</b>	<b>\$ 35,126</b>	<b>100,729</b>	<b>98,500</b>	<b>\$ 234,355</b>

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2003 (in thousands)

	Aviation	Waterworks Funds	Community Development Commission	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Rentals received	\$ 2,273		14,146	\$ 16,419
Cash received from charges for services	787	37,770		38,557
Other operating revenues			3,912	3,912
Cash paid for services and supplies	(2,208)	(34,333)	(211,054)	(247,595)
Other operating expenses	(50)	(634)		(684)
Net cash provided by (required for) operating activities	<u>802</u>	<u>2,803</u>	<u>(192,996)</u>	<u>(189,391)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Cash advances paid/returned to other funds		(25)		(25)
Transfers in			1,741	1,741
Transfers out		(176)	(6,114)	(6,290)
Net cash required for noncapital financing activities		<u>(201)</u>	<u>(4,373)</u>	<u>(4,574)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from taxes		2,514		2,514
Intergovernmental receipts	1,217	745	198,508	200,470
Interest paid on capital borrowing		(28)	(376)	(404)
Principal payments on bonds		(85)	(500)	(585)
Acquisition and construction of capital assets	(1,473)	(6,324)	(104)	(7,901)
Net cash provided by (required for) capital and related financing activities	<u>(256)</u>	<u>(3,178)</u>	<u>197,528</u>	<u>194,094</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES -</b>				
Interest income received		445	349	794
Net increase (decrease) in cash and cash equivalents	546	(131)	508	923
Cash and cash equivalents, July 1, 2002	<u>4,128</u>	<u>21,913</u>	<u>16,248</u>	<u>42,289</u>
Cash and cash equivalents, June 30, 2003	<u>\$ 4,674</u>	<u>21,782</u>	<u>16,756</u>	<u>\$ 43,212</u>

Continued...

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CASH FLOWS - Continued  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2003 (in thousands)

	Aviation	Waterworks Funds	Community Development Commission	Total Nonmajor Enterprise Funds
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:</b>				
Operating loss	\$ (1,979)	(4,756)	(201,070)	\$ (207,805)
Adjustments to reconcile operating loss to net cash provided by (required for) operating activities:				
Depreciation and amortization	1,323	3,000	6,624	10,947
Other charges - net	1,131	3,643	30	4,804
(Increase) decrease in:				
Other receivables	423	1,065	4,154	5,642
Due from other funds	(2)	(607)		(609)
Inventories			610	610
Increase (decrease) in:				
Accounts payable	49	43	(4,039)	(3,947)
Other payables	(60)		2	(58)
Due to other funds	(83)	565	610	1,092
Deferred revenue		(150)	83	(67)
<b>TOTAL ADJUSTMENTS</b>	<u>2,781</u>	<u>7,559</u>	<u>8,074</u>	<u>18,414</u>
<b>NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES</b>	<u>\$ 802</u>	<u>2,803</u>	<u>(192,996)</u>	<u>\$ (189,391)</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:</b>				
Pooled cash and investments	\$ 4,674	21,782		\$ 26,456
Other investments			16,756	16,756
<b>TOTAL</b>	<u>\$ 4,674</u>	<u>21,782</u>	<u>16,756</u>	<u>\$ 43,212</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, 2003 (in thousands)

	Public Works	Equipment Acquisition	Community Development Commission	Total
<b>ASSETS</b>				
Current assets:				
Pooled cash and investments:				
Operating	\$ 40,782	4,690		\$ 45,472
Other	6,268	12		6,280
Total pooled cash and investments	47,050	4,702		51,752
Other investments			8,363	8,363
Interest receivable	91	27		118
Other receivables	59		24	83
Due from other funds	48,844	31		48,875
Inventories	6,238		210	6,448
Total current assets	102,282	4,760	8,597	115,639
Noncurrent assets:				
Restricted assets		12,652		12,652
Net pension obligation	32,967			32,967
Capital assets:				
Buildings and improvements	1,734			1,734
Equipment	105,700	99,890	4,187	209,777
Less accumulated depreciation	(58,006)	(48,397)	(2,939)	(109,342)
Total capital assets - net	49,428	51,493	1,248	102,169
Total noncurrent assets	82,395	64,145	1,248	147,788
<b>TOTAL ASSETS</b>	<b>184,677</b>	<b>68,905</b>	<b>9,845</b>	<b>263,427</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,562	2,769	1,346	5,677
Accrued payroll	17,567			17,567
Other payables	241	10		251
Accrued interest payable		195		195
Due to other funds	19,731		94	19,825
Advances from other funds	22,000			22,000
Deferred revenue	2,153		657	2,810
Current portion of long-term liabilities	23,518	18,255	1,249	43,022
Total current liabilities	86,772	21,229	3,346	111,347
Noncurrent liabilities:				
Accrued vacation and sick leave	30,600		737	31,337
Bonds and notes payable		34,935		34,935
Pension bonds payable	86,317			86,317
Capital lease obligations			192	192
Workers' compensation liability	55,066		980	56,046
Litigation and self-insurance liability	13,717		2,515	16,232
Total noncurrent liabilities	185,700	34,935	4,424	225,059
<b>TOTAL LIABILITIES</b>	<b>272,472</b>	<b>56,164</b>	<b>7,770</b>	<b>336,406</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	49,428	12,046	894	62,368
Restricted		695	1,181	1,876
Unrestricted	(137,223)			(137,223)
<b>TOTAL NET ASSETS (DEFICIT)</b>	<b>\$ (87,795)</b>	<b>12,741</b>	<b>2,075</b>	<b>\$ (72,979)</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, 2003 (in thousands)

	Public Works	Equipment Acquisition	Community Development Commission	Total
<b>OPERATING REVENUES:</b>				
Rentals	\$	29,719		\$ 29,719
Charges for services	305,663		13,748	319,411
<b>TOTAL OPERATING REVENUES</b>	<b>305,663</b>	<b>29,719</b>	<b>13,748</b>	<b>349,130</b>
<b>OPERATING EXPENSES:</b>				
Salaries and employee benefits	263,536			263,536
Services and supplies	31,459	132	16,550	48,141
Other professional services	7,632			7,632
Depreciation and amortization	7,707	25,134	504	33,345
<b>TOTAL OPERATING EXPENSES</b>	<b>310,334</b>	<b>25,266</b>	<b>17,054</b>	<b>352,654</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(4,671)</b>	<b>4,453</b>	<b>(3,306)</b>	<b>(3,524)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	271	350		621
Interest expense	(8,564)	(1,790)	(28)	(10,382)
Intergovernmental revenues - federal			3,328	3,328
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(8,293)</b>	<b>(1,440)</b>	<b>3,300</b>	<b>(6,433)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(12,964)</b>	<b>3,013</b>	<b>(6)</b>	<b>(9,957)</b>
Transfers in	3,200			3,200
Transfers out		(1,804)		(1,804)
<b>CHANGE IN NET ASSETS</b>	<b>(9,764)</b>	<b>1,209</b>	<b>(6)</b>	<b>(8,561)</b>
<b>TOTAL NET ASSETS (DEFICIT), JULY 1, 2002</b>	<b>(78,031)</b>	<b>11,532</b>	<b>2,081</b>	<b>(64,418)</b>
<b>TOTAL NET ASSETS (DEFICIT), JUNE 30, 2003</b>	<b>\$ (87,795)</b>	<b>12,741</b>	<b>2,075</b>	<b>\$ (72,979)</b>

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2003 (in thousands)

	Public Works	Equipment Acquisition	Community Development Commission	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Rentals received	\$	29,688		\$ 29,688
Cash received from charges for services	283,252		14,819	298,071
Cash paid for salaries and employee benefits	(244,655)			(244,655)
Cash paid for services and supplies	(13,361)	(132)	(15,436)	(28,929)
Other operating expenses	(7,632)			(7,632)
Net cash provided by (required for) operating activities	17,604	29,556	(617)	46,543
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Interest paid on pension bonds	(8,564)			(8,564)
Transfers in	3,200			3,200
Transfers out		(1,804)		(1,804)
Net cash required for noncapital financing activities	(5,364)	(1,804)		(7,168)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Intergovernmental receipts			3,328	3,328
Proceeds from bonds and notes		40,935		40,935
Interest paid on capital borrowing		(1,903)	(28)	(1,931)
Principal payments on bonds and notes		(52,080)		(52,080)
Principal payments on capital leases			(134)	(134)
Acquisition and construction of capital assets	(11,127)	(15,441)	(387)	(26,955)
Net cash provided by (required for) capital and related financing activities	(11,127)	(28,489)	2,779	(36,837)
<b>CASH FLOWS FROM INVESTING ACTIVITIES -</b>				
Interest income received		370		370
Net increase (decrease) in cash and cash equivalents	1,113	(367)	2,162	2,908
Cash and cash equivalents, July 1, 2002	45,937	17,721	6,201	69,859
Cash and cash equivalents, June 30, 2003	\$ 47,050	17,354	8,363	\$ 72,767

Continued...

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CASH FLOWS - Continued  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2003 (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)	\$ (4,671)	4,453	(3,306)	\$ (3,524)
Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities:				
Depreciation and amortization	7,707	25,134	504	33,345
Other charges - net	(197)		42	(155)
(Increase) decrease in:				
Interest receivable	189			189
Other receivables	(9)		414	405
Due from other funds	(22,555)	(31)		(22,586)
Inventories	(206)		(63)	(269)
Net pension obligation	6,502			6,502
Increase (decrease) in:				
Accounts payable	(1,230)		44	(1,186)
Accrued payroll	806			806
Other payables	(43)			(43)
Accrued vacation and sick leave	876		41	917
Due to other funds	19,731		50	19,781
Deferred revenue	(36)		657	621
Pension bonds payable	(6,295)			(6,295)
Workers' compensation liability	15,659		15	15,674
Litigation and self-insurance liability	1,376		985	2,361
<b>TOTAL ADJUSTMENTS</b>	<b>22,275</b>	<b>25,103</b>	<b>2,689</b>	<b>50,067</b>
<b>NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES</b>	<b>\$ 17,604</b>	<b>29,556</b>	<b>(617)</b>	<b>\$ 46,543</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:</b>				
Pooled cash and investments	\$ 47,050	4,702		\$ 51,752
Other investments			8,363	8,363
Restricted assets		12,652		12,652
<b>TOTAL</b>	<b>\$ 47,050</b>	<b>17,354</b>	<b>8,363</b>	<b>\$ 72,767</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, 2003 (in thousands)

	Pooled Investment Trust Fund	Specific Investment Trust Fund	Total
<b>ASSETS</b>			
Pooled cash and investments	\$ 9,376,421		\$ 9,376,421
Other investments		2,024,234	2,024,234
Interest receivable	37,723	12,248	49,971
<b>TOTAL ASSETS</b>	<b>9,414,144</b>	<b>2,036,482</b>	<b>11,450,626</b>
<b>NET ASSETS</b>			
Held in trust for investment trust fund participants	<u>\$ 9,414,144</u>	<u>2,036,482</u>	<u>\$ 11,450,626</u>

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS - INVESTMENT TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2003 (in thousands)

	Pooled Investment Trust Fund	Specific Investment Trust Fund	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
ADDITIONS:			
Contributions to investment trust funds	\$ 34,889,475	5,832,994	\$ 40,722,469
Interest income	132,095	44,179	176,274
	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL ADDITIONS	35,021,570	5,877,173	40,898,743
	<u>                    </u>	<u>                    </u>	<u>                    </u>
DEDUCTIONS -			
Distribution from investment trust funds	33,630,597	4,436,113	38,066,710
	<u>                    </u>	<u>                    </u>	<u>                    </u>
CHANGE IN NET ASSETS	1,390,973	1,441,060	2,832,033
	<u>                    </u>	<u>                    </u>	<u>                    </u>
NET ASSETS HELD IN TRUST, JULY 1, 2002	8,023,171	595,422	8,618,593
	<u>                    </u>	<u>                    </u>	<u>                    </u>
NET ASSETS HELD IN TRUST, JUNE 30, 2003	\$ 9,414,144	2,036,482	\$ 11,450,626
	<u>                    </u>	<u>                    </u>	<u>                    </u>

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FIDUCIARY FUNDS - AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2003 (in thousands)

	<u>Balance</u> <u>July 1, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2003</u>
<b><u>TOTAL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Pooled cash and investments	\$ 1,070,726	85,415,399	85,378,440	\$ 1,107,685
Other investments	302	43,882	605	43,579
Taxes receivable	239,887	572,470	558,446	253,911
Interest receivable	10,024	2,295	10,043	2,276
	<u>1,320,939</u>	<u>86,034,046</u>	<u>85,947,534</u>	<u>1,407,451</u>
<b>TOTAL ASSETS</b>	<b>\$ 1,320,939</b>	<b>86,034,046</b>	<b>85,947,534</b>	<b>\$ 1,407,451</b>
<b>LIABILITIES</b>				
Due to other governments	\$ 1,320,939	2,122,224	2,035,712	\$ 1,407,451
	<u>1,320,939</u>	<u>2,122,224</u>	<u>2,035,712</u>	<u>1,407,451</u>
<b>TOTAL LIABILITIES</b>	<b>\$ 1,320,939</b>	<b>2,122,224</b>	<b>2,035,712</b>	<b>\$ 1,407,451</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, 2003 (in thousands)

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	<u>Total</u>
Governmental Funds Capital Assets:	
Land	\$ 276,239
Buildings and improvements	3,366,412
Equipment	564,208
Infrastructure	98,487
Construction in progress-Buildings and improvements	300,921
Construction in progress-Infrastructure	<u>59,402</u>
Total governmental funds capital assets	<u>\$ 4,665,669</u>
Investments in governmental funds capital assets by source:	
General fund	\$ 3,919,539
Special Revenue funds	737,392
Capital Projects funds	<u>8,738</u>
Total governmental funds capital assets	<u>\$ 4,665,669</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, 2003 (in thousands)

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Function:	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Equipment</u>	<u>Infrastructure</u>
General government	\$ 29,948	279,332	124,628	
Public protection	99,764	2,267,622	354,475	42,095
Public ways and facilities	2,237	13,893	3,222	56,392
Health and sanitation	6,380	58,535	35,755	
Public assistance	23,137	183,533	19,997	
Education	7,114	49,382	5,437	
Recreation and cultural services	107,659	514,115	20,694	
Total governmental funds capital assets	<u>\$ 276,239</u>	<u>3,366,412</u>	<u>564,208</u>	<u>98,487</u>

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

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Construction in Progress Buildings and Improvements	Construction in Progress Infrastructure	Total	
\$ 6,337.0		\$ 440,245	Function:
138,801	29,012	2,931,769	General government
224	30,390	106,358	Public protection
1,900		102,570	Public ways and facilities
314		226,981	Health and sanitation
3,369		65,302	Public assistance
149,976		792,444	Education
			Recreation and cultural services
<u>\$ 300,921</u>	<u>59,402</u>	<u>\$ 4,665,669</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, 2003 (in thousands)

Function:	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
General government	\$ 433,829	29,440	(23,024)	\$ 440,245
Public protection	2,810,275	331,945	(210,451)	2,931,769
Public ways and facilities	31,605	104,025	(29,272)	106,358
Health and sanitation	94,417	19,898	(11,745)	102,570
Public assistance	225,965	14,794	(13,778)	226,981
Education	61,591	5,095	(1,384)	65,302
Recreation and cultural services	776,012	45,613	(29,181)	792,444
Total governmental funds capital assets	<u>\$ 4,433,694</u>	<u>550,810</u>	<u>(318,835)</u>	<u>\$ 4,665,669</u>

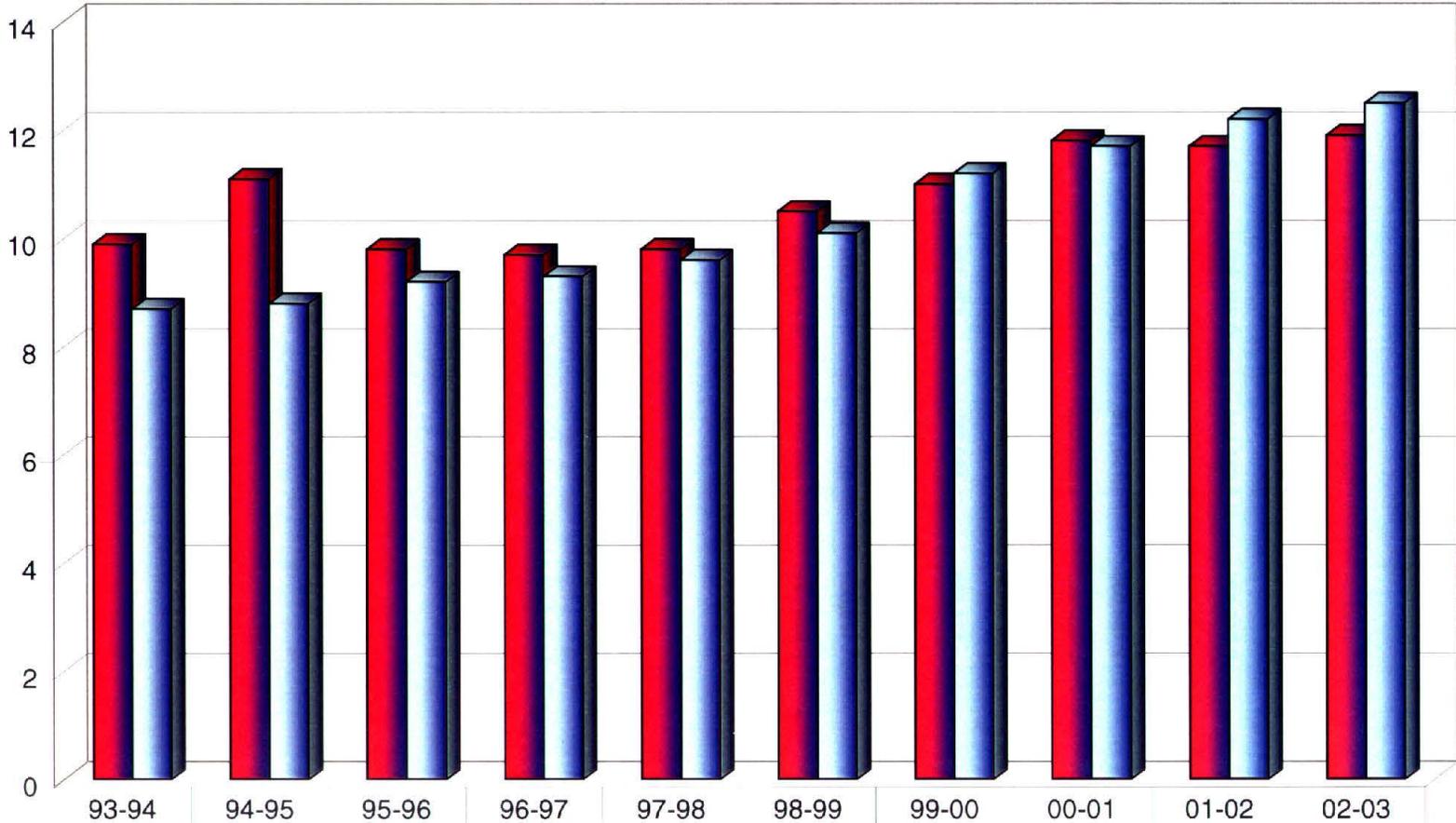
<sup>1</sup>This schedule presents only the capital assets balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included within governmental activities in the statement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

# **STATISTICAL SECTION**

# COUNTY of LOS ANGELES

## General Governmental Expenditures & Revenues

### Last 10 Fiscal Years



Expenditures	9.9	11.1	9.8	9.7	9.8	10.5	11	11.8	11.7	11.9
Revenues	8.7	8.8	9.2	9.3	9.6	10.1	11.2	11.7	12.2	12.5

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>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>
General government	\$	396,997	415,219	478,680	415,241	408,378
Public protection		2,610,305	2,686,944	2,749,821	2,718,755	2,857,944
Public ways and facilities		190,600	218,155	188,590	173,072	182,829
Health and sanitation		2,133,835	1,758,178	1,659,727	1,731,003	2,013,821
Public assistance		3,799,275	3,973,040	4,007,782	3,915,607	3,703,503
Education		43,396	60,067	51,691	55,594	56,553
Recreation and cultural services		171,598	160,252	179,324	204,064	190,758
Debt service		336,986	1,686,047 (1)	344,233	340,482	368,897
Capital outlay		179,663	100,712	167,031	108,848	64,967
- TOTAL	\$	<u>9,862,655</u>	<u>11,058,614</u>	<u>9,826,879</u>	<u>9,662,666</u>	<u>9,847,650</u>

Source: Comprehensive Annual Financial Report

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

(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>1998-99</u>	<u>1999-2000</u>	<u>2000-2001</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>FUNCTION</u>
\$	436,520	520,740	639,527	589,281	652,393	General government
	3,132,176	3,369,610	3,636,902	3,795,429	3,768,650	Public protection
	209,190	248,166	279,703	261,679	287,853	Public ways and facilities
	2,081,634	2,161,285	2,493,074	1,765,432	1,826,083	Health and sanitation
	3,845,071	4,053,280	4,041,544	4,360,342	4,461,044	Public assistance
	61,864	65,769	71,998	72,542	74,013	Education
	217,544	227,318	238,071	235,188	225,329	Recreation and cultural services
	454,489	329,688	337,017	470,758	489,813	Debt service
	89,851	52,329	67,620	120,579	99,710	Capital outlay
<b>\$</b>	<b>10,528,339</b>	<b>11,028,185</b>	<b>11,805,456</b>	<b>11,671,230</b>	<b>11,884,888</b>	<b>TOTAL</b>

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

<u>SOURCE</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>
Taxes	\$ 1,698,456	1,578,794	1,630,227	1,675,289	1,799,365
Licenses, permits and franchises	39,709	41,048	48,351	47,001	62,977
Fines, forfeitures and penalties	129,557	157,110	130,483	167,925	242,532
Revenue from use of money and property	214,906	250,189	256,480	251,489	306,176
Intergovernmental revenues:					
Federal	2,018,964	2,137,972	2,149,029	2,161,431	2,268,053
State	3,480,335	3,601,116	3,784,444	3,751,635	3,446,097
Other	5,040	4,403	7,248	32,255	66,326
Charges for services	974,457	897,135	1,022,760	1,034,166	1,138,253
Proceeds from property owners	4,923		9,416		
Miscellaneous	141,728	171,797	193,761	155,100	244,518
<b>TOTAL</b>	<b>\$ 8,708,075</b>	<b>8,839,564</b>	<b>9,232,199</b>	<b>9,276,291</b>	<b>9,574,297</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>1998-99</u>	<u>1999-2000</u>	<u>2000-2001</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>SOURCE</u>
\$	1,902,194	1,969,177	2,140,846	2,282,620	2,422,005	Taxes
	52,532	58,611	58,986	59,712	67,478	Licenses, permits and franchises
	252,201	262,142	254,919	264,713	262,604	Fines, forfeitures and penalties
	298,175	298,630	357,632	214,300	160,401	Revenue from use of money and property
	2,817,849	3,113,281	3,006,474	3,252,597	3,198,572	Intergovernmental revenues:
	3,274,149	3,735,572	4,039,887	4,170,053	4,331,478	Federal
	67,768	88,213	104,169	98,051	107,337	State
						Other
	1,289,122	1,327,383	1,445,182	1,538,368	1,625,583	Charges for services
		9,068	22,521	1,336	8,123	Proceeds from property owners
	187,043	296,094	271,737	295,902	294,278	Miscellaneous
<b>\$</b>	<b>10,141,033</b>	<b>11,158,171</b>	<b>11,702,353</b>	<b>12,177,652</b>	<b>12,477,859</b>	<b>TOTAL</b>

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>
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
2002-03	7,415,691	7,182,974	96.9	290,775	7,473,749	100.8	1,046,059	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>
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
2002-03	626,278,005	41,928,753	668,206,758

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

Fiscal Year	Los Angeles County General	Los Angeles County Flood Control District	Los Angeles City Tax District No. 1	School Districts	Metropolitan Water District	General	Total
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
2002-03	.001033	.000881	.042312	.051571	.006700	1.000000	1.102497

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)

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt (2)</u>	<u>Debt Service Monies Available (2)</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
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
2002-03	9,979,465	668,206,758	3,699,715	560,233	3,139,482	.4698	314.59

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, 2003

Assessed valuation (net taxable) August 2002 (1)	\$ 660,255,040,874
Applicable percentage in computing capacity	<u>1.25%</u>
Total debt limit	\$ <u>8,253,188,010</u>
Less indebtedness, JUNE 30, 2003 (2)	<u>30,225,000</u>
Legal debt margin, JUNE 30, 2003	<u><u>\$ 8,222,963,010</u></u>

Notes:

- (1) Net taxable valuation does not include homeowners' exemption of \$7,951,716,626 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, 2003

Full Cash Value (2002-03) \$ 600,173,308,058 (1)  
Population - (2003) 9,979,465 (4)

	<u>%</u> <u>Applicable</u>	<u>Debt</u> <u>May 1, 2003</u>
<b><u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>		
Los Angeles County	100%	\$ 36,505,000
Los Angeles County Flood Control District	100	154,150,000
Metropolitan Water District	48.553	215,718,551
Other Water Districts	Various	5,739,263
Community College Districts	100	712,315,160
Beverly Hills Unified School District	100	115,169,260
Glendale Unified School District	100	124,720,000
Long Beach Unified School District	100	152,265,000
Los Angeles Unified School District	100	4,364,490,000
Pasadena Unified School District	100	154,055,000
Pomona Unified School District	100	108,930,000
Santa Monica-Malibu Unified School District	100	99,390,034
Other Unified School Districts	100	1,262,322,695
Other School and High School Districts	Various (2)	591,607,309
City of Los Angeles	100	980,060,000
City of Industry	100	292,860,000
Other Cities	100	44,565,000
Special Districts	100	12,984,000
Community Facilities Districts	100	701,301,553
Los Angeles County Regional Park & Open Space Assessment District	100	394,735,000
City of Los Angeles Special Tax Lease Revenue Bonds	100	182,180,000
1915 Act and Benefit Assessment Bonds - Estimate	100	232,370,786
Los Angeles County Metropolitan Transportation Authority Benefit Assessment District Bonds	100	126,465,000
<b>TOTAL GROSS DIRECT AND OVERLAPPING TAX &amp; ASSESSMENT DEBT</b>		<b>\$ 11,064,898,611</b>
Less:		
City of Beverly Hills Water Bonds		240,000
Kinneloa Irrigation District, ID #1 Self-Supporting Bonds		80,000
<b>TOTAL NET DIRECT AND OVERLAPPING TAX &amp; ASSESSMENT DEBT</b>		<b>\$ 11,064,578,611</b>
<b><u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u></b>		
Los Angeles County General Fund Obligations	100	\$ 1,589,167,594 (5)
Los Angeles County Pension Obligations	100	1,751,987,395
Los Angeles County Office of Education Certificates of Participation	100	27,754,320
Community College District Certificates of Participation	Various (2)	231,732,488

Continued...

COUNTY OF LOS ANGELES  
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT-Continued  
JUNE 30, 2003

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

Los Angeles Unified School District		
Certificates of Participation	100	675,540,000
Long Beach Unified School District		
Certificates of Participation	100	71,315,000
Other Unified School District		
Certificates of Participation	100	288,948,283
School and High School District		
General Fund Obligations	Various (2)	228,010,231
City of Beverly Hills General Fund Obligations	100	200,115,000
City of Los Angeles General Fund &		
Judgement Obligations	100	1,286,838,000
City of Long Beach General Fund Obligations	100	267,800,000
City of Long Beach Pension Obligations	100	110,825,000
City of Pasadena General Fund Obligations	100	252,650,000
City of Pasadena Pension Obligations	100	100,655,000
Other Cities' General Fund Obligations	100	742,726,660
Los Angeles County Sanitation Districts		
General Fund Obligations	100	322,730,000
Other Special Districts General Fund Obligations	100	19,130,000
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<b>\$ 8,167,924,971</b>
Less:		
Los Angeles County Certificates of		
Participation (100% self-supporting from		
leasehold revenues on properties in Marina del Rey)		83,230,000
Pomona Unified School District Lease Revenue Bonds		12,000,000
Cities' self-supporting bonds		193,569,600
Walnut Valley Water District General Fund Obligations		17,940,000
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<b>\$ 7,861,185,371</b>
<b>GROSS COMBINED TOTAL DEBT</b>		<b>\$ 19,232,823,582 (3)</b>
<b>NET COMBINED TOTAL DEBT</b>		<b>\$ 18,925,763,982</b>
<b>RATIOS TO 2002-03 ASSESSED VALUATION</b>		
Direct Debt (\$36,505,000)		.01%
Total Gross Direct and Overlapping Tax and Assessment Debt		1.66%
Total Net Direct and Overlapping Tax and Assessment Debt		1.66%
<b>RATIOS TO FULL CASH VALUE (ADJUSTED ASSESSED VALUATION)</b>		
Combined Direct Debt (\$3,377,659,989)		.56%
Net Combined Direct Debt (\$3,294,429,989)		.55%
Gross Combined Total Debt		3.20%
Net Combined Total Debt		3.15%
<b>STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/02:</b>		<b>\$ 2,345,981</b>

- (1) Excludes \$68,033,449,442 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, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.
- (4) Source: California Department of Finance
- (5) Excludes tax and revenue anticipation notes to be sold.

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>
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
2002-03	149,320	132,522	281,842	11,884,888	2.37

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, 2003

<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	95,000,000	Unlimited	
Public Safety Employee:			
Sheriff Reserve Disability	10,000	300/Week 2 year max.	
		1,000,000	
Aviation Personal	25,000	1,000,000	
Volunteer Workers (Accident)	10,000	250,000	
Special Event Liability Insurance	1,000,000	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, 2003

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)

<u>Year</u>	<u>Population County of Los Angeles(1)</u>	<u>Population State of California(1)</u>	<u>Population United States(4)</u>	<u>School Enrollment(2)</u>	<u>Unemployment Rate(3)</u>
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%
1997	9,488	32,600	267,368	1,550	6.8%
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	6.7% (6)
2003	9,979	35,591	291,116	1,736	(5)

Sources:

- (1) State Department of Finance
- (2) California Department of Education internet web address 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.
- (5) Not Available
- (6) Revised per Los Angeles County Economic Development schedule as of June, 2003.

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	
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
2002 .....	4,285.0	2,895.0	7,180.0	8.2	11.1	19.3	165,632,000

(1) Source: Construction Industry Research Board and Real Estate Research Council of Southern California for 1993 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, 2003

<u>Taxpayers</u>	<u>Total Tax Levy Fiscal Year 2002-03</u>	<u>Percentage of Total</u>	<u>Percentage of Total Tax Levy Fiscal Year 2002-03</u>
Pacific Bell	\$ 32,846,775	15.37	.44
Southern California Edison Company	32,467,659	15.19	.44
Chevron USA, Inc.	24,467,562	11.45	.33
Atlantic Richfield Company	21,314,956	9.98	.29
Douglas Emmett Realty Fund	19,262,669	9.01	.26
Verizon California, Inc.	19,224,123	9.00	.26
Exxon Mobil Corporation	18,567,627	8.69	.25
Southern California Gas Company	17,735,954	8.30	.24
Arden Realty LTD Partnership	14,786,089	6.92	.20
Tosco Corporation	<u>13,010,997</u>	<u>6.09</u>	<u>.18</u>
Total	<u>\$ 213,684,411</u>	<u>100.00</u>	<u>2.88</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>
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
2002-03	11,030	10,500

(1) Includes prepayments and foreclosures.

COUNTY OF LOS ANGELES  
 MISCELLANEOUS STATISTICAL DATA  
 JUNE 30, 2003

**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:** 3,880,241 as of January 22, 2003

Estimated Population of the County of Los Angeles  
 As of January, 2003 (1)

<b>INCORPORATED CITIES:</b> Agoura Hills	21,950	Commerce	13,200
Alhambra	88,900	Compton	97,000
Arcadia	55,500	Covina	48,700
Artesia	17,000	Cudahy	25,450
Avalon	3,320	Culver City	40,250
Azusa	47,150	Diamond Bar	59,000
Baldwin Park	79,600	Downey	111,700
Bell	38,250	Duarte	22,400
Bellflower	76,400	El Monte	121,900
Bell Gardens	45,750	El Segundo	16,700
Beverly Hills	35,350	Gardena	60,100
Bradbury	920	Glendale	202,700
Burbank	104,500	Glendora	51,500
Calabasas	21,100	Hawaiian Gardens	15,600
Carson	94,800	Hawthorne	87,400
Cerritos	54,200	Hermosa Beach	19,350
Claremont	36,100	Hidden Hills	2,000

Continued...

COUNTY OF LOS ANGELES  
 MISCELLANEOUS STATISTICAL DATA-Continued  
 JUNE 30, 2003

INCORPORATED CITIES-Continued:

Huntington Park	64,000	Rancho Palos Verdes	42,800
Industry	800	Redondo Beach	66,500
Inglewood	117,000	Rolling Hills	1,940
Irwindale	1,490	Rolling Hills Estates	8,050
La Canada-Flintridge	21,200	Rosemead	56,100
La Habra Heights	6,075	San Dimas	36,450
Lakewood	82,300	San Fernando	24,500
La Mirada	48,900	San Gabriel	41,550
Lancaster	126,100	San Marino	13,450
La Puente	42,650	Santa Clarita	162,900
La Verne	32,900	Santa Fe Springs	17,100
Lawndale	32,850	Santa Monica	89,300
Lomita	20,850	Sierra Madre	10,950
Long Beach	481,000	Signal Hill	10,300
Los Angeles	3,864,400	South El Monte	21,950
Lynwood	72,600	South Gate	100,300
Malibu	13,300	South Pasadena	25,250
Manhattan Beach	36,300	Temple City	34,700
Maywood	29,150	Torrance	144,400
Monrovia	38,450	Vernon	95
Montebello	64,700	Walnut	31,400
Monterey Park	63,400	West Covina	110,500
Norwalk	108,700	West Hollywood	37,300
Palmdale	127,200	Westlake Village	8,775
Palos Verdes Estates	13,950	Whittier	<u>86,400</u>
Paramount	57,300	Total	8,930,865
Pasadena	142,200	Unincorporated	<u>1,048,600</u>
Pico Rivera	65,900	Total Population	<u><u>9,979,465</u></u>
Pomona	156,500		

(1) Source: California Department of Finance

Continued...

COUNTY OF LOS ANGELES  
 MISCELLANEOUS STATISTICAL DATA-Continued  
 JUNE 30, 2003

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	38
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>12</u>
Total	<u>144</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, 2003

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 479

COUNTY EMPLOYEES:

1994	74,880	1999	78,192
1995	77,111	2000	81,305
1996	73,705	2001	84,878
1997	73,804	2002	86,351
1998	75,349	2003	84,485

Excludes temporary and seasonal employees.

