

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

Fiscal Year Ended June 30, 2008
Wendy L. Watanabe • Acting Auditor-Controller

COUNTY OF LOS ANGELES
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
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INTRODUCTORY SECTION



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

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LOS ANGELES, CALIFORNIA 90012-2706
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
ACTING AUDITOR-CONTROLLER

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
MARIA M. OMS

December 15, 2008

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, 2008. The report contains financial statements that have been prepared in accordance with generally accepted accounting principles prescribed for governmental entities, and provides a comprehensive overview of the County's financial operations and financial position. The accuracy, completeness and fairness of the presentation of all information in this report are the responsibility of the County.

The Independent Auditor's Report is presented at the front of the financial section of this report. Management's Discussion and Analysis (MD&A), immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

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	Various Joint Powers Authorities
Commission (including the	Los Angeles County Employees Retirement Association
Housing Authority of the	Los Angeles County Capital Asset Leasing Corporation
County of Los Angeles)	Los Angeles County Securitization Corporation
First 5 LA	

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 First 5 LA, which is discretely presented. Note 1 to the basic financial statements contains additional information regarding the relationship between the County and these entities.

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

LOS ANGELES COUNTY AND ITS SERVICES

Los Angeles County was established by an act of the State Legislature on February 18, 1850 as one of California's original 27 counties. Located in the southern portion of the State, the County covers 4,083 square miles. With a population of over 10.3 million, its population is the largest of any county in the nation.

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

On March 27, 2007, the Board of Supervisors (Board) amended the County Code by adopting the Interim Governance Structure Ordinance. This new governance structure provides delegated authority to the Chief Executive Office (CEO) to oversee, evaluate, and recommend for appointment and removal certain Department Heads and County Officers. The departments that continue to report directly to the Board (rather than to the CEO) are the Fire Department, Auditor-Controller, County Counsel, Executive Officer of the Board, and the CEO. The change in administrative structure was designed to improve the operational efficiency of County governance. The Board has retained the exclusive responsibility for establishing County policy, regulations, and organizational direction.

Honorable Board of Supervisors
December 15, 2008
Page 3

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 OVERVIEW

With a 2007 Gross Product estimated at \$461 billion, Los Angeles County's economy is larger than that of 42 states and all but 16 countries. The County serves as the central trade district for the western United States and controls nearly 75% of the Pacific Coast trade with Asia. It is a leader in the communications industry, has established itself as a leading financial center, and serves as the western headquarters for many national firms. The County's economy expanded at moderate pace in 2007, with an increase of 3.6% in Gross Product, but has experienced lower growth in 2008 with a slow-down in the housing sector being the primary factor.

The County's 2006 unemployment rate of 4.7% was the lowest in the County since 1988. In 2007, the unemployment rate increased slightly to 5.0%. The County's economy was expected to generate moderate job growth in 2008. However, the unexpected severity of the economic downturn has resulted in higher unemployment rates as the year has progressed. Despite the economic challenges, there are major construction projects that continue to remain in progress, including the expansion of port facilities, light rail projects, school construction programs, and the "LA Live" entertainment complex.

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 capital asset expenditures which are controlled at the sub-object level.

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

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

In addition to these procedural controls, the Auditor-Controller's Audit Division performs periodic internal control, operational and management audits of the various departments to help ensure that prescribed procedures are followed and that operations are conducted in an efficient manner. The Countywide Contract Monitoring Division provides oversight of various social service contract providers to enhance accountability and performance effectiveness. In addition, the Auditor-Controller operates the County's federal HIPAA Privacy Program, providing supervision and oversight of the County's HIPAA covered departments. A fraud hotline provides County employees and citizens with a way to anonymously report perceived fraudulent activities by County employees, vendors, contractors, inspectors, etc. Allegations reported over the hotline are evaluated and investigated, as appropriate.

MAJOR INITIATIVES

During the three fiscal years ended June, 30, 2008, the County was able to significantly increase funding for public protection, children and family programs, health services, homeless services, unincorporated services and capital improvements. These investments in County programs were bolstered by the strong real estate market and a healthy local economy. The County's approach to the 2008-2009 Budget was highly influenced by economic uncertainties and a widening State budget deficit. The County's conservative approach to managing the budget in prior years has positioned it favorably for the uncertainty surrounding the extent and duration of the current economic downturn. Despite the weakened economy, the 2008-2009 Budget funded a number of critical programs and continued development of high-priority capital improvements.

PUBLIC PROTECTION

The 2008-2009 Budget continued to focus on the Sheriff's custody system as well as patrol. In the custody area, a final year allocation of \$10 million was provided to conclude a four-year plan to improve medical services within the County jails. In addition, \$7.5 million was targeted for gang enforcement and suppression programs and \$5.6 million was allocated to increase patrols in unincorporated County areas. The Board appropriated \$6.5 million for the Fire Protection District to handle increased demands for emergency and preventive services.

CHILDREN AND FAMILIES WELL-BEING

The Board appropriated \$30.6 million to provide for cost increases associated with the In-Home Supportive Services program; \$17.7 million for caseload increases related to the General Relief program; \$12.4 million of funding to implement corrective actions that resulted from a lawsuit settlement (referred to as the Katie A. Settlement); and \$3.7 million to handle an 8.3% increase in caseloads in the adoption assistance program.

HEALTH SERVICES

The 2008-2009 budget process for the Department of Health Services began with a deficit of over \$100 million. To establish a balanced budget, 240 budgeted positions were eliminated. Efficiency initiatives have been established, such as registry staff utilization reductions, operating room products and equipment standardization, and pharmaceutical cost reductions. Additional revenue sources have also been factored into the budget, including additional Medi-Cal and mental health revenues for psychiatric inpatient services and additional revenues from the Cost Based Reimbursement Clinic program. Measure B Special Revenue Funds have also been used to supplement the funding requirements, \$32 million of which is one-time carryover funding and \$37.1 million of ongoing funding.

CAPITAL ASSET INITIATIVES

The County has continued to allocate a significant portion of the budget for capital asset acquisitions and improvements. The 2008-2009 Proposed Budget provided \$1.4 billion for the continued development, design, and construction of projects that address high-priority health, public safety, recreation, and infrastructure needs. The following notable capital asset projects were included in the 2008-2009 Budget:

- \$523 million for public protection facilities, such as the refurbishment of Men's Central Jail, construction of new barracks at Pitchess Detention Center, construction at Sybil Brand Institute, new construction at the Biscailuz Center Training Academy, construction of new fire stations in the Santa Clarita Valley, refurbishment and expansion of the Coroner's facility, security improvements at juvenile halls and camps, a new animal shelter in the east Antelope Valley, and new spay and neuter clinics at three animal shelters.
- \$261.7 million for general government facilities highlighted by the construction of a new Countywide data center in Downey.
- \$194.1 million for recreational facilities, including construction of community rooms and refurbishment of swimming pools at County parks, and facility refurbishments at County beaches.
- \$193.6 million for health and mental health facilities, including refurbishment of the South Health Center, construction of a Mental Health Urgent Care Center on the Olive View Medical Center site, and construction of a new multi-service ambulatory care center in Lancaster.
- \$110.4 million for high priority infrastructural improvements at County flood control and aviation facilities.
- \$87 million for construction of new or replacement libraries and refurbishment of the historic Patriotic Hall.

OTHER INFORMATION

INDEPENDENT AUDIT

The basic financial statements have been audited by Macias Gini & O'Connell 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 in fiscal year 2007-2008. The County's single audit for 2006-2007 has been completed.

Honorable Board of Supervisors
December 15, 2008
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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-six 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 auditor.

Sincerely,

A handwritten signature in black ink that reads "Wendy L. Watanabe". The signature is written in a cursive style with a large, stylized 'W' and 'L'.

Wendy L. Watanabe
Acting 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, 2007

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.



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

COUNTY OF LOS ANGELES
BOARD OF SUPERVISORS AND PRINCIPAL COUNTY OFFICIALS
AS OF JUNE 30, 2008

BOARD OF SUPERVISORS

Yvonne B. Burke, Chair
Second District

Gloria Molina
First District

Don Knabe
Fourth District

Zev Yaroslavsky
Third District

Michael D. Antonovich
Fifth District

Sachi A. Hamai
Executive Officer
Board of Supervisors

PRINCIPAL COUNTY OFFICIALS

Rick Auerbach
Assessor

Steve Cooley
District Attorney

Leroy D. Baca
Sheriff

William T Fujioka
Chief Executive Officer

Mark J. Saladino
Treasurer and Tax Collector

Wendy L. Watanabe
Acting Auditor-Controller

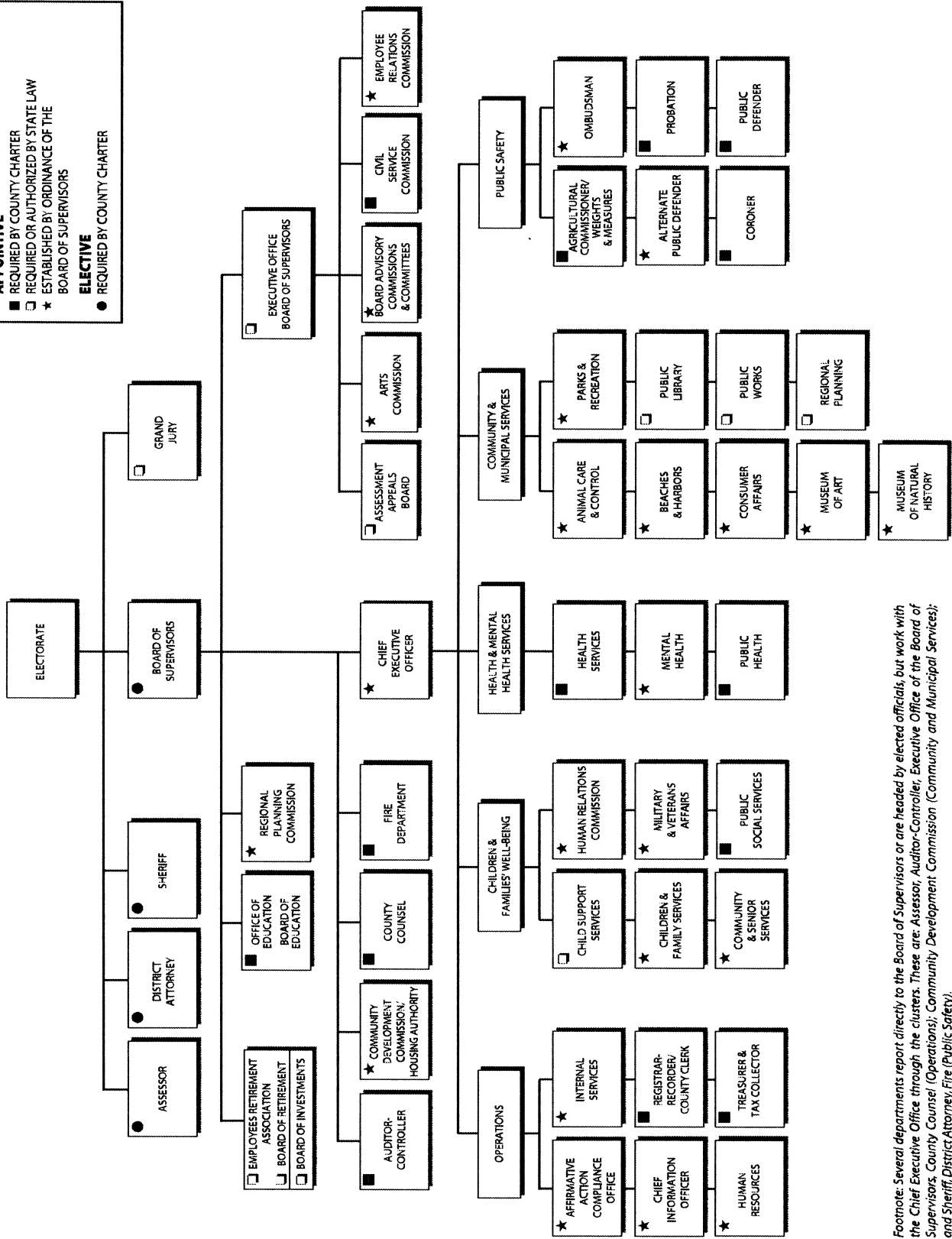
Raymond G. Fortner, Jr.
County Counsel

COUNTY OF LOS ANGELES

LEGEND

APPOINTIVE
 ■ REQUIRED BY COUNTY CHARTER
 □ REQUIRED OR AUTHORIZED BY STATE LAW
 ★ ESTABLISHED BY ORDINANCE OF THE BOARD OF SUPERVISORS

ELECTIVE
 ● REQUIRED BY COUNTY CHARTER



Footnote: Several departments report directly to the Board of Supervisors or are headed by elected officials, but work with the Chief Executive Office through the clusters. These are: Assessor, Auditor-Controller, Executive Office of the Board of Supervisors, County Counsel (Operations); Community Development Commission (Community and Municipal Services); and Sheriff, District Attorney, Fire (Public Safety).



FINANCIAL SECTION



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

3000 S Street, Suite 300
 Sacramento, CA 95816
 916.928.4600

2175 N. California Boulevard, Suite 645
 Walnut Creek, CA 94596
 925.274.0190

515 S. Figueroa Street, Suite 325
 Los Angeles, CA 90071
 213.286.6400

402 West Broadway, Suite 400
 San Diego, CA 92101
 619.573.1112

INDEPENDENT AUDITOR'S REPORT

The Honorable 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, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Community Development Commission (CDC) and the Los Angeles County Employees Retirement Association (LACERA), which represent the following percentages of the assets, net assets or fund balances, and revenues/additions of the following opinion units:

<u>Opinion Unit</u>	<u>Assets</u>	<u>Net assets or fund balance</u>	<u>Revenues/ Additions</u>
Governmental Activities	1%	2%	1%
Business-type Activities	4%	7%	11%
Aggregate Remaining Fund Information	70%	71%	1%

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

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Fire Protection District, the Flood Control District, the Public Library, and the

Regional Park and Open Space District, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the basic financial statements, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 50, *Pension Disclosures – An Amendment of GASB Statements No. 25 and 27*, for the year ended June 30, 2008. The provisions of GASB Statement No. 45 required the County to restate beginning fund balances/net assets as of July 1, 2007, and is discussed in detail in Note 2 to the basic financial statements.

The management's discussion and analysis on pages 3 through 21 and the schedules of funding progress on pages 102 and 103 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We 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 and the other auditors 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's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections 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 and the other auditors express no opinion on them.

Macian Jini & O'Connell LLP

Certified Public Accountants

Los Angeles, California
December 15, 2008

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, 2008. 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 \$17.313 billion. However, net assets are classified into three categories and the unrestricted component is negative \$773 million. See further discussion on page 7.

During the current year, the County's net assets decreased by a total of \$462 million. Net assets related to governmental activities decreased by \$314 million, while net assets related to business-type activities decreased by \$148 million. The County implemented Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (GASB 45). GASB 45 had a material effect on the County's changes in net assets during the current year. See further discussion on page 7.

At the end of the current year, the County's General Fund reported a total fund balance of \$3.374 billion. The amount of unreserved fund balance was \$2.777 billion. Of the unreserved total, \$1.153 billion was designated.

The County's capital asset balances were \$17.525 billion at year-end and increased by \$267 million during the year.

During the current year, the County's total long-term debt decreased by \$191 million. Bond maturities of \$566 million exceeded the \$375 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.

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

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.

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. First 5 LA 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.

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

FUND FINANCIAL STATEMENTS-Continued

The County's funds are classified into 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 funds balance sheet and the governmental funds 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.
- **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 five Hospital Funds and Waterworks 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 and other postemployment benefits to employees.

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$17.313 billion at the close of the most recent fiscal year.

Summary of Net Assets
As of June 30, 2008 and 2007
(in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 8,052,812	\$ 7,517,376	\$ 994,087	\$ 854,182	\$ 9,046,899	\$ 8,371,558
Capital assets	<u>15,074,565</u>	<u>14,929,975</u>	<u>2,450,785</u>	<u>2,328,116</u>	<u>17,525,350</u>	<u>17,258,091</u>
Total assets	<u><u>23,127,377</u></u>	<u><u>22,447,351</u></u>	<u><u>3,444,872</u></u>	<u><u>3,182,298</u></u>	<u><u>26,572,249</u></u>	<u><u>25,629,649</u></u>
Current and other liabilities	1,377,389	1,321,963	218,966	198,490	1,596,355	1,520,453
Long-term liabilities	<u>6,179,573</u>	<u>5,684,764</u>	<u>1,483,193</u>	<u>1,247,234</u>	<u>7,662,766</u>	<u>6,931,998</u>
Total liabilities	<u>7,556,962</u>	<u>7,006,727</u>	<u>1,702,159</u>	<u>1,445,724</u>	<u>9,259,121</u>	<u>8,452,451</u>
Net assets:						
Invested in capital assets, net of related debt	13,913,070	14,192,494	2,259,617	2,190,999	16,172,687	16,383,493
Restricted net assets	1,605,763	1,443,083	307,985	186,266	1,913,748	1,629,349
Unrestricted net assets (deficit)	<u>51,582</u>	<u>(194,953)</u>	<u>(824,889)</u>	<u>(640,691)</u>	<u>(773,307)</u>	<u>(835,644)</u>
Total net assets	<u>15,570,415</u>	<u>15,440,624</u>	<u>1,742,713</u>	<u>1,736,574</u>	<u>17,313,128</u>	<u>17,177,198</u>
Total liabilities and net assets	<u>\$ 23,127,377</u>	<u>\$ 22,447,351</u>	<u>\$ 3,444,872</u>	<u>\$ 3,182,298</u>	<u>\$ 26,572,249</u>	<u>\$ 25,629,649</u>

Significant changes in assets and liabilities included the following:

Current and Other Assets

Current and other assets increased for governmental activities by \$535 million. The major changes were associated with health and mental health services program receivables (\$323 million) and other postemployment benefits (OPEB) related receivables (\$120 million). Various other changes comprised the remaining increase of \$92 million. The County's newly established managed care rate supplement provided increased receivables of \$129 million. Mental health program receivables (primarily from federal and State sources) grew by \$106 and Mental Health Services Act (Proposition 63) receivables increased by \$88 million as certain collections were received shortly after year-end in the current year. OPEB related receivables were recognized in the current year for the first time in conjunction with implementing GASB 45, as discussed in Note 2 to the basic financial statements.

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

Long-Term Liabilities

Long-term liabilities increased by \$495 million for governmental activities and by \$236 million for business-type activities. Newly established liabilities for OPEB, net of reductions to previously recorded liabilities as discussed in Note 2 to the basic financial statements, significantly increased the County's long-term liabilities. Specific adjustments related to OPEB and other changes in long-term liabilities are discussed and referenced in Notes 2 and 10 to the basic financial statements.

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 (\$16.173 billion) represents its investment in capital assets (i.e., land, structures and improvements, infrastructure, and equipment, net of related depreciation), 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.

Restricted Net Assets

The County's restricted net assets at year-end were \$1.914 billion. Asset restrictions are primarily due to external restrictions imposed by State legislation and bond covenants. Net assets that pertain to the various separate legal entities included in the basic financial statements are also generally restricted because their funding sources require that funds be used for specific purposes.

Unrestricted Net Assets (Deficit)

The County's total unrestricted net assets are negative \$773 million. This amount consisted of a positive balance for governmental activities (\$52 million) and a negative balance for business-type activities (\$825 million). The deficits related to business-type activities are primarily due to unfunded liabilities related to workers' compensation, accrued vacation and sick leave, litigation and self-insurance claims, medical malpractice, and third party payors. As discussed in Notes 2 and 8 to the basic financial statements, the County implemented provisions of GASB 45 and unfunded other postemployment benefit (OPEB) liabilities of \$1.234 billion arose during the current year, of which \$214 million pertained to business-type activities. The ongoing financial losses incurred by the County's healthcare business activities have limited the opportunities to accumulate reserves or incremental funding to address long-term accounting liabilities.

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

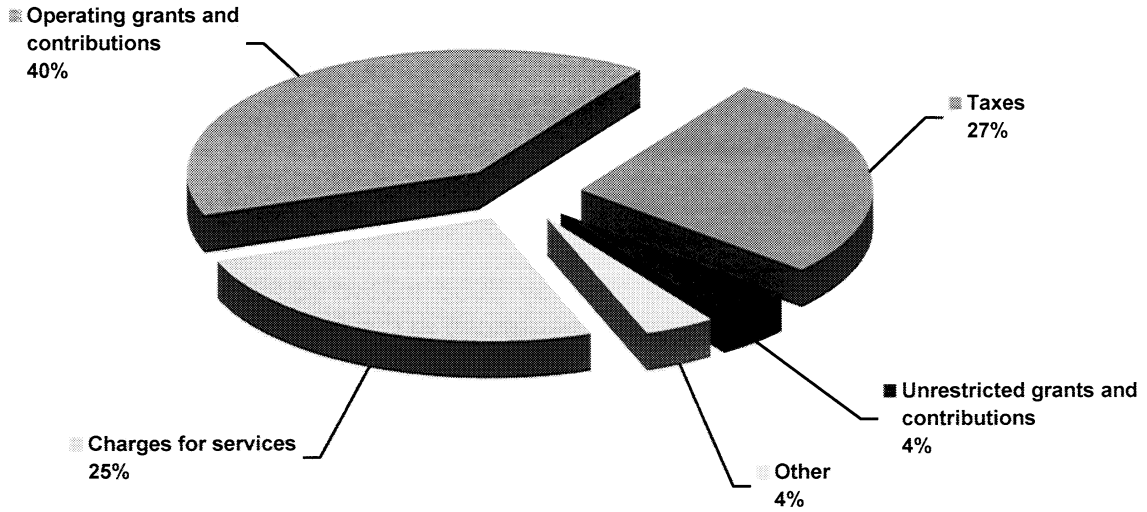
The following table indicates the changes in net assets for governmental and business-type activities:

**Summary of Changes in Net Assets
For the Years Ended June 30, 2008 and 2007
(in thousands)**

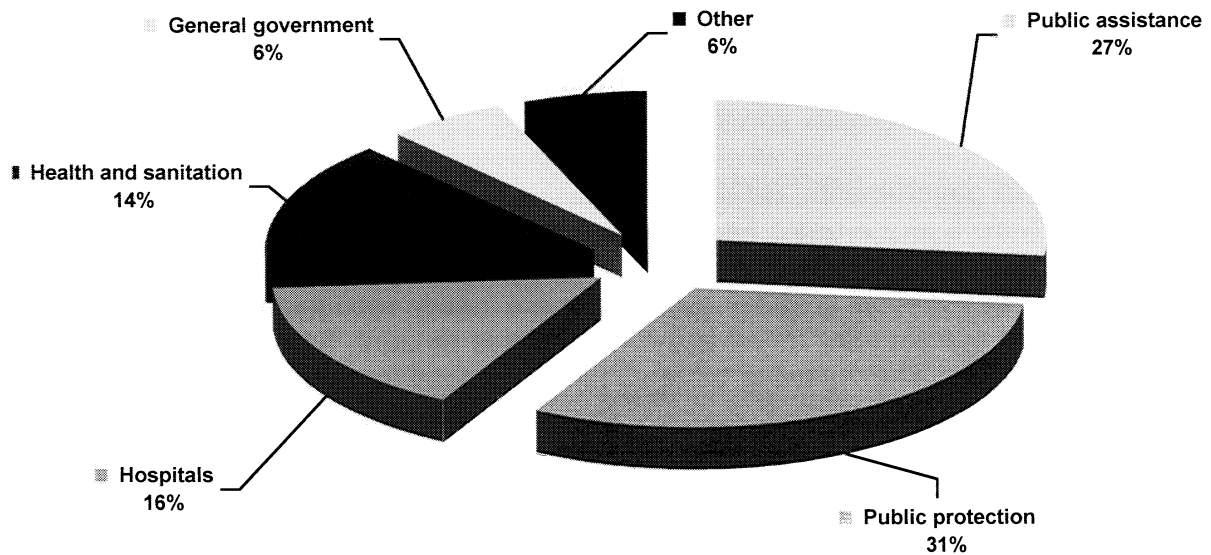
	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 2,738,552	\$ 2,396,868	\$ 1,806,747	\$ 1,957,979	\$ 4,545,299	\$ 4,354,847
Operating grants and contributions	7,113,135	6,980,549	263,471	304,720	7,376,606	7,285,269
Capital grants and contributions	184,502	25,135	2,897	12,992	187,399	38,127
General revenues:						
Taxes	5,034,399	4,688,595	4,405	3,782	5,038,804	4,692,377
Unrestricted grants and contributions	778,936	761,705	37	35	778,973	761,740
Investment earnings	324,132	335,851	14,073	18,043	338,205	353,894
Miscellaneous	229,810	259,357	24,950	50,443	254,760	309,800
Total revenues	16,403,466	15,448,060	2,116,580	2,347,994	18,520,046	17,796,054
Expenses:						
General government	1,171,448	807,155			1,171,448	807,155
Public protection	5,799,593	4,872,413			5,799,593	4,872,413
Public ways and facilities	299,304	282,827			299,304	282,827
Health and sanitation	2,638,135	2,223,695			2,638,135	2,223,695
Public assistance	5,061,367	4,539,458			5,061,367	4,539,458
Education	112,035	99,136			112,035	99,136
Recreation and cultural services	290,669	266,967			290,669	266,967
Interest on long-term debt	191,551	239,608			191,551	239,608
Hospitals			3,092,682	2,894,493	3,092,682	2,894,493
Aviation			4,182	5,761	4,182	5,761
Waterworks			74,810	97,504	74,810	97,504
Community Development Commission			246,195	211,077	246,195	211,077
Total expenses	15,564,102	13,331,259	3,417,869	3,208,835	18,981,971	16,540,094
Excess (deficiency) before transfers and special item	839,364	2,116,801	(1,301,289)	(860,841)	(461,925)	1,255,960
Transfers	(1,152,946)	(1,049,213)	1,152,946	1,049,213		
Special item		267,473				267,473
Changes in net assets	(313,582)	1,335,061	(148,343)	188,372	(461,925)	1,523,433
Net assets – beginning, as restated	15,883,997	14,105,563	1,891,056	1,548,202	17,775,053	15,653,765
Net assets – ending	\$ 15,570,415	\$ 15,440,624	\$ 1,742,713	\$ 1,736,574	\$ 17,313,128	\$ 17,177,198

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

**REVENUES BY SOURCE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**



**EXPENSES BY TYPE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**



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

As discussed in Note 2 to the basic financial statements, the County restated beginning net asset balances in conjunction with implementing GASB 45. The beginning net assets were increased from the amounts previously reported for governmental and business-type activities by \$443 million and \$154 million, respectively. During the current year, net assets decreased for both governmental activities (\$314 million) and business-type activities (\$148 million). Following are specific major factors that resulted in the net asset changes.

Governmental Activities

Revenues from governmental activities grew by \$955 million (6.2%) 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 \$346 million higher than the previous year. The additional growth in tax revenues was concentrated in property taxes (\$372 million). However, documentary transfer taxes decreased by \$31 million as real estate transfer activity declined during the current year. The continued property tax growth was attributable to the early lien date (January 1, 2007), which preceded the start of the fiscal year by six months. This gap, combined with the stabilizing effect of Proposition 13, enabled the County to continue to experience growth in this area. The net increase in other taxes was \$5 million in comparison to the prior year.
- Program revenues recognized from charges for services increased by \$342 million. The largest source of this increase (\$189 million) was associated with health and sanitation programs. The County successfully concluded a multi-year effort to secure an agreement with the State to provide supplemental funding to Medi-Cal managed care capitation rates. The supplemental funding resulted in a \$140 million increase in current year revenues, of which \$56 million was attributable to FY 2006-2007 services. In addition, charges for public protection services (primarily law enforcement) were \$84 million higher than the previous year as charges were adjusted due to cost increases. Charges for various other governmental services increased by \$69 million compared to the prior year.

Expenses related to governmental activities increased by \$2.233 billion during the current year. As discussed in Note 8 to the basic financial statements, the County began to measure OPEB costs in accordance with GASB 45 during the current year. The County continued to fund OPEB costs on a pay-as-you go basis and there are newly recognized OPEB obligations of \$1.234 billion in the current year for all activities. Of this amount, \$1.020 billion was related to governmental activities. The following table summarizes total increased expenses by category, the amount related to other postemployment benefit costs, and changes related to all other expenses (in thousands):

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

Governmental Activities-Continued

<u>Expense Category</u>	<u>Increase in Total Expenses</u>	<u>Expense Increase Related to OPEB Accruals</u>	<u>Increase (Decrease) in All Other Expenses</u>
General Government	\$ 364,293	\$ 141,422	\$ 222,871
Public Protection	927,180	446,845	480,335
Health and Sanitation	414,440	117,491	296,949
Public Assistance	521,909	286,448	235,461
All other areas	5,021	27,774	(22,753)
Total	<u>\$ 2,232,843</u>	<u>\$ 1,019,980</u>	<u>\$ 1,212,863</u>

Excluding accrued OPEB obligations, expenses increased by \$1.213 billion. The largest increase was related to the public protection category, which grew by \$480 million. Of this amount, salaries and employee benefits increased by \$402 million, primarily due to previously negotiated increases that became effective in the current year. Other factors that contributed to the increase were expanded medical services for inmates, additional staffing for jails and patrol of unincorporated areas, and additional positions to improve various operational areas of the Probation Department.

Health and sanitation expenses (excluding accrued OPEB costs) increased by nearly \$300 million. Major factors contributing to this variance included higher salary and benefit costs (\$71 million), a newly established managed care intergovernmental transfer expense (\$65 million), and increases in contracted mental health services (\$62 million).

Business-type Activities

Revenues from business-type activities decreased in comparison to the prior year by \$231 million (9.9%). The most significant change was in the area of charges for services, which decreased by \$151 million. The County's business-type healthcare activities experienced a \$134 million reduction in charges for services. This decrease was consistent with the downturn in average daily hospital census, from 1,415 in the prior year to 1,317 in the current year. The reduced revenues and census figures were concentrated at the Martin L. King facility. This facility was converted from a full service hospital to a multi-service ambulatory care center, thereby eliminating inpatient services in August 2007. This change coincided with the net decrease in average daily census as noted above.

Expenses related to business-type activities increased from the previous year by \$209 million. The increased expenses were principally related to the Hospitals, where expenses were higher by \$198 million. The recognition of accrued OPEB costs (as previously discussed for governmental activities) increased Hospital expenses by \$214 million. Therefore, despite negotiated salary and employee benefit increases, expenses were very comparable to the prior year as cost increases were offset by the downsizing of the Martin Luther King Jr. facility.

**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 \$6.003 billion, an increase of \$348 million in comparison with the prior year. Of the total fund balance, \$1.532 billion is reserved to indicate the extent that funds have been committed or are otherwise unavailable for spending. An additional \$1.725 billion has been designated and set aside for intended spending purposes as indicated in the financial statements. The remaining \$2.746 billion of the balances are unreserved and undesignated.

Revenues from all governmental funds for the current year were \$16.273 billion, an increase of \$1.035 billion (6.8%) from the previous year. Expenditures for all governmental funds in the current year were \$14.880 billion, an increase of \$1.031 billion (7.4%) from the previous year. In addition, other financing uses exceeded other financing sources by \$1.045 billion as compared to \$1.028 billion 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 \$201 million (6.3%). At the end of the current fiscal year, the General Fund's total fund balance was \$3.374 billion. Of this amount, \$597 million was reserved and therefore unavailable for spending. Of the unreserved total of \$2.777 billion, \$1.153 billion has been designated (earmarked) and the remaining \$1.624 billion is considered both unreserved and undesignated.

General Fund revenues during the current year were \$13.627 billion, an increase of \$757 million (5.9%) from the previous year. General Fund expenditures during the current year were \$12.744 billion, an increase of \$985 million (8.4%) from the previous year. Other financing sources/uses-net was negative \$683 million in the current year as compared to negative \$770 million in the prior year.

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

Governmental Funds-Continued

Following are significant changes in General Fund revenues and expenditures:

- Revenues from taxes increased by \$223 million (6.3%). Of this net increase, property taxes increased by \$254 million. However, documentary transfer taxes decreased by \$31 million as real estate activity declined during the current year. As previously mentioned, property tax revenues were not immediately impacted by the downturn in the housing market and provisions of Proposition 13 are also a stabilizing factor when housing prices decrease.
- Intergovernmental revenues from federal sources increased by \$249 million. Of this amount, \$209 million was related to public assistance programs operated by the Departments of Public Social Service and Children and Family Services. The increased revenues were driven by higher levels of reimbursable expenditures. There was also a shift in funding sources for certain programs, whereby federal revenues provided funding for costs that were previously reimbursed from State revenues.
- Revenues from charges for services increased by \$227 million. The largest source of this increase (\$140 million) was associated with the County's managed care program. An additional increase (\$35 million) was recognized in the Sheriff's Department and was related to recoveries of increased salaries and benefits from contracting agencies. The remaining increase in this revenue category (\$52 million) was recognized from a variety of programs that charge for services.
- Current expenditures increased by \$875 million (7.6%), and there were increases in all functional areas. The most significant increase was in the area of public protection, where expenditures were higher by \$367 million. Of this amount, salaries and employee benefits increased by \$331 million. These costs were notably higher in the Sheriff's Department (\$222 million) and Probation Department (\$48 million), and were largely due to negotiated salary and benefit increases, as there was limited program expansion in these areas. Expenditures also increased in the areas of health and sanitation (\$219 million) and public assistance (\$209 million).

The Fire Protection District reported a year-end fund balance of \$170 million, which represented an increase of \$23 million from the previous year. Revenues increased by \$40 million, of which \$31 million was attributable to property taxes and the remaining increase was associated with a variety of other revenues. Expenditures were higher by \$22 million, of which \$19 million was related to salaries and benefits. Transfers out were \$15 million lower than the previous year as there were reduced transfers made to capital projects funds for future facilities' needs.

The Flood Control District reported a year-end fund balance of \$162 million, which was \$14 million higher than the previous year. Revenues and expenditures were mostly unchanged from the prior year, with each decreasing approximately \$3 million or 1.1% and 1.5%, respectively.

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

Governmental Funds-Continued

The Public Library Fund reported a year-end fund balance of \$29 million, which was \$8 million higher than the previous year. The principal factors associated with the fund balance growth were higher property tax revenues and "transfers in," which increased by \$4 million and \$6 million, respectively.

The Regional Park and Open Space District reported a year-end fund balance of \$286 million, which was \$25 million higher than the previous year. Current year revenues (\$93 million) were similar to the previous year (\$91 million) while expenditures declined by \$9 million.

Proprietary Funds

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

The County's principal proprietary funds consist of four hospital enterprise funds and an additional fund (Martin L. King Jr. Ambulatory Care Center) which was converted from a full-service hospital in the current year to a multi-service ambulatory care center. Each of these funds 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 amount of subsidy, per facility, ranged from \$76 million for M. L. King Ambulatory Care Center to \$501 million for the LAC+USC Medical Center. The total subsidy amount was \$1.001 billion and is reflected in the Statement of Revenues, Expenses and Changes in Fund Net Assets as "transfers in." By comparison, the total General Fund subsidy in the prior year was \$883 million.

An additional source of local funding for the Hospitals is the Health Services Measure B Special Revenue Fund ("Measure B Fund"). The Measure B Fund receives voter approved property taxes for trauma and emergency services. In each of the current and prior years, the Measure B Fund provided \$147 million of transfers to the Hospitals.

The Waterworks Funds reported year-end net assets of \$895 million, a \$2 million reduction from the previous year. However, the District's cash and investment position improved in the current year by \$7 million.

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 15 to the basic financial statements. There are approximately 100 separate budget units within the General Fund, excluding capital improvement projects, which are individually budgeted.

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

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 \$102 million in the General Fund's available (unreserved and undesignated) fund balance from the previous year.

Budgetary Summary - Revenues/Financing Sources

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

<u>Category</u>	<u>Increase (Decrease) From Original Budget</u>	<u>Final Budget Amount</u>	<u>Actual Amount</u>	<u>Variance- Positive (Negative)</u>
Taxes	\$ 14,877	\$ 3,842,971	\$ 3,826,908	\$ (16,063)
Intergovernmental revenues	65,800	7,855,542	7,243,478	(612,064)
Charges for services	13,820	1,758,279	1,695,004	(63,275)
All other revenues	124,586	654,505	899,843	245,338
Other sources and transfers	13,630	493,733	307,274	(186,459)
Total	<u>\$ 232,713</u>	<u>\$14,605,030</u>	<u>\$13,972,507</u>	<u>\$(632,523)</u>

Changes from Amounts Originally Budgeted

During the year, net increases in budgeted revenues and other financing sources approximated \$233 million. The most significant changes occurred in the following areas:

- Estimated revenues from intergovernmental sources were increased by \$66 million. The increase was primarily associated with additional revenues from Homeland Security grant funds (\$43 million). The remaining \$23 million was related to additional funding that was targeted to the Sheriff's Department, social service programs and services for children and families.
- The increase of \$125 million related to "all other revenues" was mostly attributable to tobacco settlement revenues of \$105 million. The County's policy is to budget tobacco settlement revenues after they have been received. Estimated revenues from investment income were increased by \$14 million as a result of higher than anticipated investment yield and miscellaneous revenue increases accounted for the remaining \$6 million.

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the General Fund were approximately \$633 million, or 4.3%, lower than budget. As discussed below, most of this variance was concentrated in the areas of intergovernmental revenues and "other sources and transfers" and was partially offset by "all other revenues" which exceeded the amount budgeted.

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

Actual Revenues/Financing Sources Compared with Final Budget Amounts-Continued

- Actual intergovernmental revenues were \$612 million lower than the amount budgeted. Social service programs, including children and family services, accounted for approximately \$188 million of this variance, which was mostly attributable to lower than anticipated caseloads and reimbursable social service related expenditures. Approximately \$187 million (mostly federal assistance) was associated with mental health services, due to lower than expected reimbursable costs. An additional \$164 million pertained to anticipated reimbursement of capital improvement, disaster recovery and homeland security projects and programs that were not completed prior to year-end. The remaining variance of \$73 million was related to a variety of other programs that received intergovernmental revenues.
- The actual amount of "other sources and transfers" was \$186 million lower than the amount budgeted. Of this amount, "transfers in" totaling \$117 million were assumed in the budget for capital improvements and extraordinary building maintenance projects which did not incur expected costs. Mental health programs funded by the Mental Health Services Act Fund (Proposition 63) did not fully materialize at the budgeted level and "transfers in" were \$52 million lower than budgeted. There were various other sources and transfers that comprised the remaining variance of \$17 million.
- The amount budgeted for "all other revenues" was exceeded by \$245 million. Investment income exceeded the amount budgeted by \$103 million as the yield on investments was higher than anticipated. Miscellaneous revenues were \$94 million higher than budget, half of which was related to health and mental health services and the remainder from various sources. Revenues from property tax penalties exceeded the budgeted amount by approximately \$46 million and the remaining variance of \$2 million was generated by diverse revenue sources.

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	\$ 62,645	\$ 1,363,585	\$ 912,999	\$ 450,586
Public protection	94,808	4,575,551	4,414,810	160,741
Health and sanitation	(19,114)	2,693,857	2,469,110	224,747
Public assistance	31,598	5,016,098	4,739,945	276,153
All other expenditures	(56,059)	1,624,864	436,851	1,188,013
Transfers out	63,653	1,088,103	1,064,589	23,514
Contingencies	302	302		302
Reserves/designations-net	54,880	(50,973)	(168,244)	117,271
Total	<u>\$ 232,713</u>	<u>\$ 16,311,387</u>	<u>\$ 13,870,060</u>	<u>\$2,441,327</u>

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

Changes from Amounts Originally Budgeted

During the year, net increases in General Fund appropriations, reserves and designations were approximately \$233 million. As discussed below, the most significant changes occurred in the following areas:

- Appropriations were increased for the public protection category by approximately \$95 million. Funding was added to the Emergency Preparedness and Response budget (\$44 million) and the Sheriff's Department (\$33 million). The source of the additional funding was primarily grant revenues that were added to the original budget. The remaining \$18 million consisted of a variety of supplemental allocations.
- Appropriations for "transfers out" were increased by \$64 million. Of this amount, General Fund operating subsidies to the Hospital Funds were increased by \$46 million (from \$946 million originally budgeted to \$992 million). The remaining \$18 million increase was related to various transfers to Special Revenue Funds.
- Overall appropriations were increased for the general government category by \$63 million. The most significant factor associated with this net change was an increase of \$65 million to the Judgment and Damages budget unit for estimated settlement payments.

Actual Expenditures/Other Financing Uses Compared with Final Budget Amount

Actual expenditures/other financing uses for the current year were \$2.441 billion lower (approximately 15%) than the final total budget of \$16.311 billion. Although there were budgetary savings in all categories, following are the functional areas that recognized the largest variations from the final budget:

- The category referred to as "all other expenditures" reflected actual spending of \$1.188 billion less than the budgeted amount. Nearly all (\$1.177 billion) 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, many of which are multi-year in nature.
- The general government function reported actual expenditures that were \$451 million less than the amount budgeted. Of this amount, \$265 million represented budgetary savings for items that are not associated with specific County departments, such as provisional appropriations, central non-departmental appropriations, and extraordinary maintenance and repairs. The remaining \$186 million was spread across virtually every department comprising general government and was mostly related to savings in the areas of salaries and services and supplies.

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

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

- Actual public assistance expenditures were \$276 million lower than the final budget. Of this amount, \$236 million was concentrated in social service, children, and family programs. Administrative costs were lower than anticipated due to vacant positions, hiring delays, and delays in implementing certain programs. As information became available during the year regarding potential cuts in State funded programs, there was a corresponding slowdown in hiring. The remaining variance amount of \$40 million was related to other public assistance programs.
- Overall expenditures for the health and sanitation category were \$225 million less than the budgeted amount. Appropriations related to mental health services exceeded actual expenditures by \$167 million, primarily due to less than anticipated costs for services and supplies and to a lesser extent, salary savings. The remaining variance of \$58 million was associated with a variety of health care programs administered by the Departments of Health Services and Public Health Services.

Capital Assets

The County's capital assets for its governmental and business type activities as of June 30, 2008 were \$17.525 billion (net of depreciation). Capital assets include land, easements, buildings and improvements, equipment, and infrastructure. The major infrastructure network elements are roads, sewers, water, flood control, and aviation.

The total increase in the County's capital assets (net of depreciation) for the current fiscal year was \$267 million, as shown in the following table.

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 and easements	\$ 7,262,068	\$ 7,240,287	21,781
Buildings and improvements	3,059,365	3,044,116	15,249
Infrastructure	5,197,564	5,291,789	(94,225)
Equipment	437,770	370,197	67,573
Construction-in-progress	<u>1,568,583</u>	<u>1,311,702</u>	<u>256,881</u>
Total	<u>\$17,525,350</u>	<u>\$17,258,091</u>	<u>\$ 267,259</u>

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

The County's most significant capital asset activity during the current year was concentrated in the area of construction-in-progress. For governmental activities, there were additions of approximately \$78 million to flood and road infrastructure projects that remained in progress. For business-type activities, the new LAC+USC Medical Center neared completion and its capitalized costs during the current year approximated \$70 million and its outstanding contractual commitments as of June 30, 2008 approximated \$21 million. The Harbor/UCLA Medical Center Surgery/Emergency Replacement Project continued to progress and its capitalized costs during the current year were \$30 million.

Debt Administration

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

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

	<u>Current Year</u>	<u>Prior Year</u>	<u>Increase (Decrease)</u>
Bonds and Notes Payable	\$ 1,942,453	\$ 1,848,630	\$ 93,823
Pension Bonds Payable	<u>900,824</u>	<u>1,185,197</u>	<u>(284,373)</u>
Total	<u>\$ 2,843,277</u>	<u>\$ 3,033,827</u>	<u>\$(190,550)</u>

During the current year, the County's liabilities for long-term debt decreased by \$191 million, or 6.3%. Specific changes related to governmental and business-type activities are presented in Note 10 to the basic financial statements. During the current year, significant long-term debt transactions were as follows:

- Refunding bonds totaling \$94 million, along with other funding sources, were used to advance refund outstanding bond principal of \$127 million.
- New debt of \$50 million was issued to finance the acquisition of equipment. Equipment debt totaling \$53 million was redeemed during the year in accordance with maturity schedules.
- New debt of \$203 million was issued to finance the construction of various hospital improvements.
- Pension bonds totaling \$284 million were redeemed during the year.

In addition to the above borrowing, the County continued to finance General Fund cash flow shortages occurring periodically during the fiscal year by selling \$500 million in tax and revenue anticipation notes which reached maturity on June 30, 2008, 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	AA-	
Pension Bonds	A1	A+	
Facilities	A2	A+	A
Equipment/Non-Essential Leases	A2	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	Aa2	AA	AA+

During the current year, the County's Equipment/Non-Essential Leases were upgraded by Moody's from A3 to A2. All other bond ratings were maintained at the same level as the previous year.

Economic Conditions and Outlook

The Board of Supervisors adopted the County's 2008-2009 Budget on June 17, 2008. The Budget was adopted based on estimated fund balances that would be available at the end of 2007-2008. The Board updated the Budget on October 7, 2008 to reflect final 2007-2008 fund balances and other pertinent financial information. For the County's General Fund, the 2008-2009 Budget, as updated in October 2008, utilized \$1.809 billion of available fund balance, which exceeded the previously estimated fund balance of \$1.419 billion. Of the additional fund balance of \$390 million, \$155 million was used to carryover lapsed appropriations and \$48 million was appropriated for one-time purchases of a critical nature. The remaining surplus of \$187 million was set aside to manage potential State funding reductions and the impact of the ongoing economic downturn.

The County's economic outlook mirrors the rest of the nation as it faces the challenges of a recessionary environment. The County's new homebuilding and resale housing market has been, and continues to be, in decline. The resale housing market presents the biggest risk to the County, which could have a negative impact on property tax revenues. For the year ended June 30, 2008, property tax revenues represented 27.5% of total revenues recognized from governmental activities. These revenues are the County's single most important source of funding and are vital to programs which rely on discretionary funding sources. County management is closely monitoring changes in assessed property values and adjusting revenue estimates as new information becomes available. For 2008-2009, a five-percent (5%) growth assumption was used for property tax revenues, down from the nine-percent (9%) growth factor that was used in 2007-2008.

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

As a result of growth limits on assessed values imposed by Proposition 13, there is a significant amount of home value appreciation that occurred over the last five years that has not been reflected on the property tax rolls. This increase will likely help offset any future valuation reductions. Unless the housing decline extends for several years or becomes more severe, the County's property tax base is not likely to be materially affected.

The County's financial outlook is also affected by ongoing and severe budget problems at the State level. The State Legislative Analyst's Office (LAO) has estimated that the State's budget deficit will be approximately \$8.4 billion by the end of 2008-2009. The deficit is attributable to the deteriorating economy which has affected the State's three major revenue sources, the personal income tax, sales and use taxes, and the corporate income tax. For 2009-2010, the LAO forecasts a worsening situation, with an additional annual deficit estimated at \$19.4 billion. Many County programs receive substantial State funding and the County is likely to be confronted with program curtailments and increased local funding requirements. The County is highly dependent upon cash receipts from the State and is closely monitoring the State's liquidity and ability to make timely cash remittances to the County.

As indicated in the Statement of Changes in Fiduciary Net Assets, the Pension Trust Fund incurred a net investment loss of \$1.426 billion in the current year. The Required Supplementary Information (unaudited) section of this report indicates a funded ratio of 93.8% as of June 30, 2007, which is the most recently completed actuarial valuation. It is estimated that the June 30, 2008 actuarial valuation will indicate a funded ratio of approximately 95%. The Pension Trust Fund has significant ongoing exposure to the equity markets, has incurred additional investment losses since June 30, 2008, and the financial markets remain highly volatile. Such losses, combined with investment performance for the remainder of the 2008-2009 fiscal year, will be actuarially measured as of June 30, 2009 and their impact on future County contribution rates will be determined at that time, in conjunction with the three year smoothed method.

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, 2008 (in thousands)

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	FIRST 5 LA
ASSETS				
Pooled cash and investments: (Notes 1 and 5)				
Operating (Note 1)	\$ 3,552,235	\$ 189,627	\$ 3,741,862	\$ 875,166
Other (Note 1)	975,706	91,001	1,066,707	
Total pooled cash and investments	<u>4,527,941</u>	<u>280,628</u>	<u>4,808,569</u>	<u>875,166</u>
Other investments (Note 5)	330,038	55,495	385,533	
Taxes receivable	443,224	915	444,139	
Accounts receivable - net		773,485	773,485	
Interest receivable	29,739	980	30,719	3,272
Other receivables	2,120,735	53,944	2,174,679	41,391
Internal balances (Note 14)	389,818	(389,818)		
Inventories	97,008	23,248	120,256	
Restricted assets (Note 5)	5,420	157,376	162,796	
Net pension obligation (Note 7)	108,889	37,834	146,723	
Capital assets: (Notes 6 and 9)				
Capital assets, not being depreciated	7,594,368	1,236,283	8,830,651	2,039
Capital assets, net of accumulated depreciation	<u>7,480,197</u>	<u>1,214,502</u>	<u>8,694,699</u>	<u>11,809</u>
Total capital assets	<u>15,074,565</u>	<u>2,450,785</u>	<u>17,525,350</u>	<u>13,848</u>
TOTAL ASSETS	<u>23,127,377</u>	<u>3,444,872</u>	<u>26,572,249</u>	<u>933,677</u>
LIABILITIES				
Accounts payable	329,879	80,176	410,055	32,440
Accrued payroll	550,630	114,754	665,384	
Other payables	158,263	11,561	169,824	
Accrued interest payable	15,388	659	16,047	
Unearned revenue (Note 7)	50,947	3,972	54,919	1,174
Advances payable	272,282	7,844	280,126	
Noncurrent liabilities: (Note 10)				
Due within one year	895,435	430,705	1,326,140	63
Due in more than one year	<u>5,284,138</u>	<u>1,052,488</u>	<u>6,336,626</u>	<u>208</u>
TOTAL LIABILITIES	<u>7,556,962</u>	<u>1,702,159</u>	<u>9,259,121</u>	<u>33,885</u>
NET ASSETS				
Invested in capital assets, net of related debt (Notes 6 and 10)	13,913,070	2,259,617	16,172,687	13,848
Restricted for:				
Capital projects	121,251		121,251	
Debt service	587	255,295	255,882	
Permanent trust	3,455		3,455	
Special purpose	1,480,470	52,690	1,533,160	885,944
Unrestricted (deficit)	<u>51,582</u>	<u>(824,889)</u>	<u>(773,307)</u>	
TOTAL NET ASSETS	<u>\$ 15,570,415</u>	<u>\$ 1,742,713</u>	<u>\$ 17,313,128</u>	<u>\$ 899,792</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, 2008 (in thousands)

FUNCTIONS	EXPENSES	PROGRAM REVENUE		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 1,171,448	\$ 445,948	\$ 42,829	\$ 81,523
Public protection	5,799,593	1,273,710	1,147,407	12,806
Public ways and facilities	299,304	39,767	159,602	88,773
Health and sanitation	2,638,135	708,097	1,521,459	1,400
Public assistance	5,061,367	61,568	4,238,169	
Education	112,035	3,098	1,675	
Recreation and cultural services	290,669	206,364	1,994	
Interest on long-term debt	191,551			
Total governmental activities	<u>15,564,102</u>	<u>2,738,552</u>	<u>7,113,135</u>	<u>184,502</u>
Business-type activities:				
Hospitals	3,092,682	1,730,231	54,922	
Aviation	4,182	3,030	314	1,484
Waterworks	74,810	61,514	50	1,413
Community Development Commission	246,195	11,972	208,185	
Total business-type activities	<u>3,417,869</u>	<u>1,806,747</u>	<u>263,471</u>	<u>2,897</u>
Total primary government	<u>\$ 18,981,971</u>	<u>\$ 4,545,299</u>	<u>\$ 7,376,606</u>	<u>\$ 187,399</u>
COMPONENT UNIT -				
First 5 LA	<u>\$ 139,587</u>	<u>\$</u>	<u>\$ 143,428</u>	<u>\$</u>

GENERAL REVENUES:

Taxes:

Property taxes
Utility users taxes
Voter approved taxes
Documentary transfer taxes
Other taxes

Sales and use taxes, levied by the State

Grants and contributions not restricted
to special programs

Investment earnings

Miscellaneous

TRANSFERS - NET

Total general revenues and transfers

CHANGE IN NET ASSETS

NET ASSETS, JULY 1, 2007, as restated (Note 2)

NET ASSETS, JUNE 30, 2008

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

NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS

PRIMARY GOVERNMENT			COMPONENT UNIT
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	FIRST 5 LA
\$ (601,148)	\$	\$ (601,148)	
(3,365,670)		(3,365,670)	
(11,162)		(11,162)	
(407,179)		(407,179)	
(761,630)		(761,630)	
(107,262)		(107,262)	
(82,311)		(82,311)	
(191,551)		(191,551)	
<u>(5,527,913)</u>		<u>(5,527,913)</u>	
	(1,307,529)	(1,307,529)	
	646	646	
	(11,833)	(11,833)	
	(26,038)	(26,038)	
	<u>(1,344,754)</u>	<u>(1,344,754)</u>	
<u>(5,527,913)</u>	<u>(1,344,754)</u>	<u>(6,872,667)</u>	
			<u>\$ 3,841</u>
4,514,909	4,405	4,519,314	
65,583		65,583	
255,580		255,580	
56,439		56,439	
62,935		62,935	
78,953		78,953	
778,936	37	778,973	
324,132	14,073	338,205	34,996
229,810	24,950	254,760	468
(1,152,946)	1,152,946		
<u>5,214,331</u>	<u>1,196,411</u>	<u>6,410,742</u>	<u>35,464</u>
(313,582)	(148,343)	(461,925)	39,305
15,883,997	1,891,056	17,775,053	860,487
<u>\$ 15,570,415</u>	<u>\$ 1,742,713</u>	<u>\$ 17,313,128</u>	<u>\$ 899,792</u>

FUNCTIONS

PRIMARY GOVERNMENT:

Governmental activities:

General government

Public protection

Public ways and facilities

Health and sanitation

Public assistance

Education

Recreation and cultural services

Interest on long-term debt

Total governmental activities

Business-type activities:

Hospitals

Aviation

Waterworks

Community Development Commission

Total business-type activities

Total primary government

COMPONENT UNIT -

Total - First 5 LA

GENERAL REVENUES:

Taxes:

Property taxes

Utility users taxes

Voter approved taxes

Documentary transfer taxes

Other taxes

Sales and use taxes, levied by the State

Grants and contributions not restricted

to special programs

Investment earnings

Miscellaneous

TRANSFERS - NET

Total general revenues and transfers

CHANGE IN NET ASSETS

NET ASSETS, JULY 1, 2007, as restated (Note 2)

NET ASSETS, JUNE 30, 2008

COUNTY OF LOS ANGELES
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	PUBLIC LIBRARY
ASSETS:				
Pooled cash and investments: (Notes 1 and 5)				
Operating (Note 1)	\$ 1,494,243	121,353	145,474	27,929
Other (Note 1)	849,282	42,043	11,445	4,110
Total pooled cash and investments	<u>2,343,525</u>	<u>163,396</u>	<u>156,919</u>	<u>32,039</u>
Other investments (Notes 4 and 5)	6,236			120
Taxes receivable	320,281	70,407	19,855	9,217
Interest receivable	20,503	618	735	160
Other receivables	1,804,965	39,034	5,860	1,347
Due from other funds (Note 14)	357,416	6,441	24,906	1,993
Advances to other funds (Note 14)	571,872		6,213	
Inventories	43,906	6,797		1,066
TOTAL ASSETS	<u>\$ 5,468,704</u>	<u>286,693</u>	<u>214,488</u>	<u>45,942</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 252,794	5,780	9,996	2,408
Accrued payroll	472,007	49,779		4,918
Other payables	151,700	2,118		375
Due to other funds (Note 14)	561,540	7,662	22,154	2,393
Deferred revenue (Note 7)	380,322	51,317	20,439	6,757
Advances payable	263,500			
Third party payor liability (Notes 10 and 13)	12,401			
TOTAL LIABILITIES	<u>2,094,264</u>	<u>116,656</u>	<u>52,589</u>	<u>16,851</u>
FUND BALANCES:				
Reserved for:				
Encumbrances	532,752	16,629	112,849	8,675
Inventories	43,906	6,797		1,066
Housing programs				
Debt service				
Endowments and annuities				
Assets unavailable for appropriation	20,808	25	12,011	15
Unreserved, designated for:				
Budget uncertainties	292,113	49,500		
Program expansion	302,763	25,423		5,379
Health services	242,408			
Capital projects	315,355	51,222	13,314	
Special revenue funds - program expansion				
Unreserved, undesignated, reported in:				
General fund	1,624,335			
Special revenue funds		20,441	23,725	13,956
Capital projects funds				
TOTAL FUND BALANCES	<u>3,374,440</u>	<u>170,037</u>	<u>161,899</u>	<u>29,091</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,468,704</u>	<u>286,693</u>	<u>214,488</u>	<u>45,942</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 4)	TOTAL GOVERNMENTAL FUNDS
\$ 283,342	1,420,830		\$ 3,493,171
3,728	56,769		967,377
<u>287,070</u>	<u>1,477,599</u>		<u>4,460,548</u>
	585,059	(269,995)	321,420
3,868	19,596		443,224
1,387	6,077		29,480
4,839	205,845		2,061,890
323	361,496		752,575
	11,034		589,119
	37,563		89,332
<u>\$ 297,487</u>	<u>2,704,269</u>	<u>(269,995)</u>	<u>\$ 8,747,588</u>
\$ 936	53,715		\$ 325,629
	481		527,185
464	1,866		156,523
4,073	347,071		944,893
6,009	41,318		506,162
	7,327		270,827
	877		13,278
<u>11,482</u>	<u>452,655</u>		<u>2,744,497</u>
84,450	161,872		917,227
	37,563		89,332
	1,167		1,167
	717,083	(269,995)	447,088
	3,455		3,455
	41,167		74,026
	43,097		384,710
39,489			373,054
			242,408
	70,000		449,891
	275,287		275,287
			1,624,335
162,066	710,825		931,013
	190,098		190,098
<u>286,005</u>	<u>2,251,614</u>	<u>(269,995)</u>	<u>6,003,091</u>
<u>\$ 297,487</u>	<u>2,704,269</u>	<u>(269,995)</u>	<u>\$ 8,747,588</u>

ASSETS:

Pooled cash and investments: (Notes 1 and 5)

Operating (Note 1)

Other (Note 1)

Total pooled cash and investments

Other investments (Notes 4 and 5)

Taxes receivable

Interest receivable

Other receivables

Due from other funds (Note 14)

Advances to other funds (Note 14)

Inventories

TOTAL ASSETS

LIABILITIES AND FUND BALANCES

LIABILITIES:

Accounts payable

Accrued payroll

Other payables

Due to other funds (Note 14)

Deferred revenue (Note 7)

Advances payable

Third party payor liability (Notes 10 and 13)

TOTAL LIABILITIES

FUND BALANCES:

Reserved for:

Encumbrances

Inventories

Housing programs

Debt service

Endowments and annuities

Assets unavailable for appropriation

Unreserved, designated for:

Budget uncertainties

Program expansion

Health services

Capital projects

Special revenue funds - program expansion

Unreserved, undesignated, reported in:

General fund

Special revenue funds

Capital projects funds

TOTAL FUND BALANCES

TOTAL LIABILITIES AND FUND BALANCES

COUNTY OF LOS ANGELES
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2008 (in thousands)

Fund balances - total governmental funds (page 27) \$ 6,003,091

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 & Easements	\$	7,015,260	
Construction-in-progress		579,108	
Buildings and improvements - net		2,659,802	
Equipment - net		274,157	
Infrastructure - net		<u>4,470,576</u>	14,998,903

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

Deferred revenue - taxes	\$	324,998	
Long-term receivables		<u>183,881</u>	508,879

The net pension obligation (an asset) pertaining to governmental fund types is not recorded in governmental fund statements. 101,589

Accrued interest payable is not recognized in governmental funds. (15,279)

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 (including accreted interest)	\$	(1,575,458)	
Pension bonds payable		(623,720)	
Capital lease obligations		(173,309)	
Accrued vacation/sick leave		(709,855)	
Workers' compensation		(1,745,246)	
Litigation/self-insurance		(139,640)	
OPEB obligation		<u>(974,336)</u>	(5,941,564)

Assets and liabilities of certain internal service funds are included in governmental activities in the accompanying statement of net assets. (85,204)

Net assets of governmental activities (page 23) \$ 15,570,415



COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	PUBLIC LIBRARY
REVENUES:				
Taxes	\$ 3,796,296	611,359	93,153	71,007
Licenses, permits and franchises	58,799	12,592	741	
Fines, forfeitures and penalties	251,933	4,415	1,429	638
Revenue from use of money and property:				
Investment income (Note 5)	223,591	2,685	6,610	980
Rents and concessions (Note 9)	56,614	90	7,428	12
Royalties	598		369	
Intergovernmental revenues:				
Federal	2,944,622	1,455	6,086	162
State	4,207,046	16,982	3,396	2,055
Other	110,000	30,955	4,747	1,358
Charges for services	1,695,004	181,586	118,798	2,366
Miscellaneous	282,818	273	1,420	614
TOTAL REVENUES	13,627,321	862,392	244,177	79,192
EXPENDITURES:				
Current:				
General government	919,534			
Public protection	4,222,644	807,151	211,267	
Public ways and facilities				
Health and sanitation	2,345,484			
Public assistance	4,619,225			
Education				105,385
Recreation and cultural services	231,584			
Debt service:				
Principal	101,931	8,489		1,130
Interest and other charges	186,647	7,896		1,616
Capital leases	19,629			
Capital outlay	97,270			898
TOTAL EXPENDITURES	12,743,948	823,536	211,267	109,029
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	883,373	38,856	32,910	(29,837)
OTHER FINANCING SOURCES (USES):				
Transfers in (Note 14)	342,906		244	41,660
Transfers out (Note 14)	(1,123,808)	(16,488)	(19,048)	(4,798)
Issuance of debt (Note 10)				
Refunding bonds issued (Note 10)				
Payment to refunded bonds escrow agent (Note 10)				
Capital leases (Note 9)	97,270			898
Sales of capital assets	1,036	158	175	3
TOTAL OTHER FINANCING SOURCES (USES)	(682,596)	(16,330)	(18,629)	37,763
NET CHANGE IN FUND BALANCES	200,777	22,526	14,281	7,926
FUND BALANCE, JULY 1, 2007, as restated (Note 2)	3,173,663	147,511	147,618	21,165
FUND BALANCE, JUNE 30, 2008	\$ 3,374,440	170,037	161,899	29,091

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 4)	TOTAL GOVERNMENTAL FUNDS
\$	251,678		\$ 4,823,493
	7,379		79,511
805	81,915		341,135
13,112	88,282	(12,189)	323,071
	14,226		78,370
	11		978
	197,427		3,149,752
	392,485		4,621,964
	23,345		170,405
78,613	164,928		2,241,295
	157,520		442,645
<u>92,530</u>	<u>1,379,196</u>	<u>(12,189)</u>	<u>16,272,619</u>
	15,107		934,641
	87,861		5,328,923
	318,468		318,468
	116,911		2,462,395
	151,368		4,770,593
	299		105,684
32,944	7,500		272,028
	142,977	(34,240)	220,287
	75,284	(12,189)	259,254
			19,629
	89,922		188,090
<u>32,944</u>	<u>1,005,697</u>	<u>(46,429)</u>	<u>14,879,992</u>
<u>59,586</u>	<u>373,499</u>	<u>34,240</u>	<u>1,392,627</u>
423	217,119		602,352
(35,216)	(553,327)		(1,752,685)
	3,000		3,000
	94,315		94,315
	(94,315)		(94,315)
			98,168
	2,727		4,099
<u>(34,793)</u>	<u>(330,481)</u>		<u>(1,045,066)</u>
24,793	43,018	34,240	347,561
261,212	2,208,596	(304,235)	5,655,530
<u>\$ 286,005</u>	<u>2,251,614</u>	<u>(269,995)</u>	<u>\$ 6,003,091</u>

REVENUES:

Taxes
Licenses, permits and franchises
Fines, forfeitures and penalties
Revenue from use of money and property:
Investment income (Note 5)
Rents and concessions (Note 9)
Royalties
Intergovernmental revenues:
Federal
State
Other
Charges for services
Miscellaneous
TOTAL REVENUES

EXPENDITURES:

Current:
General government
Public protection
Public ways and facilities
Health and sanitation
Public assistance
Education
Recreation and cultural services
Debt service:
Principal
Interest and other charges
Capital leases
Capital outlay
TOTAL EXPENDITURES

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES

OTHER FINANCING SOURCES (USES):

Transfers in (Note 14)
Transfers out (Note 14)
Issuance of debt (Note 10)
Refunding bonds issued (Note 10)
Payment to refunded bonds escrow agent (Note 10)
Capital leases (Note 9)
Sales of capital assets
TOTAL OTHER FINANCING SOURCES (USES)

NET CHANGE IN FUND BALANCES

FUND BALANCE, JULY 1, 2007, as restated (Note 2)

FUND BALANCE, JUNE 30, 2008

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, 2008 (in thousands)

Net change in fund balances - total governmental funds (page 31)		\$ 347,561
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	\$ 356,061	
Less - current year depreciation expense	<u>(338,817)</u>	17,244
In the statement of activities, only the gain or loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale are reported as an increase in financial resources. Thus, the change in net assets differs from the change in fund balance.		(3,341)
Contribution of capital assets is not recognized in the governmental funds.		25,481
Revenue timing differences result in more revenue in government-wide statements.		69,138
Issuance of long-term debt along with any bond premium provides revenue in the governmental funds, but increases long-term liabilities in the statement of net assets.		(3,000)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:		
Pension bonds	\$ 108,075	
General obligation bonds	373	
Certificates of participation	69,961	
Assessment bonds	34,240	
Other long term notes and loans	<u>25,638</u>	238,287
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	\$ 62,691	
Change in litigation/self-insurance	(60,227)	
Change in accrued vacation/sick leave	(47,495)	
Change in OPEB liability	(974,336)	
Change in third party payor liability	400	
Change in accrued interest payable	3,150	
Change in accretion of tobacco settlement bonds	(19,554)	
Change in accretion of pension bonds	<u>88,826</u>	(946,545)
The change in the net pension obligation (an asset) is not recognized in governmental funds.		(20,577)
The portion of internal service funds that is reported with governmental activities.		<u>(37,830)</u>
Change in net assets of governmental activities (page 25)		<u><u>\$ (313,582)</u></u>

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 3,828,094	3,842,971	3,826,908	(16,063)
Licenses, permits and franchises	56,880	60,924	58,799	(2,125)
Fines, forfeitures and penalties	206,047	206,124	251,933	45,809
Revenue from use of money and property:				
Investment income	100,625	114,727	217,378	102,651
Rents and concessions	51,693	52,243	56,614	4,371
Royalties	156	156	598	442
Intergovernmental revenues:				
Federal	3,128,513	3,173,676	2,948,385	(225,291)
State	4,568,927	4,588,722	4,189,202	(399,520)
Other	92,302	93,144	105,891	12,747
Charges for services	1,744,459	1,758,279	1,695,004	(63,275)
Miscellaneous	114,518	220,331	314,521	94,190
TOTAL REVENUES	13,892,214	14,111,297	13,665,233	(446,064)
EXPENDITURES:				
Current:				
General government	1,300,940	1,363,585	912,999	(450,586)
Public protection	4,480,743	4,575,551	4,414,810	(160,741)
Health and sanitation	2,712,971	2,693,857	2,469,110	(224,747)
Public assistance	4,984,500	5,016,098	4,739,945	(276,153)
Recreation and cultural services	249,014	250,844	240,237	(10,607)
Debt Service-				
Interest	18,365	18,365	18,365	
Capital Outlay	1,413,544	1,355,655	178,249	(1,177,406)
TOTAL EXPENDITURES	15,160,077	15,273,955	12,973,715	(2,300,240)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,267,863)	(1,162,658)	691,518	1,854,176
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	676	676	1,036	360
Transfers in	479,427	493,057	306,238	(186,819)
Transfers out	(1,024,450)	(1,088,103)	(1,064,589)	23,514
Appropriation for contingencies		(302)		302
Changes in reserves and designations	105,853	50,973	168,244	117,271
OTHER FINANCING SOURCES (USES) - NET	(438,494)	(543,699)	(589,071)	(45,372)
NET CHANGE IN FUND BALANCE	(1,706,357)	(1,706,357)	102,447	1,808,804
FUND BALANCE, JULY 1, 2007 (Note 15)	1,706,357	1,706,357	1,706,357	
FUND BALANCE, JUNE 30, 2008 (Note 15)	\$		1,808,804	1,808,804

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 BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
FIRE PROTECTION DISTRICT
FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	FIRE PROTECTION DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 611,230	618,757	618,757	
Licenses, permits and franchises	8,252	8,252	12,592	4,340
Fines, forfeitures and penalties	2,655	2,655	4,415	1,760
Revenue from use of money and property:				
Investment income	1,000	1,870	2,442	572
Rents and concessions	86	86	90	4
Intergovernmental revenues:				
Federal	11,892	12,592	1,455	(11,137)
State	15,586	17,122	16,982	(140)
Other	28,291	28,291	30,955	2,664
Charges for services	165,615	181,994	181,586	(408)
Miscellaneous	628	628	273	(355)
TOTAL REVENUES	845,235	872,247	869,547	(2,700)
EXPENDITURES:				
Current-Public protection:				
Salaries and employee benefits	709,669	734,519	718,220	(16,299)
Services and supplies	112,610	116,354	98,470	(17,884)
Other charges	960	960	882	(78)
Capital assets	15,996	18,099	8,357	(9,742)
TOTAL EXPENDITURES	839,235	869,932	825,929	(44,003)
EXCESS OF REVENUES OVER EXPENDITURES	6,000	2,315	43,618	41,303
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	103	103	158	55
Transfers in	43	43		(43)
Transfers out	(10,951)	(15,951)	(15,951)	
Changes in reserves and designations	(51,822)	(43,137)	(41,104)	2,033
OTHER FINANCING SOURCES (USES) - NET	(62,627)	(58,942)	(56,897)	2,045
NET CHANGE IN FUND BALANCE	(56,627)	(56,627)	(13,279)	43,348
FUND BALANCE, JULY 1, 2007 (Note 15)	56,627	56,627	56,627	
FUND BALANCE, JUNE 30, 2008 (Note 15)	\$		43,348	43,348

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 BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
FLOOD CONTROL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	FLOOD CONTROL DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 93,125	94,451	94,451	
Licenses, permits and franchises	1,176	1,176	741	(435)
Fines, forfeitures and penalties	1,200	1,200	1,429	229
Revenue from use of money and property:				
Investment income	5,421	5,808	6,538	730
Rents and concessions	8,633	8,633	7,428	(1,205)
Royalties	200	200	369	169
Intergovernmental revenues:				
Federal	5,119	5,119	6,086	967
State	3,055	3,096	3,396	300
Other	2,300	5,300	4,747	(553)
Charges for services	113,449	113,449	119,275	5,826
Miscellaneous	1,165	1,165	728	(437)
TOTAL REVENUES	234,843	239,597	245,188	5,591
EXPENDITURES:				
Current-Public protection:				
Services and supplies	239,013	219,860	210,961	(8,899)
Other charges	19,871	20,121	19,613	(508)
Capital assets	160	160	116	(44)
Capital Outlay	4,325	27,118	21,712	(5,406)
TOTAL EXPENDITURES	263,369	267,259	252,402	(14,857)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(28,526)	(27,662)	(7,214)	20,448
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	921	921	175	(746)
Transfers in			244	244
Transfers out	(1,330)	(1,790)	(23)	1,767
Long-term debt proceeds			692	692
Appropriation for contingencies		726		(726)
Changes in reserves and designations	12,630	11,500	21,226	9,726
OTHER FINANCING SOURCES (USES) - NET	12,221	11,357	22,314	10,957
NET CHANGE IN FUND BALANCE	(16,305)	(16,305)	15,100	31,405
FUND BALANCE, JULY 1, 2007 (Note 15)	16,305	16,305	16,305	
FUND BALANCE, JUNE 30, 2008 (Note 15)	\$		31,405	31,405

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 BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
PUBLIC LIBRARY
FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	PUBLIC LIBRARY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 73,489	73,489	71,918	(1,571)
Fines, forfeitures and penalties			638	638
Revenue from use of money and property:				
Investment income	180	180	922	742
Rents and concessions	15	15	12	(3)
Intergovernmental revenues:				
Federal			162	162
State	2,054	2,054	2,055	1
Other	1,360	1,360	1,358	(2)
Charges for services	2,112	2,112	2,366	254
Miscellaneous	1,088	1,088	614	(474)
TOTAL REVENUES	80,298	80,298	80,045	(253)
EXPENDITURES:				
Current-Education:				
Salaries and employee benefits	78,935	78,935	70,580	(8,355)
Services and supplies	45,998	51,309	38,291	(13,018)
Other charges	752	752	604	(148)
Capital assets	695	1,564	1,216	(348)
TOTAL EXPENDITURES	126,380	132,560	110,691	(21,869)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(46,082)	(52,262)	(30,646)	21,616
OTHER FINANCING SOURCES (USES):				
Sales of capital assets			3	3
Transfers in	41,644	47,853	41,660	(6,193)
Transfers out	(4,376)	(4,405)	(4,401)	4
Changes in reserves and designations	(1,981)	(1,981)	(785)	1,196
OTHER FINANCING SOURCES (USES) - NET	35,287	41,467	36,477	(4,990)
NET CHANGE IN FUND BALANCE	(10,795)	(10,795)	5,831	16,626
FUND BALANCE, JULY 1, 2007 (Note 15)	10,795	10,795	10,795	
FUND BALANCE, JUNE 30, 2008 (Note 15)			\$ 16,626	16,626

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 BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
REGIONAL PARK AND OPEN SPACE DISTRICT
FOR THE YEAR ENDED JUNE 30, 2008 (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	\$ 1,202	1,202	805	(397)
Revenue from use of money and property-				
Investment income	12,530	12,530	13,349	819
Charges for services	78,038	78,038	78,562	524
TOTAL REVENUES	91,770	91,770	92,716	946
EXPENDITURES:				
Current-Recreation and cultural services:				
Services and supplies	4,994	5,350	3,884	(1,466)
Other charges	191,109	191,109	42,466	(148,643)
TOTAL EXPENDITURES	196,103	196,459	46,350	(150,109)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(104,333)	(104,689)	46,366	151,055
OTHER FINANCING SOURCES (USES):				
Transfers in	98,618	98,974	83,140	(15,834)
Transfers out	(131,365)	(131,365)	(117,933)	13,432
Appropriation for contingencies	(3,301)	(3,301)		3,301
Changes in reserves and designations	22,217	22,217	32,740	10,523
OTHER FINANCING SOURCES (USES) - NET	(13,831)	(13,475)	(2,053)	11,422
NET CHANGE IN FUND BALANCE	(118,164)	(118,164)	44,313	162,477
FUND BALANCE, JULY 1, 2007 (Note 15)	119,700	119,700	119,700	
FUND BALANCE, JUNE 30, 2008 (Note 15)	\$ 1,536	1,536	164,013	162,477

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, 2008 (in thousands)

	BUSINESS-TYPE ACTIVITIES -				
	Harbor UCLA Medical Center	Olive View UCLA Medical Center	LAC+USC Medical Center	Martin Luther King Jr. Ambulatory Care Center	Rancho Los Amigos National Rehab Center
ASSETS					
Current assets:					
Pooled cash and investments: (Notes 1 and 5)					
Operating (Note 1)	\$ 614	477	89,644	316	230
Other (Note 1)	18,655	17,846	41,332	8,764	3,495
Total pooled cash and investments	<u>19,269</u>	<u>18,323</u>	<u>130,976</u>	<u>9,080</u>	<u>3,725</u>
Other investments (Note 5)					
Taxes receivable					
Accounts receivable - net (Note 13)	129,592	126,221	255,939	180,785	65,355
Interest receivable	2		533	1	1
Other receivables	10,778	10,289	24,485	4,766	3,627
Due from other funds (Note 14)	47,403	56,131	192,968	19,648	20,740
Advances to other funds (Note 14)					
Inventories	3,370	4,162	12,296	2,013	1,407
Total current assets	<u>210,414</u>	<u>215,126</u>	<u>617,197</u>	<u>216,293</u>	<u>94,855</u>
Noncurrent assets:					
Restricted assets (Note 5)	39,509	31,345	74,935	1,090	7,314
Net pension obligation (Note 7)	5,979	5,188	15,700	6,663	4,304
Capital assets: (Notes 6 and 9)					
Land and easements	1,001	15,171	18,183	2,277	217
Buildings and improvements	77,672	152,939	163,685	194,951	187,179
Equipment	37,887	28,050	115,021	48,771	11,864
Infrastructure					
Construction in progress	51,078	1,954	896,740		6,550
Less accumulated depreciation	(72,805)	(100,937)	(194,214)	(139,696)	(99,986)
Total capital assets - net	<u>94,833</u>	<u>97,177</u>	<u>999,415</u>	<u>106,303</u>	<u>105,824</u>
Total noncurrent assets	<u>140,321</u>	<u>133,710</u>	<u>1,090,050</u>	<u>114,056</u>	<u>117,442</u>
TOTAL ASSETS	<u>350,735</u>	<u>348,836</u>	<u>1,707,247</u>	<u>330,349</u>	<u>212,297</u>
LIABILITIES					
Current liabilities:					
Accounts payable	11,587	10,781	41,513	4,951	3,756
Accrued payroll	27,497	20,263	49,976	7,738	9,280
Other payables	2,110	1,770	3,243	1,745	1,000
Accrued interest payable	89		85	206	219
Due to other funds (Note 14)	18,591	45,451	64,410	21,872	6,632
Advances from other funds (Note 14)	96,862	71,315	199,678	146,920	53,508
Advances Payable			7,844		
Unearned revenue (Note 7)	391	339	1,735	436	282
Current portion of long-term liabilities (Note 10)	102,869	64,436	190,990	39,321	25,701
Total current liabilities	<u>259,996</u>	<u>214,355</u>	<u>559,474</u>	<u>223,189</u>	<u>100,378</u>
Noncurrent liabilities:					
Accrued vacation and sick leave (Note 10)	28,680	19,432	49,269	8,336	9,898
Bonds and notes payable (Note 10)	9,655		14,202	38,746	35,614
Pension bonds payable (Notes 7 and 10)	24,729	21,455	64,930	27,557	17,801
Capital lease obligations (Notes 9 and 10)					143
Workers' compensation (Notes 10 and 17)	27,324	27,982	124,641	61,556	22,190
Litigation and self-insurance (Notes 10 and 17)	12,062	4,424	52,292	13,958	190
OPEB obligation (Notes 8 and 10)	41,378	36,490	88,279	16,681	16,863
Third party payor liability (Notes 10 and 13)	16,029	10,573	80,723	5,054	8,079
Total noncurrent liabilities	<u>159,857</u>	<u>120,356</u>	<u>474,336</u>	<u>171,888</u>	<u>110,778</u>
TOTAL LIABILITIES	<u>419,853</u>	<u>334,711</u>	<u>1,033,810</u>	<u>395,077</u>	<u>211,156</u>
NET ASSETS					
Invested in capital assets, net of related debt (Notes 6 and 10)	51,620	95,575	947,800	66,283	68,934
Restricted:					
Debt service	39,420	31,345	74,850	884	7,095
Special purpose					
Unrestricted (deficit)	(160,158)	(112,795)	(349,213)	(131,895)	(74,888)
TOTAL NET ASSETS (DEFICIT) (Note 3)	<u>\$ (69,118)</u>	<u>14,125</u>	<u>673,437</u>	<u>(64,728)</u>	<u>1,141</u>

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

ENTERPRISE FUNDS			GOVERNMENTAL
Waterworks Funds	Nonmajor Enterprise Funds	Total	ACTIVITIES Internal Service Funds
\$ 91,792	4,448	\$ 187,521	\$ 61,170
893	6	90,991	8,339
<u>92,685</u>	<u>4,454</u>	<u>278,512</u>	<u>69,509</u>
915	55,495	55,495	8,618
		757,892	
426	3	966	273
8,892	6,700	69,537	5,759
2,469	48	339,407	59,358
1,164		1,164	
		<u>23,248</u>	<u>7,676</u>
<u>106,551</u>	<u>66,700</u>	<u>1,527,136</u>	<u>151,193</u>
		154,193	8,603
		37,834	7,300
10,799	199,160	246,808	
117,000	177,225	1,070,651	1,734
481	3,105	245,179	207,477
1,095,023	39,720	1,134,743	
31,465	1,688	989,475	
(457,749)	(185,504)	(1,250,891)	(118,729)
<u>797,019</u>	<u>235,394</u>	<u>2,435,965</u>	<u>90,482</u>
<u>797,019</u>	<u>235,394</u>	<u>2,627,992</u>	<u>106,385</u>
<u>903,570</u>	<u>302,094</u>	<u>4,155,128</u>	<u>257,578</u>
2,520	3,995	79,103	6,778
		114,754	23,445
	1,693	11,561	1,740
		599	169
5,022	162	162,140	44,307
		568,283	22,000
		7,844	
475	314	3,972	578
93	1,443	424,853	43,798
<u>8,110</u>	<u>7,607</u>	<u>1,373,109</u>	<u>142,815</u>
	204	115,819	36,540
86	3,674	101,977	30,565
		156,472	30,191
		143	
		263,693	56,898
		82,926	1,341
		199,691	42,559
		<u>120,458</u>	
<u>86</u>	<u>3,878</u>	<u>1,041,179</u>	<u>198,094</u>
<u>8,196</u>	<u>11,485</u>	<u>2,414,288</u>	<u>340,909</u>
796,915	230,891	2,258,018	54,690
98,459	2,968	255,021	729
	52,690	52,690	2,920
	4,060	(824,889)	(141,670)
<u>\$ 895,374</u>	<u>290,609</u>	<u>1,740,840</u>	<u>\$ (83,331)</u>
		1,873	
		<u>\$ 1,742,713</u>	

ASSETS

Current assets:

Pooled cash and investments: (Notes 1 and 5)

Operating (Note 1)

Other (Note 1)

Total pooled cash and investments

Other investments (Note 5)

Taxes receivable

Accounts receivable - net (Note 13)

Interest receivable

Other receivables

Due from other funds (Note 14)

Advances to other funds (Note 14)

Inventories

Total current assets

Noncurrent assets:

Restricted assets (Note 5)

Net pension obligation (Note 7)

Capital assets: (Notes 6 and 9)

Land and easements

Buildings and improvements

Equipment

Infrastructure

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 14)

Advances from other funds (Note 14)

Advances Payable

Unearned revenue (Note 7)

Current portion of long-term liabilities (Note 10)

Total current liabilities

Noncurrent liabilities:

Accrued vacation and sick leave (Note 10)

Bonds and notes payable (Note 10)

Pension bonds payable (Notes 7 and 10)

Capital lease obligations (Notes 9 and 10)

Workers' compensation (Notes 10 and 17)

Litigation and self-insurance (Notes 10 and 17)

OPEB obligation (Notes 8 and 10)

Third party payor liability (Notes 10 and 13)

Total noncurrent liabilities

TOTAL LIABILITIES

NET ASSETS

Invested in capital assets, net of related debt
(Notes 6 and 10)

Restricted:

Debt service

Special purpose

Unrestricted (deficit)

TOTAL NET ASSETS (DEFICIT) (Note 3)

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

NET ASSETS OF BUSINESS-TYPE ACTIVITIES (PAGE 23)

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	BUSINESS-TYPE ACTIVITIES -				
	Harbor UCLA Medical Center	Olive View UCLA Medical Center	LAC+USC Medical Center	Martin Luther King Jr. Ambulatory Care Center	Rancho Los Amigos National Rehab Center
OPERATING REVENUES:					
Net patient service revenues (Note 13)	\$ 385,281	323,861	711,346	195,379	110,009
Rentals					
Charges for services					
Other	16,382	13,588	45,979	2,122	4,907
TOTAL OPERATING REVENUES	401,663	337,449	757,325	197,501	114,916
OPERATING EXPENSES:					
Salaries and employee benefits	390,251	294,515	740,286	133,005	140,169
Services and supplies	102,380	87,449	202,501	47,825	25,943
Other professional services	113,359	112,146	283,659	77,933	31,400
Depreciation and amortization (Note 6)	4,692	5,004	9,896	4,948	2,799
Medical malpractice	4,091	5,895	11,282	2,388	187
Rent	3,477	2,569	8,504	2,358	1,540
TOTAL OPERATING EXPENSES	618,250	507,578	1,256,128	268,457	202,038
OPERATING LOSS	(216,587)	(170,129)	(498,803)	(70,956)	(87,122)
NONOPERATING REVENUES (EXPENSES):					
Taxes					
Interest income	591	473	5,815	372	284
Interest expense	(6,536)	(4,460)	(14,357)	(8,893)	(6,840)
Intergovernmental transfers expense (Note 13)	(40,247)	(38,143)	(104,100)	(8,051)	(9,118)
Intergovernmental revenues:					
State					
Federal					
TOTAL NONOPERATING REVENUES (EXPENSES)	(46,192)	(42,130)	(112,642)	(16,572)	(15,674)
LOSS BEFORE CONTRIBUTIONS AND TRANSFERS	(262,779)	(212,259)	(611,445)	(87,528)	(102,796)
Capital contributions					
Transfers in (Note 14)	217,485	190,937	605,142	82,951	90,683
Transfers out (Note 14)	(732)	(451)	(31,191)	(507)	(23)
CHANGE IN NET ASSETS	(46,026)	(21,773)	(37,494)	(5,084)	(12,136)
TOTAL NET ASSETS (DEFICIT), JULY 1, 2007, as restated (Note 2)	(23,092)	35,898	710,931	(59,644)	13,277
TOTAL NET ASSETS (DEFICIT), JUNE 30, 2008	\$ (69,118)	14,125	673,437	(64,728)	1,141

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks Funds	Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$		\$ 1,725,876	\$	OPERATING REVENUES:
	14,622	14,622	22,705	Net patient service revenues (Note 13)
61,514	379	61,893	409,450	Rentals
982	504	84,464		Charges for services
				Other
<u>62,496</u>	<u>15,505</u>	<u>1,886,855</u>	<u>432,155</u>	TOTAL OPERATING REVENUES
		1,698,226	354,241	OPERATING EXPENSES:
47,403	247,045	760,546	66,070	Salaries and employee benefits
2,017	254	620,768	13,119	Services and supplies
25,379	2,805	55,523	27,796	Other professional services
		23,843		Depreciation and amortization (Note 6)
		18,448		Medical malpractice
				Rent
<u>74,799</u>	<u>250,104</u>	<u>3,177,354</u>	<u>461,226</u>	TOTAL OPERATING EXPENSES
<u>(12,303)</u>	<u>(234,599)</u>	<u>(1,290,499)</u>	<u>(29,071)</u>	OPERATING LOSS
		4,405		NONOPERATING REVENUES (EXPENSES):
4,405		14,073	1,331	Taxes
4,304	2,234	(41,369)	(7,317)	Interest income
(11)	(272)	(199,659)		Interest expense
				Intergovernmental transfers expense (Note 13)
				Intergovernmental revenues:
87	25	112		State
	209,454	209,454	621	Federal
<u>8,785</u>	<u>211,441</u>	<u>(12,984)</u>	<u>(5,365)</u>	TOTAL NONOPERATING REVENUES (EXPENSES)
(3,518)	(23,158)	(1,303,483)	(34,436)	LOSS BEFORE CONTRIBUTIONS AND TRANSFERS
1,413		1,413		Capital contributions
21	350	1,187,569	196	Transfers in (Note 14)
		(32,904)	(4,528)	Transfers out (Note 14)
<u>(2,084)</u>	<u>(22,808)</u>	<u>(147,405)</u>	<u>(38,768)</u>	CHANGE IN NET ASSETS
<u>897,458</u>	<u>313,417</u>		<u>(44,563)</u>	TOTAL NET ASSETS (DEFICIT), JULY 1, 2007, as restated (Note 2)
<u>\$ 895,374</u>	<u>290,609</u>		<u>\$ (83,331)</u>	TOTAL NET ASSETS (DEFICIT), JUNE 30, 2008
		(938)		Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
		<u>\$ (148,343)</u>		CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES (PAGE 25)

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	BUSINESS-TYPE ACTIVITIES -				
	Harbor UCLA Medical Center	Olive View UCLA Medical Center	LAC+USC Medical Center	Martin Luther King Jr. Ambulatory Care Center	Rancho Los Amigos National Rehab Center
CASH FLOWS FROM OPERATING					
ACTIVITIES:					
Cash received from patient services	\$ 376,700	281,825	747,263	119,890	125,344
Rentals received					
Cash received from charges for services					
Other operating revenues	16,397	13,609	45,986	2,123	4,909
Cash received for services provided to other funds	17,218	17,862	26,527	7,575	369
Cash paid for salaries and employee benefits	(349,286)	(264,541)	(669,104)	(143,600)	(123,069)
Cash paid for services and supplies	(79,058)	(63,081)	(171,283)	(16,480)	(8,062)
Other operating expenses	(120,227)	(116,531)	(303,888)	(84,404)	(32,968)
Cash paid for services from other funds	(36,023)	(32,916)	(105,278)	(40,538)	(17,518)
Net cash provided by (required for) operating activities	<u>(174,279)</u>	<u>(163,773)</u>	<u>(429,777)</u>	<u>(155,434)</u>	<u>(50,995)</u>
CASH FLOWS FROM NONCAPITAL					
FINANCING ACTIVITIES:					
Cash advances received from other funds	161,827	132,889	362,464	216,945	61,843
Cash advances paid/returned to other funds	(140,853)	(99,522)	(318,100)	(121,079)	(79,265)
Interest paid on pension bonds	(3,964)	(3,438)	(10,404)	(4,416)	(2,853)
Interest paid on advances	(1,213)	(578)	(2,696)	(2,204)	(1,504)
Intergovernmental transfers	(40,247)	(38,143)	(104,100)	(8,051)	(9,118)
Intergovernmental receipts					
Transfers in	217,485	190,937	605,142	82,951	90,683
Transfers out	(732)	(451)	(31,191)	(507)	(23)
Net cash provided by (required for) noncapital financing activities	<u>192,303</u>	<u>181,694</u>	<u>501,115</u>	<u>163,639</u>	<u>59,763</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from taxes					
Proceeds from bonds and notes	69,500	31,700	94,300	1,000	6,500
Interest paid on capital borrowing	(1,481)	(494)	(1,373)	(2,555)	(2,783)
Principal payments on bonds and notes	(1,637)	(10,025)	(1,554)	(3,786)	(4,022)
Principal payments on capital leases					(125)
Acquisition and construction of capital assets	(39,599)	(9,644)	(106,319)	(824)	(925)
Net cash provided by (required for) capital and related financing activities	<u>26,783</u>	<u>11,537</u>	<u>(14,946)</u>	<u>(6,165)</u>	<u>(1,355)</u>
CASH FLOWS FROM INVESTING ACTIVITIES -					
Interest income received	<u>308</u>	<u>233</u>	<u>5,637</u>	<u>50</u>	<u>75</u>
Net increase (decrease) in cash and cash equivalents	45,115	29,691	62,029	2,090	7,488
Cash and cash equivalents, July 1, 2007	<u>13,663</u>	<u>19,977</u>	<u>143,882</u>	<u>8,080</u>	<u>3,551</u>
Cash and cash equivalents, June 30, 2008	<u>\$ 58,778</u>	<u>49,668</u>	<u>205,911</u>	<u>10,170</u>	<u>11,039</u>

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks Funds	Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$		\$ 1,651,022	\$	
	14,322	14,322	22,631	CASH FLOWS FROM OPERATING ACTIVITIES:
61,104		61,104	426,670	Cash received from patient services
982	504	84,510		Rentals received
		69,551		Cash received from charges for services
	285	(1,549,315)	(320,055)	Other operating revenues
(46,982)	(246,509)	(631,455)	(53,473)	Cash received for services provided to other funds
(1,942)	(254)	(660,214)	(13,119)	Cash paid for salaries and employee benefits
		(232,273)		Cash paid for services and supplies
				Other operating expenses
				Cash paid for services from other funds
13,162	(231,652)	(1,192,748)	62,654	Net cash provided by (required for) operating activities
		935,968		CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:
		(758,819)		Cash advances received from other funds
		(25,075)	(4,840)	Cash advances paid/returned to other funds
		(8,195)		Interest paid on pension bonds
		(199,659)		Interest paid on advances
87	209,479	209,566	621	Intergovernmental transfers
21	350	1,187,569	196	Intergovernmental receipts
		(32,904)	(4,528)	Transfers in
				Transfers out
108	209,829	1,308,451	(8,551)	Net cash provided by (required for) noncapital financing activities
		4,221		CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:
4,221		4,221	50,360	Proceeds from taxes
	6	203,006	(3,168)	Proceeds from bonds and notes
(11)	(272)	(8,969)	(53,245)	Interest paid on capital borrowing
(17)	(710)	(21,751)	(145)	Principal payments on bonds and notes
		(125)	(33,383)	Principal payments on capital leases
(15,160)	(1,947)	(174,418)		Acquisition and construction of capital assets
				Net cash provided by (required for) capital and related financing activities
(10,967)	(2,923)	1,964	(39,581)	
4,521	2,241	13,065	1,056	CASH FLOWS FROM INVESTING ACTIVITIES - Interest income received
6,824	(22,505)	130,732	15,578	Net increase (decrease) in cash and cash equivalents
85,861	82,454	357,468	71,152	Cash and cash equivalents, July 1, 2007
\$ 92,685	\$ 59,949	\$ 488,200	\$ 86,730	Cash and cash equivalents, June 30, 2008

Continued...

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	BUSINESS-TYPE ACTIVITIES -				
	Harbor UCLA Medical Center	Olive View UCLA Medical Center	LAC+USC Medical Center	Martin Luther King Jr. Ambulatory Care Center	Rancho Los Amigos National Rehab Center
RECONCILIATION OF OPERATING					
LOSS TO NET CASH PROVIDED BY					
(REQUIRED FOR) OPERATING ACTIVITIES:					
Operating loss	\$ (216,587)	(170,129)	(498,803)	(70,956)	(87,122)
Adjustments to reconcile operating loss to net cash provided by (required for) operating activities:					
Depreciation and amortization	4,692	5,004	9,896	4,948	2,799
Other charges - net	1,849	2,916	(6,606)	(1,180)	(166)
(Increase) decrease in:					
Accounts receivable - net	(14,659)	(49,706)	(71,576)	(62,394)	11,505
Interest receivable					
Other receivables	(1,583)	(165)	(2,212)	2,091	(542)
Due from other funds	22,279	15,389	82,085	4,759	(841)
Inventories	490	(76)	743	1,268	(214)
Net pension obligation	1,211	1,050	3,180	1,349	872
Increase (decrease) in:					
Accounts payable	1,226	291	2,304	(4,782)	1,393
Accrued payroll	4,954	3,123	7,994	(5,457)	1,922
Other payables	199	160	266	74	75
Accrued vacation and sick leave	3,702	(4,546)	3,892	(4,853)	7,177
Due to other funds	(14,850)	(10,938)	(68,459)	(6,810)	(205)
Unearned revenue			(2,446)		
Pension bonds payable	(11,588)	(10,053)	(30,431)	(12,914)	(8,341)
Workers' compensation liability	(2,392)	875	(8,512)	(4,359)	(2,766)
Litigation and self-insurance liability	700	4,382	(443)	(1,375)	159
OPEB obligation	44,378	39,136	94,679	17,890	18,085
Third party payor liability	1,700	9,514	54,672	(12,733)	5,215
TOTAL ADJUSTMENTS	42,308	6,356	69,026	(84,478)	36,127
NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES	\$ (174,279)	(163,773)	(429,777)	(155,434)	(50,995)
RECONCILIATION OF CASH AND CASH					
EQUIVALENTS TO THE STATEMENT OF					
NET ASSETS:					
Pooled cash and investments	\$ 19,269	18,323	130,976	9,080	3,725
Other investments					
Restricted assets	39,509	31,345	74,935	1,090	7,314
TOTAL	\$ 58,778	49,668	205,911	10,170	11,039

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks Funds	Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$ (12,303)	(234,599)	\$ (1,290,499)	\$ (29,071)	RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:
				Operating loss
				Adjustments to reconcile operating loss to net cash provided by (required for) operating activities:
25,379	2,805	55,523	27,796	Depreciation and amortization
	509	(2,678)	141	Other charges - net
		(186,830)		(Increase) decrease in:
			41	Accounts receivable - net
(45)	(1,843)	(4,299)	(916)	Interest receivable
(700)	10	122,981	17,152	Other receivables
		2,211	274	Due from other funds
		7,662	1,478	Inventories
				Net pension obligation
1,480	1,324	3,236	965	Increase (decrease) in:
		12,536	3,456	Accounts payable
	(7)	767	159	Accrued payroll
	285	5,657	1,513	Other payables
(1,059)	(142)	(102,463)	11,204	Accrued vacation and sick leave
335	6	(2,105)	(57)	Due to other funds
		(73,327)	(14,145)	Unearned revenue
		(17,154)	(2,980)	Pension bonds payable
75		3,498		Workers' compensation liability
		214,168	45,644	Litigation and self-insurance liability
		58,368		OPEB obligation
				Third party payor liability
25,465	2,947	97,751	91,725	TOTAL ADJUSTMENTS
\$ 13,162	(231,652)	\$ (1,192,748)	\$ 62,654	NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES
				RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:
\$ 92,685	4,454	\$ 278,512	\$ 69,509	Pooled cash and investments
	55,495	55,495	8,618	Other investments
		154,193	8,603	Restricted assets
\$ 92,685	59,949	\$ 488,200	\$ 86,730	TOTAL

COUNTY OF LOS ANGELES
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008 (in thousands)

	PENSION TRUST FUND	INVESTMENT TRUST FUNDS	AGENCY FUNDS
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Pooled cash and investments (Note 5)	\$ 86,438	\$ 13,284,552	\$ 1,261,788
Other investments: (Note 5)		474,638	43,927
Stocks	19,285,947		
Bonds	11,296,770		
Short-term investments	741,505		
Commodities	638,575		
Real estate	3,996,568		
Mortgages	260,913		
Alternative assets	3,296,714		
Cash collateral on loaned securities	2,322,698		
Taxes receivable			310,536
Interest receivable	132,306	129,447	2,498
Other receivables	849,578		
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>42,908,012</u>	<u>13,888,637</u>	<u>\$ 1,618,749</u>
LIABILITIES			
Accounts payable	1,799,138		
Other payables (Note 5)	2,384,203		
Due to other governments			1,618,749
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>4,183,341</u>	<u> </u>	<u>\$ 1,618,749</u>
NET ASSETS			
Held in trust for pension benefits and investment trust participants	<u>\$ 38,724,671</u>	<u>\$ 13,888,637</u>	

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

COUNTY OF LOS ANGELES
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	PENSION TRUST FUND	INVESTMENT TRUST FUNDS
	<u> </u>	<u> </u>
ADDITIONS:		
Contributions:		
Pension trust contributions:		
Employer	\$ 788,029	\$
Member	414,752	
Contributions to investment trust funds		40,191,455
Total contributions	<u>1,202,781</u>	<u>40,191,455</u>
Investment earnings:		
Investment income	4,929,295	584,425
Net decrease in the fair value of investments	(6,258,819)	
Securities lending income (Note 5)	122,531	
Total investment earnings (losses)	<u>(1,206,993)</u>	<u>584,425</u>
Less - Investment expenses:		
Expense from investing activities	114,183	
Expense from securities lending activities (Note 5)	104,941	
Total net investment expense	<u>219,124</u>	
Net investment earnings (losses)	<u>(1,426,117)</u>	<u>584,425</u>
Miscellaneous	<u>1,767</u>	
NET INCREASE (DECREASE) IN ADDITIONS	<u>(221,569)</u>	<u>40,775,880</u>
DEDUCTIONS:		
Salaries and employee benefits	33,626	
Services and supplies	14,597	
Benefit payments	1,887,684	
Distribution from investment trust funds		39,869,092
Miscellaneous	25,959	
TOTAL DEDUCTIONS	<u>1,961,866</u>	<u>39,869,092</u>
CHANGE IN NET ASSETS	(2,183,435)	906,788
NET ASSETS HELD IN TRUST, JULY 1, 2007	<u>40,908,106</u>	<u>12,981,849</u>
NET ASSETS HELD IN TRUST, JUNE 30, 2008	<u>\$ 38,724,671</u>	<u>\$ 13,888,637</u>

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Blended Component Units

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

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

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.

The LACSC is a California public benefit corporation created by the County Board of Supervisors in January 2006. Three directors, the County's Auditor-Controller, Treasurer and Tax Collector, and an independent party designated by at least one of the County directors, govern the LACSC. The LACSC purpose is to acquire the County's rights in relation to future tobacco settlement payments and to facilitate the issuance of long-term bonds secured by the County Tobacco Assets. The LACSC provides service solely to the County and is reported as a blended component unit of the County.

Discretely Presented Component Unit

First 5 LA (First 5), 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 First 5 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 Services 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Discretely Presented Component Unit-Continued

First 5 services are focused on the development and well-being of all children, from the prenatal stage until age five. First 5 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.

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, except for services provided among funds (other than internal service funds). 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 they have external restrictions imposed by creditors, grantors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. At June 30, 2008, the restricted net assets balances were \$1.606 billion and \$308 million for governmental activities and business-type activities, respectively. For governmental activities, \$92 million was restricted by enabling legislation.

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 and charges for services.

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 (charges for services).

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 five Hospital Funds and a Waterworks Enterprise Fund. The Hospital Enterprise funds provide health services to County residents. Revenues are principally patient service fees. Subsidies are also received from the General Fund. The Waterworks Enterprise Fund provides water services to County residents. Revenues are derived primarily from the sale of water and water service standby charges. A description of each Enterprise Fund is provided below:

Harbor-UCLA Medical Center

The Harbor-UCLA Medical Center (H/UCLA) 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 (OV/UCLA) provides acute and intensive care, emergency services, medical/surgical inpatient and outpatient health care services, obstetric and gynecological services, and psychiatric services.

LAC+USC Medical Center

The LAC+USC Medical Center (LAC+USC) 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

Martin Luther King, Jr. Ambulatory Care Center

The Martin Luther King, Jr. Multi-Service Ambulatory Care Center (MLK-MACC), formerly known as Martin Luther King, Jr.-Harbor Hospital, began the 2007-08 fiscal year providing general adult medical, surgical and low-risk obstetrical and gynecological care with a basic emergency room. Upon the loss of the hospital's licensing/accreditation on August 25, 2007, inpatient and emergency services were closed and the facility was re-organized as MLK-MACC. The MLK-MACC provides urgent care services, comprehensive outpatient services, including, primary, specialty and subspecialty services in surgery, medicine, pediatrics, obstetrics, HIV/AIDS, and dental services.

Rancho Los Amigos National Rehabilitation Center

The Rancho Los Amigos National Rehabilitation Center (Rancho) 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.

Waterworks Funds

The Waterworks Enterprise funds provide for the administration, maintenance, operation and improvement of district water systems.

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. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds (including Clearing and Revolving Funds, Deposit Funds, Other Agency Funds, State and City Revenue Funds, and Tax Collection Funds) account for assets held by the County in an agency capacity for individuals or other government units.

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 five Hospital Enterprise Funds (Hospitals) are from patient services. The principal operating revenues for the Waterworks Enterprise Funds are from charges for 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 13, intergovernmental transfer payments are recorded in the Hospitals and this item is classified as a nonoperating expense.

Agency funds do not have a measurement focus because they report only assets and liabilities. They do however, use the accrual basis of accounting to recognize receivables and payables.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Accounting-Continued

The County applies all applicable Financial Accounting Standards Board (FASB) statements issued on or before November 30, 1989, in accounting and reporting for government-wide and proprietary fund financial statements. FASB statements issued after November 30, 1989, have not been applied unless specifically adopted in a GASB statement.

Budgetary Data

In accordance with the provisions of Sections 29000-29144 of the Government Code of the State of California (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). Annual budgets were not adopted for the JPAs, Public Buildings and the LACSC debt service funds, the capital project funds and the permanent funds.

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 \$24 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 for the year ended June 30, 2008. The County prepares a separate budgetary document, the County Budget, which demonstrates legal compliance with budgetary control.

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

Note 15 describes the differences between the budgetary basis of accounting and GAAP. A reconciling schedule is also presented for the major governmental funds.

Property Taxes

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the Government Code and Revenue and Taxation Code. Property is assessed at 100% of full cash or market value (with some exceptions) pursuant to Article XIII A of the California State Constitution and statutory provisions by the County Assessor and State Board of Equalization. The total 2007-2008 assessed valuation of the County of Los Angeles exceeded \$1 trillion for the first time and approximated \$1,010 billion.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Property Taxes-Continued

The County is divided into 11,242 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.

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 August 1 and become delinquent, if unpaid, on August 31.

Deposits and Investments

In accordance with GASB Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and 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 5.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deposits and Investments-Continued

Other Pooled Cash and Investments

This account represents amounts identified in various agency funds as of June 30, 2008 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.

Other Investments

"Other Investments" represent Pension Trust Fund investments, investments of the CDC, various JPAs, NPCs and Public Buildings (bond financed capital assets), 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 5. These restricted assets are presented as noncurrent assets and are generally associated with long-term bonds payable.

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, \$37,563,000 represents land held for resale by the 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 and easements, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets are divided into the five following networks: road; water; sewer; flood control and aviation. 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. Certain buildings and equipment are being leased under capital leases as defined in FASB Statement No. 13. The present value of the minimum lease obligation has been capitalized in the statement of net assets and is also reflected as a liability in that statement.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Capital Assets-Continued

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 6.

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	15 to 100 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.

Advances Payable

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

Vacation and Sick Leave Benefits

Vacation pay benefits accrue to employees ranging from 10 to 20 days per year depending on years of service and the benefit plan. 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 depending on the benefit plan. 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).

Long-term Debt

In the government-wide and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary funds statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Long-term-Debt-Continued

In the governmental funds financial statements, bond premiums, discounts, and issuance costs, are recognized in the period issued. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. Interest is reported as an expenditure in the period in which the related payment is made. The matured portion of long-term debt (i.e. portion that has come due for payment) is reported as a liability in the fund financial statement of the related fund.

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).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. ACCOUNTING CHANGES AND RESTATEMENT OF FUND BALANCES/NET ASSETS

As discussed below, the County implemented the following GASB Statements in the 2007-2008 fiscal year:

Governmental Accounting Standards Board Statement No. 45

For the fiscal year ended June 30, 2008, the County implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." This Statement establishes standards for the measurement, recognition, and display of other post employment benefits (OPEB) expenses/expenditures and related liabilities (assets), note disclosures and required supplementary information (RSI). This matter is further discussed in Note 8.

Long-Term Disability Benefits

The County provides long-term disability benefits (LTD benefits) that were determined to be within the definition of OPEB. Prior to GASB 45, the County had recognized liabilities for LTD benefits in the government-wide financial statements and the proprietary funds. These amounts were classified as Litigation and Self-Insurance liabilities. Although the previously recorded liability amounts were actuarially determined, they were not in compliance with provisions of GASB 45. Effective July 1, 2007, the County began to measure LTD benefits in accordance with GASB 45, which provides for the prospective measurement of such expenses. Previously recorded LTD benefit liabilities have been removed and beginning fund balances have been restated (increased) as indicated at the end of this Note.

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

2. ACCOUNTING CHANGES AND RESTATEMENT OF FUND BALANCES/NET ASSETS-Continued

Governmental Accounting Standards Board Statement No. 45-Continued

Employer Assets Held by OPEB Administrator

In conjunction with implementing GASB 45, the County determined that certain assets were held by LACERA (the OPEB administrator) in an OPEB Agency Fund. These amounts were held on behalf of the County and earmarked for future OPEB benefit payments. However, the County has not yet established an OPEB trust (or equivalent arrangement) and GASB 45 requires that such amounts be recorded as employer assets. Effective July 1, 2007, the County has recognized assets (Other Receivables) in all applicable funds to reflect the OPEB related amount held by LACERA. Accordingly, beginning fund balances have been restated (increased) as indicated at the end of this Note.

Governmental Accounting Standards Board Statement No. 50

GASB Statement No. 50, "Pension Disclosures," amends Statements 25 and 27 to more closely align the financial reporting requirements for pensions with those for OPEB. GASB Statement No. 50 did not have an impact on the County's financial statements, but required additional and rearranged disclosures in Note 7.

Restatement of Fund Balances/Net Assets

In order to meet the guidelines presented in GASB Statement 45, the County restated beginning balances to reflect the removal of the long-term disability (LTD) liabilities, as previously presented. Additionally, the County restated beginning balances to reflect the inclusion of LACERA's OPEB Agency Fund. The effects of the changes are as follows (in thousands):

	Fund Balance /Net Assets July 1, 2007 as <u>previously reported</u>	Effect of Removal of LTD Liabilities	Effect of LACERA OPEB <u>Agency Fund</u>	Fund Balance /Net Assets July 1, 2007 <u>as restated</u>
Government-wide:				
Governmental activities	\$ 15,440,624	\$ 338,959	\$ 104,414	\$ 15,883,997
Business-type activities	1,736,574	132,558	21,924	1,891,056
Governmental funds:				
Major Governmental funds:				
General Fund	3,080,444		93,219	3,173,663
Fire Protection District	141,941		5,570	147,511
Public Library	20,213		952	21,165
Internal Service Fund-Public Works	(79,791)	20,859	4,673	(54,259)
Proprietary funds:				
Major enterprise funds:				
Harbor/UCLA Medical Center	(47,974)	20,339	4,543	(23,092)
Olive View/UCLA Medical Center	12,695	19,197	4,006	35,898
LAC+USC Medical Center	651,917	49,322	9,692	710,931
Martin Luther King Jr./ Ambulatory Care Center	(92,358)	30,882	1,832	(59,644)
Rancho Los Amigos National Rehab Center	(1,392)	12,818	1,851	13,277

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

3. NET ASSET DEFICITS

The following funds had net asset deficits at June 30, 2008 (in thousands):

	<u>Accumulated Deficit</u>
Enterprise Funds:	
Harbor/UCLA Medical Center	\$ 69,118
M. L. King, Jr. Ambulatory Care Center	64,728
Internal Service Fund-	
Public Works	91,811

The Enterprise and Internal Service Funds' deficits result primarily from the recognition of certain liabilities including accrued vacation and sick leave, OPEB obligation, 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.

4. ELIMINATIONS

The Regional Park and Open Space District (RPOSD), 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 RPOSD executed a financing agreement with the Public Works Financing Authority, another blended component unit referred to in the basic financial statements as "Joint Powers Authorities" (JPAs). Under the terms of the agreement, the RPOSD sold \$510,185,000 of bonds in 1997 that were acquired as an investment by the JPAs. The JPAs 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 RPOSD's bonds relative to principal and interest maturities and interest rates. This series of transactions was conducted to facilitate the issuance of RPOSD related bonds and to minimize the County's overall interest cost. Pursuant to the financing agreement with the JPAs, the RPOSD has pledged all available tax assessments necessary to ensure the timely payment of principal and interest on the bonds issued by the JPAs. The 1997 bonds were partially refunded in 2004-2005 and the remaining 1997 bonds were fully refunded in 2007-2008. The transactions between the two component units have been accounted for as follows:

Fund Financial Statements

At June 30, 2008, the governmental fund financial statements reflect an investment asset (referred to as "Other Investments") held by the JPAs of \$269,995,000 that has been recorded in the Nonmajor Governmental Funds. The governmental fund financial statements do not reflect a liability for the related bonds payable (\$269,995,000), 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 governmental 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.

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

4. ELIMINATIONS-Continued

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 (\$269,995,000) and investment earnings and interest expense (\$12,189,000 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 \$269,995,000 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 10 and are captioned "Assessment Bonds."

5. 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, 2008 (in thousands):

	Pooled Cash and Investments	Other Investments	Restricted Assets		Total
			Pooled Cash and Investments	Other Investments	
Governmental Funds	\$ 4,460,548	\$ 321,420			\$ 4,781,968
Proprietary Funds	348,021	64,113	\$ 25,194	\$ 137,602	574,930
Fiduciary Funds (excluding Pension Trust Fund)	14,546,340	518,565			15,064,905
Pension Trust Fund	86,438	41,839,690			41,926,128
Component Unit	875,166				875,166
Total	<u>\$ 20,316,513</u>	<u>\$ 42,743,788</u>	<u>\$ 25,194</u>	<u>\$ 137,602</u>	<u>\$ 63,223,097</u>

Deposits-Custodial Credit Risk

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

At June 30, 2008, the carrying amount of the County's deposits was \$97,696,000 and the balance per various financial institutions was \$96,817,000. County's deposits are not exposed to custodial credit risk since all its deposits are either covered by federal depository insurance or collateralized with securities held by the County or its agent in the County's name, in accordance with California Government Code Section 53652.

At June 30, 2008, the carrying amount of Pension Trust Fund deposits was \$44,087,000. Pension Trust Fund deposits are held in the Fund's custodial bank and, therefore, are not exposed to custodial credit risk since its deposits are eligible for and covered by "pass through insurance" in accordance with applicable law and FDIC rules and regulations.

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

5. CASH AND INVESTMENTS-Continued

Investments

State statutes authorize the County to invest pooled funds in certain types of investments including obligations of the United States Treasury, federal, State and local agencies, commercial paper rated A-1 by Standard Poor's Corporation or P-1 by Moody's Commercial Paper Record, medium-term corporate and deposit notes, negotiable certificates of deposit, floating rate notes, money market funds, guaranteed investment contracts, repurchase and reverse repurchase agreements, bankers' acceptances, State and local area investment funds, and mortgage pass-through securities.

The investments are managed by the County Treasurer who reports on a monthly basis to the Board of Supervisors. In addition, Treasury investment activity is subject to an annual investment policy review, compliance oversight, quarterly financial reviews, and annual financial reporting.

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

The Pension Trust Fund is managed by LACERA. Pension Trust Fund investments are authorized by State Statutes which are referred to as the "County Employees' Retirement Law of 1937." Statutes authorize a "Prudent Expert" guideline as to form and types of investments which may be purchased. Examples of the Fund's investments are obligations of the various agencies of the federal government, corporate and private placement bonds, global bonds, domestic and global stocks, domestic and global convertible debentures and real estate. LACERA's investment policy also allows the limited use of derivatives by certain investment managers. The classes of derivatives that are permitted are futures contracts, currency forward contracts, options, and swaps.

The interest rate risk, foreign currency risk, credit risk, concentration of credit risk, and custodial credit risk related to Pension Trust Fund investments are different than the corresponding risk on investments held by the County Treasurer. Detailed deposit and investment risk disclosures are included in Note G of LACERA's Report on Audited Financial Statements for the year ended June 30, 2008.

The School Districts and the Superior Court are required by legal provisions to participate in the County's investment pool. Eighty-one percent (81%) of the Treasurer's external investment pool consists of these involuntary participants. Voluntary participants in the County's external investment pool include the Sanitation Districts, Metropolitan Transportation Authority, the South Coast Air Quality Management District and other special districts with independent governing boards. The deposits held for both involuntary and voluntary entities are included in the External Pooled Investment Trust Fund. Certain specific investments have been made by the County, as directed by external depositors. This investment activity occurs separately from the County's investment pool and is reported in the Specific Investment Trust Fund. The pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer must follow.

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

5. CASH AND INVESTMENTS-Continued

Investments-Continued

County pooled and other investments (excluding Pension Trust Fund other investments) at June 30, 2008 (in thousands) are as follows:

	<u>Fair Value</u>
U.S. Government securities	\$ 7,744,671
Negotiable certificates of deposit	4,349,618
Commercial paper	7,089,527
Corporate and deposit notes	1,314,561
Municipal bonds	5,370
Los Angeles County securities	190,404
Guaranteed investment contracts	251,437
Investment in money market funds	227,022
Investment in State and local agency investment funds	112,235
1st and 2nd mortgages	<u>866</u>
Total	<u>\$ 21,285,711</u>

Pension Trust Fund investments are reported in the basic financial statements at fair value at June 30, 2008 (in thousands) and are as follows:

	<u>Fair Value</u>
Domestic and international equity	\$ 21,564,558
Fixed income	12,038,275
Real estate	3,996,568
Private equity	3,296,714
Commodities	638,575
Mortgages	<u>260,913</u>
Total	<u>\$ 41,795,603</u>

The Pension Trust Fund also had deposits with the Los Angeles County Treasury Pool at June 30, 2008 totaling \$86,438,000. The Pension Trust Fund portfolio contained no concentration of investments in any one organization (other than those issued or guaranteed by the U.S. Government) that represents 5% or more of the total investment portfolio.

The County has not provided nor obtained any legally binding guarantees during the year ended June 30, 2008 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.

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

5. CASH AND INVESTMENTS-Continued

Investments-Continued

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

	<u>Fair Value</u>	<u>Principal</u>	<u>Interest Rate % Range</u>	<u>Maturity Range</u>	<u>Weighted Average Maturity (Years)</u>
U. S. Government securities	\$7,356,400	\$7,371,943	2.41% - 9.25%	7/3/08 - 5/29/13	3.87
Negotiable certificates of deposit	4,339,502	4,340,612	2.40% - 3.058%	7/3/08 - 8/21/09	0.13
Commercial paper	7,061,349	7,062,687	2.30% - 3.00%	7/1/08 - 9/2/08	0.04
Corporate and deposit notes	1,314,332	1,318,842	2.20% - 5.20%	7/1/08 - 1/21/11	0.82
Los Angeles County securities	190,404	190,404	2.35% - 4.66%	6/30/10 - 12/1/37	25.90
Money market mutual funds	518	518	0.25%	7/1/08	
Deposits	<u>79,202</u>	<u>79,202</u>			
	<u>\$20,341,707</u>	<u>\$20,364,208</u>			1.75

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

	<u>Fair Value</u>	<u>Principal</u>	<u>Interest Rate % Range</u>	<u>Maturity Range</u>	<u>Weighted Average Maturity (Years)</u>
Local Agency Investment Fund \$	112,235	112,238			0.5
Commercial paper	28,178	28,178	4.21%	8/20/08	0.14
Corporate and deposit notes	229	230	5.33%	8/3/09	1.09
Mortgage trust deeds	866	866	4.50% - 5.50%	8/1/12 - 4/1/17	6.25
Municipal bonds	5,370	5,370	5.00%	9/2/21	13.15
Negotiable certificates of deposit	10,116	10,000	5.05%	3/16/09	0.71
Guaranteed investment contracts	251,437	251,437	4.65% - 4.87%	1/6/09 - 3/15/10	1.42
U.S. agency securities	282,170	280,424	3.63% - 5.59%	7/18/08 - 6/10/13	1.03
U.S. treasury bonds	430	315	7.25% - 11.25%	2/15/15 - 5/15/16	6.96
U.S. treasury notes	61,744	60,507	3.25% - 4.88%	8/15/08 - 7/31/11	0.79
U.S. treasury bills	43,927	43,577	2.05% - 2.09%	8/14/08 - 12/11/08	0.29
Money market mutual funds	226,504	226,504	0.35%	7/1/08	
Deposits	<u>18,494</u>	<u>18,494</u>			
	<u>\$ 1,041,700</u>	<u>\$1,038,140</u>			

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The government code limits most investment maturities to five years, with the exception of commercial paper and bankers' acceptances which are limited to 270 days and 180 days, respectively. The County Treasurer manages equity and mitigates exposure to declines in fair value by generally investing in short-term investments with maturities of six months or less and by holding all investments to maturity. The County's investment guidelines limit the weighted average maturity of its portfolios to less than 18 months. Of the Pooled Cash and Investments and Other Investments at June 30, 2008, more than 58% have a maturity of six months or less. Of the remainder, less than 40% have a maturity of more than one year.

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

5. CASH AND INVESTMENTS-Continued

Interest Rate Risk-Continued

As of June 30, 2008, variable-rate notes comprised 5.61% of the Treasury Pool and Other Investment portfolios. The notes are tied to one-month and three-month London Interbank Offered Rate (LIBOR) with monthly and quarterly coupon resets. The fair value of variable-rate coupon resets back to the market rate on a periodic basis. Effectively, at each reset date, a variable-rate investment reprices back to par value, eliminating interest rate risk at each periodic reset.

Custodial Credit Risk

Custodial credit risk for investments is the risk that the County will not be able to recover the value of investment securities that are in the possession of an outside party. All securities owned by the County are deposited in trust for safekeeping with a custodial bank different from the County's primary bank, except for Bond Anticipation Notes, certain long-term debt proceeds issued by Los Angeles County entities, investment in the State's Local Area Investment Fund, and mortgage trust deeds which are held in the County Treasurer's vault. Securities are not held in broker accounts. At June 30, 2008, the County's external investment pools and specific investments did not have any securities exposed to custodial credit risk and there was no securities lending.

Credit Risk and Concentration of Credit Risk

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

The County's investment policy establishes minimum acceptable credit ratings for investments from any two nationally recognized statistical rating organizations. For an issuer of short-term debt, the rating must be no less than A-1 (S&P) or P-1 (Moody's) while an issuer of long-term debt shall be rated no less than an "A." At June 30, 2008, a portion of the County's other investments was invested in the State of California's Local Agency Investment Fund which is unrated as to credit quality.

The County's Investment Policy, approved annually by the Board of Supervisors, limits the maximum total par value for each permissible security type (e.g., commercial paper and certificates of deposit) to a certain percentage of the investment pool. Exceptions to this are obligations of the United States government and United States government agencies or government-sponsored enterprises, which do not have limits. Further, the County restricts investments in any one issuer based on the issuer's Nationally Recognized Statistical Rating Organization (NRSRO) ratings. For bankers acceptances, certificates of deposit, corporate notes and floating rate notes, the highest issuer limit was \$575 million, approximately 2.7% of the investment pool's daily investment balance. For commercial paper, the highest issuer limit was \$750 million, or 3.5% of the investment pool's daily investment balance.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of each portfolio's fair value at June 30, 2008:

	<u>S & P</u>	<u>Moody's</u>	<u>% of Portfolio</u>
Pooled Cash and Investments:			
Commercial paper	A-1	P-1	34.85%
Corporate and deposit notes	A-1+	P-1	6.49%
Los Angeles County securities	A	A2	0.94%
Negotiable certificates of deposit	A-1	P-1	21.41%
U.S. Government securities	AAA	Aaa	36.31%
Money market mutual funds	AAAm	Aaa	0.00%
			<u>100.00%</u>

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

5. CASH AND INVESTMENTS-Continued

Credit Risk and Concentration of Credit Risk-Continued

Other Investments:

Local Agency Investment Fund	Not rated	Not rated	10.97%
Commercial paper	A-1+	P-1	2.75%
Corporate and deposit notes	A-1+	P-1	0.02%
Mortgage trust deeds	AA	Aa3	0.08%
Municipal bonds	AA	Aa3	0.53%
Negotiable certificates of deposit	A-1+	P-1	0.99%
Guaranteed investment contracts	Not rated	Not rated	24.57%
U.S. agency securities	AAA	Aaa	27.58%
U.S. treasury securities	AAA	Aaa	10.37%
Money market mutual funds	AAA _m	Aaa	22.14%
			100.00%

The earned yield, which includes net gains on investments sold, on all investments held by the Treasurer's Pool for the fiscal year ended June 30, 2008 was 4.62%.

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, 2008 (in thousands):

Statement of Net Assets

Net assets held in trust for all pool participants	\$ 20,341,707
Equity of internal pool participants	\$ 6,940,990
Equity of external pool participants	13,400,717
Total equity	\$ 20,341,707

Statement of Changes in Net Assets

Net assets at July 1, 2007	\$ 18,010,933
Net change in investments by pool participants	2,330,774
Net assets at June 30, 2008	\$ 20,341,707

The unrealized loss on investments held in the Treasurer's Pool was \$22,501,000 as of June 30, 2008. 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.

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

5. CASH AND INVESTMENTS-Continued

Derivatives

The California Government Code permits the County Treasurer to purchase floating rate notes, that is, any instruments that have a coupon interest rate that is adjusted periodically due to changes in a base or benchmark rate. The County's investment guidelines limit the amount of floating rate notes to 10% of the Los Angeles County Treasury Pool portfolio and prohibit the purchase of inverse floating rate notes and hybrid or complex structured investments. As of June 30, 2008, there were approximately \$1,137,950,000 in floating rate notes.

LACERA utilizes forward currency contracts to control currency exposure and facilitate the settlement of international security purchase and sale transactions. Included in net investment income are gains and losses from foreign currency transactions. At June 30, 2008, forward currency contracts receivable and payable totaled \$146,108,000 and \$146,262,000, 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, 2008, 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, 2008. Securities on loan at year-end, which include stocks and government and corporate bonds, are maintained in LACERA's financial records. A corresponding liability is recorded for the fair value of the invested cash collateral received.

As of June 30, 2008, the fair value of securities on loan was \$2.25 billion. The value of the cash collateral received for those securities was \$2.32 billion and there was no non-cash collateral. Securities lending assets (Other Investments) and liabilities (Other Payables) of \$2.3 billion are recorded in the Pension Trust Fund. Pension Trust Fund income, net of expenses, from securities lending was \$17.6 million for the year ended June 30, 2008.

For the year ended June 30, 2008, the Los Angeles County Treasury Pool did not enter into any securities lending transactions.

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

5. CASH AND INVESTMENTS-Continued

Summary of Deposits and Investments

Following is a summary of the carrying amount of deposits and investments at June 30, 2008 (in thousands):

	<u>County</u>	<u>Pension Trust Fund</u>	<u>Total</u>
Deposits	\$ 97,696	\$ 44,087	\$ 141,783
Investments	<u>21,285,711</u>	<u>41,795,603</u>	<u>63,081,341</u>
	<u>\$ 21,383,407</u>	<u>\$ 41,839,690</u>	<u>\$ 63,223,097</u>

6. CAPITAL ASSETS

Capital assets activity of the primary government for the year ended June 30, 2008 is as follows (in thousands):

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
<u>Governmental Activities</u>				
Capital assets, not depreciated:				
Land	\$ 2,339,457	12,487	(1,246)	\$ 2,350,698
Easements	4,655,380	9,187	(5)	4,664,562
Construction in progress-buildings and improvements	224,014	88,856	(57,603)	255,267
Construction in progress-infrastructure	<u>214,828</u>	<u>165,838</u>	<u>(56,825)</u>	<u>323,841</u>
Subtotal	<u>7,433,679</u>	<u>276,368</u>	<u>(115,679)</u>	<u>7,594,368</u>
Capital assets, depreciated:				
Buildings and improvements	3,963,481	101,640	(19,791)	4,045,330
Equipment	978,264	151,695	(37,086)	1,092,873
Infrastructure	<u>6,958,759</u>	<u>93,699</u>	<u>(4)</u>	<u>7,052,454</u>
Subtotal	<u>11,900,504</u>	<u>347,034</u>	<u>(56,881)</u>	<u>12,190,657</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,328,529)	(72,424)	16,492	(1,384,461)
Equipment	(657,160)	(123,267)	36,306	(744,121)
Infrastructure	<u>(2,418,519)</u>	<u>(163,360)</u>	<u>1</u>	<u>(2,581,878)</u>
Subtotal	<u>(4,404,208)</u>	<u>(359,051)</u>	<u>52,799</u>	<u>(4,710,460)</u>
Total capital assets, being depreciated, net	<u>7,496,296</u>	<u>(12,017)</u>	<u>(4,082)</u>	<u>7,480,197</u>
Governmental activities capital assets, net	<u>\$14,929,975</u>	<u>264,351</u>	<u>(119,761)</u>	<u>15,074,565</u>
<u>Business-type Activities</u>				
Capital assets, not depreciated:				
Land	\$ 216,328		(55)	\$ 216,273
Easements	29,122	1,413		30,535
Construction in progress-buildings and improvements	857,957	100,818	(140)	958,635
Construction in progress-infrastructure	<u>14,903</u>	<u>16,289</u>	<u>(352)</u>	<u>30,840</u>
Subtotal	<u>1,118,310</u>	<u>118,520</u>	<u>(547)</u>	<u>1,236,283</u>

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

6. CAPITAL ASSETS-Continued

Business-type Activities-Continued

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
Capital assets, being depreciated:				
Buildings and improvements	1,071,044	440	(833)	1,070,651
Equipment	223,024	68,528	(17,618)	273,934
Infrastructure	1,135,018	334	(609)	1,134,743
Subtotal	<u>2,429,086</u>	<u>69,302</u>	<u>(19,060)</u>	<u>2,479,328</u>
Less accumulated depreciation for:				
Buildings and improvements	(661,880)	(10,999)	724	(672,155)
Equipment	(173,931)	(27,074)	16,089	(184,916)
Infrastructure	(383,469)	(24,373)	87	(407,755)
Subtotal	<u>(1,219,280)</u>	<u>(62,446)</u>	<u>16,900</u>	<u>(1,264,826)</u>
Total capital assets, being depreciated, net	<u>1,209,806</u>	<u>6,856</u>	<u>(2,160)</u>	<u>1,214,502</u>
Business-type activities capital assets, net	<u>\$ 2,328,116</u>	<u>125,376</u>	<u>(2,707)</u>	<u>\$ 2,450,785</u>
Total Capital Assets, net	<u>\$17,258,091</u>	<u>\$389,727</u>	<u>\$(122,468)</u>	<u>\$17,525,350</u>

Depreciation Expense

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

Governmental activities:	
General government	\$ 32,064
Public protection	177,575
Public ways and facilities	84,677
Health and sanitation	14,700
Public assistance	7,616
Education	1,839
Recreation and cultural services	19,707
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>20,873</u>
Total depreciation expense, governmental activities	<u>\$ 359,051</u>
Business-type activities:	
Hospitals	\$ 27,339
Aviation	1,680
Waterworks	25,379
Community Development Commission	1,125
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>6,923</u>
Total depreciation expense, business-type activities	<u>\$ 62,446</u>

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

6. CAPITAL ASSETS-Continued

Discretely Presented Component Unit

Capital assets activity for the First 5 LA component unit for the year ended June 30, 2008 was as follows (in thousands):

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
Capital assets, not depreciated-				
Land	\$ 2,039	\$	\$	\$ 2,039
Capital assets, depreciated:				
Buildings and improvements	16,874	416		17,290
Equipment	1,213	456		1,669
Subtotal	<u>18,087</u>	<u>872</u>	<u> </u>	<u>18,959</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,876)	(239)		(6,115)
Equipment	(698)	(337)		(1,035)
Subtotal	<u>(6,574)</u>	<u>(576)</u>	<u> </u>	<u>(7,150)</u>
Total capital assets being depreciated, net	<u>11,513</u>	<u>296</u>	<u> </u>	<u>11,809</u>
Component unit capital assets, net	<u>\$ 13,552</u>	<u>\$ 296</u>	<u>\$ </u>	<u>\$ 13,848</u>

7. PENSION PLAN

Plan Description

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

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

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

LACERA is technically a cost sharing, multi-employer defined benefit plan. However, because the non-County entities are immaterial to its operations the disclosures herein are made as if LACERA was a single employer defined benefit plan. LACERA provides retirement, disability, death benefits and cost of living adjustments to eligible members. 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.

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

7. PENSION PLAN-Continued

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 eligible for only 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 2007-2008:

	A	B	C	D	E
General Members	18.14%	11.44%	11.14%	11.33%	11.29%
Safety Members	26.89%	20.93%			

The rates were determined by the actuarial valuation performed as of June 30, 2006 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 2007-2008, the County contributed the full amount of the ARC.

Annual Pension Cost and Net Pension Obligation

The County's annual pension cost and net pension obligation for 2007-2008, computed in accordance with GASB 27, as amended by GASB 50, were as follows (in thousands):

Annual required contribution (ARC):		
County		\$ 827,789
Non County entities		122
Total ARC		827,911
Interest on net pension obligation (asset)		(13,674)
Adjustment to ARC		44,110
Annual pension cost		858,347
Contributions made:		
County		827,789
Non County entities		841
Total contributions		828,630
Cost in excess of contributions		29,717
Net pension obligation (asset), July 1, 2007		(176,440)
Net pension obligation (asset), June 30, 2008		\$ (146,723)

Fiscal Year Ended	Trend Information (in thousands)		Net Pension Obligation (Asset)
	Annual Pension Cost (APC)	Percentage of APC Contributed	
June 30, 2006	\$ 822,468	82.3%	\$ (267,485)
June 30, 2007	842,896	89.2%	(176,440)
June 30, 2008	858,347	96.5%	(146,723)

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

7. PENSION PLAN-Continued

Funded Status and Funding Progress

As of June 30, 2007, the most recent actuarial valuation date, the funded ratio was determined to be 93.8%. The actuarial value of assets was \$37 billion, and the actuarial accrued liability (AAL) was \$39.5 billion, resulting in an unfunded AAL of \$2.5 billion. The covered payroll was \$5.6 billion and the ratio of the unfunded AAL to the covered payroll was 43.8%.

The schedule of funding process, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

The annual required contribution was calculated using the entry age normal method. The most recent actuarial valuation also assumed an annual investment rate of return of 7.75%, and projected salary increases ranging from 4.26% to 10.24%, with both assumptions including a 3.5% inflation factor. Additionally, the valuation assumed post-retirement benefit increases of between 2% and 3%, in accordance with the provisions of the specific benefit options. The actuarial value of assets was determined utilizing a three-year smoothed method based on the difference between the expected market value and the actual market value of assets as of the valuation date.

The County contribution rate (effective for the 2007-2008 fiscal year) was equal to 2.24% of payroll (using the level percentage of payroll amortization method, over a 30-year open period) plus the normal cost rate of 10.16%, for a total rate of 12.40% of payroll.

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.

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 unearned revenue on the government-wide statements and deferred revenue on the fund-based statements, and are being amortized over the life of the bonds on the basis of annual debt service requirements. As of June 30, 2008, the unamortized balance was \$9,604,000.

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

7. PENSION PLAN-Continued

Pension Obligation Bonds and Certificates-Continued

For the year ended June 30, 2008, the combined principal and interest payments for both the bonds and certificates were \$295,292,000 and \$86,323,000, respectively. For governmental activities, the total debt service was \$283,213,000. For business-type activities, the total debt service was \$ 98,402,000. At June 30, 2008, the total outstanding principal on both bonds and certificates was \$900,824,000, including accretions of \$548,569,000 on deep discount bonds. The bonds have interest rates varying from 7.07% to 9.19%.

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>
2009	\$ 86,771	\$151,001	\$ 29,793	\$ 52,773
2010	86,851	178,557	30,354	62,403
2011	<u>87,801</u>	<u>187,956</u>	<u>30,685</u>	<u>65,688</u>
Total	<u>261,423</u>	<u>\$517,514</u>	<u>90,832</u>	<u>\$180,864</u>
Accretions	<u>407,116</u>		<u>141,453</u>	
Total Pension Bonds Payable	<u>\$ 668,539</u>		<u>\$ 232,285</u>	

8. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

As discussed in Note 2, the County implemented GASB Statement No. 45 for the fiscal year ended June 30, 2008. GASB 45 establishes financial reporting standards designed to measure, recognize, and display OPEB costs.

LACERA administers a cost sharing, multi-employer defined benefit Other Postemployment Benefit (OPEB) plan on behalf of the County. As indicated in Note 7-Pension Plan, because the non-County entities are immaterial to its operations, the disclosures herein are made as if LACERA was a single employer defined benefit plan.

In April 1982, the County of Los Angeles adopted an ordinance pursuant to Government Code Section 31691 which provided for a health insurance program and death benefits for retired employees and their dependents. In 1994, the County amended the agreements to continue to support LACERA's retiree insurance benefits program regardless of the status of active member insurance.

LACERA issues a stand-alone financial report that includes the required information for the OPEB plan. The report is available at its offices located at Gateway Plaza, 300 North Lake Avenue, Pasadena, California 91101-4199.

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

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Funding Policy

In 1996-1997, the County entered into an agreement with LACERA to establish an Internal Revenue Code Section 401(h) Account to use in connection with the County's payment of retiree health care costs. Section 401(h) permits the establishment of a separate account (a "401(h) Account") to fund retiree healthcare benefits, and limits contributions to the 401(h) Account to 25% of aggregate contributions to LACERA. This agreement also permits the use of LACERA excess earnings reserves to reduce the County's funding requirements for these benefits.

Health care benefits earned by County employees are 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. The benefits earned by County employees range 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.

Health care benefits include medical, dental, vision, Medicare Part B reimbursement and death benefits. In addition to these retiree health care benefits, the County provides long-term disability benefits to employees, and these benefits have been determined to fall within the definition of OPEB, per GASB 45. These long-term disability benefits provide for income replacement if an employee is unable to work because of illness or injury. Specific coverage depends on the employee's employment classification, chosen plan and, in some instances years of service.

A trust fund has not been established for the retiree health benefits or the long-term disability benefits. The County's contribution is on a pay-as-you-go basis. During the 2007-2008 fiscal year, the County made payments to LACERA totaling \$352 million for retiree health care benefits. Included in this amount was \$9 million paid through the 401(h) Account, \$29.6 million for Medicare Part B reimbursements and \$6.1 million in death benefits. Additionally, \$34.9 million was paid by member participants. The County also made payments of \$29 million for long-term disability benefits.

Annual OPEB Cost and Net OPEB Obligation (including Long-Term Disability)

The County's Annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The following table shows the ARC, the amount actually contributed and the net OPEB Obligation (in thousands):

Annual OPEB required contribution (ARC)	<u>\$ 1,615,272</u>
Annual OPEB cost (expense)	1,615,272
Less: Contributions made (pay-as-you-go)	<u>(381,124)</u>
Cost in excess of contributions	1,234,148
Net OPEB obligation, July 1, 2007	<u>0</u>
Net OPEB obligation, June 30, 2008	<u>\$ 1,234,148</u>

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

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Annual OPEB Cost and Net OPEB Obligation (including Long-Term Disability)-Continued

Fiscal Year Ended	Trend Information (in thousands)		Net OPEB Obligation
	Annual OPEB Cost (ARC)	Percentage of ARC Contributed	
June 30, 2008	\$ 1,615,272	23.6%	\$ 1,234,148

Funded Status and Funding Progress

As of July 1, 2006, the most recent actuarial valuation date for OPEB health care benefits, the funded ratio was 0%. The actuarial value of assets was zero. The actuarial accrued liability (AAL) was \$20.3 billion, resulting in an unfunded AAL of \$20.3 billion. The covered payroll was \$5.2 billion and the ratio of the unfunded AAL to the covered payroll was 389.98%.

As of July 1, 2007, the most recent actuarial valuation date for OPEB long-term disability benefits, the funded ratio was 0%. The actuarial value of assets was zero. The actuarial accrued liability (AAL) was \$929.3 million, resulting in an unfunded AAL of \$929.3 million. The covered payroll was \$5.6 billion and the ratio of the unfunded AAL to the covered payroll was 16.55%.

The schedules of funding progress are presented as RSI following the notes to the financial statements. These RSI schedules are to present multi-year trend information. However, there is no data available prior to the above indicated first valuations.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continued revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Actuarial calculations reflect a long-term perspective. Actuarial methods and assumptions used include techniques designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

While the actuarial valuations for OPEB health care and OPEB long-term disability benefits were prepared by two different firms, they both used the same methods and assumptions. The projected unit credit cost method was used. Both valuations assumed an annual investment rate of return of 5%, an inflation rate of 3.5% per annum and projected salary increases of 4.01% to 9.98%. The total expected increase in salary is the increase due to promotions and longevity, adjusted for an assumed 3.75% per annum increase in the general wage level of the membership. An actuarial asset valuation was not performed. Finally, the firms used the level percentage of projected payroll over a rolling (open) 30 year amortization period.

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

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Actuarial Methods and Assumptions-Continued

The healthcare cost trend initial and ultimate rates are as follows:

		<u>Initial Year</u>	<u>Ultimate</u>
Healthcare Cost Trend Rates	LACERA Medical Under 65	6.50%	5.00%
(Initial and Ultimate Rates)	LACERA Medical Over 65	15.00%	5.25%
	Firefighters Local 1014 (all)	11.50%	5.00%
	Part B Premiums	11.50%	5.00%
	Dental (all)	7.20%	3.00%

9. 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, 2008 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2009	\$ 79,052
2010	57,451
2011	42,423
2012	30,811
2013	23,721
2014-2018	46,350
2019-2023	8,602
2024-2028	6
Total	<u>\$ 288,416</u>

Rent expenditures related to operating leases were \$ 80,944,000 for the year ended June 30, 2008.

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, 2008 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2009	\$ 32,785	\$ 145
2010	27,736	147
2011	21,606	
2012	18,330	
2013	18,235	
2014-2018	74,614	
2019-2023	68,940	
2024-2028	69,190	

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

9. LEASES-Continued

Capital Leases-Continued

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2029-2033	58,501	
2034-2038	32,239	
Total	<u>\$ 422,176</u>	<u>\$ 292</u>
Less: Amount representing interest	<u>248,807</u>	<u>19</u>
Present value of future minimum lease payments	<u>\$ 173,369</u>	<u>\$ 273</u>

The following is a schedule of property under capital leases by major classes at June 30, 2008 (in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Land	\$ 17,279	\$
Buildings and improvements	191,263	1,200
Equipment	71,207	393
Accumulated depreciation	<u>(80,147)</u>	<u>(958)</u>
Total	<u>\$ 199,602</u>	<u>\$ 635</u>

Future rent revenues to be received from noncancelable subleases are \$1,345,000 as of June 30, 2008.

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 89 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 27 years and are also accounted for in the General Fund. The Marina del Rey leases cover remaining periods ranging from 1 to 59 years and are accounted for in the General Fund.

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

9. LEASES-Continued

Leases of County-Owned Property-Continued

The land carrying value of the Asset Development Project ground leases and the Marina del Rey Project area leases is \$429,493,000. The carrying value of the capital assets associated with the golf course and regional park operating leases is not determinable.

The following is a schedule of future minimum rental receipts on noncancelable leases as of June 30, 2008 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2009	\$ 38,233
2010	38,614
2011	38,585
2012	37,842
2013	35,770
Thereafter	<u>1,294,335</u>
Total	<u>\$ 1,483,379</u>

The following is a schedule of rental income for these operating leases for the year ended June 30, 2008 (in thousands):

	<u>Governmental Activities</u>
Minimum rentals	\$ 38,437
Contingent rentals	<u>23,542</u>
Total	<u>\$ 61,979</u>

The minimum rental income is a fixed amount based on the lease agreements. The contingent rental income is a percentage of revenue above a certain base for the Asset Development leases or a calculated percentage of the gross revenue less the minimum rent payment for the other leases.

10. LONG-TERM OBLIGATIONS

Long-term obligations of the County consist of bonds, notes and loans payable, pension bonds payable (see Note 7), OPEB (see Note 8), capital lease obligations (see Note 9) and other liabilities which are payable from the General, Special Revenue, Debt Service, Enterprise and Internal Service Funds.

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

10. LONG-TERM OBLIGATIONS-Continued

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

	<u>Original Par Amount of Debt</u>	<u>Balance June 30, 2008</u>
Los Angeles County Flood Control District Refunding Bonds 2.5% to 5.0%	\$ 143,195	\$ 81,035
Los Angeles County Flood Control District Revenue Bonds 4.0% to 4.12%	20,540	18,175
Regional Park and Open Space District Bonds (issued by Public Works Financing Authority), 3.0% to 5.25%	275,535	289,156
Community Development Commission (CDC) Notes Payable, 2.31% to 7.91%	69,295	45,856
NPC Bond Anticipation Notes, 2.35% to 4.658%	9,450	9,450
NPC Bonds 3.0% to 4.0%	34,042	19,769
Marina del Rey Loans Payable, 4.5% to 4.7%	23,500	20,705
Public Buildings Certificates of Participation, 2.8% to 7.75%	944,106	757,055
Los Angeles County Securitization Corporation Tobacco Settlement Asset-Backed Bonds 5.25% to 6.65%	<u>319,827</u>	<u>363,476</u>
Total	<u>\$ 1,839,490</u>	<u>\$ 1,604,677</u>

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

	<u>Original Par Amount of Debt</u>	<u>Balance June 30, 2008</u>
NPC Bond Anticipation Notes, 2.35% to 4.658%	\$ 5,550	\$ 5,550
NPC Bonds 3.0% to 4.0%	19,993	11,611
Public Buildings Certificates of Participation, 2.8% to 7.0%	140,064	110,507
Commercial Paper, 1.35% to 1.9%	205,500	205,500
Waterworks District Bonds, 3.3% to 8.0%	280	104
Community Development Commission Mortgage Notes, 0.00% to 7.3%	<u>11,395</u>	<u>4,504</u>
Total	<u>\$ 382,782</u>	<u>\$ 337,776</u>

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

10. LONG-TERM OBLIGATIONS-Continued

General Obligation Bonds

The Flood Control District issued general obligation bonds to finance flood control projects. These bonds fully matured in November, 2007.

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 Los Angeles County (LAC) Waterworks District bonds are as follows (in thousands):

<u>Year Ending</u> <u>June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 18	\$ 9
2010	19	7
2011	21	6
2012	22	3
2013	<u>24</u>	<u>1</u>
Total	<u>\$ 104</u>	<u>\$ 26</u>

Assessment Bonds

The Regional Park and Open Space District issued voter approved assessment bonds in 1997, some of which were advance refunded in 2004-2005 and the remainder in 2007-2008, to fund the acquisition, restoration, improvement and preservation of beach, park, wildlife and open space resources within the District. As discussed in Note 4, the bonds were purchased by the Public Works Financing Authority (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):

<u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 23,120	\$ 12,822
2010	24,215	11,692
2011	25,375	10,514
2012	26,560	9,270
2013	27,855	7,925
2014-2018	116,295	18,922
2019-2023	<u>26,575</u>	<u>1,391</u>
Subtotal	269,995	<u>\$ 72,536</u>
Add: Unamortized Bond Premiums	<u>19,161</u>	
Total Assessment Bonds	<u>\$ 289,156</u>	

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

10. LONG-TERM OBLIGATIONS-Continued

Certificates of Participation-Continued

The County has issued certificates of participation (COPs) 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 COPs (LAC Flood Control District Refunding bonds and Revenue bonds, NPC bonds, and Public Buildings COPs for Governmental Activities and NPC bonds and Public Buildings COPs for Business-type activities) 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>
2009	\$ 87,794	\$ 38,728	\$ 17,322	\$ 7,270
2010	83,399	35,998	15,747	6,549
2011	72,244	33,611	14,609	5,873
2012	71,026	31,096	13,165	5,236
2013	64,440	28,889	12,610	4,488
2014-2018	177,607	126,104	41,297	12,076
2019-2023	131,563	87,776		
2024-2028	64,910	22,718		
2029-2033	52,585	6,997		
2034-2038	<u>6,750</u>	<u>169</u>		
Subtotal	812,318	<u>\$ 412,086</u>	114,750	<u>\$ 41,492</u>
Accretions	72,826			
Unamortized Bond Premiums	28,875		7,368	
Unamortized Loss	<u>(37,985)</u>			
Total Certificates of Participation	<u>\$ 876,034</u>		<u>\$ 122,118</u>	

Tobacco Settlement Asset-Backed Bonds

In 2006, the County entered into a Sale Agreement with the Los Angeles County Securitization Corporation (LACSC) under which the County relinquishes to the LACSC a portion of its future tobacco settlement revenues (TSRs) for the next 40 years. The County received from the sold TSRs a lump sum payment of \$319,827,000 and a residual certificate in exchange for the rights to receive and retain 25.9% of the County's TSRs through 2046. The residual certificate represented the County's ownership interest in excess TSRs to be received by the LACSC during the term of the sales agreement. Residuals through 2011 were expected to be approximately \$140,632,000. The total TSRs sold, based on the projected payment schedule in the Master Settlement Agreement and adjusted for historical trends, was estimated to be \$1,438,000,000. The estimated present value of the TSRs sold, net of the expected residuals and assuming a 5.7% interest rate at the time of the sale, was \$309,230,000. In the event of a decline in the tobacco settlement revenues for any reason, including the default or bankruptcy of a participating cigarette manufacturer, resulting in a decline in the tobacco settlement revenues and possible default on the Tobacco Bonds, neither the California County Tobacco Securitization Agency, the County nor the LACSC has any liability to make up any such shortfall.

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

10. LONG-TERM OBLIGATIONS-Continued

Tobacco Settlement Asset-Backed Bonds-Continued

Principal and interest requirements (in thousands) for the Tobacco Settlement Asset-Backed bonds, which do not begin until 2011, are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$	\$ 21,197
2012		21,197
2013		21,197
2014-2018		105,987
2019-2023	60,280	97,864
2024-2028	46,370	85,681
2029-2033		69,311
2034-2038	62,196	60,224
2039-2043	53,157	38,738
2044-2048	<u>97,824</u>	<u>16,173</u>
Subtotal	319,827	<u>\$ 537,569</u>
Accretions	<u>43,649</u>	
Total Tobacco Settlement Asset-Backed Bonds	<u>\$ 363,476</u>	

Notes, Loans, and Commercial Paper

Bond Anticipation Notes (BANS) are issued by the Los Angeles County Capital Assets Leasing Corporation (LACCAL 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 within the five-year period, they convert to capital leases with a three-year term secured by County real property. During the 2007-2008 fiscal year, LACCAL issued additional BANS in the amount of \$25,000,000.

CDC 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. During the 2007-08 fiscal year, CDC issued additional notes payable in the amount of \$3,000,000 as reflected in the governmental activities.

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.

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

10. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Commercial Paper-Continued

Tax-exempt commercial paper notes (TECP) are issued by the County to pay for the construction costs for the various hospital construction projects. Repayment of the TECP is secured by a letter of credit and a sublease of twenty-one County-owned properties. Pursuant to the underlying leases, the County is able to amortize the remaining TECP over the useful life of the underlying assets. The term of individual commercial paper notes may not exceed 270 days. During the 2007-2008 fiscal year, the County issued additional TECP in the amount of \$203,000,000.

Principal and interest requirements on CDC Notes payable, NPC BANS, and Marina del Rey Loans payable for Governmental Activities and NPC BANS, Commercial paper, and CDC Mortgage notes for Business-type Activities 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>
2009	\$ 2,736	\$ 3,310	\$ 206,331	\$ 98
2010	12,529	3,296	5,905	45
2011	3,232	3,144	350	13
2012	3,895	2,965		
2013	4,009	2,759		
2014-2018	19,755	10,690	974	
2019-2023	17,982	5,294		
2024-2028	10,395	1,514		
2029-2033	1,478	67		
Indeterminate maturity			1,994	
Total	<u>\$ 76,011</u>	<u>\$ 33,039</u>	<u>\$ 215,554</u>	<u>\$ 156</u>

Summary-All Future Principal, Interest and Accretions

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

Debt Type	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
General Obligation Bonds	\$	\$	\$ 104	\$ 26
Assessment Bonds	269,995	72,536		
Certificates of Participation	812,318	412,086	114,750	41,492
Tobacco Settlement Asset-Backed Bonds	319,827	537,569		
Notes, Loans, and Commercial Paper	76,011	33,039	215,554	156
Subtotal	1,478,151	<u>1,055,230</u>	330,408	<u>\$ 41,674</u>
Add: Accretions Unamortized Bond Premiums	116,475		7,368	
Less: Unamortized Loss on Advance Refunding of Debt	(37,985)			
Total Bonds and Notes Payable	<u>\$ 1,604,677</u>		<u>\$ 337,776</u>	

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

10. LONG-TERM OBLIGATIONS-Continued

Summary-All Future Principal, Interest and Accretions-Continued

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

Advance Refunding of Debt

On July 5, 2007, the County issued \$94,315,000 of Regional Park and Open Space District lease revenue refunding bonds, maturing on various dates between 2007 and 2019. These bonds, with an average rate of 3.76%, were issued to refund the outstanding principal amount of \$126,520,000 of bonds issued in 1997, with an average interest rate of 5.29%.

U.S. Government securities were purchased and deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. Accordingly, the refunded bonds were considered to be defeased and the liabilities for those bonds were removed from the Government-Wide Statement of Net Assets – Governmental Activities. Specific disclosures related to the refunding issue are as follows (in thousands):

Proceeds of refunding bonds issued	\$ 94,315
Prior years' bond reserves and/or premiums	23,876
County equity contribution	<u>13,020</u>
Deposit to escrow	<u>\$ 131,211</u>
Future years' aggregate debt service payment reduction	 \$ 16,449
Present value savings (economic gain)	 \$ 6,465

For the advance refunding transaction, the carrying amount of the refunded debt was less than the reacquisition price. This difference was \$4,691,000. This amount has been reported as a reduction of the amount of outstanding debt in the basic financial statements.

Bonds Defeased in Prior Years

In prior years, various debt obligations, consisting of bonds and certificates of participation, were defeased by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the old obligations. Accordingly, the trust account assets and the related liabilities for the defeased bonds are not reflected in the County's financial position. At June 30, 2008, the amount of outstanding bonds and certificates of participation considered defeased was \$241,895,000. All of this amount was related to governmental activities.

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

10. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities

The following is a summary of long-term liabilities and corresponding activity for the year ended June 30, 2008 (in thousands):

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions/</u> <u>Accretions</u>	<u>Transfers/</u> <u>Maturities</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Bonds and notes payable	\$ 1,688,286	\$ 153,658	\$ 237,267	\$ 1,604,677	\$ 120,401
Pension bonds payable (Note 7)	879,585		211,046	668,539	218,197
Capital lease obligations (Note 9)	98,450	98,168	23,249	173,369	15,537
Accrued vacation and sick leave	700,200	94,482	45,474	749,208	42,859
Workers' compensation liability (Note 17)	1,875,134	208,106	273,777	1,809,463	308,156
Litigation and self-insurance liability, as restated (Note 17)	86,582	92,182	37,705	141,059	108,056
OPEB obligation (Note 8)		1,019,980		1,019,980	68,951
Third party payor liability	<u>17,568</u>	<u>1,850</u>	<u>6,140</u>	<u>13,278</u>	<u>13,278</u>
Total governmental activities	<u>\$ 5,345,805</u>	<u>\$1,668,426</u>	<u>\$ 834,658</u>	<u>\$ 6,179,573</u>	<u>\$ 895,435</u>
Business-type activities:					
Bonds and notes payable	\$ 160,344	221,639	44,207	337,776	224,490
Pension bonds payable (Note 7)	305,612		73,327	232,285	75,813
Capital lease obligations (Note 9)	398		125	273	130
Accrued vacation and sick leave	119,151	15,669	10,012	124,808	8,989
Workers' compensation liability (Note 17)	328,119	23,373	40,527	310,965	47,272
Litigation and self-insurance liability, as restated (Note 17)	102,832	22,173	18,675	106,330	23,404
OPEB obligation (Note 8)		214,168		214,168	14,477
Third party payor liability (Note 13)	<u>98,220</u>	<u>82,065</u>	<u>23,697</u>	<u>156,588</u>	<u>36,130</u>
Total business-type activities	<u>\$ 1,114,676</u>	<u>\$ 579,087</u>	<u>\$ 210,570</u>	<u>\$ 1,483,193</u>	<u>\$ 430,705</u>

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

Bond interest accretions for deep discount bonds have been included in the amounts reported for Bonds and Notes Payable and Pension Bonds Payable. For Bonds and Notes Payable, accretions increased during 2007-2008, thereby increasing liabilities for Bonds and Notes Payable by \$21,783,000 for governmental activities. Amounts accreted for Pension Bonds in previous years were paid during 2007-2008 thereby decreasing liabilities for Pension Bonds Payable for governmental and business-type activities by \$95,207,000 and \$33,079,000, respectively, for interest accretions. Note 17 contains information about changes in the combined current and long-term liabilities for workers' compensation and litigation and self-insurance liabilities.

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

11. SHORT-TERM DEBT

On July 2, 2007, the County issued \$500,000,000 short-term Tax and Revenue Anticipation Notes at an effective interest rate of 3.62%. 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 2007. The notes matured and were redeemed on June 30, 2008.

12. CONDUIT DEBT OBLIGATIONS

Community Facilities and Improvement District Bonds

As of June 30, 2008, various community facilities and improvement districts established by the County had outstanding special tax bonds payable totaling \$82,800,000 and limited obligation improvement bonds totaling \$11,645,000. 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 outstanding as of June 30, 2008, was \$723,704,000.

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.

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

12. CONDUIT DEBT OBLIGATIONS-Continued

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, 2008, the amount of industrial development and other conduit bonds outstanding was \$14,080,000.

13. 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.

Medi-Cal Hospital / Uninsured Care Demonstration Project

The Medicaid Demonstration Project, which was a sub-state waiver, included the Supplemental Project Pool (SPP) program and the Federally Reimbursable Ambulatory Care Service Costs. This sub-state waiver was terminated on June 30, 2005. A new Statewide Project, the California's Medi-Cal Hospital / Uninsured Care Demonstration Project, was implemented on July 1, 2005. This Demonstration Project and the associated changes to various State Plan Amendments either modified and/or replaced the Medi-Cal Fee For Services, SB 855 and SB 1255 payment funding systems.

The Demonstration Project was negotiated between the State of California's Department of Health Services (SDHS) and the federal Centers for Medicare and Medicaid Services (CMS), and covers the period from July 1, 2005 to June 30, 2010. The implementing State legislation (SB 1100) was enacted by the Legislature in September 2005. The five-year Demonstration Project applies to payments Statewide (which currently includes 21 public hospitals, including all University of California owned hospitals, identified as Designated Public Hospitals, and private and non-designated public safety net hospitals that serve large numbers of Medi-Cal patients).

The Medicaid Demonstration Project restructures inpatient hospital fee-for-service (FFS) payments and Disproportionate Share Hospital (DSH) payments, as well as the financing method by which the State draws down federal matching funds. Under the old system, public hospitals negotiated and received inpatient FFS contract per diem payments and supplemental contract payments (SB 1255) under the Medi-Cal Selective Provider Contract Program, and received DSH funds pursuant to a statutory formula (SB 855). The non-federal share of the inpatient FFS per diems was funded with State general funds, while the non-federal share of the supplemental contract payments and DSH payments was provided in the form of intergovernmental transfers (IGTs) of funds made by the public entities that operated public hospitals.

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

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Hospital / Uninsured Care Demonstration Project-Continued

Under the Demonstration Project, payments for the public hospitals are comprised of: 1) FFS cost-based reimbursement for inpatient hospital services; 2) DSH payments and 3) distribution from a newly created pool of federal funding for uninsured care, known as the Safety Net Care Pool (SNCP), which was capped Statewide at \$586 million for FY 2007-08. The non-federal share of these three types of payments will be provided by the public hospitals rather than the State, primarily through certified public expenditures (CPE) whereby the hospital would expend its local funding for services to draw down the federal financial participation (FFP), currently provided at a 50% match. For the inpatient hospital cost-based reimbursement, each hospital will provide its own CPE and receive all of the resulting federal match. For the DSH and SNCP distributions, the CPEs of all the public hospitals will be used in the aggregate to draw down the federal match. It is therefore possible for one hospital to receive the federal match that results from another hospital's CPE. In this situation, the first hospital is referred to as a "recipient" hospital, while the second is referred to as a "donor" hospital. A recipient hospital is required to "retain" the FFP amounts resulting from donated CPEs.

The Demonstration Project restricts the amount of IGTs that may be used for DSH payments. A hospital's IGT may be used to draw federal DSH funding, but only with respect to DSH payments made to that hospital, and the gross amount of such IGT funded payments (non-federal plus federal match) may not exceed 75% of the hospital's uncompensated care costs to ensure compliance with the OBRA 1993 hospital-specific DSH limit. The gross IGT funded DSH payment must be "retained" by the hospital.

The County of Los Angeles provides funding for the State's share of the Demonstration Project by transferring funds to the State. These transferred funds, referred to as IGTs, are used by the State to draw down federal matching funds. The combined IGTs sent to the State by each hospital Enterprise Fund plus the matching federal funds are utilized by the State to provide supplemental funding for health care expenses.

The County recognizes the supplemental funding received for each hospital as net patient services revenue as reflected in the Statement of Revenues, Expenses, and Changes in Net Assets. The IGT payments are reflected as non-operating expenses by each Hospital in the Statement of Revenues, Expenses, and Changes in Fund Net Assets. For the year ended June 30, 2008, the estimated cost of the IGTs and the related estimated revenues are as follows (in thousands):

<u>Program</u>	<u>Intergovernmental Transfers Expense</u>	<u>Revenues</u>
Medicaid Demonstration Project	\$199,659	\$808,358

Baseline Payments

The Demonstration Project prioritizes payments so that, to the extent possible, total payments to hospitals are at a minimum "baseline" level. For public hospitals, the baseline level is determined and satisfied on a hospital-specific basis. The baseline for the 2007-08 program year is established at each hospital's total net Medi-Cal inpatient payments for 2006-07. The State DHS estimates the aggregate baseline funding for the Statewide designated public hospitals to be \$2.258 billion.

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

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Baseline Payments-Continued

The estimated FY 2007-08 baseline for Los Angeles County hospitals is as follows (in thousands):

<u>Hospital Name</u>	<u>Baseline Amount</u>
LAC+USC Medical Center	\$ 360,349
Harbor-UCLA Medical Center	175,827
MLK, Jr.-Harbor Hospital	15,813
Rancho Los Amigos National Rehabilitation Center	82,624
Olive View -UCLA Medical Center	<u>113,381</u>
Total	<u>\$ 747,994</u>

The three funding components that will be utilized to meet each hospital's baseline level are as follows:

- 1) Medi-Cal inpatient FFS cost-based reimbursement: The FFP which is paid to the hospital represents approximately half of the facility-specific costs or CPE. The hospital's amounts will fluctuate based on the number of facility-specific Medi-Cal patients served and the facility-specific cost-computations that will be adjusted on an interim and final basis.
- 2) DSH funds: These payments are made to hospitals to take into account the uncompensated costs of care delivered to the uninsured, undocumented immigrants, shortfalls between Medi-Cal psychiatric and Medi-Cal managed care payments. The non-federal share of these funds will be a combination of CPEs for these services and IGTs that are subject to interim and final cost settlement. There is an annual fixed allotment of federal DSH funds. The waiver allocates almost all of these funds to public hospitals. (The State DHS estimates the aggregate value of federal DSH funds for the Statewide designated public hospitals to be \$1.025 billion as of June 30, 2008.)
- 3) SNCP Distributions: These federal payments are made to public hospitals and clinics for uncompensated care delivered to uninsured patients and for certain designated non-hospital costs, such as drugs and supplies for the uninsured. The non-federal share of these funds will be based on CPEs for these services.

Stabilization Payments

Payments to private and non-designated public DSH hospitals that exceed the aggregate baseline are considered stabilization funds and are included in the allocation among all waiver hospitals based on State law. Stabilization is distributed to the Designated Public Hospitals from the SNCP. The non-federal share of these funds will be based on CPEs for related services.

SB 1100 requires the California Department of Health Services (CDHS) to finalize the calculation of stabilization funding for each hospital and pay that amount by April 1 following the project year. This determination will be based on cost estimates and specified adjustments. Under State law, the stabilization payments determined through this process shall not be modified for any reason other than mathematical errors or mathematical omissions on the part of the State of California.

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

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Reported CPEs Subject to Audit

All CPEs reported by each hospital will be subject to State and federal audit and final reconciliation. If at the end of the final reconciliation process, it is determined that a hospital's claimed CPEs resulted in an overpayment of federal funds to the State, the hospital may be required to return the overpayment whether or not they received the federal matching funds.

South Los Angeles Medical Services Preservation Fund

On October 12, 2007, State Senate Bill (SB) 474 established an annual fund to stabilize health services for low-income, underserved populations of South Los Angeles. The "South Los Angeles Medical Services Preservation Fund" is intended to address the regional impact of the closure of the MLK-Harbor Hospital (currently MLK-MACC) and will help defray the County's costs for treating uninsured patients in the South Los Angeles area. The estimated amount of the funds identified to MLK-MACC for FY 2007-08 is \$87.7 million for 10.5 months.

SB 474 also requires the County to make intergovernmental transfers to the State to fund the non-federal share of increased Medi-Cal payments to those private hospitals that serve the South Los Angeles population formerly served by MLK-Harbor Hospital. An IGT expense of \$4.385 million is recorded as health care expenditures in the County's General Fund.

Other Medi-Cal Programs

Cost Based Reimbursement Clinics (CBRC)

A State Plan Amendment to extend CBRC funding has been approved by the federal government. The Amendment is effective July 1, 2005 through June 30, 2010. CBRC reimburses at 100 percent of reasonable costs for Medi-Cal outpatient services provided to Medi-Cal beneficiaries at hospital-based clinics, Multi-Ambulatory Care Centers (MACC) and health centers (excluding clinics that provide predominately public health services).

Cost Report Settlements

Medi-Cal field audits for FY 2004-05 have been completed and audit reports have been issued for all hospitals and health centers with the exception of Martin Luther King, Jr. MACC (MLK), formerly known as MLK-Harbor Hospital, and Rancho Los Amigos National Rehabilitation Center (Rancho). FY 2005-06 Medi-Cal audits are in progress.

The hospitals have various outstanding appeals pertaining to Medi-Cal audit settlements. The FYs 2002-03 and 2003-04 informal level appeals for Medi-Cal have been resolved and \$3.5 million will be paid to the County as a result of the resolution of those appeals.

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

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Medi-Cal Managed Care Supplement

In October 2006, the State submitted a proposal to the CMS to allow supplements to the Medi-Cal managed care capitation rates. The County and the State continued to work with CMS and finally obtained approval for the supplements on April 10, 2008. The term of the State agreement will be for the period of October 1, 2006 through September 30, 2008 and expires on December 31, 2008. The County does not receive managed care payments directly from the State; rather, the State contracts with L.A. Care which then subcontracts for services with various provider networks, including DHS' Community Health Plan. The estimated aggregate gross payment for FYs 2006-07 and 2007-08 is \$129.475 million. An estimated IGT expenditure of \$64.75 million was recorded as health care expenditures in the County's General Fund.

Revenues from the various Medi-Cal programs (FFS, DSH, SNCP, CBRC, AB 915, SB 1732, and Managed Care) represent approximately 78% of the hospitals' patient care revenue for the year ended June 30, 2008.

Medicare Program

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 a fee schedule or other rates.

Medicare audits have been completed at all hospitals and notices of program reimbursement have been received for all hospitals through FY 2000-01. For FYs 2001-02 and 2002-03, Medicare audits have been completed for all hospitals except for LAC+USC Medical Center (LAC+USC). For FY 2003-04, the audits for MLK, Rancho, and Olive View-UCLA Medical Center (OV/UCLA) have been completed and the notices of program reimbursement have been issued. The audits for LAC+USC and Harbor/UCLA Medical Center (H/UCLA) have not been scheduled for FY 2003-04.

For FYs 2004-05 through 2005-06, the audits for MLK and OV/UCLA have been completed and notices of program reimbursement have been issued. Rancho audits are in progress. The audits for LAC+USC and H/UCLA have not been scheduled.

For FY 2006-07, the audit for Rancho has been completed and the notice of program reimbursement has been issued. The audits for LAC+USC, H/UCLA, MLK, and OV/UCLA have not been scheduled.

Revenues from the Medicare program represent approximately 8% of patient care revenue for the year ended June 30, 2008.

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 (AB 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, 2008 was \$9.9 million.

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

13. 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.

Accounts Receivable-net

The following is a summary, by hospital, of accounts receivable and allowances for uncollectible amounts for the year ended June 30, 2008 (in thousands):

	<u>H/UCLA</u>	<u>OV/UCLA</u>	<u>LAC+USC</u>	<u>MLK/H</u>	<u>Rancho</u>	<u>Total</u>
Accounts receivable	\$ 561,552	298,403	852,741	196,388	192,493	\$2,101,577
Less: Allowance for uncollectible amounts	<u>431,960</u>	<u>172,182</u>	<u>596,802</u>	<u>15,603</u>	<u>127,138</u>	<u>1,343,685</u>
Accounts Receivable - net	<u>\$ 129,592</u>	<u>126,221</u>	<u>255,939</u>	<u>180,785</u>	<u>65,355</u>	<u>\$ 757,892</u>

Charity Care

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

The total amount of such charity care provided by the hospitals for the fiscal year ended June 30, 2008, based on established rates, is as follows (in thousands):

Charges forgone	\$1,298,794
Less: Federal and State subventions	<u>9,939</u>
Net charges forgone	<u>\$1,288,855</u>

Litigation Regarding Reduction in Health Services

In March 2003, two lawsuits were filed in Federal District Court against the County challenging health care reductions approved by the Board. The lawsuits challenged the closure of Rancho Los Amigos National Rehabilitation Center as well as the reduction of the 100 beds at LAC+USC Medical Center. On August 9, 2005, the Board of Supervisors approved a negotiated settlement with the plaintiffs. The Federal District Court approved the Rancho settlement on December 19, 2005, and the LAC+USC settlement on March 10, 2006. These settlement agreements allow for the phased reduction of beds at LAC+USC contingent upon meeting established milestone reductions in patients' average length of stay. Specifically, DHS was able to reduce 25 beds immediately, with additional decreases tied to achieving and maintaining milestone reductions for prescribed periods of time. The settlement also calls for DHS to continue to operate Rancho, although at a reduced size with only core rehabilitation services, for a three-year period through March 9, 2009, while the County simultaneously seeks an entity to take over hospital operations.

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

14. 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, 2008.

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, 2008 are as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Fire Protection District	\$ 2,265
	Flood Control District	4,289
	Public Library	2,135
	Regional Park and Open Space District	4,073
	Internal Service Funds	8,059
	Waterworks Enterprise Funds	24
	Harbor-UCLA Medical Center	14,675
	Olive View-UCLA Medical Center	38,402
	LAC+USC Medical Center	31,991
	M.L. King Ambulatory Care Center	18,969
	Rancho Los Amigos Nat'l Rehab Center	5,249
	Nonmajor Enterprise Funds	14
	Nonmajor Governmental Funds	<u>227,271</u>
	<u>357,416</u>	
Fire Protection District	General Fund	3,303
	Internal Service Funds	4
	LAC+USC Medical Center	6
	Nonmajor Governmental Funds	<u>3,128</u>
	<u>6,441</u>	
Flood Control District	General Fund	3,554
	Internal Service Funds	19,250
	Nonmajor Enterprise Funds	1
	Nonmajor Governmental Funds	<u>2,101</u>
	<u>24,906</u>	
Public Library	General Fund	1,343
	Nonmajor Governmental Funds	<u>650</u>
	<u>1,993</u>	
Regional Park and Open Space Dist	General Fund	<u>323</u>

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

14. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Internal Service Funds	General Fund	11,224
	Fire Protection District	75
	Flood Control District	17,628
	Public Library	4
	Waterworks Enterprise Funds	4,988
	Harbor-UCLA Medical Center	2
	M.L. King Ambulatory Care Center	14
	Rancho Los Amigos Nat'l Rehab Center	45
	Nonmajor Enterprise Funds	144
	Nonmajor Governmental Funds	<u>25,234</u>
		<u>59,358</u>
Waterworks Enterprise Funds	General Fund	2
	Internal Service Funds	<u>2,467</u>
		<u>2,469</u>
Harbor-UCLA Medical Center	General Fund	25,178
	Fire Protection District	29
	Olive View-UCLA Medical Center	3,666
	LAC+USC Medical Center	9,851
	M.L. King Ambulatory Care Center	708
	Rancho Los Amigos Nat'l Rehab Center	26
	Nonmajor Governmental Funds	<u>7,945</u>
	<u>47,403</u>	
Olive View-UCLA Medical Center	General Fund	44,634
	Fire Protection District	98
	Harbor-UCLA Medical Center	21
	LAC+USC Medical Center	27
	M.L. King Ambulatory Care Center	24
	Rancho Los Amigos Nat'l Rehab Center	15
	Nonmajor Governmental Funds	<u>11,312</u>
	<u>56,131</u>	
LAC+USC Medical Center	General Fund	128,870
	Fire Protection District	129
	Harbor-UCLA Medical Center	3,859
	Olive View-UCLA Medical Center	3,323
	M.L. King Ambulatory Care Center	2,109
	Rancho Los Amigos Nat'l Rehab Center	1,297
	Nonmajor Governmental Funds	<u>53,381</u>
		<u>192,968</u>
M.L. King Ambulatory Care Center	General Fund	10,152
	Harbor-UCLA Medical Center	34
	Olive View-UCLA Medical Center	60
	LAC+USC Medical Center	<u>9,402</u>
		<u>19,648</u>

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

14. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Rancho Los Amigos Nat'l Rehab Center	General Fund	7,493
	Fire Protection District	66
	LAC+USC Medical Center	13,133
	M.L. King Ambulatory Care Center	48
		<u>20,740</u>
Nonmajor Enterprise Funds	Internal Service Funds	<u>48</u>
Nonmajor Governmental Funds	General Fund	325,464
	Fire Protection District	5,000
	Flood Control District	237
	Public Library	254
	Internal Service Funds	14,479
	Waterworks Enterprise Funds	10
	Nonmajor Enterprise Funds	3
	Nonmajor Governmental Funds	16,049
		<u>361,496</u>
Total Interfund Receivables/Payables		<u>\$ 1,151,340</u>

Interfund Transfers

Transfers were made during the year from the General Fund to subsidize the operations of the Public Library and the five 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, 2008 are as follows (in thousands):

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Public Library	\$ 41,391
	Internal Service Funds	14
	Harbor-UCLA Medical Center	181,834
	Olive View-UCLA Medical Center	165,183
	LAC+USC Medical Center	501,220
	M.L. King Ambulatory Care Center	75,599
	Rancho Los Amigos Nat'l Rehab Center	77,591
	Nonmajor Governmental Funds	80,976
		<u>1,123,808</u>
Fire Protection District	Nonmajor Governmental Funds	<u>16,488</u>

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

14. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Flood Control District	Internal Service Funds	23
	Nonmajor Governmental Funds	<u>19,025</u>
		<u>19,048</u>
Public Library	General Fund	3,876
	Nonmajor Governmental Funds	<u>922</u>
		<u>4,798</u>
Regional Park and Open Space District	Nonmajor Governmental Funds	<u>35,216</u>
Internal Service Funds	General Fund	3,903
	Waterworks Enterprise Funds	21
	Nonmajor Governmental Funds	<u>604</u>
		<u>4,528</u>
Harbor-UCLA Medical Center	Nonmajor Governmental Funds	<u>732</u>
Olive View-UCLA Medical Center	Nonmajor Governmental Funds	<u>451</u>
LAC+USC Medical Center	Harbor-UCLA Medical Center	9,749
	M.L. King Ambulatory Care Center	7,352
	Rancho Los Amigos Nat'l Rehab Center	13,092
	Nonmajor Governmental Funds	<u>998</u>
		<u>31,191</u>
M.L. King Ambulatory Care Center	Nonmajor Governmental Funds	<u>507</u>
Rancho Los Amigos Nat'l Rehab Center	Nonmajor Governmental Funds	<u>23</u>
Nonmajor Governmental Funds	General Fund	335,127
	Flood Control District	244
	Public Library	269
	Regional Park and Open Space District	423
	Internal Service Funds	159
	Harbor-UCLA Medical Center	25,902
	Olive View-UCLA Medical Center	25,754
	LAC+USC Medical Center	103,922
	Nonmajor Enterprise Funds	350
	Nonmajor Governmental Funds	<u>61,177</u>
		<u>553,327</u>
Total Interfund Transfers		<u>\$1,790,117</u>

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

14. INTERFUND TRANSACTIONS-Continued

Short-term Advances

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.

Advances from/to other funds at June 30, 2008 are as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Internal Service Funds	\$ 3,589
	Harbor-UCLA Medical Center	96,862
	Olive View-UCLA Medical Center	71,315
	LAC+USC Medical Center	199,678
	M.L. King Ambulatory Care Center	146,920
	Rancho Los Amigos Nat'l Rehab Center	<u>53,508</u>
		<u>571,872</u>
Flood Control District	Internal Service Funds	<u>6,213</u>
Waterworks Enterprise Funds	Internal Service Funds	<u>1,164</u>
Nonmajor Governmental Funds	Internal Service Funds	<u>11,034</u>
Total Short-term Advances		<u>\$ 590,283</u>

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

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

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

- For budgetary purposes, reserves and 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.

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

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

- 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.
- For the General Fund, obligations for accrued vacation and sick leave and estimated liabilities for litigation and self-insurance are recorded as budgetary expenditures to the extent that they are estimated to be payable within one year after year-end. Under the modified accrual basis of accounting, such expenditures are not recognized until they become due and payable in accordance with GASB Interpretation No. 6.
- In conjunction with the sale of pension obligation bonds in 1994-95, the County sold the right to future investment income on debt service deposits. Under the budgetary basis, the proceeds were included in 1994-95 revenues. Under the modified accrual basis, the proceeds were recorded as deferred revenue (unearned) and are being amortized over the life of the bonds. This matter is also discussed in Note 7.
- In conjunction with the sale of Tobacco Settlement Asset-Backed bonds in 2005-06, the County sold 25.9% of its future tobacco settlement revenues. Under the budgetary basis, the proceeds were recognized as revenues. Under the modified accrual basis, the proceeds were recorded as a sale of future revenues and were being recognized over the duration of the sale agreement, in accordance with GASB Statement No. 48. This matter is also discussed in Note 10, under the caption, "Tobacco Settlement Asset-Backed Bonds."
- 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.
- In conjunction with implementing GASB 45, the County determined that certain assets were held by LACERA (the OPEB administrator) in an OPEB Agency Fund. For budgetary purposes, any excess payments (beyond the pay-as-you-go amount) are recognized as expenditures. Under the modified accrual basis, the expenditures are adjusted to recognize the OPEB Agency assets at June 30, 2008. This matter is also discussed in Note 2.

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

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

The following schedule is a reconciliation of the budgetary and GAAP fund balances for the major governmental funds (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	\$ 1,808,804	\$ 43,348	\$ 31,405	\$ 16,626	\$ 164,013
Reserves and designations	<u>1,750,106</u>	<u>150,411</u>	<u>138,174</u>	<u>15,136</u>	<u>123,939</u>
Subtotal	<u>3,558,910</u>	<u>193,759</u>	<u>169,579</u>	<u>31,762</u>	<u>287,952</u>
Adjustments:					
Accrual of estimated liability for litigation and self-insurance claims	106,239	(1,001)		(62)	
Accrual of vacation and sick leave benefits	36,766				
Deferral of unearned investment income	(6,272)	(309)		(69)	
Deferral of sale of tobacco settlement revenue	(272,797)				
Change in revenue accruals	<u>(48,406)</u>	<u>(22,412)</u>	<u>(7,680)</u>	<u>(2,540)</u>	<u>(1,947)</u>
Subtotal	<u>(184,470)</u>	<u>(23,722)</u>	<u>(7,680)</u>	<u>(2,671)</u>	<u>(1,947)</u>
Fund balance - GAAP basis	<u>\$ 3,374,440</u>	<u>\$ 170,037</u>	<u>\$ 161,899</u>	<u>\$ 29,091</u>	<u>\$ 286,005</u>

16. OTHER COMMITMENTS

Construction Commitments

At June 30, 2008, the LAC+USC Medical Center Hospital Enterprise Fund had contractual commitments of approximately \$20,638,000 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. There were also contractual commitments of approximately \$4,041,000 for various hospital construction projects that were financed by commercial paper.

LACERA Capital Commitments

At June 30, 2008, LACERA had outstanding capital commitments to various investment managers, approximating \$2,470,000,000. Subsequent to June 30, 2008, LACERA funded \$229,000,000 of these capital commitments.

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

16. OTHER COMMITMENTS-Continued

Investment Purchase Commitments

At June 30, 2008, the County had open trade commitments with various brokers to purchase investments approximating \$2,400,000 with settlement dates subsequent to year end. These investment transactions had not been recorded as of June 30, 2008, since the County neither takes delivery of the securities nor earns interest on the investments until the settlement date. By July 1, 2008, the County had purchased such investments.

17. 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 2006-2007 or 2007-2008.

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

As indicated in the following table, the County's workers' compensation liabilities as of June 30, 2008 were approximately \$2.120 billion. This amount is undiscounted and is based on an actuarial study of the County's self-insured program as of June 30, 2008. Approximately \$171,599,000 of the total liabilities pertain to salary continuation payments and other related costs mandated by the State Labor Code.

As of June 30, 2008, the County's best estimate of these liabilities is \$2.368 billion. As discussed in Note 2, the County restated beginning balances to reflect the removal of the LTD disability liability in accordance with GASB 45. Changes in the reported liability since July 1, 2006 resulted from the following (in thousands):

	<u>Beginning of Fiscal Year Liability, as restated</u>	<u>Current Year Claims and Changes In Estimates</u>	<u>Claim Payments</u>	<u>Balance At Fiscal Year-End</u>
<u>2006-2007</u>				
Workers' Compensation	\$ 2,370,702	\$ 143,593	\$(311,042)	\$ 2,203,253
Other	<u>722,420</u>	<u>24,458</u>	<u>(85,947)</u>	<u>660,931</u>
Total 2006-2007	<u>\$ 3,093,122</u>	<u>\$ 168,051</u>	<u>\$(396,989)</u>	<u>\$ 2,864,184</u>
<u>2007-2008</u>				
Workers' Compensation	\$ 2,203,253	\$ 231,480	\$(314,305)	\$ 2,120,428
Other (as restated, July 1, 2007)	<u>189,414</u>	<u>114,355</u>	<u>(56,380)</u>	<u>247,389</u>
Total 2007-2008	<u>\$ 2,392,667</u>	<u>\$ 345,835</u>	<u>\$(370,685)</u>	<u>\$ 2,367,817</u>

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

17. RISK MANAGEMENT-Continued

In addition to the above estimated liabilities, the County has determined that claims seeking damages of approximately \$539.8 million are reasonably possible of creating adverse judgments against the County. Because of the uncertainty of their outcome, no loss has been accrued for these claims.

18. 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.

A class action lawsuit was filed against the County, contending the County's utility taxes do not meet the requirements of Proposition 62 and are therefore invalid. Discussions have taken place with the plaintiffs and on July 1, 2008, the Board authorized a settlement of the lawsuit. The monetary provisions of the settlement are estimated at \$65 million and liabilities of this amount have been recognized in the government-wide financial statements (governmental activities). As discussed in Note 19 (Unincorporated Los Angeles County Utility Users' Tax), the County placed a measure on the November 4, 2008 ballot in conjunction with the settlement. County management believes there is no additional material exposure for this matter.

19. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes ("TRANS")

On July 1, 2008, the County issued \$500,000,000 in 2008-09 TRANS which will mature on June 30, 2009. The TRANS are collateralized by taxes and other revenues attributable to the 2008-09 fiscal year and were issued in the form of Fixed Rate Notes at an effective interest rate of 1.58%.

Capital Asset Leasing Corporation Bond Anticipation Notes

On both September 4, 2008 and October 31, 2008, the Corporation issued a \$5,000,000 Bond Anticipation Note each with an initial interest rate of 1.97% and 0.612% respectively. The rates are adjustable on January 2 and July 1, of each year. The notes were purchased by the Los Angeles County Treasury Pool and are due on June 30, 2011. Proceeds of the notes are being used to purchase equipment. The notes are to be paid from the proceeds of lease revenue bonds.

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

19. SUBSEQUENT EVENTS-Continued

Unincorporated Los Angeles County Utility User Tax

On November 4, 2008, the voters approved the Unincorporated Los Angeles County Utility Users' Tax Continuation Measure (Measure U) to validate and reduce the Los Angeles County's existing utility users' tax from 5 percent to 4.5 percent. The funds will be used to continue funding the essential services, including sheriff's deputies, parks, libraries, street repairs, and other general fund services. The adoption of this measure prospectively addresses the validity of taxes that are collectible for FY 2008-2009. As discussed in Note 18, there is a pending lawsuit that addresses the collection of taxes prior to the adoption of this measure. The lawsuit is expected to be settled in March, 2009.

Recent Financial Market Events

While there have been numerous fluctuations in the financial markets in the past several months, the County Treasurer's Pool has not sustained material negative effects.

Subsequent to June 30, 2008, Pension Trust Fund investments managed by LACERA experienced material reductions in investment values due to the downturn in the financial markets. As of October 31, 2008, LACERA's investment portfolio, excluding securities lending collateral, had declined by an estimated \$6.91 billion in value to \$32.6 billion (unaudited). The most significant decline was in the domestic and international public equity portfolios. These portfolios declined \$5.96 billion, or 31%, during this period. LACERA's stand-alone audited financial report (see Note O to the financial statements) discusses specific market events which impacted LACERA's investment portfolios subsequent to June 30, 2008.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/05	\$ 29,497,485	\$ 34,375,949	\$ 4,878,464	85.8%	\$ 4,982,084	97.9%
06/30/06	32,819,725	36,258,929	3,439,204	90.5%	5,205,804	66.1%
06/30/07	37,041,832	39,502,456	2,460,624	93.8%	5,615,736	43.8%

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)
Schedule of Funding Progress-Other Post Employment Benefits
(Dollar amounts in thousands)

Retiree Health Care(1)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)</u>
July 1, 2006	\$ 0	\$ 20,301,800	\$ 20,301,800	0%	\$ 5,205,804	389.98%

Long-Term Disability(1)

July 1, 2007	\$ 0	\$ 929,265	\$ 929,265	0%	\$ 5,615,736	16.55%
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(1) There is no data available prior to this first valuation.



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, 2008 (in thousands)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
GENERAL GOVERNMENT:				
Salaries and employee benefits	\$ 831,594	819,684	699,526	(120,158)
Services and supplies	927,219	926,356	588,699	(337,657)
Other charges	92,743	167,327	113,419	(53,908)
Capital assets	19,110	19,944	15,740	(4,204)
Intrafund transfers	(569,726)	(569,726)	(504,385)	65,341
TOTAL GENERAL GOVERNMENT	1,300,940	1,363,585	912,999	(450,586)
PUBLIC PROTECTION:				
Salaries and employee benefits	3,307,040	3,376,654	3,329,194	(47,460)
Services and supplies	895,609	937,671	797,941	(139,730)
Other charges	348,051	348,902	341,639	(7,263)
Capital assets	44,175	41,966	29,356	(12,610)
Intrafund transfers	(114,132)	(129,642)	(83,320)	46,322
TOTAL PUBLIC PROTECTION	4,480,743	4,575,551	4,414,810	(160,741)
HEALTH AND SANITATION:				
Salaries and employee benefits	889,266	889,797	817,742	(72,055)
Services and supplies	1,837,826	1,807,131	1,639,753	(167,378)
Other charges	118,084	127,936	119,883	(8,053)
Capital assets	14,920	18,776	15,323	(3,453)
Intrafund transfers	(147,125)	(149,783)	(123,591)	26,192
TOTAL HEALTH AND SANITATION	2,712,971	2,693,857	2,469,110	(224,747)
PUBLIC ASSISTANCE:				
Salaries and employee benefits	1,638,686	1,639,776	1,536,444	(103,332)
Services and supplies	930,899	936,777	839,543	(97,234)
Other charges	2,464,903	2,494,393	2,419,886	(74,507)
Capital assets	6,085	7,085	4,494	(2,591)
Intrafund transfers	(56,073)	(61,933)	(60,422)	1,511
TOTAL PUBLIC ASSISTANCE	4,984,500	5,016,098	4,739,945	(276,153)
RECREATION AND CULTURAL SERVICES:				
Salaries and employee benefits	127,564	126,116	121,557	(4,559)
Services and supplies	104,829	108,112	103,259	(4,853)
Other charges	14,114	13,714	12,769	(945)
Capital assets	3,827	4,327	3,933	(394)
Intrafund transfers	(1,320)	(1,425)	(1,281)	144
TOTAL RECREATION AND CULTURAL SERVICES	249,014	250,844	240,237	(10,607)
DEBT SERVICE-				
Interest	18,365	18,365	18,365	
CAPITAL OUTLAY	1,413,544	1,355,655	178,249	(1,177,406)
TOTAL GENERAL FUND	\$ 15,160,077	15,273,955	12,973,715	(2,300,240)



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

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

The Health & Sanitation Funds: Hospital Services, Physician Services, Statham Alcohol, Alcohol and Drug Problem, Proposition 36, Driving Under the Influence, AIDS Education, Mental Health Services Act-Proposition 63, Air Quality Improvement, Bicycle Safety Helmet, Hazardous Waste Enforcement, Mission Canyon Closure, and Solid Waste Management Funds were established to offset the cost of emergency services for the indigent, County alcoholism programs and services, AIDS education, mental health services, 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, State income tax, penalties assessed for hazardous waste violations, and sanitation services.

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

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

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

The Recreation Funds: Golf Course, Park Improvement, Recreation and Development, Tesoro Adobe Park, San Gabriel Canyon, and Ford Theater were established to provide for maintenance and improvements to County parks and 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.

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

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 Registrar-Recorder Improvement Funds: Modernization and Improvement, Micrographics, Social Security Truncation and Vitals and Health Statistics funds were established for the improvement of Registrar-Recorder automated information systems. Revenues are derived principally from recording and filing fees.

The Other Special Revenue Funds: Information Technology and the Accumulative Capital Outlay (ACO) were set up for the replacement of motor vehicles, printing, information technology, communications equipment, and helicopters. Asset Development Implementation fund was established to provide short to intermediate financing for County asset development activities. 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. Civic Art Special fund was established to promote civic art projects. 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.

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 receives long-term debt proceeds and also receives voter-approved benefit assessments. Joint Powers Authorities-Public Works Financing Authority and Public Buildings receive their funds primarily from the General Fund in the form of operating transfers. The Los Angeles County Securitization Corporation receives funding primarily from the collection of the County's future tobacco settlement payments and from long-term debt proceeds secured by the County's Tobacco Assets.

Joint Powers Authorities

Public Works Financing Authority

Public Buildings

Disney Parking Project
1998 Disney Parking Refunding Project
2002 Master Refunding Project - Series A
2002 Master Refunding Project - Series B
2005 Master Refunding Project - Series A
2006 Master Refunding Project - Series A
2006 Master Refunding Project - Series B
Calabasas Landfill Project - Series 2005

Los Angeles County Securitization Corporation

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

Improvement Districts are financed by contributions from property owners.

Public Buildings projects are financed by bonds and operating transfers.

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

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, 2008 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS					
Pooled cash and investments:					
Operating	\$ 1,122,974	57,776	237,075	3,005	\$ 1,420,830
Other	54,322	119	2,317	11	56,769
Total pooled cash and investments	<u>1,177,296</u>	<u>57,895</u>	<u>239,392</u>	<u>3,016</u>	<u>1,477,599</u>
Other investments	190,223	387,285	7,121	430	585,059
Taxes receivable	18,555	1,041			19,596
Interest receivable	4,803	278	973	23	6,077
Other receivables	205,603		242		205,845
Due from other funds	74,656	272,797	14,043		361,496
Advances to other funds	11,034				11,034
Inventories	37,563				37,563
TOTAL ASSETS	<u>\$ 1,719,733</u>	<u>719,296</u>	<u>261,771</u>	<u>3,469</u>	<u>\$ 2,704,269</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 47,156		6,559		\$ 53,715
Accrued payroll	481				481
Other payables	492	1,374			1,866
Due to other funds	311,919		35,138	14	347,071
Deferred revenue	40,479	839			41,318
Advances payable	7,327				7,327
Third party payor liability	877				877
TOTAL LIABILITIES	<u>408,731</u>	<u>2,213</u>	<u>41,697</u>	<u>14</u>	<u>452,655</u>
FUND BALANCES:					
Reserved for:					
Encumbrances	146,761		15,111		161,872
Inventories	37,563				37,563
Housing programs	1,167				1,167
Debt service		717,083			717,083
Endowments & annuities				3,455	3,455
Assets unavailable for appropriation	26,302		14,865		41,167
Unreserved, designated for:					
Budget uncertainties	43,097				43,097
Program expansion	275,287				275,287
Capital projects	70,000				70,000
Unreserved, undesignated, reported in:					
Special revenue funds	710,825				710,825
Capital projects funds			190,098		190,098
TOTAL FUND BALANCES	<u>1,311,002</u>	<u>717,083</u>	<u>220,074</u>	<u>3,455</u>	<u>2,251,614</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,719,733</u>	<u>719,296</u>	<u>261,771</u>	<u>3,469</u>	<u>\$ 2,704,269</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, 2008 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:					
Taxes	\$ 251,376	302			\$ 251,678
Licenses, permits and franchises	7,379				7,379
Fines, forfeitures and penalties	81,881	34			81,915
Revenue from use of money/property:					
Investment income	58,203	18,079	11,829	171	88,282
Rents and concessions	14,226				14,226
Royalties	11				11
Intergovernmental revenues:					
Federal	196,759		668		197,427
State	392,134	1	350		392,485
Other	23,345				23,345
Charges for services	158,513		6,415		164,928
Miscellaneous	82,563	33,411	41,546		157,520
TOTAL REVENUES	1,266,390	51,827	60,808	171	1,379,196
EXPENDITURES:					
Current:					
General government	15,011			96	15,107
Public protection	87,861				87,861
Public ways and facilities	318,468				318,468
Health and sanitation	116,911				116,911
Public assistance	151,368				151,368
Education	299				299
Recreation and cultural services	7,500				7,500
Debt service:					
Principal	1,937	141,040			142,977
Interest and other charges	2,591	72,693			75,284
Capital outlay			89,922		89,922
TOTAL EXPENDITURES	701,946	213,733	89,922	96	1,005,697
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	564,444	(161,906)	(29,114)	75	373,499
OTHER FINANCING SOURCES (USES):					
Transfers in	38,853	160,093	18,173		217,119
Transfers out	(438,951)	(52,783)	(61,593)		(553,327)
Issuance of debt	3,000				3,000
Refunding bonds issued		94,315			94,315
Payment to refunded bonds escrow agent		(94,315)			(94,315)
Sales of capital assets	2,727				2,727
TOTAL OTHER FINANCING SOURCES (USES)	(394,371)	107,310	(43,420)		(330,481)
NET CHANGE IN FUND BALANCES	170,073	(54,596)	(72,534)	75	43,018
FUND BALANCE, JULY 1, 2007	1,140,929	771,679	292,608	3,380	2,208,596
FUND BALANCE, JUNE 30, 2008	\$ 1,311,002	717,083	220,074	3,455	\$ 2,251,614



COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 JUNE 30, 2008 (in thousands)

	Streets, Highways, Roads and Bridges		Street Lighting Districts	Garbage Disposal Districts	Sewer Maintenance Districts
	Road	Other			
ASSETS					
Pooled cash and investments:					
Operating	\$ 111,263	153,152	52,339	18,118	9,152
Other	13,410	817	940	603	711
Total pooled cash and investments	<u>124,673</u>	<u>153,969</u>	<u>53,279</u>	<u>18,721</u>	<u>9,863</u>
Taxes receivable		662	2,772	2,173	1,652
Interest receivable	498	681	234	82	51
Other receivables	60,785	15,332		1,122	1,106
Due from other funds	15,854	1,460	4,701		1,852
Advances to other funds	8,649	765	222		1,067
TOTAL ASSETS	<u>\$ 210,459</u>	<u>172,869</u>	<u>61,208</u>	<u>22,098</u>	<u>15,591</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 8,819	4,726	1,562	843	116
Accrued payroll					
Other payables					244
Due to other funds	22,311	6,109	5,064	21	2,784
Deferred revenue	19,260	1,096	1,993	2,416	1,863
Advances payable	7,327				
Third party payor liability	855			22	
TOTAL LIABILITIES	<u>58,572</u>	<u>11,931</u>	<u>8,619</u>	<u>3,302</u>	<u>5,007</u>
FUND BALANCES:					
Reserved for:					
Encumbrances	48,000	42,384	4	1,580	1,007
Assets unavailable for appropriation	3,018	20,445			1,104
Unreserved, designated for:					
Budget uncertainties					
Program expansion	10,112	2,981	5,826	12,323	959
Capital projects	70,000				
Unreserved, undesignated	<u>20,757</u>	<u>95,128</u>	<u>46,759</u>	<u>4,893</u>	<u>7,514</u>
TOTAL FUND BALANCES	<u>151,887</u>	<u>160,938</u>	<u>52,589</u>	<u>18,796</u>	<u>10,584</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 210,459</u>	<u>172,869</u>	<u>61,208</u>	<u>22,098</u>	<u>15,591</u>

Health Services Measure B	Health and Sanitation	Other Public Protection	Public Assistance	Recreation	
					ASSETS
\$ 114,713	132,262	204,218	9,926	9,515	Pooled cash and investments:
6,979	3,043	5,226	551	15,750	Operating
121,692	135,305	209,444	10,477	25,265	Other
11,224	72				Total pooled cash and investments
539	905	861		14	Taxes receivable
	107,652	111	544	51	Interest receivable
	41,788	125		10	Other receivables
	331				Due from other funds
\$ 133,455	286,053	210,541	11,021	25,340	Advances to other funds
					TOTAL ASSETS
					LIABILITIES AND FUND BALANCES
\$ 53	2,361	3,216	628	287	LIABILITIES:
					Accounts payable
					Accrued payroll
					Other payables
78,403	144,622	22,061	1,069	402	Due to other funds
7,948	439				Deferred revenue
					Advances payable
					Third party payor liability
86,404	147,422	25,277	1,697	689	TOTAL LIABILITIES
					FUND BALANCES:
					Reserved for:
13,780	4,292	23,083	489	336	Encumbrances
		300			Assets unavailable for appropriation
	43,097				Unreserved, designated for:
	1,591	10,181	2,021	2	Budget uncertainties
					Program expansion
					Capital projects
33,271	89,651	151,700	6,814	24,313	Unreserved, undesignated
47,051	138,631	185,264	9,324	24,651	TOTAL FUND BALANCES
\$ 133,455	286,053	210,541	11,021	25,340	TOTAL LIABILITIES AND FUND BALANCES

Continued...

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET - Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 JUNE 30, 2008 (in thousands)

	Community Development Commission	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Registrar Recorder Improvement	Other Special Revenue	Total
ASSETS						
Pooled cash and investments:						
Operating	\$ 19,959	77,161	54,054	45,178	111,964	\$ 1,122,974
Other		2,172	2,333	762	1,025	54,322
Total pooled cash and investments	19,959	79,333	56,387	45,940	112,989	1,177,296
Other investments	190,223					190,223
Taxes receivable						18,555
Interest receivable		369	250		319	4,803
Other receivables	18,612			54	234	205,603
Due from other funds	1,563				7,303	74,656
Advances to other funds						11,034
Inventories	37,563					37,563
TOTAL ASSETS	\$ 267,920	79,702	56,637	45,994	120,845	\$ 1,719,733
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable	\$ 24,306				239	\$ 47,156
Accrued payroll					481	481
Other payables	248					492
Due to other funds	1,497		3,998	16,741	6,837	311,919
Deferred revenue	5,464					40,479
Advances payable						7,327
Third party payor liability						877
TOTAL LIABILITIES	31,515		3,998	16,741	7,557	408,731
FUND BALANCES:						
Reserved for:						
Encumbrances					11,806	146,761
Inventories	37,563					37,563
Housing programs	1,167					1,167
Assets unavailable for appropriation	1,435					26,302
Unreserved, designated for:						
Budget uncertainties						43,097
Program expansion	196,240			26,163	6,888	275,287
Capital projects						70,000
Unreserved, undesignated		79,702	52,639	3,090	94,594	710,825
TOTAL FUND BALANCES	236,405	79,702	52,639	29,253	113,288	1,311,002
TOTAL LIABILITIES AND FUND BALANCES	\$ 267,920	79,702	56,637	45,994	120,845	\$ 1,719,733



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, 2008 (in thousands)

	Streets, Highways, Roads and Bridges		Street Lighting Districts	Garbage Disposal Districts	Sewer Maintenance Districts
	Road	Other			
REVENUES:					
Taxes	\$ 4,093	37,423	18,554	4,800	
Licenses, permits and franchises	3,447				
Fines, forfeitures and penalties	1	35	167	253	238
Revenue from use of money/property:					
Investment income	4,239	7,216	2,177	660	547
Rents and concessions	18	191			
Intergovernmental revenues:					
Federal	22,247	8,879			
State	205,135	304	168	42	
Other	3,043	17,919	369		30
Charges for services	25,191	6,264	4,654	18,375	26,191
Miscellaneous	473	5	1	5	8
TOTAL REVENUES	267,887	78,236	26,090	24,135	27,014
EXPENDITURES:					
Current:					
General government					
Public protection					
Public ways and facilities	222,931	74,614	20,923		
Health and sanitation				19,747	27,111
Public assistance					
Education					
Recreation and cultural services					
TOTAL EXPENDITURES	222,931	74,614	20,923	19,747	27,111
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	44,956	3,622	5,167	4,388	(97)
OTHER FINANCING SOURCES (USES):					
Transfers in	14,234	8	65		3
Transfers out	(381)	(2,601)			(79)
Sales of capital assets	808				
TOTAL OTHER FINANCING SOURCES (USES)	14,661	(2,593)	65		(76)
NET CHANGE IN FUND BALANCES	59,617	1,029	5,232	4,388	(173)
FUND BALANCE, JULY 1, 2007	92,270	159,909	47,357	14,408	10,757
FUND BALANCE, JUNE 30, 2008	\$ 151,887	160,938	52,589	18,796	10,584

Health Services Measure B	Health and Sanitation	Other Public Protection	Public Assistance	Recreation
\$ 183,039				
	908	62	1,298	32
998	22,564	11,210	2,134	19
4,013	8,849	7,589	36	150
		7,985		537
	173,019	13,466		
	1,507	477		
	18,692	15,796	3,235	19,197
	3,799	48,592	3,746	3,952
188,050	229,338	105,177	10,449	23,887
		62,788		
33,556	36,260		6,331	
				7,448
33,556	36,260	62,788	6,331	7,448
154,494	193,078	42,389	4,118	16,439
		3,633		
(147,032)	(189,903)	(21,427)	(1,943)	(330)
		68		559
(147,032)	(189,903)	(17,726)	(1,943)	229
7,462	3,175	24,663	2,175	16,668
39,589	135,456	160,601	7,149	7,983
\$ 47,051	138,631	185,264	9,324	24,651

REVENUES:

Taxes

Licenses, permits and franchises

Fines, forfeitures and penalties

Revenue from use of money/property:

Investment income

Rents and concessions

Intergovernmental revenues:

Federal

State

Other

Charges for services

Miscellaneous

TOTAL REVENUES

EXPENDITURES:

Current:

General government

Public protection

Public ways and facilities

Health and sanitation

Public assistance

Education

Recreation and cultural services

TOTAL EXPENDITURES

EXCESS (DEFICIENCY) OF REVENUES
OVER EXPENDITURES

OTHER FINANCING SOURCES (USES):

Transfers in

Transfers out

Sales of capital assets

TOTAL OTHER FINANCING SOURCES
(USES)

NET CHANGE IN FUND BALANCES

FUND BALANCE, JULY 1, 2007

FUND BALANCE, JUNE 30, 2008

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, 2008 (in thousands)

	Community Development Commission	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Registrar Recorder Improvement	Other Special Revenue	Total
REVENUES:						
Taxes	\$ 3,467					\$ 251,376
Licenses, permits and franchises					1,632	7,379
Fines, forfeitures and penalties		20,452	23,810			81,881
Revenue from use of money/property:						
Investment income	12,609	3,987	2,435		3,696	58,203
Rents and concessions	1,233	119			4,143	14,226
Royalties					11	11
Intergovernmental revenues:						
Federal	165,633					196,759
State						392,134
Other						23,345
Charges for services				12,715	8,203	158,513
Miscellaneous	21,874				108	82,563
TOTAL REVENUES	204,816	24,558	26,245	12,715	17,793	1,266,390
EXPENDITURES:						
Current:						
General government					15,011	15,011
Public protection		1,635	12,670		10,768	87,861
Public ways and facilities						318,468
Health and sanitation					237	116,911
Public assistance	145,037					151,368
Education					299	299
Recreation and cultural services					52	7,500
Debt service:						
Principal	1,937					1,937
Interest and other charges	2,591					2,591
TOTAL EXPENDITURES	149,565	1,635	12,670		26,367	701,946
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	55,251	22,923	13,575	12,715	(8,574)	564,444
OTHER FINANCING SOURCES (USES):						
Transfers in	471				20,439	38,853
Transfers out	(504)	(25,415)	(6,966)	(36,891)	(5,479)	(438,951)
Issuance of debt	3,000					3,000
Sales of capital assets					1,292	2,727
TOTAL OTHER FINANCING SOURCES (USES)	2,967	(25,415)	(6,966)	(36,891)	16,252	(394,371)
NET CHANGE IN FUND BALANCES	58,218	(2,492)	6,609	(24,176)	7,678	170,073
FUND BALANCE, JULY 1, 2007	178,187	82,194	46,030	53,429	105,610	1,140,929
FUND BALANCE, JUNE 30, 2008	\$ 236,405	79,702	52,639	29,253	113,288	\$ 1,311,002

COUNTY OF LOS ANGELES
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	TOTALS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 250,078	250,655	249,547	(1,108)
Licenses, permits and franchises	7,814	7,814	7,379	(435)
Fines, forfeitures and penalties	85,470	85,470	81,881	(3,589)
Revenue from use of money and property:				
Investment income	30,020	30,907	44,857	13,950
Rents and concessions	5,507	5,539	12,993	7,454
Royalties	10	10	11	1
Intergovernmental revenues:				
Federal	40,269	39,849	31,126	(8,723)
State	307,159	394,876	392,134	(2,742)
Other	32,476	32,476	23,345	(9,131)
Charges for services	260,531	260,907	212,335	(48,572)
Miscellaneous	52,791	52,792	60,614	7,822
TOTAL REVENUES	1,072,125	1,161,295	1,116,222	(45,073)
EXPENDITURES:				
Current:				
General government	83,831	84,864	32,397	(52,467)
Public protection	330,653	326,327	117,982	(208,345)
Public ways and facilities	490,889	498,873	307,296	(191,577)
Health and sanitation	185,357	185,369	130,562	(54,807)
Public assistance	8,869	9,008	6,630	(2,378)
Recreation and cultural services	18,312	18,170	7,732	(10,438)
TOTAL EXPENDITURES	1,117,911	1,122,611	602,599	(520,012)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(45,786)	38,684	513,623	474,939
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	5,504	5,504	2,727	(2,777)
Transfers in	52,739	64,580	43,017	(21,563)
Transfers out	(531,106)	(547,286)	(410,632)	136,654
Appropriation for contingencies	(96,946)	(97,384)		97,384
Changes in reserves and designations	(3,778)	(83,471)	(49,637)	33,834
OTHER FINANCING SOURCES (USES) - NET	(573,587)	(658,057)	(414,525)	243,532
NET CHANGE IN FUND BALANCE	(619,373)	(619,373)	99,098	718,471
FUND BALANCE, JULY 1, 2007	619,373	619,373	619,373	
FUND BALANCE, JUNE 30, 2008	\$		718,471	718,471

Continued...

COUNTY OF LOS ANGELES
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	ROAD			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 3,500	4,077	4,093	16
Licenses, permits and franchises	2,222	2,222	3,447	1,225
Fines, forfeitures and penalties			1	1
Revenue from use of money and property:				
Investment income	3,098	3,098	4,242	1,144
Rents and concessions	18	18	18	
Intergovernmental revenues:				
Federal	29,305	29,305	22,247	(7,058)
State	136,316	213,216	205,135	(8,081)
Other	1,782	1,782	3,043	1,261
Charges for services	42,985	42,985	25,191	(17,794)
Miscellaneous	1,246	1,247	473	(774)
TOTAL REVENUES	220,472	297,950	267,890	(30,060)
EXPENDITURES:				
Current-Public ways and facilities:				
Services and supplies	225,323	230,503	196,775	(33,728)
Other charges	3,540	6,215	5,621	(594)
Capital assets	269	269	2	(267)
Capital Outlay	672	736	48	(688)
TOTAL EXPENDITURES	229,804	237,723	202,446	(35,277)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,332)	60,227	65,444	5,217
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	1,050	1,050	808	(242)
Transfers in	2,600	14,112	14,112	
Transfers out	(2,195)	(2,576)	(259)	2,317
Appropriation for contingencies		(577)		577
Changes in reserves and designations		(80,113)	(67,103)	13,010
OTHER FINANCING SOURCES (USES) - NET	1,455	(68,104)	(52,442)	15,662
NET CHANGE IN FUND BALANCE	(7,877)	(7,877)	13,002	20,879
FUND BALANCE, JULY 1, 2007	7,877	7,877	7,877	
FUND BALANCE, JUNE 30, 2008	\$		20,879	20,879

Continued...

COUNTY OF LOS ANGELES
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	OTHER STREETS, HIGHWAYS, ROADS, AND BRIDGES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 39,060	39,060	37,465	(1,595)
Fines, forfeitures and penalties	35	35	35	
Revenue from use of money and property:				
Investment income	4,369	4,369	7,117	2,748
Rents and concessions	165	165	191	26
Intergovernmental revenues:				
Federal	10,964	10,544	8,879	(1,665)
State	499	499	304	(195)
Other	28,543	28,543	17,919	(10,624)
Charges for services	47,519	47,519	6,264	(41,255)
Miscellaneous			5	5
TOTAL REVENUES	131,154	130,734	78,179	(52,555)
EXPENDITURES:				
Current-Public ways and facilities:				
Services and supplies	192,956	192,631	82,916	(109,715)
Other charges	9,310	9,635	163	(9,472)
Capital assets	1,280	1,280	842	(438)
TOTAL EXPENDITURES	203,546	203,546	83,921	(119,625)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(72,392)	(72,812)	(5,742)	67,070
OTHER FINANCING SOURCES (USES):				
Transfers in	21,000	21,000		(21,000)
Transfers out	(23,654)	(23,654)	(2,593)	21,061
Appropriation for contingencies	(17,174)	(17,174)		17,174
Changes in reserves and designations	(9,386)	(8,966)	2,257	11,223
OTHER FINANCING SOURCES (USES) - NET	(29,214)	(28,794)	(336)	28,458
NET CHANGE IN FUND BALANCE	(101,606)	(101,606)	(6,078)	95,528
FUND BALANCE, JULY 1, 2007	101,606	101,606	101,606	
FUND BALANCE, JUNE 30, 2008	\$		95,528	95,528

Continued...

COUNTY OF LOS ANGELES
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	STREET LIGHTING DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 16,695	16,695	18,739	2,044
Fines, forfeitures and penalties	103	103	167	64
Revenue from use of money and property-				
Investment income	1,118	1,118	2,153	1,035
Intergovernmental revenues:				
State	149	149	168	19
Other	506	506	369	(137)
Charges for services	4,596	4,596	4,654	58
Miscellaneous			1	1
TOTAL REVENUES	23,167	23,167	26,251	3,084
EXPENDITURES:				
Current-Public ways and facilities-				
Services and supplies	57,529	57,594	20,929	(36,665)
Capital assets	10	10		(10)
TOTAL EXPENDITURES	57,539	57,604	20,929	(36,675)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(34,372)	(34,437)	5,322	39,759
OTHER FINANCING SOURCES (USES):				
Transfers in	4,705	4,770	4,759	(11)
Transfers out	(4,705)	(4,705)	(4,694)	11
Appropriation for contingencies	(7,993)	(7,993)		7,993
Changes in reserves and designations	239	239	265	26
OTHER FINANCING SOURCES (USES) - NET	(7,754)	(7,689)	330	8,019
NET CHANGE IN FUND BALANCE	(42,126)	(42,126)	5,652	47,778
FUND BALANCE, JULY 1, 2007	42,126	42,126	42,126	
FUND BALANCE, JUNE 30, 2008	\$		47,778	47,778

Continued...

COUNTY OF LOS ANGELES
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	GARBAGE DISPOSAL DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 4,150	4,150	4,832	682
Fines, forfeitures and penalties	345	345	253	(92)
Revenue from use of money and property-				
Investment income	751	751	653	(98)
Intergovernmental revenues-				
State	37	37	42	5
Charges for services	17,945	17,945	18,607	662
Miscellaneous			5	5
TOTAL REVENUES	23,228	23,228	24,392	1,164
EXPENDITURES:				
Current-Health and sanitation:				
Services and supplies	22,999	22,999	21,328	(1,671)
TOTAL EXPENDITURES	22,999	22,999	21,328	(1,671)
EXCESS OF REVENUES OVER EXPENDITURES	229	229	3,064	2,835
OTHER FINANCING SOURCES (USES):				
Appropriation for contingencies	(3,031)	(3,031)		3,031
Changes in reserves and designations	(2,837)	(2,837)	(2,698)	139
OTHER FINANCING SOURCES (USES) - NET	(5,868)	(5,868)	(2,698)	3,170
NET CHANGE IN FUND BALANCE	(5,639)	(5,639)	366	6,005
FUND BALANCE, JULY 1, 2007	5,639	5,639	5,639	
FUND BALANCE, JUNE 30, 2008	\$		6,005	6,005

Continued...

COUNTY OF LOS ANGELES
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	SEWER MAINTENANCE DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Fines, forfeitures and penalties	\$ 183	183	238	55
Revenue from use of money and property-				
Investment income	360	360	537	177
Intergovernmental revenues-				
Other	15	15	30	15
Charges for services	26,464	26,840	26,341	(499)
Miscellaneous	1	1	8	7
TOTAL REVENUES	27,023	27,399	27,154	(245)
EXPENDITURES:				
Current-Health and sanitation:				
Services and supplies	35,244	35,620	27,628	(7,992)
Other charges	295	295	293	(2)
Capital assets	50	50		(50)
TOTAL EXPENDITURES	35,589	35,965	27,921	(8,044)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(8,566)	(8,566)	(767)	7,799
OTHER FINANCING SOURCES (USES):				
Transfers out	(355)	(355)	(76)	279
Appropriation for contingencies	(494)	(494)		494
Changes in reserves and designations	(964)	(964)	(282)	682
OTHER FINANCING SOURCES (USES) - NET	(1,813)	(1,813)	(358)	1,455
NET CHANGE IN FUND BALANCE	(10,379)	(10,379)	(1,125)	9,254
FUND BALANCE, JULY 1, 2007	10,379	10,379	10,379	
FUND BALANCE, JUNE 30, 2008	\$		9,254	9,254

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	HEALTH SERVICES MEASURE B			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 186,673	186,673	184,418	(2,255)
Fines, forfeitures and penalties			998	998
Revenue from use of money and property- Investment income	3,500	3,500	3,949	449
TOTAL REVENUES	190,173	190,173	189,365	(808)
EXPENDITURES:				
Current-Health and sanitation- Services and supplies	22,123	22,121	16,242	(5,879)
Other charges	27,930	27,930	27,930	
TOTAL EXPENDITURES	50,053	50,051	44,172	(5,879)
EXCESS OF REVENUES OVER EXPENDITURES	140,120	140,122	145,193	5,071
OTHER FINANCING SOURCES (USES):				
Transfers out	(147,103)	(147,105)	(147,032)	73
Appropriation for contingencies	(30,098)	(30,098)		30,098
Changes in reserves and designations			2,195	2,195
OTHER FINANCING SOURCES (USES) - NET	(177,201)	(177,203)	(144,837)	32,366
NET CHANGE IN FUND BALANCE	(37,081)	(37,081)	356	37,437
FUND BALANCE, JULY 1, 2007	37,081	37,081	37,081	
FUND BALANCE, JUNE 30, 2008	\$		37,437	37,437

Continued...

COUNTY OF LOS ANGELES
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	HEALTH AND SANITATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Licenses, permits and franchises	\$ 2,382	2,382	908	(1,474)
Fines, forfeitures and penalties	29,852	29,852	22,564	(7,288)
Revenue from use of money and property-				
Investment income	5,352	6,239	8,643	2,404
Intergovernmental revenues:				
State	154,258	165,075	173,019	7,944
Other	1,630	1,630	1,507	(123)
Charges for services	23,477	23,477	18,703	(4,774)
Miscellaneous	3	3	3,799	3,796
TOTAL REVENUES	216,954	228,658	229,143	485
EXPENDITURES:				
Current-Health and sanitation:				
Services and supplies	76,385	75,987	36,932	(39,055)
Capital assets	331	367	209	(158)
TOTAL EXPENDITURES	76,716	76,354	37,141	(39,213)
EXCESS OF REVENUES OVER EXPENDITURES	140,238	152,304	192,002	39,698
OTHER FINANCING SOURCES (USES):				
Transfers out	(222,782)	(234,848)	(189,903)	44,945
Appropriation for contingencies	(4,118)	(4,118)		4,118
Changes in reserves and designations	42,672	42,672	43,746	1,074
OTHER FINANCING SOURCES (USES) - NET	(184,228)	(196,294)	(146,157)	50,137
NET CHANGE IN FUND BALANCE	(43,990)	(43,990)	45,845	89,835
FUND BALANCE, JULY 1, 2007	43,990	43,990	43,990	
FUND BALANCE, JUNE 30, 2008	\$		89,835	89,835

Continued...

COUNTY OF LOS ANGELES
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	OTHER PUBLIC PROTECTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Licenses, permits and franchises	\$ 13	13	62	49
Fines, forfeitures and penalties	10,573	10,573	11,210	637
Revenue from use of money and property:				
Investment income	6,273	6,273	7,508	1,235
Rents and concessions			7,985	7,985
Intergovernmental revenues:				
State	15,900	15,900	13,466	(2,434)
Other			477	477
Charges for services	10,448	10,448	15,796	5,348
Miscellaneous	36,417	36,417	48,592	12,175
TOTAL REVENUES	79,624	79,624	105,096	25,472
EXPENDITURES:				
Current-Public protection:				
Services and supplies	130,478	125,822	67,208	(58,614)
Other charges	3,633	3,633	3,269	(364)
Capital assets	39,241	39,571	4,631	(34,940)
TOTAL EXPENDITURES	173,352	169,026	75,108	(93,918)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(93,728)	(89,402)	29,988	119,390
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	84	84	68	(16)
Transfers in	3,633	3,633	3,633	
Transfers out	(34,528)	(38,854)	(17,799)	21,055
Appropriation for contingencies	(10,003)	(10,003)		10,003
Changes in reserves and designations	(2,368)	(2,368)	(874)	1,494
OTHER FINANCING SOURCES (USES) - NET	(43,182)	(47,508)	(14,972)	32,536
NET CHANGE IN FUND BALANCE	(136,910)	(136,910)	15,016	151,926
FUND BALANCE, JULY 1, 2007	136,910	136,910	136,910	
FUND BALANCE, JUNE 30, 2008	\$		151,926	151,926

Continued...

COUNTY OF LOS ANGELES
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	PUBLIC ASSISTANCE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Licenses, permits and franchises	\$ 1,300	1,300	1,298	(2)
Fines, forfeitures and penalties	1,790	1,790	2,134	344
Revenue from use of money and property-				
Investment income	10	10	33	23
Charges for services	2,363	2,363	3,235	872
Miscellaneous	3,007	3,007	3,746	739
TOTAL REVENUES	8,470	8,470	10,446	1,976
EXPENDITURES:				
Current-Public assistance-				
Services and supplies	8,869	9,008	6,630	(2,378)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(399)	(538)	3,816	4,354
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,578)	(2,578)	(1,943)	635
Appropriation for contingencies	(1,564)	(1,425)		1,425
Changes in reserves and designations	(1,733)	(1,733)	(1,322)	411
OTHER FINANCING SOURCES (USES) - NET	(5,875)	(5,736)	(3,265)	2,471
NET CHANGE IN FUND BALANCE	(6,274)	(6,274)	551	6,825
FUND BALANCE, JULY 1, 2007	6,274	6,274	6,274	
FUND BALANCE, JUNE 30, 2008	\$		6,825	6,825

Continued...

COUNTY OF LOS ANGELES
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	RECREATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Licenses, permits and franchises	\$ 25	25	32	7
Fines, forfeitures and penalties	17	17	19	2
Revenue from use of money and property:				
Investment income	66	66	148	82
Rents and concessions	1,221	1,221	537	(684)
Charges for services	856	856	19,197	18,341
Miscellaneous	12,117	12,117	3,952	(8,165)
TOTAL REVENUES	14,302	14,302	23,885	9,583
EXPENDITURES:				
Current-Recreation and cultural services:				
Services and supplies	18,312	18,097	7,660	(10,437)
Capital assets		73	72	(1)
TOTAL EXPENDITURES	18,312	18,170	7,732	(10,438)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,010)	(3,868)	16,153	20,021
OTHER FINANCING SOURCES (USES):				
Sales of capital assets			559	559
Transfers in	49	49		(49)
Transfers out	(3,390)	(3,532)	(330)	3,202
Appropriation for contingencies	(576)	(576)		576
Changes in reserves and designations	1,452	1,452	1,467	15
OTHER FINANCING SOURCES (USES) - NET	(2,465)	(2,607)	1,696	4,303
NET CHANGE IN FUND BALANCE	(6,475)	(6,475)	17,849	24,324
FUND BALANCE, JULY 1, 2007	6,475	6,475	6,475	
FUND BALANCE, JUNE 30, 2008	\$		24,324	24,324

Continued...

COUNTY OF LOS ANGELES
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2008 (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	20,452	852
Revenue from use of money and property:				
Investment income	2,800	2,800	3,935	1,135
Rents and concessions	79	79	119	40
TOTAL REVENUES	22,479	22,479	24,506	2,027
EXPENDITURES:				
Current-Public protection:				
Services and supplies	70,771	70,771	1,632	(69,139)
Other charges	26,879	26,879	25,418	(1,461)
TOTAL EXPENDITURES	97,650	97,650	27,050	(70,600)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(75,171)	(75,171)	(2,544)	72,627
OTHER FINANCING SOURCES (USES)-				
Appropriation for contingencies	(7,159)	(7,159)		7,159
NET CHANGE IN FUND BALANCE	(82,330)	(82,330)	(2,544)	79,786
FUND BALANCE, JULY 1, 2007	82,330	82,330	82,330	
FUND BALANCE, JUNE 30, 2008	\$		79,786	79,786

Continued...

COUNTY OF LOS ANGELES
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2008 (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	23,810	988
Revenue from use of money and property-				
Investment income	880	880	2,415	1,535
TOTAL REVENUES	23,702	23,702	26,225	2,523
EXPENDITURES:				
Current-Public protection:				
Services and supplies	43,746	43,746	9,946	(33,800)
Other charges	15,485	15,485	5,878	(9,607)
Capital Outlay	420	420		(420)
TOTAL EXPENDITURES	59,651	59,651	15,824	(43,827)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(35,949)	(35,949)	10,401	46,350
OTHER FINANCING SOURCES (USES):				
Transfers out	(3,633)	(3,633)	(3,633)	
Appropriation for contingencies	(6,059)	(6,059)		6,059
Changes in reserves and designations			290	290
OTHER FINANCING SOURCES (USES) - NET	(9,692)	(9,692)	(3,343)	6,349
NET CHANGE IN FUND BALANCE	(45,641)	(45,641)	7,058	52,699
FUND BALANCE, JULY 1, 2007	45,641	45,641	45,641	
FUND BALANCE, JUNE 30, 2008	\$		52,699	52,699

Continued...

COUNTY OF LOS ANGELES
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	REGISTRAR RECORDER IMPROVEMENT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Charges for services	\$ 82,240	82,240	66,144	(16,096)
EXCESS OF REVENUES OVER EXPENDITURES	82,240	82,240	66,144	(16,096)
OTHER FINANCING SOURCES (USES):				
Transfers out	(46,742)	(46,742)	(36,891)	9,851
Appropriation for contingencies	(6,478)	(6,478)		6,478
Changes in reserves and designations	(29,020)	(29,020)	(26,163)	2,857
OTHER FINANCING SOURCES (USES) - NET	(82,240)	(82,240)	(63,054)	19,186
NET CHANGE IN FUND BALANCE			3,090	3,090
FUND BALANCE, JULY 1, 2007				
FUND BALANCE, JUNE 30, 2008	\$		3,090	3,090

Continued...

COUNTY OF LOS ANGELES
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	OTHER SPECIAL REVENUE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Licenses, permits and franchises	\$ 1,872	1,872	1,632	(240)
Fines, forfeitures and penalties	150	150		(150)
Revenue from use of money and property:				
Investment income	1,443	1,443	3,524	2,081
Rents and concessions	4,024	4,056	4,143	87
Royalties	10	10	11	1
Charges for services	1,638	1,638	8,203	6,565
Miscellaneous			33	33
TOTAL REVENUES	9,137	9,169	17,546	8,377
EXPENDITURES:				
Current-General government:				
Salaries and employee benefits	5,600	5,714	5,714	
Services and supplies	63,095	63,887	14,924	(48,963)
Other charges	4,128	4,128	4,001	(127)
Capital assets	11,008	11,135	7,758	(3,377)
TOTAL EXPENDITURES	83,831	84,864	32,397	(52,467)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(74,694)	(75,695)	(14,851)	60,844
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	4,370	4,370	1,292	(3,078)
Transfers in	20,752	21,016	20,513	(503)
Transfers out	(39,441)	(38,704)	(5,479)	33,225
Appropriation for contingencies	(2,199)	(2,199)		2,199
Changes in reserves and designations	(1,833)	(1,833)	(1,415)	418
OTHER FINANCING SOURCES (USES) - NET	(18,351)	(17,350)	14,911	32,261
NET CHANGE IN FUND BALANCE	(93,045)	(93,045)	60	93,105
FUND BALANCE, JULY 1, 2007	93,045	93,045	93,045	
FUND BALANCE, JUNE 30, 2008	\$		93,105	93,105

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 JUNE 30, 2008 (in thousands)

	Detention Facilities	Flood Control District	Regional Park and Open Space District	Joint Powers Authorities
ASSETS				
Pooled cash and investments:				
Operating	\$		57,776	
Other			119	
Total pooled cash and investments			<u>57,895</u>	
Other investments				269,995
Taxes receivable	438	603		
Interest receivable			120	
Due from other funds				
TOTAL ASSETS	<u>\$ 438</u>	<u>603</u>	<u>58,015</u>	<u>269,995</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Other payables	\$	70		
Deferred revenue	357	482		
TOTAL LIABILITIES	<u>357</u>	<u>552</u>		
FUND BALANCES - reserved for debt service	<u>81</u>	<u>51</u>	<u>58,015</u>	<u>269,995</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 438</u>	<u>603</u>	<u>58,015</u>	<u>269,995</u>

Public Buildings	LA County Securitization Corporation	Total	
			ASSETS
			Pooled cash and investments:
\$		\$	Operating
		57,776	Other
		119	Total pooled cash and investments
		57,895	Other investments
86,098	31,192	387,285	Taxes receivable
		1,041	Interest receivable
158		278	Due from other funds
	272,797	272,797	
\$		\$	TOTAL ASSETS
86,256	303,989	719,296	
			LIABILITIES AND FUND BALANCES
			LIABILITIES:
\$		\$	Other payables
1,304		1,374	Deferred revenue
		839	
1,304		2,213	TOTAL LIABILITIES
84,952	303,989	717,083	FUND BALANCES - reserved for debt service
\$		\$	TOTAL LIABILITIES AND FUND BALANCES
86,256	303,989	719,296	

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, 2008 (in thousands)

	Detention Facilities	Flood Control District	Regional Park and Open Space District	Joint Powers Authorities
REVENUES:				
Taxes	\$ 297	5		
Fines, forfeitures and penalties	22	12		
Revenue from use of money/property -				
Investment income	64	33	2,429	12,189
Intergovernmental revenues-				
State	1			
Miscellaneous			6,155	
TOTAL REVENUE	384	50	8,584	12,189
EXPENDITURES - Debt service:				
Principal		14,350	34,240	34,240
Interest and other charges		5,113	16,867	12,189
TOTAL EXPENDITURES		19,463	51,107	46,429
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	384	(19,413)	(42,523)	(34,240)
OTHER FINANCING SOURCES (USES):				
Transfers in		19,064	35,217	
Transfers out	(2,574)	(263)	(424)	
Refunding bonds issued			94,315	
Payment to refunded bonds escrow agent			(94,315)	
TOTAL OTHER FINANCING SOURCES (USES)	(2,574)	18,801	34,793	
NET CHANGE IN FUND BALANCES	(2,190)	(612)	(7,730)	(34,240)
FUND BALANCE, JULY 1, 2007	2,271	663	65,745	304,235
FUND BALANCE, JUNE 30, 2008	\$ 81	51	58,015	269,995

Public Buildings	LA County Securitization Corporation	Total	
\$		\$	REVENUES:
		302	Taxes
		34	Fines, forfeitures and penalties
2,115	1,249	18,079	Revenue from use of money/property -
			Investment income
		1	Intergovernmental revenues-
			State
	27,256	33,411	Miscellaneous
2,115	28,505	51,827	TOTAL REVENUES
			EXPENDITURES - Debt service:
58,210		141,040	Principal
38,505	19	72,693	Interest and other charges
96,715	19	213,733	TOTAL EXPENDITURES
(94,600)	28,486	(161,906)	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
			OTHER FINANCING SOURCES (USES):
105,812		160,093	Transfers in
(16,803)	(32,719)	(52,783)	Transfers out
		94,315	Refunding bonds issued
		(94,315)	Payment to refunded bonds escrow agent
89,009	(32,719)	107,310	TOTAL OTHER FINANCING SOURCES (USES)
(5,591)	(4,233)	(54,596)	NET CHANGE IN FUND BALANCES
90,543	308,222	771,679	FUND BALANCE, JULY 1, 2007
\$ 84,952	303,989	\$ 717,083	FUND BALANCE, JUNE 30, 2008

COUNTY OF LOS ANGELES
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	TOTALS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 5	147	57	(90)
Fines, forfeitures and penalties		3	33	30
Revenue from use of money and property-				
Investment income	1,713	1,728	2,444	716
Intergovernmental revenues-				
State			1	1
TOTAL REVENUES	1,718	1,878	2,535	657
EXPENDITURES:				
Debt service:				
Principal	2,405	2,405	2,405	
Interest	35,440	143,093	143,089	(4)
TOTAL EXPENDITURES	37,845	145,498	145,494	(4)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(36,127)	(143,620)	(142,959)	661
OTHER FINANCING SOURCES (USES):				
Transfers in	53,906	53,906	47,299	(6,607)
Transfers out	(21,159)	(34,196)	(15,322)	18,874
Long term debt proceeds		100,150	100,162	12
Appropriation for contingencies	(791)	(734)		734
Changes in reserves and designations	(6,883)	13,440	10,278	(3,162)
OTHER FINANCING SOURCES (USES) - NET	25,073	132,566	142,417	9,851
NET CHANGE IN FUND BALANCE	(11,054)	(11,054)	(542)	10,512
FUND BALANCE, JULY 1, 2007	11,054	11,054	11,054	
FUND BALANCE, JUNE 30, 2008	\$		10,512	10,512

Continued...

COUNTY OF LOS ANGELES
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	DETENTION FACILITIES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$	142	57	(85)
Fines, forfeitures and penalties			22	22
Revenue from use of money and property-				
Investment income			61	61
Intergovernmental revenues-				
State			1	1
TOTAL REVENUES		142	141	(1)
OTHER FINANCING SOURCES (USES):				
Transfers out		(2,574)	(2,574)	
Changes in reserves and designations	(1,994)	438	439	1
OTHER FINANCING SOURCES (USES) - NET	(1,994)	(2,136)	(2,135)	1
NET CHANGE IN FUND BALANCE	(1,994)	(1,994)	(1,994)	
FUND BALANCE, JULY 1, 2007	1,994	1,994	1,994	
FUND BALANCE, JUNE 30, 2008	\$			

Continued...

COUNTY OF LOS ANGELES
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	FLOOD CONTROL DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 5	5		(5)
Fines, forfeitures and penalties		3	11	8
Revenue from use of money and property-				
Investment income		15	8	(7)
TOTAL REVENUES	5	23	19	(4)
EXPENDITURES:				
Debt service:				
Principal	370	370	370	
Interest	12	12	9	(3)
TOTAL EXPENDITURES	382	382	379	(3)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(377)	(359)	(360)	(1)
OTHER FINANCING SOURCES (USES):				
Transfers out		(244)	(243)	1
Appropriation for contingencies	(57)			
Changes in reserves and designations	255	424	424	
OTHER FINANCING SOURCES (USES) - NET	198	180	181	1
NET CHANGE IN FUND BALANCE	(179)	(179)	(179)	
FUND BALANCE, JULY 1, 2007	179	179	179	
FUND BALANCE, JUNE 30, 2008	\$			

Continued...

COUNTY OF LOS ANGELES
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 FOR THE YEAR ENDED JUNE 30, 2008 (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	\$ 1,713	1,713	2,375	662
TOTAL REVENUES	1,713	1,713	2,375	662
EXPENDITURES:				
Debt service:				
Principal	2,035	2,035	2,035	
Interest	35,428	143,081	143,080	(1)
TOTAL EXPENDITURES	37,463	145,116	145,115	(1)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(35,750)	(143,403)	(142,740)	663
OTHER FINANCING SOURCES (USES):				
Transfers in	53,906	53,906	47,299	(6,607)
Transfers out	(21,159)	(31,378)	(12,505)	18,873
Long term debt proceeds		100,150	100,162	12
Appropriation for contingencies	(734)	(734)		734
Changes in reserves and designations	(5,144)	12,578	9,415	(3,163)
OTHER FINANCING SOURCES (USES) - NET	26,869	134,522	144,371	9,849
NET CHANGE IN FUND BALANCE	(8,881)	(8,881)	1,631	10,512
FUND BALANCE, JULY 1, 2007	8,881	8,881	8,881	
FUND BALANCE, JUNE 30, 2008	\$		10,512	10,512

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 JUNE 30, 2008 (in thousands)

	Accumulative Capital Outlay	Flood Control District	Improvement Districts	Public Buildings	Gap Loan	Total
ASSETS						
Pooled cash and investments:						
Operating	\$ 88,652	99	11		148,313	\$ 237,075
Other	1,742				575	2,317
Total pooled cash and investments	90,394	99	11		148,888	239,392
Other investments		353		6,768		7,121
Interest receivable	308			2	663	973
Other receivables	242					242
Due from other funds	14,043					14,043
TOTAL ASSETS	\$ 104,987	452	11	6,770	149,551	\$ 261,771
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable	\$ 6,559					\$ 6,559
Due to other funds	6,375				28,763	35,138
TOTAL LIABILITIES	12,934				28,763	41,697
FUND BALANCES:						
Reserved for:						
Encumbrances	15,111					15,111
Assets unavailable for appropriation	14,865					14,865
Unreserved-Undesignated	62,077	452	11	6,770	120,788	190,098
TOTAL FUND BALANCES	92,053	452	11	6,770	120,788	220,074
TOTAL LIABILITIES AND FUND BALANCES	\$ 104,987	452	11	6,770	149,551	\$ 261,771

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, 2008 (in thousands)

	Accumulative Capital Outlay	Flood Control District	Improvement Districts	Public Buildings	Gap Loan	Total
REVENUES:						
Revenue from use of money and property -						
Investment income	\$ 3,872	57	5	855	7,040	\$ 11,829
Intergovernmental revenues:						
Federal	668					668
State	350					350
Charges for services	6,415					6,415
Miscellaneous	41,526			20		41,546
TOTAL REVENUES	52,831	57	5	875	7,040	60,808
EXPENDITURES - Capital outlay	76,209	2,886	162	10,665		89,922
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(23,378)	(2,829)	(157)	(9,790)	7,040	(29,114)
OTHER FINANCING SOURCES (USES) :						
Transfers in	18,154	19				18,173
Transfers out	(17,075)	(39)		(10,716)	(33,763)	(61,593)
OTHER FINANCING SOURCES (USES) - NET	1,079	(20)		(10,716)	(33,763)	(43,420)
NET CHANGE IN FUND BALANCES	(22,299)	(2,849)	(157)	(20,506)	(26,723)	(72,534)
FUND BALANCE, JULY 1, 2007	114,352	3,301	168	27,276	147,511	292,608
FUND BALANCE, JUNE 30, 2008	\$ 92,053	452	11	6,770	120,788	\$ 220,074

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS
 JUNE 30, 2008 (in thousands)

	<u>Annuities</u>	<u>Endowments</u>	<u>Total</u>
ASSETS			
Pooled cash and investments:			
Operating	\$ 639	2,366	\$ 3,005
Other	2	9	11
Total pooled cash and investments	<u>641</u>	<u>2,375</u>	<u>3,016</u>
Other investments	430		430
Interest receivable	<u>13</u>	<u>10</u>	<u>23</u>
TOTAL ASSETS	<u>\$ 1,084</u>	<u>2,385</u>	<u>\$ 3,469</u>
LIABILITIES - Due to other funds	\$	14	\$ 14
FUND BALANCES - Reserved for annuities and endowments	<u>1,084</u>	<u>2,371</u>	<u>3,455</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,084</u>	<u>2,385</u>	<u>\$ 3,469</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	<u>Annuities</u>	<u>Endowments</u>	<u>Total</u>
REVENUES:			
Revenue from use of money and property -			
Investment income	<u>\$ 78</u>	<u>93</u>	<u>\$ 171</u>
EXPENDITURES - General government	<u>44</u>	<u>52</u>	<u>96</u>
EXCESS OF REVENUES OVER EXPENDITURES	34	41	75
FUND BALANCE, JULY 1, 2007	<u>1,050</u>	<u>2,330</u>	<u>3,380</u>
FUND BALANCE, JUNE 30, 2008	<u><u>\$ 1,084</u></u>	<u><u>2,371</u></u>	<u><u>\$ 3,455</u></u>



NONMAJOR ENTERPRISE FUNDS

COUNTY OF LOS ANGELES
NONMAJOR ENTERPRISE FUNDS

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

The 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, 2008 (in thousands)

	Aviation	Community Development Commission	Total Nonmajor Enterprise Funds
ASSETS			
Current assets:			
Pooled cash and investments:			
Operating	\$ 4,448		\$ 4,448
Other	6		6
Total pooled cash and investments	<u>4,454</u>		<u>4,454</u>
Other investments		55,495	55,495
Interest receivable	3		3
Other receivables	1,806	4,894	6,700
Due from other funds	48		48
Total current assets	<u>6,311</u>	<u>60,389</u>	<u>66,700</u>
Noncurrent assets:			
Capital assets:			
Land and easements	134,066	65,094	199,160
Buildings and improvements	34,437	142,788	177,225
Equipment	1,648	1,457	3,105
Infrastructure	39,720		39,720
Construction in progress	1,688		1,688
Less accumulated depreciation	<u>(50,999)</u>	<u>(134,505)</u>	<u>(185,504)</u>
Total capital assets - net	<u>160,560</u>	<u>74,834</u>	<u>235,394</u>
Total noncurrent assets	<u>160,560</u>	<u>74,834</u>	<u>235,394</u>
TOTAL ASSETS	<u>166,871</u>	<u>135,223</u>	<u>302,094</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,145	2,850	3,995
Other payables	944	749	1,693
Due to other funds	162		162
Unearned revenue		314	314
Current portion of long-term liabilities		1,443	1,443
Total current liabilities	<u>2,251</u>	<u>5,356</u>	<u>7,607</u>
Noncurrent liabilities:			
Accrued vacation and sick leave		204	204
Bonds and notes payable		3,674	3,674
Total noncurrent liabilities		<u>3,878</u>	<u>3,878</u>
TOTAL LIABILITIES	<u>2,251</u>	<u>9,234</u>	<u>11,485</u>
NET ASSETS			
Invested in capital assets, net of related debt	160,560	70,331	230,891
Restricted:			
Debt service		2,968	2,968
Special purpose		52,690	52,690
Unrestricted	4,060		4,060
TOTAL NET ASSETS	<u>\$ 164,620</u>	<u>125,989</u>	<u>\$ 290,609</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, 2008 (in thousands)

	Aviation	Community Development Commission	Total Nonmajor Enterprise Funds
OPERATING REVENUES:			
Rentals	\$ 2,650	11,972	\$ 14,622
Charges for services	379		379
Other	1	503	504
TOTAL OPERATING REVENUES	3,030	12,475	15,505
OPERATING EXPENSES:			
Services and supplies	2,247	244,798	247,045
Other professional services	254		254
Depreciation and amortization	1,680	1,125	2,805
TOTAL OPERATING EXPENSES	4,181	245,923	250,104
OPERATING LOSS	(1,151)	(233,448)	(234,599)
NONOPERATING REVENUES (EXPENSES):			
Interest income	65	2,169	2,234
Interest expense		(272)	(272)
Intergovernmental revenues:			
State	25		25
Federal	1,772	207,682	209,454
TOTAL NONOPERATING REVENUES	1,862	209,579	211,441
INCOME (LOSS) BEFORE TRANSFERS	711	(23,869)	(23,158)
Transfers in		350	350
CHANGE IN NET ASSETS	711	(23,519)	(22,808)
TOTAL NET ASSETS, JULY 1, 2007	163,909	149,508	313,417
TOTAL NET ASSETS, JUNE 30, 2008	\$ 164,620	125,989	\$ 290,609

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	Aviation	Community Development Commission	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Rentals received	\$ 2,650	11,672	\$ 14,322
Other operating revenues	1	503	504
Cash paid for salaries and employee benefits		285	285
Cash paid for services and supplies	(1,969)	(244,540)	(246,509)
Other operating expenses	(254)		(254)
Net cash provided by (required for) operating activities	428	(232,080)	(231,652)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Intergovernmental receipts	1,797	207,682	209,479
Transfers in		350	350
Net cash provided by noncapital financing activities	1,797	208,032	209,829
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from bonds and notes		6	6
Interest paid on capital borrowing		(272)	(272)
Principal payments on bonds		(710)	(710)
Acquisition and construction of capital assets	(1,577)	(370)	(1,947)
Net cash required for capital and related financing activities	(1,577)	(1,346)	(2,923)
CASH FLOWS FROM INVESTING ACTIVITIES -			
Interest income received	72	2,169	2,241
Net increase (decrease) in cash and cash equivalents	720	(23,225)	(22,505)
Cash and cash equivalents, July 1, 2007	3,734	78,720	82,454
Cash and cash equivalents, June 30, 2008	\$ 4,454	55,495	\$ 59,949

Continued...

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CASH FLOWS - Continued
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	Aviation	Community Development Commission	Total Nonmajor Enterprise Funds
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:			
Operating loss	\$ (1,151)	(233,448)	\$ (234,599)
Adjustments to reconcile operating loss to net cash provided by (required for) operating activities:			
Depreciation and amortization	1,680	1,125	2,805
Other charges - net	509		509
(Increase) decrease in:			
Other receivables	(1,537)	(306)	(1,843)
Due from other funds	10		10
Increase (decrease) in:			
Accounts payable	1,144	180	1,324
Other payables	(85)	78	(7)
Accrued vacation and sick leave		285	285
Due to other funds	(142)		(142)
Unearned revenue		6	6
TOTAL ADJUSTMENTS	1,579	1,368	2,947
NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES	\$ 428	(232,080)	\$ (231,652)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:			
Pooled cash and investments	\$ 4,454		\$ 4,454
Other investments		55,495	55,495
TOTAL	\$ 4,454	55,495	\$ 59,949

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, 2008 (in thousands)

	Public Works	Equipment Acquisition	Community Development Commission	Total
ASSETS				
Current assets:				
Pooled cash and investments:				
Operating	\$ 55,485	5,685		\$ 61,170
Other	8,311	28		8,339
Total pooled cash and investments	63,796	5,713		69,509
Other investments			8,618	8,618
Interest receivable	242	31		273
Other receivables	5,701		58	5,759
Due from other funds	59,266	92		59,358
Inventories	7,631		45	7,676
Total current assets	136,636	5,836	8,721	151,193
Noncurrent assets:				
Restricted assets		8,603		8,603
Net pension obligation	7,300			7,300
Capital assets:				
Buildings and improvements	1,734			1,734
Equipment	124,509	77,716	5,252	207,477
Less accumulated depreciation	(76,391)	(37,663)	(4,675)	(118,729)
Total capital assets - net	49,852	40,053	577	90,482
Total noncurrent assets	57,152	48,656	577	106,385
TOTAL ASSETS	193,788	54,492	9,298	257,578
LIABILITIES				
Current liabilities:				
Accounts payable	3,391	2,899	488	6,778
Accrued payroll	23,445			23,445
Other payables	1,740			1,740
Accrued interest payable		169		169
Due to other funds	44,241		66	44,307
Advances from other funds	22,000			22,000
Unearned revenue	578			578
Current portion of long-term liabilities	27,031	15,815	952	43,798
Total current liabilities	122,426	18,883	1,506	142,815
Noncurrent liabilities:				
Accrued vacation and sick leave	36,320		220	36,540
Bonds and notes payable		30,565		30,565
Pension bonds payable	30,191			30,191
Workers' compensation liability	54,103		2,795	56,898
Litigation and self-insurance liability			1,341	1,341
OPEB obligation	42,559			42,559
Total noncurrent liabilities	163,173	30,565	4,356	198,094
TOTAL LIABILITIES	285,599	49,448	5,862	340,909
NET ASSETS				
Invested in capital assets, net of related debt	49,852	4,322	516	54,690
Restricted:				
Debt service		729		729
Special purpose			2,920	2,920
Unrestricted (Deficit)	(141,663)	(7)		(141,670)
TOTAL NET ASSETS (DEFICIT)	\$ (91,811)	5,044	3,436	\$ (83,331)

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	Public Works	Equipment Acquisition	Community Development Commission	Total
OPERATING REVENUES:				
Rentals	\$ 4	22,701		\$ 22,705
Charges for services	396,138		13,312	409,450
TOTAL OPERATING REVENUES	396,142	22,701	13,312	432,155
OPERATING EXPENSES:				
Salaries and employee benefits	354,241			354,241
Services and supplies	53,052	132	12,886	66,070
Other professional services	13,119			13,119
Depreciation and amortization	8,683	18,710	403	27,796
TOTAL OPERATING EXPENSES	429,095	18,842	13,289	461,226
OPERATING INCOME (LOSS)	(32,953)	3,859	23	(29,071)
NONOPERATING REVENUES (EXPENSES) :				
Interest income	353	760	218	1,331
Interest expense	(4,840)	(2,467)	(10)	(7,317)
Intergovernmental revenues - Federal			621	621
TOTAL NONOPERATING REVENUES (EXPENSES)	(4,487)	(1,707)	829	(5,365)
INCOME (LOSS) BEFORE TRANSFERS	(37,440)	2,152	852	(34,436)
Transfers in	42		154	196
Transfers out	(154)	(3,903)	(471)	(4,528)
CHANGE IN NET ASSETS	(37,552)	(1,751)	535	(38,768)
TOTAL NET ASSETS (DEFICIT), JULY 1, 2007, as restated	(54,259)	6,795	2,901	(44,563)
TOTAL NET ASSETS (DEFICIT), JUNE 30, 2008	\$ (91,811)	5,044	3,436	\$ (83,331)

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	Public Works	Equipment Acquisition	Community Development Commission	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Rentals received	\$ 4	22,627		\$ 22,631
Cash received from charges for services to other funds	413,291		13,379	426,670
Cash paid for salaries and employee benefits	(320,055)			(320,055)
Cash paid for services and supplies	(40,275)	(132)	(13,066)	(53,473)
Other operating expenses	(13,119)			(13,119)
Net cash provided by operating activities	39,846	22,495	313	62,654
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interest paid on pension bonds	(4,840)			(4,840)
Intergovernmental receipts			621	621
Transfers in	42		154	196
Transfers out	(154)	(3,903)	(471)	(4,528)
Net cash provided by (required for) noncapital financing activities	(4,952)	(3,903)	304	(8,551)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from bonds and notes		50,360		50,360
Interest paid on capital borrowing		(3,158)	(10)	(3,168)
Principal payments on bonds and notes		(53,245)		(53,245)
Principal payments on capital leases			(145)	(145)
Acquisition and construction of capital assets	(12,560)	(20,568)	(255)	(33,383)
Net cash required for capital and related financing activities	(12,560)	(26,611)	(410)	(39,581)
CASH FLOWS FROM INVESTING ACTIVITIES -				
Interest income received	(2)	840	218	1,056
Net increase (decrease) in cash and cash equivalents	22,332	(7,179)	425	15,578
Cash and cash equivalents July 1, 2007	41,464	21,495	8,193	71,152
Cash and cash equivalents June 30, 2008	\$ 63,796	14,316	8,618	\$ 86,730

Continued...

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CASH FLOWS - Continued
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	Public Works	Equipment Acquisition	Community Development Commission	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (32,953)	3,859	23	\$ (29,071)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	8,683	18,710	403	27,796
Other charges - net	141			141
(Increase) decrease in:				
Interest receivable	41			41
Other receivables	(983)		67	(916)
Due from other funds	17,226	(74)		17,152
Inventories	285		(11)	274
Net pension obligation	1,478			1,478
Increase (decrease) in:				
Accounts payable	1,213		(248)	965
Accrued payroll	3,456			3,456
Other payables	159			159
Accrued vacation and sick leave	1,500		13	1,513
Due to other funds	11,138		66	11,204
Unearned revenue	(57)			(57)
Pension bonds payable	(14,145)			(14,145)
Workers' compensation liability	(2,980)			(2,980)
Litigation and self-insurance liability				
OPEB liability	45,644			45,644
TOTAL ADJUSTMENTS	72,799	18,636	290	91,725
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 39,846	22,495	313	\$ 62,654
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:				
Pooled cash and investments	\$ 63,796	5,713		\$ 69,509
Other investments			8,618	8,618
Restricted assets		8,603		8,603
TOTAL	\$ 63,796	14,316	8,618	\$ 86,730

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, 2008 (in thousands)

	Pooled Investment Trust Fund	Specific Investment Trust Fund	Total
ASSETS			
Pooled cash and investments	\$ 13,284,552		\$ 13,284,552
Other investments		474,638	474,638
Interest receivable	116,165	13,282	129,447
TOTAL ASSETS	<u>13,400,717</u>	<u>487,920</u>	<u>13,888,637</u>
NET ASSETS			
Held in trust for investment trust fund participants	<u>\$ 13,400,717</u>	<u>487,920</u>	<u>\$ 13,888,637</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FIDUCIARY FUNDS - AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Pooled cash and investments	\$ 1,105,091	114,268,584	114,111,887	\$ 1,261,788
Other investments	14,714	44,232	15,019	43,927
Taxes receivable	222,286	729,898	641,648	310,536
Interest receivable	3,995	4,320	5,817	2,498
TOTAL ASSETS	<u>\$ 1,346,086</u>	<u>115,047,034</u>	<u>114,774,371</u>	<u>\$ 1,618,749</u>
LIABILITIES				
Due to other governments	\$ 1,346,086	2,722,764	2,450,101	\$ 1,618,749
TOTAL LIABILITIES	<u>\$ 1,346,086</u>	<u>2,722,764</u>	<u>2,450,101</u>	<u>\$ 1,618,749</u>



STATISTICAL SECTION

STATISTICAL SECTION

The information in this section is not covered by the Independent Auditor’s Report, but is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to better understand and assess the County’s overall financial health.

CONTENTS	PAGE
FINANCIAL TRENDS.....	159
<p style="padding-left: 40px;">These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.</p>	
REVENUE CAPACITY.....	166
<p style="padding-left: 40px;">These schedules contain trend information to help the reader assess the County’s most significant local revenue source, the property tax.</p>	
DEBT CAPACITY.....	170
<p style="padding-left: 40px;">These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.</p>	
DEMOGRAPHIC AND ECONOMIC INFORMATION	176
<p style="padding-left: 40px;">The schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.</p>	
OPERATING INFORMATION.....	178
<p style="padding-left: 40px;">These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.</p>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



COUNTY OF LOS ANGELES
NET ASSETS BY CATEGORY (UNAUDITED)
LAST SEVEN FISCAL YEARS (in thousands)
(accrual basis of accounting)

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 1,944,507	2,210,640	2,384,009	2,556,556	13,567,513	14,192,494	13,913,070
Restricted	913,613	907,155	928,616	1,152,845	1,378,439	1,443,083	1,605,763
Unrestricted (deficit)	(1,892,055)	(2,391,517)	(2,203,518)	(1,572,611)	(840,389)	(194,953)	51,582
Subtotal governmental activities net assets	966,065	726,278	1,109,107	2,136,790	14,105,563	15,440,624	15,570,415
Business-type activities							
Invested in capital assets, net of related debt	402,528	495,549	622,282	793,517	1,827,225	2,190,999	2,259,617
Restricted	91,994	127,192	105,557	74,173	165,427	186,266	307,985
Unrestricted (deficit)	(748,183)	(734,942)	(590,882)	(624,577)	(444,450)	(640,691)	(824,889)
Subtotal business-type activities net assets	(253,661)	(112,201)	136,957	243,113	1,548,202	1,736,574	1,742,713
Primary government							
Invested in capital assets, net of related debt	2,347,035	2,706,189	3,006,291	3,350,073	15,394,738	16,383,493	16,172,687
Restricted	1,005,607	1,034,347	1,034,173	1,227,018	1,543,866	1,629,349	1,913,748
Unrestricted (deficit)	(2,640,238)	(3,126,459)	(2,794,400)	(2,197,188)	(1,284,839)	(835,644)	(773,307)
Total primary government net assets	\$ 712,404	614,077	1,246,064	2,379,903	15,653,765	17,177,198	17,313,128

Notes:

- (1) Trend data is available for only the prior six fiscal years, with the implementation of GASB 34.
- (2) Asset restrictions are primarily due to external restrictions imposed by State legislation and bond covenants.

COUNTY OF LOS ANGELES
 CHANGES IN NET ASSETS (UNAUDITED)
 LAST SEVEN FISCAL YEARS (in thousands)
(accrual basis of accounting)

	(1)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Expenses								
Government activities:								
General government	\$	611,203	764,588	650,096	666,778	795,290	807,155	1,171,448
Public protection		3,937,519	4,177,049	4,044,824	4,159,675	4,443,432	4,872,413	5,799,593
Public ways and facilities		208,299	227,776	222,416	249,065	360,980	282,827	299,304
Health and sanitation		1,795,060	1,888,141	1,918,831	1,941,315	2,151,515	2,223,695	2,638,135
Public assistance		4,505,319	4,604,757	4,383,626	4,398,391	4,465,520	4,539,458	5,061,367
Education		73,455	75,079	77,207	86,707	92,867	99,136	112,035
Recreation and cultural services		231,605	228,008	229,541	236,421	240,274	266,967	290,669
Interest on long-term debt		249,586	270,336	240,494	223,696	221,838	239,608	191,551
Subtotal governmental activities expenses		11,612,046	12,235,734	11,767,035	11,962,048	12,771,716	13,331,259	15,564,102
Business-type activities:								
Hospitals		3,086,454	3,158,458	3,063,732	3,235,176	2,778,251	2,894,493	3,092,682
Aviation (2)		4,618	4,617	5,155	5,747	5,236	5,761	4,182
Waterworks		39,857	42,448	45,473	43,444	67,563	97,504	74,810
Community Development Commission		198,340	223,808	222,207	217,560	202,298	211,077	246,195
Subtotal business-type activities expense		3,329,269	3,429,331	3,336,567	3,501,927	3,053,348	3,208,835	3,417,869
Total primary government expenses		14,941,315	15,665,065	15,103,602	15,463,975	15,825,064	16,540,094	18,981,971
Program Revenues								
Governmental activities:								
Charges for services								
General government		332,282	354,291	371,723	371,338	500,233	451,050	445,948
Public protection		981,002	1,021,186	1,055,700	1,112,288	1,118,277	1,189,730	1,273,710
Health and sanitation		375,484	385,490	357,229	378,324	469,450	518,893	708,097
Recreation and cultural services		154,704	152,908	157,486	159,999	165,980	173,531	206,364
Other charges for services		54,548	81,388	55,947	65,629	83,694	63,664	104,433
Subtotal governmental activities charges for service:		1,898,020	1,995,263	1,998,085	2,087,578	2,337,634	2,396,868	2,738,552
Operating grants and contributions		6,243,962	6,373,405	6,362,285	6,551,225	6,801,256	6,980,549	7,113,135
Capital grants and contributions		27,534	38,471	59,650	44,072	64,258	25,135	184,502
Total governmental activities program revenue		8,169,516	8,407,139	8,420,020	8,682,875	9,203,148	9,402,552	10,036,189
Business-type activities:								
Charges for services								
Hospitals (2)		2,516,003	2,594,762	2,397,047	2,390,770	1,913,815	1,864,209	1,730,231
Other charges for services		46,958	50,187	57,150	68,151	90,604	93,770	76,516
Subtotal business-type activities charges for service		2,562,961	2,644,949	2,454,197	2,458,921	2,004,419	1,957,979	1,806,747
Operating grants and contributions		267,329	295,296	277,427	262,636	309,526	304,720	263,471
Capital grants and contributions		13,765	26,851	83,537	138,723	74,821	12,992	2,897
Total business-type activities program revenue		2,844,055	2,967,096	2,815,161	2,860,280	2,388,766	2,275,691	2,073,115
Total primary government revenues		11,013,571	11,374,235	11,235,181	11,543,155	11,591,914	11,678,243	12,109,304

Continued...

COUNTY OF LOS ANGELES
 CHANGES IN NET ASSETS (UNAUDITED) - Continued
 LAST SEVEN FISCAL YEARS (in thousands)
 (accrual basis of accounting)

	(1)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Net (expense) / revenue:								
Governmental activities		(3,442,530)	(3,828,595)	(3,347,015)	(3,279,173)	(3,568,568)	(3,928,707)	(5,527,913)
Business-type activities		(485,214)	(462,235)	(521,406)	(641,647)	(664,582)	(933,144)	(1,344,754)
Total primary government net expenses		(3,927,744)	(4,290,830)	(3,868,421)	(3,920,820)	(4,233,150)	(4,861,851)	(6,872,667)
General Revenues and Other Changes in Net Assets								
Governmental Activities:								
Taxes		2,349,836	2,493,274	2,912,645	3,804,859	4,292,919	4,688,595	5,034,399
Intergovernmental-motor vehicle in-lieu taxes, not restricted		675,004	690,854	573,859				
Unrestricted grants and contributions		706,167	703,520	711,961	731,767	730,516	761,705	778,936
Investment earnings		154,439	102,573	57,807	137,382	244,005	335,851	324,132
Miscellaneous		148,622	136,702	186,406	130,904	171,049	259,357	229,810
Special item - Contribution of Disney Hall Transfers (Net)		(550,302)	(538,115)	(712,834)	188,493		267,473	
Subtotal governmental activities		3,483,766	3,588,808	3,729,844	4,306,856	4,449,372	5,263,768	5,214,331
Business-type activities:								
Taxes		2,550	2,772	2,845	701	743	3,782	4,405
Unrestricted grants and contributions		33	32	32	34	34	35	37
Investment earnings		4,415	4,373	1,452	6,416	9,703	18,043	14,073
Miscellaneous		50,860	58,403	53,401	54,103	58,804	50,443	24,950
Transfers (Net)		550,302	538,115	712,834	686,549	989,117	1,049,213	1,152,946
Subtotal business-type activities		608,160	603,695	770,564	747,803	1,058,401	1,121,516	1,196,411
Total primary government		4,091,926	4,192,503	4,500,408	5,054,659	5,507,773	6,385,284	6,410,742
Changes in Net Assets								
Government activities		41,236	(239,787)	382,829	1,027,683	880,804	1,335,061	(313,582)
Business-type activities		122,946	141,460	249,158	106,156	393,819	188,372	(148,343)
Total primary government	\$	164,182	(98,327)	631,987	1,133,839	1,274,623	1,523,433	(461,925)

Notes:

- (1) Trend data is available for only the prior six fiscal years, with the implementation of GASB 34.
- (2) 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
 FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)
 LAST SEVEN FISCAL YEARS (in thousands)
 (modified accrual basis of accounting)

	(1)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
General Fund								
Reserved for:								
Encumbrances	\$	277,146	316,118	289,174	333,499	352,523	415,001	532,752
Inventories		36,740	33,230	29,843	39,713	42,562	42,561	43,906
Assets unavailable for appropriation		44,879	33,410	31,548	27,415	26,970	20,718	20,808
Total Reserved Balance		358,765	382,758	350,565	400,627	422,055	478,280	597,466
Unreserved, designated for:								
Budget uncertainties		388,235	414,054	359,649	496,672	375,511	338,192	292,113
Program expansion		206,805	254,753	299,357	190,548	497,370	328,795	302,763
Health services					329,806	459,346	326,849	242,408
Capital projects						190,184	241,489	315,355
Unreserved, undesignated, reported in-								
General fund		558,549	646,165	878,156	909,076	793,812	1,366,839	1,624,335
Total Unreserved Balance		1,153,589	1,314,972	1,537,162	1,926,102	2,316,223	2,602,164	2,776,974
Total General Fund		1,512,354	1,697,730	1,887,727	2,326,729	2,738,278	3,080,444	3,374,440
All Other Governmental Funds (2)								
Reserved for:								
Encumbrances		451,630	339,018	297,961	372,272	414,475	379,556	384,475
Inventories		44,706	40,854	55,180	46,740	49,424	44,936	45,426
Housing programs		2,568	2,260	2,260	2,079	2,117	1,662	1,167
Debt service		253,065	236,921	231,438	259,493	508,379	467,444	447,088
Endowments & annuities		3,454	3,541	3,315	3,339	3,332	3,380	3,455
Assets unavailable for appropriation		25,221	31,606	34,244	34,017	46,872	32,638	53,218
Total Reserved Balance		780,644	654,200	624,398	717,940	1,024,599	929,616	934,829
Unreserved, designated for:								
Special revenue funds		188,128	186,612	190,899	242,539	309,291	441,196	572,711
Unreserved, undesignated, reported in:								
Special revenue funds		509,943	556,258	622,391	610,336	792,856	835,998	931,013
Capital projects funds		110,237	94,799	87,039	264,882	328,896	268,535	190,098
Total Unreserved Balance		808,308	837,669	900,329	1,117,757	1,431,043	1,545,729	1,693,822
Total All Other Governmental Funds		1,588,952	1,491,869	1,524,727	1,835,697	2,455,642	2,475,345	2,628,651
Total Governmental Fund Balance	\$	3,101,306	3,189,599	3,412,454	4,162,426	5,193,920	5,555,789	6,003,091

Notes:

(1) Trend data is available for only the prior six fiscal years, with the implementation of GASB 34.
 (2) "All Other Governmental Funds" consists of the following funds: Fire Protection District, Flood Control District, Public Library, Regional Park and Open Space District and Nonmajor Governmental Funds.



COUNTY OF LOS ANGELES
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)
 LAST SEVEN FISCAL YEARS (in thousands)
 (modified accrual basis of accounting)

	(1)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Revenues (by source)								
Taxes	\$	2,282,820	2,422,005	2,830,843	3,704,985	4,145,704	4,567,655	4,823,493
Licenses, permits and franchises		59,712	67,478	71,176	73,450	77,004	77,690	79,511
Fines, forfeitures and penalties		264,713	262,604	275,744	294,714	309,962	316,174	341,135
Revenue from use of money and property:								
Investment income		153,830	102,109	57,654	136,833	243,197	334,865	323,071
Rents and concessions		60,181	57,992	71,029	69,253	69,388	80,874	78,370
Royalties		289	300	299	408	615	594	978
Intergovernmental revenues:								
Federal		3,252,597	3,198,572	3,148,842	2,763,670	2,745,903	2,835,932	3,149,752
State		4,170,053	4,331,478	4,292,677	4,275,176	4,650,492	4,613,192	4,621,964
Other		98,051	107,337	113,576	122,674	121,532	154,116	170,405
Charges for services		1,538,368	1,625,583	1,616,924	1,699,477	1,927,681	1,965,724	2,241,295
Proceeds from property owners		1,336	8,123	73				
Miscellaneous		295,902	294,278	328,914	277,000	324,060	291,293	442,645
Total Revenues		12,177,652	12,477,859	12,807,751	13,417,640	14,615,538	15,238,109	16,272,619
Expenditures (by function)								
Current:								
General government		589,281	652,393	673,950	664,670	778,406	871,304	934,641
Public protection		3,795,429	3,768,650	3,934,320	4,111,311	4,413,646	4,955,338	5,328,923
Public ways and facilities		261,679	287,853	229,546	247,314	287,544	271,904	318,468
Health and sanitation		1,765,432	1,826,083	1,905,521	1,935,207	2,129,508	2,255,737	2,462,395
Public assistance		4,360,342	4,461,044	4,325,241	4,387,157	4,457,822	4,539,192	4,770,593
Education		72,542	74,013	79,285	85,066	92,105	99,115	105,684
Recreation and cultural services		235,188	225,329	231,210	226,768	247,845	265,029	272,028
Debt services								
Principal		241,737	269,349	280,274	345,956	390,745	304,888	220,287
Interest and other charges		220,801	206,119	182,385	181,948	126,030	211,386	259,254
Capital leases		8,220	14,345	13,830	11,449	29,624	25,936	19,629
Capital outlay		120,579	99,710	48,536	31,384	67,717	48,897	188,090
Total Expenditures		11,671,230	11,884,888	11,904,098	12,228,230	13,020,992	13,848,726	14,879,992
Excess of Revenues over Expenditures		506,422	592,971	903,653	1,189,410	1,594,546	1,389,383	1,392,627
Other Financing Sources (Uses)								
Transfers in		294,162	295,168	303,956	416,961	516,492	540,377	602,352
Transfers out		(838,520)	(831,862)	(1,020,831)	(1,104,398)	(1,504,136)	(1,592,341)	(1,752,685)
Issuance of debt					7,700	389,423	326,245	3,000
Refunding bonds issued		29,000	160,325	434,471				
Payment to refunded bonds escrow agent		(29,000)	(160,325)	(434,471)				
Bond premium proceeds			8,513	37,629				
Capital leases		47,568	21,480	28,312	7,329	22,533	14,566	94,315
Sales of capital assets		5,292	2,023	7,765	6,828	12,636	3,816	98,168
Total other financing sources (uses)		(491,498)	(504,678)	(680,798)	(627,931)	(583,052)	(1,027,514)	(1,045,066)
Special Item--Proceeds from sale of receivables				188,493				4,099
Net change in fund balance		14,924	88,293	222,855	749,972	1,031,494	361,869	347,561
Debt service as a percentage of noncapital expenditures: (2)		4.10%	4.23%	4.07%	4.48%	4.29%	4.03%	3.44%

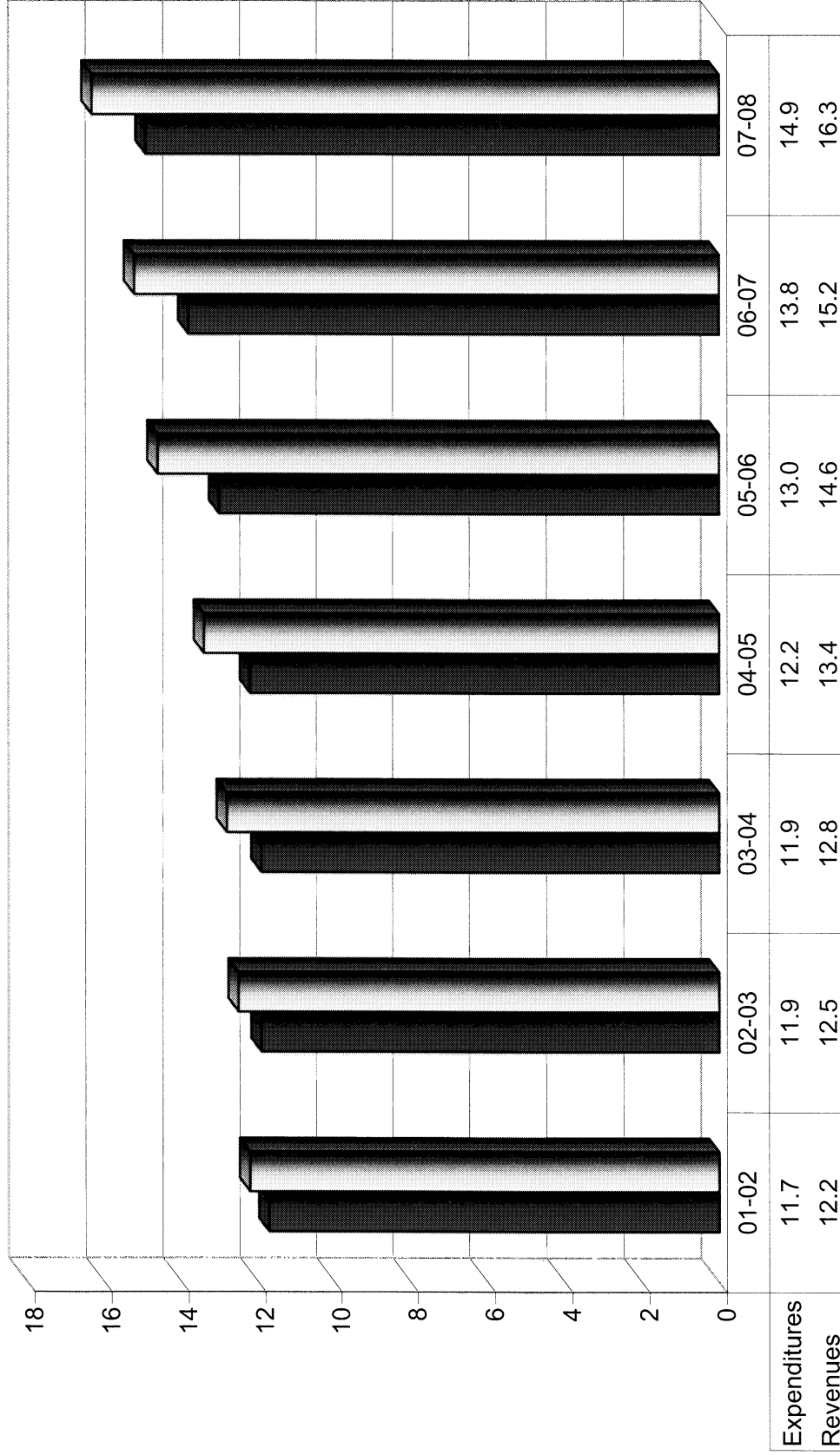
Notes: (1) Trend data is available for only the prior six fiscal years, with the implementation of GASB 34.

(2) The debt service percentage calculations make use of the capital outlay expenditure balances as presented on the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities. The percentages have been recalculated for the prior six years.

COUNTY of LOS ANGELES

Governmental Funds Expenditures and Revenues

Last Seven Fiscal Years



In Billions of Dollars

■ Expenditures □ Revenues

COUNTY OF LOS ANGELES
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY (UNAUDITED) (1)
 LAST TEN FISCAL YEARS (in thousands)

Fiscal Year	(2) Secured	(3) Unsecured	(4) Unitary	(5) Exempt	Total Taxable Assessed Value	Total Direct Tax Rate
1998 - 1999	\$492,920,009	36,808,117	12,681,433	(25,847,883)	516,561,676	1.00000%
1999 - 2000	521,494,390	37,826,556	12,505,963	(25,495,993)	546,330,916	1.00000%
2000 - 2001	556,120,737	40,449,723	12,348,515	(26,472,182)	582,446,793	1.00000%
2001 - 2002	592,345,254	44,394,254	12,425,635	(26,803,046)	622,362,097	1.00000%
2002 - 2003	632,815,105	43,785,523	12,357,025	(28,702,612)	660,255,041	1.00000%
2003 - 2004	683,216,372	44,745,197	11,587,736	(29,937,047)	709,612,258	1.00000%
2004 - 2005	738,658,957	43,898,983	10,648,846	(31,851,689)	761,355,097	1.00000%
2005 - 2006	813,276,803	43,964,997	10,718,105	(32,058,237)	835,901,668	1.00000%
2006 - 2007	905,276,182	45,783,429	10,638,106	(36,182,793)	925,514,924	1.00000%
2007 - 2008	990,301,135	48,543,926	11,158,201	(40,091,971)	1,009,911,291	1.00000%

Notes:

- (1) Due to the 1978 passage of the property tax initiative Proposition 13 (Prop 13), the County does not track the estimated actual value of all County properties. Under Prop 13 property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on property not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date of purchase. Additionally, Prop 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.
- (2) Secured property is generally real property, as defined as land, mines, minerals, timber and improvements such as buildings, structures, crops, trees and vines.
- (3) Unsecured property is generally personal property including machinery, equipment, office tools and supplies.
- (4) Unitary properties are railroads and utilities crossing the County and are assessed by the State Board of Equalization.
- (5) Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.

Source:
 Auditor-Controller, County of Los Angeles Taxpayers' Guide

COUNTY OF LOS ANGELES
 DIRECT AND OVERLAPPING PROPERTY TAX RATES FOR TAX RATE AREA #4 (UNAUDITED)
 LAST TEN FISCAL YEARS

Fiscal Year	County Direct Rates				Overlapping Rates				Total Rates
	Los Angeles General	Los Angeles County Detention Facilities (1)	Flood Control Districts (1)	Los Angeles City Tax District No. 1	School Districts	Metropolitan Water District			
1998 - 1999	1.00000	.001451	.001953	.030161	.024749	.008900	1.067214		
1999 - 2000	1.00000	.001422	.001765	.031113	.031528	.008900	1.074728		
2000 - 2001	1.00000	.001314	.001552	.026391	.040765	.008800	1.078822		
2001 - 2002	1.00000	.001128	.001073	.040051	.064125	.007700	1.114077		
2002 - 2003	1.00000	.001033	.000881	.042312	.051571	.006700	1.102497		
2003 - 2004	1.00000	.000992	.000462	.050574	.097002	.006100	1.155130		
2004 - 2005	1.00000	.000923	.000245	.055733	.106937	.005800	1.169638		
2005 - 2006	1.00000	.000795	.000049	.051289	.098634	.005200	1.155967		
2006 - 2007	1.00000	.000663	.000052	.045354	.128276	.004700	1.179045		
2007 - 2008	1.00000	.000000	.000000	.038051	.132136	.004500	1.174687		

Notes:

- (1) The Secured Tax Rate and Ratios Report no longer includes the Detention Facilities & Flood Control Districts rates, as these bonds have matured.
- (A) 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.
- (B) 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. All other rates are calculated per \$100 of assessed value.
- (C) 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.
- (D) The County is divided into 11,242 tax rate areas which are unique combinations of various jurisdictions servicing a specific geographic area.

Source:
 Secured Tax Rate and Ratios Report from Auditor-Controller-Tax Division.

COUNTY OF LOS ANGELES
 PRINCIPAL PROPERTY TAX PAYERS (UNAUDITED)
 CURRENT YEAR AND NINE YEARS AGO
 JUNE 30, 2008 AND JUNE 30, 1999 (in thousands)

Taxpayer	2008			1999		
	Net Assessed Secured Property Value	Rank	Percentage of Total Net Assessed Value	Net Assessed Secured Property Value	Rank	Percentage of Total Net Assessed Value
Southern California Edison Co.	\$ 3,895,446	1	0.41%	\$ 3,779,522	1	0.79%
Maguire Thomas Partners	2,595,736	2	0.27%			
Douglas Emmett Realty Fund	2,513,636	3	0.26%			
Chevron USA Inc.	2,119,252	4	0.22%	1,356,705	7	0.28%
BP West Coast Products	2,046,167	5	0.21%			
Trizec LLC	1,775,789	6	0.18%			
AT&T California	1,748,797	7	0.18%			
Exxon Mobil Corporation	1,504,167	8	0.16%	1,282,721	8	0.27%
Southern California Gas Company	1,369,116	9	0.14%	1,557,978	5	0.32%
Verizon California Inc.	1,337,346	10	0.14%			
Pacific Bell				3,343,236	2	0.70%
GTE California, Inc.				1,824,360	3	0.38%
Atlantic Richfield Co.				1,641,038	4	0.34%
Shuwa Investments Corporation				1,267,752	9	0.26%
MCA, Inc				1,397,794	6	0.29%
Tosco Corporation				840,231	10	0.18%
Total	\$ 20,905,452		2.17%	\$ 18,291,337		3.81%

Note:
 (1) See schedule "Assessed Value & Actual Value of Taxable Property." Total assessed value, \$961,367,365 as of June 30, 2008 is based on Secured \$990,301,135 plus Unitary \$11,158,201 less exemptions of \$40,091,971. Total assessed value, \$479,753,559 as of June 30, 1999 is based on Secured \$492,920,009 plus Unitary \$12,681,433 less exemptions of \$25,847,883 (in thousands).

Source:
 Los Angeles County Treasurer and Tax Collector

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

<u>Fiscal Year</u>	<u>Taxes Levied</u>	<u>Collections within the fiscal year of the levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
1998 - 1999	\$ 5,760,686	\$ 5,549,836	96.3%	\$ 219,322	\$ 5,769,158	100.1%
1999 - 2000	6,078,979	5,852,946	96.3%	205,700	6,058,646	99.7%
2000 - 2001	6,441,176	6,228,309	96.7%	199,586	6,427,895	99.8%
2001 - 2002	6,964,486	6,760,147	97.1%	231,198	6,991,345	100.4%
2002 - 2003	7,415,691	7,182,974	96.9%	208,213	7,391,187	99.7%
2003 - 2004	8,241,631	8,031,587	97.5%	240,718	8,272,305	100.4%
2004 - 2005	8,895,871	8,655,953	97.3%	224,239	8,880,192	99.8%
2005 - 2006	9,582,359	9,322,047	97.3%	220,365	9,542,412	99.6%
2006 - 2007	10,521,025	10,213,017	97.1%	230,578	10,443,595	99.3%
2007 - 2008	11,475,303	10,905,099	95.0%	311,899	11,216,998	97.7%

Source:
Auditor-Controller-Accounting Division-Property Tax Section

COUNTY OF LOS ANGELES
 RATIO OF OUTSTANDING DEBT BY TYPE (UNAUDITED)
 LAST TEN FISCAL YEARS (In thousands, except per capita)

Fiscal Year	Governmental Activities									
	General Obligation Bonds	Assessment Bonds	Certificates of Participation	Notes, Loans, and Other Debt	Accrued Interest	Unamortized Bond Premiums	Unamortized Loss on Advance Debt Refund.	Pension Bonds Payable	Capital Leases	
1998-99	\$ 91,740	485,855	1,537,967	538,120			1,641,953	60,212		
1999-00	79,025	462,520	1,507,404	505,536			1,599,821	60,115		
2000-01	66,015	438,020	1,537,075	475,036			1,544,392	54,217		
2001-02	53,480	412,295	1,369,528	67,951	93,781		1,551,515	113,180		
2002-03	41,180	394,735	1,276,035	63,428	85,780		1,457,732	120,270		
2003-04	29,625	376,210	1,177,981	65,539	75,379		1,344,056	135,258		
2004-05	18,470	349,690	1,079,504	69,888	62,545	37,629	1,206,794	130,928		
2005-06	9,475	325,710	1,007,134	387,764	73,191	36,346	1,045,264	123,676		
2006-07	370	304,235	876,106	403,622	94,692	50,079	879,585	98,450		
2007-08		269,995	812,318	395,838	116,475	48,036	668,539	173,369		

Business-Type Activities

Fiscal Year	Business-Type Activities									
	General Obligation Bonds	Certificates of Participation	Notes, Loans, and Other Debt	Unamortized Bond Premiums	Pension Bonds Payable	Capital Leases	Total Primary Government (1)	Per Personal Income (2)	Per Capita (2)	
1998-99	994	525,603	63,574		499,292	5,320	5,450,630	2.06%	559	
1999-00	746	496,364	64,025		423,894	3,360	5,202,810	1.86%	526	
2000-01	466	447,439	75,844		337,688	2,513	4,978,705	1.69%	508	
2001-02	382	300,318	126,684		542,234	2,086	4,633,434	1.54%	472	
2002-03	297	273,447	146,804		509,459	1,761	4,370,928	1.41%	438	
2003-04	239	240,831	170,319		469,756	1,499	4,086,692	1.24%	405	
2004-05	181	177,944	203,121	10,005	421,781	1,097	3,744,444	1.07%	366	
2005-06	136	160,648	12,662	8,909	363,177	675	3,530,891	0.95%	345	
2006-07	121	132,062	20,008	8,153	305,612	398	3,132,675	0.82%	303	
2007-08	104	114,750	215,554	7,368	232,285	273	3,016,919	0.73%	291	

Notes:

- (1) Details regarding the County's outstanding debt can be found in the notes to the financial statements.
- (2) See the "Demographic Statistics" table for personal income and population.

Source:
 Auditor-Controller, County of Los Angeles

COUNTY OF LOS ANGELES
 RATIO OF NET GENERAL BONDED DEBT (UNAUDITED)
 LAST TEN FISCAL YEARS (in thousands except ratio and per capita)

Fiscal Year	Population (1)	Assessed Value (1)	General Bonded Debt (2)	Ratio of General Bonded Debt to Assessed Value	General Bonded Debt per Capita
1998-99	9,758	516,561,676	91,740	.000178	9.4015
1999-00	9,884	546,330,916	79,025	.000145	7.9952
2000-01	9,803	582,446,793	66,015	.000113	6.7342
2001-02	9,825	622,362,097	53,480	.000086	5.4433
2002-03	9,979	660,255,041	41,180	.000062	4.1267
2003-04	10,103	709,612,258	29,625	.000042	2.9323
2004-05	10,226	761,355,097	18,470	.000024	1.8062
2005-06	10,246	835,901,668	9,475	.000011	.9248
2006-07	10,332	925,514,924	370	.000000	.0358
2007-08	10,364	1,009,911,291	0	.000000	.0000

Notes:

- (1) See "Demographics & Economic Statistics" table for population and "Revenue Capacity" table for assessed value.
- (2) Long-term general bonded debt outstanding included Detention Facilities and Flood Control general obligation bonds. The Detention Facilities matured on June 1, 2007 and the Flood Control bonds matured on November 1, 2007.

Source:

Los Angeles Almanac website address: www.laalmanac.com/population.

COUNTY OF LOS ANGELES
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED)

JUNE 30, 2008

Full Cash Value (2007-08)

Population - (2008)

\$ 882,846,160,584 (1)
10,363,850 (2)

Percent
Applicable
May 1, 2008
Debt

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:

Los Angeles County Flood Control District	100	99,210,000
Metropolitan Water District	45,777	149,789,211
Los Angeles Community College District	100	1,370,820,000
Other Community College Districts	Various (3)	1,365,605,067
Arcadia Unified School District	100	175,457,102
Beverly Hills Unified School District	100	133,822,535
Glendale Unified School District	100	142,870,000
Inglewood Unified School District	100	121,095,000
Long Beach Unified School District	100	241,765,000
Los Angeles Unified School District	100	7,325,045,000
Pasadena Unified School District	100	198,570,000
Pomona Unified School District	100	148,324,159
Other Unified School Districts	Various (3)	2,315,359,786
High School and School Districts	Various (3)	1,048,294,308
City of Los Angeles	100	1,303,035,000
City of Los Angeles Special Tax Lease Revenue Bonds	100	80,260,000
City of Industry	100	189,330,000
Other Cities	100	87,025,000
Special Districts	100	9,245,000
Community Facilities Districts	100	886,939,334
Los Angeles County Regional Park & Open Space Assessment District	100	269,995,000 (4)
1915 Act and Benefit Assessment Bonds - Estimate	100	201,975,320
Los Angeles County Metropolitan Transportation Authority Benefit Assessment District Bonds	100	43,535,000

TOTAL DIRECT AND OVERLAPPING TAX & ASSESSMENT DEBT

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:

Los Angeles County General Fund Obligations	100	\$ 17,907,366,822
Los Angeles County Pension Obligations	100	\$ 1,022,777,788 (5)
Los Angeles County Office of Education Certificates of Participation	100	546,849,147
Community College District Certificates of Participation	100	17,861,064
Asuza Unified School District Certificates of Participation	Various (3)	100,837,457
Los Angeles Unified School District Certificates of Participation	100	67,680,000
Norwalk-La Mirada Unified School District Certificates of Participation	100	491,691,710
Pomona Unified School District Certificates of Participation	100	67,978,721
Other Unified School District Certificates of Participation	100	64,615,000
High School and School District General Fund Obligations	100	325,686,176
City of Beverly Hills General Fund Obligations	Various (3)	171,820,407
	100	209,280,000

(Continued)

COUNTY OF LOS ANGELES
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED) - Continued
 JUNE 30, 2008

<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT - Cont'd:</u>	
City of Los Angeles General Fund & Judgment Obligations	100
City of Long Beach General Fund Obligations	100
City of Long Beach Pension Obligations	100
City of Pasadena General Fund Obligations	100
City of Pasadena Pension Obligations	100
Other Cities' General Fund Obligations	100
Los Angeles County Sanitation Districts General Fund Obligations	100
Walnut Valley Water District General Fund Obligations	100
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT	
Less: School District self-supporting bonds	
Cities' self-supporting bonds	
Walnut Valley Water District General Fund Obligations	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT	

	1,723,945,000
	290,290,000
	83,540,000
	394,789,972
	128,045,000
	1,255,327,237
	375,594,995
	13,055,000
\$	7,351,664,674
	(66,641,149)
	(181,517,368)
	(13,055,000)
\$	7,090,451,157

GROSS COMBINED TOTAL DEBT 25,259,031,496 (6)

NET COMBINED TOTAL DEBT \$ 24,997,817,979

RATIOS TO 2007-08 ASSESSED VALUATION

Total Direct and Overlapping Tax and Assessment Debt

RATIOS TO FULL CASH VALUE (ADJUSTED ASSESSED VALUATION)

Combined Gross Direct Debt (\$1,569,626,935)

Net Combined Direct Debt (\$1,569,626,935)

Gross Combined Total Debt

Net Combined Total Debt

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/07:

	1.760%
	.180%
	.180%
	2.840%
	2.810%
\$	593,390

Notes:

- (1) This balance is reduced by homewoners exemptions of \$8,086,228,451 and excludes redevelopment incremental valuation of \$127,390,886,790.
- (2) Yearly estimates from the California State Demographic Research Unit, California Department of Finance and the U.S. Census Bureau as of January 1 of each year.
- (3) All 100% or almost 100%, except for Antelope Valley Joint UHSD and Community College District, Fullerton Union High School District, Las Virgenes Joint Union School District, North Orange County Joint Community College District, and the schools and special districts included in them.
- (4) Excludes refunding issue to be sold.
- (5) Excludes tax and revenue anticipation notes to be sold.
- (6) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source:

California Municipal Statistics - for general information purposes only.

COUNTY OF LOS ANGELES
 COMPUTATION OF LEGAL DEBT MARGIN (UNAUDITED)
 LAST TEN FISCAL YEARS (In thousands)

Fiscal Year	(1)	(2)	(3)	Total net applicable debt	Legal Debt Margin/ Debt Limit	Legal Debt Margin/ Debt Limit	Assessed valuation (net taxable)	Applicable percentage in computing capacity	Total debt limit	Less: Total net applicable debt	Legal debt margin, June 30, 2008
	Assessed Value	Legal Debt Limit	Legal Debt Margin								
1998 - 1999	516,561,676	6,457,021	6,404,016	53,005	99.18%		\$1,009,911,291	1.25%	\$ 12,623,891		
1999 - 2000	546,330,916	6,829,136	6,781,271	47,865	99.30%						
2000 - 2001	582,446,793	7,280,585	7,238,210	42,375	99.42%						
2001 - 2002	622,362,097	7,779,526	7,743,021	36,505	99.53%						
2002 - 2003	660,255,041	8,253,188	8,222,963	30,225	99.63%						
2003 - 2004	709,612,258	8,870,153	8,846,683	23,470	99.74%						
2004 - 2005	761,355,097	9,516,939	9,500,734	16,205	99.83%						
2005 - 2006	835,901,668	10,448,771	10,440,376	8,395	99.92%						
2006 - 2007	925,514,924	11,568,937	11,568,567	370	100.00%						
2007 - 2008	1,009,911,291	12,623,891	12,623,891		100.00%						

Notes:

- (1) Assessed Value does not include tax exempt property. Property value data can be found in the "Assessed Value and Actual Value of Taxable Property" schedule.
- (2) The Legal Debt Limit is 1.25 % of assessed value.
- (3) The Legal Debt Margin is the County's available borrowing authority under state finance statutes and is calculated by subtracting the debt applicable from the Legal Debt Limit.

COUNTY OF LOS ANGELES
 PLEDGED-REVENUE COVERAGE (UNAUDITED)
 LAST SEVEN FISCAL YEARS (1)

Fiscal Year	Marina del Rey Revenue Bonds			Regional Park and Open Space Special Assessment Bond			Total Debt Service Coverage
	Revenue Collected	Debt Service Principal	Debt Service Interest	Special Assessment Collection	Debt Service Principal	Debt Service Interest	
2001-02	\$ 33,352,291	9,015,000	5,517,169	\$ 77,588,000	25,725,000	22,309,851	48,034,851 1.62
2002-03	30,750,213	9,575,000	4,936,231	78,433,000	17,560,000	21,184,476	38,744,476 2.02
2003-04	33,509,651	10,175,000	4,319,043	78,875,000	18,525,000	20,183,154	38,708,154 2.04
2004-05	34,615,641	10,810,000	3,649,750	79,907,000	19,565,000	15,385,183	34,950,183 2.29
2005-06	(2)	50,745,000	1,649,212	78,580,000	23,980,000	17,150,338	41,130,338 1.91
2006-07	(2)	-	-	78,930,000	21,475,000	16,020,653	37,495,653 2.11
2007-08	(2)	-	-	78,613,000	34,240,000	(4) 16,867,000	51,107,000 1.54

Fiscal Year	Calabasas Landfill Bond Fees			Total Debt Service Coverage
	Revenue Collected	Debt Service Principal	Debt Service Interest	
2005-06	\$ 4,092,212	1,100,000	685,849	1,785,849 2.29
2006-07	3,034,497	1,265,000	1,652,634	2,917,634 1.04
2007-08	(3) 3,126,998	1,365,000	1,608,359	2,973,359 1.05

- Notes:
- (1) Trend data is available for only the prior six fiscal years, with the implementation of GASB 34.
 - (2) Optional Redemption occurred on 7/1/05 using Reserve and remaining Sinking Funds.
 - (3) Gross Operating Expenses were \$18,098,325 less \$4,883,046 depreciation = net expenditures of \$13,215,279. Revenue of \$16,342,277 is reduced by the net expenditures of \$13,215,279 to arrive at net revenue of \$3,126,998.
 - (4) Reflects additional redemptions related to the Regional Park and Open Space District Refunding Revenue Bonds Series 2007 A.

COUNTY OF LOS ANGELES
DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED)
LAST TEN FISCAL YEARS (In thousands)

Year	Population County of Los Angeles *	Personal Income **	Per Capita Personal Income (1) ***	School Enrollment (2) ***	Unemployment Rate
1999	9,758	\$ 263,987,000	\$ 27,053	1,618	5.9%
2000	9,884	279,050,000	28,232	1,651	5.3%
2001	9,803	294,508,000	30,043	1,682	5.7%
2002	9,825	301,003,000	30,636	1,711	6.8%
2003	9,979	310,044,000	31,070	1,736	7.0%
2004	10,103	329,048,000	32,569	1,742	6.5%
2005	10,226	349,868,000	34,214	1,734	5.3%
2006	10,246	370,860,000	36,196	1,708	4.5%
2007	10,332	379,824,000	36,762	1,673	4.4%
2008	10,364	411,000,000	39,657	1,648	6.2% (3) ****

Notes:

- (1) Amounts shown are in actual dollars (not thousands).
(2) Public school enrollment.
(3) Year 2008 is an estimate as of July 2008.

Sources:

- * Los Angeles Almanac website address: www.laalmanac.com/population.
** Bureau of Economic Analysis website address: www.bea.gov. Year 2008 is an estimate forecast from Los Angeles Economic Development Corporation.
*** California Department of Education website address: www.cde.ca.gov.
**** Los Angeles Economic Development Corporation-Economic Forecast : website address: www.laedc.com

COUNTY OF LOS ANGELES
 PRINCIPAL EMPLOYERS (UNAUDITED)
 CURRENT YEAR AND FOUR YEARS AGO (6)

Company or Organization	2006			2002 (1)		
	Number of Employees *	Rank	Percentage of Total County Employment	Number of Employees *	Rank	Percentage of Total County Employment
County of Los Angeles	93,200 (2)	1	1.92%	93,354	1	1.95%
Los Angeles Unified School District	74,632	2	1.54%	80,802	2	1.69%
Federal Government (3)	53,200	3	1.10%	56,100	3	1.17%
University of California, Los Angeles	35,543	4	0.73%	36,354	5	0.76%
City of Los Angeles	53,471	5	1.10%	51,150	4	1.07%
State of California (non-education)	30,200	6	0.62%	32,300	6	0.68%
Kaiser Permanente	32,180	7	0.66%	27,635	7	0.58%
Northrop Grumman Corp	21,000	8	0.43%	10,000	10	0.21%
Boeing Co.	15,825	9	0.33%	23,468	8	0.49%
Kroger Co. (former Ralph's Grocery Co.)	14,000	10	0.29%	17,211	9	0.36%
Ten largest companies or organizations	423,251		8.71%	428,374		8.95%
All other companies or organizations	4,434,149		91.29%	4,356,426		91.05%
Total companies or organizations	4,857,400 (4) **		100.00%	4,784,800 (5) **		100.00%

Notes:

- (1) Information from nine years ago was not available. As such, we used 2002 information that was the earliest available.
- (2) May not include part-time or temporary employees or student workers.
- (3) Includes U.S. Postal Service.
- (4) As of October 2006.
- (5) As of December 2002.
- (6) Information for 2007 & 2003 and 2008 & 2004 was not available.

Sources:

- * Los Angeles Almanac website address: www.laalmanac.com/employment
- ** State of California Employment Department website address: www.labormarketinfo.edd.ca.gov.

COUNTY OF LOS ANGELES
FULL-TIME EQUIVALENT COUNTY EMPLOYEES BY FUNCTION/PROGRAM (UNAUDITED)
LAST TEN FISCAL YEARS

<u>Function/Program (1)</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
General Government	10,143	10,469	10,447	10,808	11,063	11,201	10,915	11,018	11,185	11,692
Public Protection	34,836	36,170	37,198	38,428	38,175	37,688	37,065	38,049	39,528	41,560
Health and Sanitation	25,327	26,311	27,107	27,737	27,056	26,079	26,322	26,717	27,072	27,395
Public Assistance	16,287	17,653	18,600	19,536	19,310	19,048	19,132	19,540	20,329	20,867
Education	1,559	1,600	1,628	1,666	1,706	1,722	1,722	1,828	1,871	1,878
Recreation and Cultural Services	2,186	2,317	2,282	2,352	2,406	2,388	2,324	2,393	2,649	2,977
Total	90,338	94,520	97,262	100,527	99,716	98,126	97,480	99,545	102,634	106,369

Note:

- (1) Full time equivalent count is calculated by dividing the total number of man-months paid by 12. Full time equivalent employees include all employees on the County's payroll system. This accounts for the difference between the total employee number of County employees on this schedule and the number of County employees per the "Principal Employers" schedule.
- (2) Specific data for Public Ways and Facilities is not available.

Source:

Employee Count study performed by the Auditor Controller- Accounting Division.

COUNTY OF LOS ANGELES
OPERATING INDICATORS BY FUNCTION/PROGRAM (UNAUDITED)
LAST SEVEN FISCAL YEARS

Function/Program	(1) 2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08 Estimated
General Government							
Assessor - Number of re-appraisable transfers processed	215,147	239,501	243,472	242,036	221,858	168,592	117,000
Auditor Controller - Number of warrants issued monthly	431,730	415,317	400,928	389,807	360,394	235,336	229,000
Registrar Recorder - Number of registered voters	3,473,989	3,808,679	3,682,950	4,075,352	3,748,128	5,323,698	5,589,900
Public Protection							
Sheriff - Inmate population	19,100	17,400	17,400	17,900	19,000	20,300	21,300
Sheriff - Crime rate total (2)	326.08	315.98	315.68	304.50	297.89	299.51	303.02
Probation - Juvenile halls/camps population	3,700	3,700	3,600	3,600	3,500	4,000	4,000
Health and Sanitation							
Health Services - Average daily inpatient census	1,785	1,719	1,568	1,506	1,493	1,415	1,355
Health Services - Outpatient visits	3,088,000	2,731,000	2,587,000	2,606,000	2,656,000	2,665,000	2,625,000
Mental Health - Number of outpatient services to children and youth (3)	59,832	67,530	42,820	51,086	55,725	51,016	49,979
Public Assistance							
Children and Family Services - Child protective services caseloads	607,000	592,600	532,300	521,700	527,100	531,500	520,400
Children and Family Services - Adoption caseloads	58,700	38,700	32,200	32,600	21,200	22,300	23,500
Public Social Services - Average persons aided monthly thru CalWorks (4)	517,000	466,200	432,900	415,300	388,700	358,200	337,200
Public Social Services - Average number of indigents aided monthly	66,800	64,800	64,700	66,000	63,400	59,000	61,000
Community and Senior Services - Number of vulnerable adults served	21,200	23,355	24,513	25,766	25,518	26,450	27,200
Education							
Public Library - Number of items which circulate to the public (8)	15,808,870	15,912,865	15,020,945	14,211,255	14,566,536	6,540,324	6,970,000
Recreation and Culture							
Museum of Art - Total education program participants (5)	85,356	207,975	258,171	225,386	250,866	200,103	250,000
Museum of Natural History - Annual attendance (6)	411,298	923,834	934,636	914,426	867,138	859,569	860,000
Parks and Recreation - Total passive and active park users (7)	8,818,430	9,611,000	8,099,699	9,246,000	9,468,000	10,713,000	11,341,000

Notes:

- (1) Trend data is available for only the prior six fiscal years, with the implementation of GASB 34.
- (2) Represents number of offenses per 10,000 residents and refers to most serious crimes.
- (3) Change methodology for 2005-06; data includes fee-for-service outpatient clients and costs which had not been included in previous year's data. Actual data has not been finalized.
- (4) CalWorks is California's program to administer the Federal Temporary Assistance for Needy Families block grant that provides temporary financial support and supportive services to eligible adults with children to enable them to transition from welfare to work and to achieve economic self-sufficiency.
- (5) Reflects decrease in 2005-06 due to construction of the Broad building between the main campus and Los Angeles County Museum of Art West.
- (6) Data previously submitted was revised. Also, in 2005-06 reflects spike for King Tut exhibition and in 2007-08 reflects BCAM activities.
- (7) Reflects admission to Exposition Park, George C. Page Museum and William S. Hart Museum.
- (8) Information based on periodic/seasonal observation. Passive activities include walking, jogging, running, leisure and picnic activities.
- (9) New system implemented in 2006-2007, along with the new methodology accumulating data.
- (10) Indicators are not available for the Public Ways and Facilities function.

Sources:

2006-2007, 2007-2008 and 2008-2009 Proposed Budget Books

COUNTY OF LOS ANGELES
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM (UNAUDITED)
LAST SEVEN FISCAL YEARS

<u>Function/Program</u>	(1)	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Public Protection								
Animal Shelters	7		7	7	7	7	6	6
Public ways and facilities								
Mileage of maintained County roads	3,120	3,131	3,164	3,170	3,179	3,198	3,198	3,213
Miles of unincorporated County bikeways	n/a	134	134	135	139	141	141	142
Airports	5	5	5	5	5	5	5	5
Dams	15	15	15	15	15	15	15	15
Storm drains, in miles	2,708	2,732	2,754	2,777	2,782	2,865	2,865	2,800
Pumping plants	40	40	45	45	45	45	45	43
Health and Sanitation								
Hospitals	6	6	5	5	5	5	5	4
Health centers	39	22	18	18	18	18	18	18
Education								
Libraries	84	84	84	84	84	84	84	84
Bookmobiles	8	5	5	5	5	4	4	4
Recreation and Cultural services								
Museums	4	4	4	4	4	4	4	4
Arboretums and Botanic Gardens	4	4	4	4	4	4	4	4
Golf courses	19	19	19	19	19	19	19	19
Beaches	21	21	21	20	20	20	20	20
Boat Slips	6,000	6,000	5,246	5,246	5,246	5,246	5,246	4,796

Notes:

(1) Trend data is available for only the prior six years, with the implementation of GASB 34.

(2) No capital asset indicators are available for the General Government or Public Assistance functions.

Source:

2007-08 County of Los Angeles Annual Report, Dept of Public Works website, Sheriffs Dept website and Department of Health Services website.