



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

Fiscal Year Ended June 30, 2010  
Wendy L. Watanabe • Auditor-Controller

**County of Los Angeles, California  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2010**

Prepared by the Office of Auditor-Controller  
Wendy L. Watanabe • Auditor-Controller

COUNTY OF LOS ANGELES, CALIFORNIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
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## COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

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JUDI E. THOMAS

December 13, 2010

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 (County) for the year ended June 30, 2010. The report contains financial statements that have been prepared in accordance with generally accepted accounting principles (GAAP) 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. Additionally, the following entities are considered part of the County for purposes of meeting the reporting entity requirements prescribed by the Governmental Accounting Standards Board:

Fire Protection District	Regional Park and Open Space District
Flood Control District	Garbage Disposal Districts
Street Lighting Districts	Sewer Maintenance Districts
Improvement Districts	Waterworks Districts
Community Development Commission (including the Housing Authority of the County of Los Angeles)	Various Joint Powers Authorities Los Angeles County Employees Retirement Association Los Angeles County Capital Asset Leasing Corporation Los Angeles County Securitization Corporation
First 5 LA	



These entities are component units of the County and are included in the County's basic financial statements because the County Board of Supervisors is financially accountable for them. All component units are 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 or specialized services to the residents of the County, including over eighty cities, one hundred school districts and numerous special districts. The operations of these entities are not 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. Also, the Los Angeles County Superior Court is not included due to legislation (AB233) which transferred oversight responsibilities for Court operations to the State in 1997-98. However, AB233 requires the County to continue to fund certain Court-related expenditures, and the County continues to receive certain Court collections. Accordingly, the County's financial statements include various Court-related financial transactions.

## LOS ANGELES COUNTY AND ITS SERVICES

Los Angeles County was established by an act of the State Legislature on February 18, 1850 as one of California's original 27 counties. Located in the southern portion of the State, the County covers 4,083 square miles. With a population of nearly 10.4 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 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.

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 2009 Gross Domestic Product (GDP) of \$499.8 billion, Los Angeles County's economy is larger than that of 44 states and all but 17 countries. The County serves as the central trade district for the western United States and the gateway to the Asian economies, as it has evolved into a leader in international commerce and investments. The County's economy suffered in 2009 as a result of the severe global recession, with a decrease of 2.69% in GDP from 2008 levels. In 2010, an increase in economic activity in the entertainment, international trade, tourism, and retail sales sectors of the economy is indicative of a gradual economic recovery in the region.

The County's unemployment rate has trended upward since 2006 and rose to 11.6% in 2009, with non-agricultural job losses of 241,000. Final unemployment statistics are pending for 2010, but are expected to peak at levels between 12% and 13%. The significant job losses in 2009 were partially offset by the positive impact of major public and private construction projects. With historically low interest rates and new capital financing programs provided through the American Recovery and Reinvestment Act (ARRA), local government agencies have undertaken major capital construction projects. County voters approved a one-half of one percent sales tax rate increase that became effective in July 2009 to provide new funding for highway transit projects throughout the County. These projects, combined with the terminal expansions under way at the ports of Los Angeles and Long Beach, have provided continued support to a struggling job market in the County.

## 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. It also provides 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. Also, 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 October 2 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 Health Insurance Portability and Accountability Act (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, by the Office of County Investigations within the Auditor-Controller.

## BUDGET OUTLOOK AND MAJOR CAPITAL ASSET INITIATIVES

The Fiscal Year (FY) 2010-11 Budget represented the third consecutive year of budget curtailments for the County. The worst recession and economic crisis in many decades continue to have an impact on the County's budgetary outlook, as ongoing shortfalls persist in a number of key revenue sources. For the second year in a row, the County Assessor has announced a decline in assessed property values and the County faces reduced property tax revenues. However, the budget assumes slight year-to-year growth for revenues that are derived from the County's share of State sales taxes and vehicle license fees. High unemployment rates continue to persist and have increased the ranks of those seeking public assistance from the County, causing caseloads and costs to increase accordingly. The cost of providing general relief assistance is particularly acute, since the County bears the entire cost of this program. In planning for the FY 2010-11 Budget, the County faced a deficit of approximately \$510 million. The proposal to address the deficit consisted of departmental spending reductions of \$175 million, use of one-time reserves of \$167 million, labor-management savings of \$115 million, and revenue-based solutions of \$53 million.

### DEPARTMENTAL SPENDING REDUCTIONS

For FY 2010-11, all County departments, with the exception of the Department of Health Services (DHS), were required to submit 9% spending reduction proposals. DHS was faced with its own budget shortfall of nearly \$400 million and was tasked with finding solutions to mitigate this deficit. This information was subsequently used to develop a final spending plan which achieved \$175 million of net budgetary savings. Significant budget savings were identified in the following areas:

- Reductions of \$128 million to the Sheriff's budget, consisting of 214 positions associated with downsizing detention operations, deleting 300 vacant deputy sheriff positions, and reducing overtime.
- Elimination of 81 budgeted positions in the Public Health Department's budget, combined with service and supply reductions from various operational units for total spending reductions of \$7.9 million.
- Elimination of 383 positions in the Department of Public Social Services' administrative budget to achieve net County savings of \$7.4 million.
- The Department of Children and Family Services' administrative budget reflects a \$4.4 million reduction in various programmatic areas.

### USE OF ONE-TIME RESERVES

Prior to the recession, the County was able to set aside excess funds to protect against reducing service levels due to temporary revenue shortfalls. The General Fund's unreserved fund balance on a GAAP basis as of June 30, 2010 was \$2.211 billion. The

County's CEO and Board believe that it is appropriate to use a portion (\$167 million) of available reserves to protect against reducing service levels, especially in view of signs that the economy is slowly beginning to emerge from its lowest point. There are no intentions of using additional reserves due to the continued uncertainties associated with the State's budget problems and local economic conditions. On a long-term basis, the County intends to replenish its reserves as budget conditions improve.

#### LABOR-MANAGEMENT SAVINGS

The County initiated a process to work cooperatively with labor unions on budget solutions. The targeted amount of savings to be achieved through this process was originally determined to be \$115 million. The County was subsequently able to reduce this amount to \$51 million, as surplus funds were identified after the 2009-2010 financial records were completed in final form. A tentative agreement has been reached between the County and labor unions that achieves the remaining budgetary savings of \$51 million.

#### REVENUE BASED SOLUTIONS

Among the benefits brought to the County by the American Recovery and Reinvestment Act (ARRA) is an increase in the Federal Medical Assistance Percentage (FMAP), which is the federal match rate for non-administrative medical assistance costs. The FMAP change is projected to temporarily decrease the County's contribution to the In-Home Supportive Services program. A change in the FMAP percentage also affects other County administered programs. The duration of the FMAP rate increase for the entire 2010-2011 fiscal year was pending. However, FMAP and other revenue initiatives totaling \$53 million have been assumed in the budget projections.

#### CAPITAL ASSET INITIATIVES

The County has been able to continue to fund high priority capital asset acquisitions and improvements. The FY 2010-11 Budget provided \$1.3 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 FY 2009-10 Budget:

- \$468.8 million for public protection facilities, including the refurbishment of Men's Central Jail, construction of new barracks at Pitchess Detention Center, new construction at the Biscailuz Center Training Academy, 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.
- \$300.3 million for health, public health, and mental health facilities, including construction of a mental health urgent care center on the Olive View-UCLA Medical Center site, construction of a new public health center in South Los Angeles, build-out of a community hospital and construction of a new multi-service ambulatory care

center at the Martin Luther King, Jr., medical campus, construction of new surgery and emergency suites at Harbor-UCLA Medical Center, and expansion of the emergency room and construction of a tuberculosis unit at Olive View-UCLA Medical Center.

- \$213.6 million for recreational facilities, including new community rooms, refurbishment of swimming pools, and beach facility refurbishments.
- \$153.4 million for general government facilities, most notably the new County data center in Downey.
- \$128.9 million for high priority infrastructure improvements in the County's flood control and aviation facilities, soil and groundwater investigation and remediation activities, and watershed testing efforts.
- \$57 million for construction of new or replacement libraries in the unincorporated area of the San Gabriel Valley, Topanga Canyon, and East Rancho Dominguez and refurbishment of the historic Bob Hope 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 FY 2009-10. The County's Single Audit for FY 2008-09 has been completed.

##### AWARDS

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

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

Honorable Board of Supervisors  
December 13, 2010  
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ACKNOWLEDGEMENTS

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

Sincerely,

A handwritten signature in black ink that reads "Wendy L. Watanabe". The signature is written in a cursive, flowing style.

Wendy L. Watanabe  
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, 2009

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



President

Executive Director



COUNTY OF LOS ANGELES  
BOARD OF SUPERVISORS AND PRINCIPAL COUNTY OFFICIALS  
AS OF JUNE 30, 2010

BOARD OF SUPERVISORS

Gloria Molina, Chair  
First District

Mark Ridley-Thomas  
Second 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

Robert Quon, Assessor

Steve Cooley  
District Attorney

Leroy D. Baca  
Sheriff

---

William T Fujioka  
Chief Executive Officer

Mark J. Saladino  
Treasurer and Tax Collector

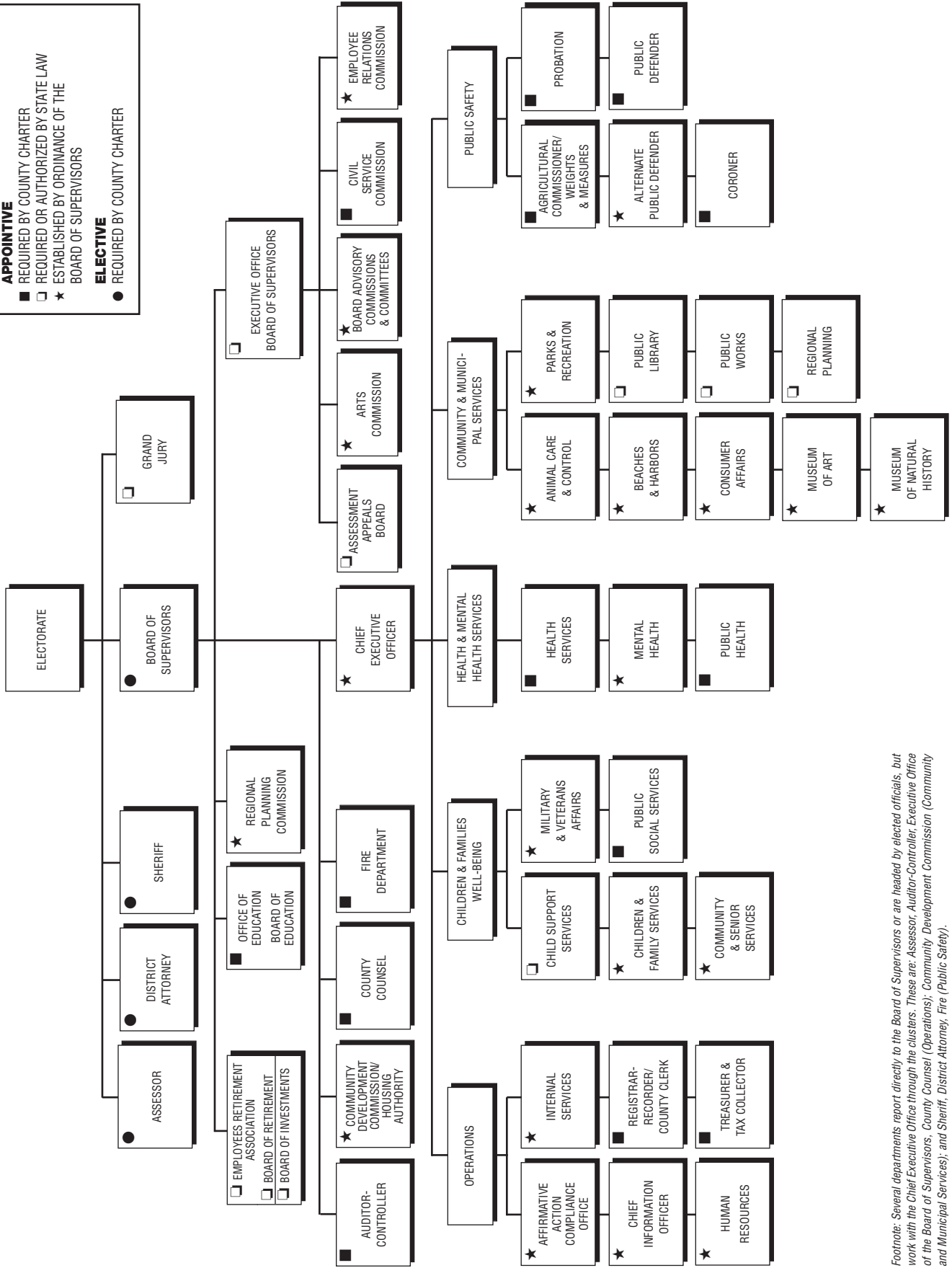
Wendy L. Watanabe  
Auditor-Controller

Andrea S. Ordin  
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).







**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, 2010, which collectively comprise the County’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County’s management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Community Development Commission (CDC), Los Angeles County Children and Families First – Proposition 10 Commission (First 5 LA), and the Los Angeles County Employees Retirement Association (LACERA), which represent the following percentages of the assets, net assets/fund balances, and revenues/additions of the following opinion units:

<u>Opinion Unit</u>	<u>Assets</u>	<u>Net Assets/ Fund Balances</u>	<u>Revenues/ Additions</u>
Governmental Activities	2%	2%	1%
Business-type Activities	3%	8%	11%
Discretely Presented Component Unit	100%	100%	100%
Aggregate Remaining Fund Information	62%	62%	10%

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, First 5 LA 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, 2010, 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 Notes 2, 5 and 6 to the basic financial statements, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, and GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective July 1, 2009.

The management's discussion and analysis on pages 3 through 21 and the schedules of funding progress on pages 111 and 112 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.

*Macias Jini & O'Connell LLP*

Certified Public Accountants

Los Angeles, California  
December 13, 2010

## **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, 2010. 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 \$15.083 billion. However, net assets are classified into three categories and the unrestricted component is negative \$3.507 billion. See further discussion on page 7.

During the current year, the County's net assets decreased by a total of \$1.349 billion. Net assets related to governmental activities decreased by \$1.005 billion, while net assets related to business-type activities decreased by \$344 million. Costs associated with postemployment health insurance benefits continued to have a very significant effect on the County's financial condition and accounted for \$1.333 billion of the County's overall decrease 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 \$2.996 billion. The amount of unreserved fund balance was \$2.211 billion. Of the unreserved total, \$619 million was designated.

The County's capital asset balances were \$18.027 billion at year-end and decreased by \$11 million during the year. During the current year, the County implemented retroactive reporting of intangible assets and established software as a new capital asset category. Software assets, net of amortization, were recorded as an adjustment of \$303 million to the beginning balances for the current year.

During the current year, the County's total long-term debt decreased by \$331 million. Bond maturities of \$525 million exceeded the \$194 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, education, 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 \$15.083 billion at the close of the most recent fiscal year.

Summary of Net Assets  
As of June 30, 2010 and 2009 (in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 8,075,688	\$ 7,981,471	\$ 461,077	\$ 730,736	\$ 8,536,765	\$ 8,712,207
Capital assets	<u>15,452,736</u>	<u>15,252,601</u>	<u>2,574,305</u>	<u>2,482,382</u>	<u>18,027,041</u>	<u>17,734,983</u>
Total assets	<u>23,528,424</u>	<u>23,234,072</u>	<u>3,035,382</u>	<u>3,213,118</u>	<u>26,563,806</u>	<u>26,447,190</u>
Current and other liabilities	1,592,918	1,472,639	152,393	203,922	1,745,311	1,676,561
Long-term liabilities	<u>7,935,891</u>	<u>7,009,138</u>	<u>1,799,682</u>	<u>1,631,997</u>	<u>9,735,573</u>	<u>8,641,135</u>
Total liabilities	<u>9,528,809</u>	<u>8,481,777</u>	<u>1,952,075</u>	<u>1,835,919</u>	<u>11,480,884</u>	<u>10,317,696</u>
Net assets:						
Invested in capital assets, net of related debt	14,271,861	14,081,048	2,293,147	2,217,449	16,565,008	16,298,497
Restricted net assets	1,861,498	1,644,109	163,820	192,427	2,025,318	1,836,536
Unrestricted net assets (deficit)	<u>(2,133,744)</u>	<u>(972,862)</u>	<u>(1,373,660)</u>	<u>(1,032,677)</u>	<u>(3,507,404)</u>	<u>(2,005,539)</u>
Total net assets	<u>13,999,615</u>	<u>14,752,295</u>	<u>1,083,307</u>	<u>1,377,199</u>	<u>15,082,922</u>	<u>16,129,494</u>
Total liabilities and net assets	<u>\$ 23,528,424</u>	<u>\$ 23,234,072</u>	<u>\$ 3,035,382</u>	<u>\$ 3,213,118</u>	<u>\$ 26,563,806</u>	<u>\$ 26,447,190</u>

Significant changes in assets and liabilities included the following:

Current and Other Assets

Current and other assets increased overall by \$94 million for governmental activities while business-type activities reported decreases of \$270 million. Internal balances were a major factor for both variances as amounts owed by business-type activities to governmental activities rose by \$189 million. The continuing economic downturn had a negative impact on overall cash flows. The internal balances predominately reflect cash advances from the General Fund (a governmental activity) to hospital business-type activities, which required significantly higher cash flows for working capital and therefore reduced current and other assets for business-type activities.

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

Long-Term Liabilities

Long-term liabilities increased by \$927 million for governmental activities and by \$168 million for business-type activities. This is the third year for which the County has reported its other postemployment benefits (OPEB) in accordance with Governmental Accounting Standards Board Statement No. 45. OPEB continued to be funded on a pay-as-you-go basis in the current year and OPEB-related liabilities increased for both governmental and business-type activities by \$1.114 billion and \$219 million, respectively. Specific disclosures related to OPEB and other changes in long-term liabilities are discussed and referenced in Notes 8 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 (\$16.565 billion) represents its investment in capital assets (i.e., land, structures and improvements, infrastructure, software 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 \$2.025 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 \$3.507 billion. Both governmental and business-type activities reported deficits in this category of \$2.134 billion and \$1.373 billion, respectively. The deficits are primarily due to unfunded liabilities related to OPEB, workers' compensation, accrued vacation and sick leave, and litigation and self-insurance claims. For the business-type activities, medical malpractice liabilities and third party payor liabilities are additional factors. The ongoing economic downturn and overall difficult budgetary environment has impaired the County's ability to implement a funding plan for OPEB liabilities. For the business-type activities, 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**

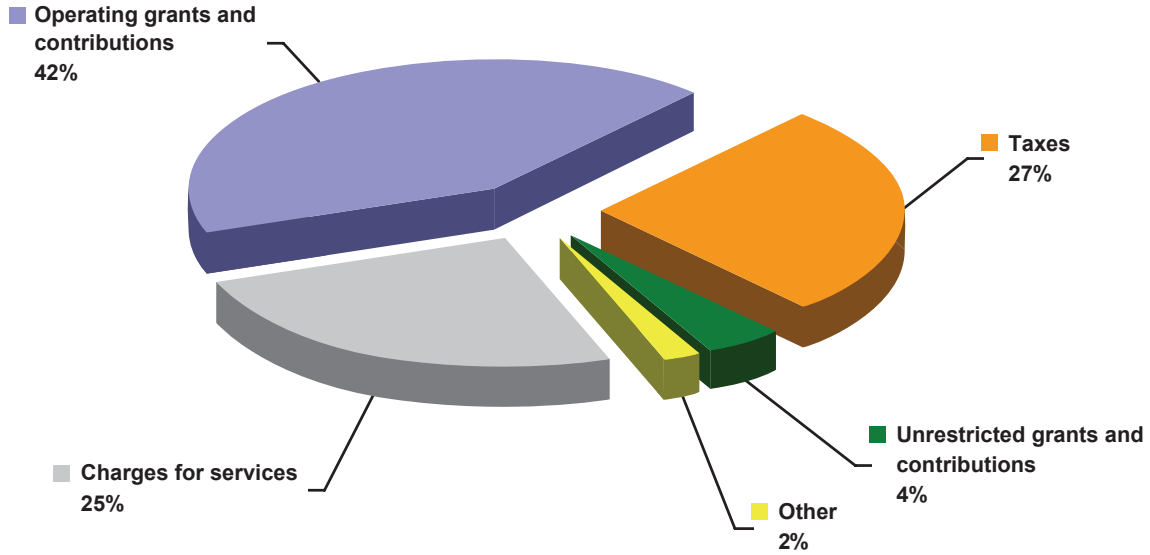
The following table indicates the changes in net assets for governmental and business-type activities:

Summary of Changes in Net Assets  
For the Years Ended June 30, 2010 and 2009  
(in thousands)

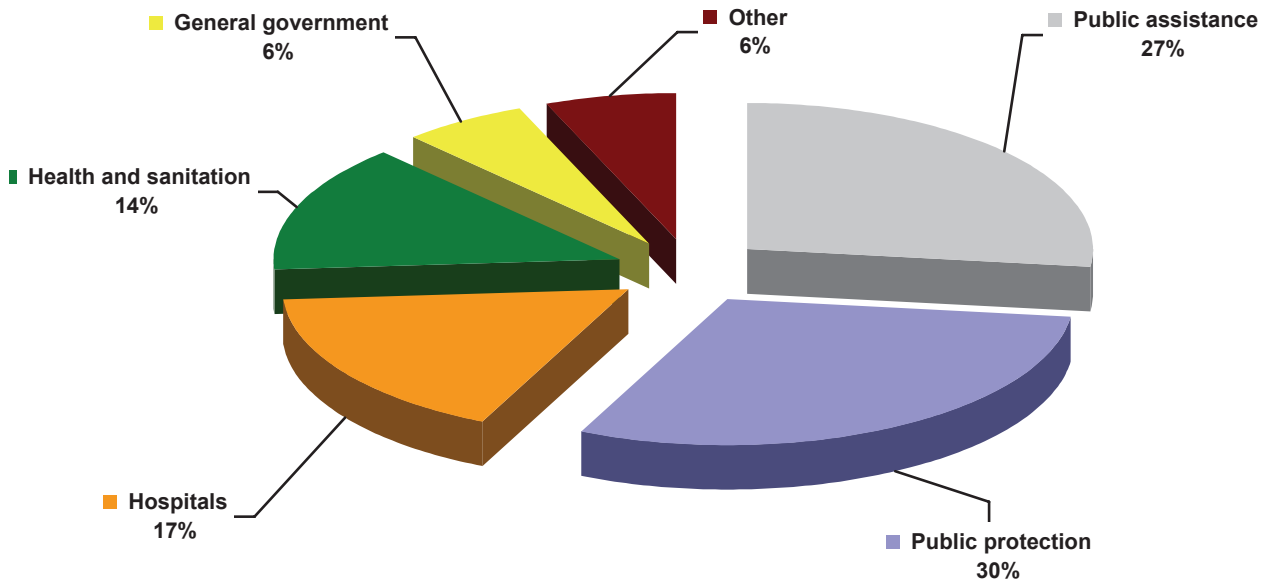
	Governmental		Business-type		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 2,685,817	\$ 2,694,729	\$ 2,169,862	\$ 2,095,944	\$ 4,855,679	\$ 4,790,673
Operating grants and contributions	7,636,509	7,215,270	317,163	279,195	7,953,672	7,494,465
Capital grants and contributions	115,640	206,137	2,018	837	117,658	206,974
<b>General revenues:</b>						
Taxes	5,061,595	5,192,566	4,415	4,453	5,066,010	5,197,019
Unrestricted grants and contributions	701,521	756,417	143	37	701,664	756,454
Investment earnings	105,878	197,705	2,693	9,844	108,571	207,549
Miscellaneous	132,856	142,075	35,463	25,758	168,319	167,833
<b>Total revenues</b>	<u>16,439,816</u>	<u>16,404,899</u>	<u>2,531,757</u>	<u>2,416,068</u>	<u>18,971,573</u>	<u>18,820,967</u>
<b>Expenses:</b>						
General government	1,236,226	1,103,361			1,236,226	1,103,361
Public protection	6,163,910	6,125,158			6,163,910	6,125,158
Public ways and facilities	352,549	327,403			352,549	327,403
Health and sanitation	2,718,876	2,783,150			2,718,876	2,783,150
Public assistance	5,518,036	5,233,389			5,518,036	5,233,389
Education	101,397	109,910			101,397	109,910
Recreation and cultural services	319,000	331,726			319,000	331,726
Interest on long-term debt	139,824	165,782			139,824	165,782
Hospitals			3,394,724	3,443,266	3,394,724	3,443,266
Aviation			4,742	5,073	4,742	5,073
Waterworks			76,818	76,904	76,818	76,904
Community Development Commission			294,785	268,201	294,785	268,201
<b>Total expenses</b>	<u>16,549,818</u>	<u>16,179,879</u>	<u>3,771,069</u>	<u>3,793,444</u>	<u>20,320,887</u>	<u>19,973,323</u>
<b>Excess (deficiency) before transfers</b>	<u>(110,002)</u>	<u>225,020</u>	<u>(1,239,312)</u>	<u>(1,377,376)</u>	<u>(1,349,314)</u>	<u>(1,152,356)</u>
<b>Transfers</b>	<u>(895,250)</u>	<u>(1,011,862)</u>	<u>895,250</u>	<u>1,011,862</u>		
<b>Changes in net assets</b>	<u>(1,005,252)</u>	<u>(786,842)</u>	<u>(344,062)</u>	<u>(365,514)</u>	<u>(1,349,314)</u>	<u>(1,152,356)</u>
<b>Net assets – beginning, as restated</b>	<u>15,004,867</u>	<u>15,539,137</u>	<u>1,427,369</u>	<u>1,742,713</u>	<u>16,432,236</u>	<u>17,281,850</u>
<b>Net assets – ending</b>	<u>\$ 13,999,615</u>	<u>\$ 14,752,295</u>	<u>\$ 1,083,307</u>	<u>\$ 1,377,199</u>	<u>\$ 15,082,922</u>	<u>\$ 16,129,494</u>

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

REVENUES BY SOURCE – ALL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010



EXPENSES BY TYPE – ALL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010



**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 Governmental Accounting Standards Board Statement No. 51, "Accounting and Reporting for Intangible Assets." The beginning net assets were increased from the amounts previously reported for governmental and business-type activities by \$253 million and \$50 million, respectively. Prior year amounts were not restated as information was not available. During the current year, net assets decreased for both governmental activities (\$1.005 billion) and business-type activities (\$344 million). Following are specific major factors that resulted in the net asset changes.

Governmental Activities

Total current year revenues (\$16.440 billion) from governmental activities were slightly higher compared to the prior year total (\$16.405 billion). The most significant changes in specific revenue sources were experienced in the following areas:

- Program revenues recognized from operating grants and contributions increased by \$421 million. The largest program contributing to this increase was in the area of health and sanitation, where program revenues grew by \$194 million. For health and sanitation programs, State mental health revenues derived from the Mental Health Services Act (Proposition 63) were \$282 million higher than the previous year. In the current year, Proposition 63 program revenues were bolstered by the County's submission of qualifying program plans which were approved by the State, enabling the County to qualify for, and receive these revenues. This increase was offset by an \$88 million reduction in federal and State reimbursement grants, which were impacted by budget curtailments during the current year. Public assistance program revenues were also higher by \$183 million, largely due to federal stimulus funding that was targeted in this area. The major funding initiative in this area was the Transitional Subsidized Employment (TSE) program, which represented \$82 million of additional revenues. TSE was designed to provide jobs for social service clients by providing employers with an 80% subsidy of wages. The program generated over 10,000 jobs for adults and nearly 10,000 summer youth jobs.
- Taxes, the County's largest general revenue source, were \$131 million lower than the previous year. There was a decrease in property tax revenues of \$141 million, which was consistent with the decline in assessed property values. Property tax revenues were also negatively impacted due to changes in property ownership during the year at amounts below previously assessed values. Voter approved taxes increased by \$10 million during the current year. Such taxes are not affected by changes in assessed values and are levied on a per parcel basis.
- Current year investment earnings decreased by \$92 million, or 46%. The yield from the County's treasury pool declined from 2.57% in the prior year to 1.45% in the current year.

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

### Governmental Activities-Continued

Expenses related to governmental activities increased by \$370 million during the current year. The largest portion of the net increase was attributable to the public assistance category, which grew by \$285 million. Costs associated with program administration and direct services to clients grew by \$124 million. As previously mentioned, the County implemented a subsidized employment program which was funded by federal stimulus revenues and the incremental program costs in the current year were \$82 million. In addition, the County's General Relief (GR) program provides financial assistance to indigent persons who are not eligible for federal or State assistance programs, and to provide emergency assistance to individuals and families in temporary need. The GR program is especially sensitive to overall economic conditions and unemployment and spending increased by \$43 million. General government costs were higher by \$133 million, largely due to the recognition of a \$117 million loss on the disposal of 16 courthouse facilities. State legislation required that the County transfer ownership of the courthouses to the State. Court administrative functions were transferred to the State in 1998 and the transfer of facilities is a continuation of this process.

### Business-type Activities

Revenues from business-type activities increased in comparison to the prior year by \$116 million (4.8%). The most significant change was in the area of charges for services, which increased by \$74 million. Hospital revenues were augmented by federal economic stimulus funding which provided \$77 million of current year revenues to the business-type healthcare activities.

Expenses related to business-type activities were slightly lower in the current year, declining by \$22 million, or less than 1%. Expenses related to the Hospitals decreased by \$49 million, as cost containment and efficiency efforts were successful in reducing operating costs by \$81 million, which were partially offset by higher nonoperating expenses associated with intergovernmental transfers. For all facilities, the average patient census during the current year was very similar to the prior year, at approximately 1,300 patients per day. The LAC+USC Medical Center completed its first full fiscal year of operations at its newly built 600-bed facility and experienced an average daily census of 582 patients.

## **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.

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

Governmental Funds-Continued

As of the end of the current fiscal year, the County's governmental funds reported combined total fund balances of \$5.914 billion, an increase of \$22 million in comparison with the prior year. Of the total fund balances, \$1.681 billion is reserved to indicate the extent that funds have been committed or are otherwise unavailable for spending. An additional \$1.351 billion has been designated and set aside for intended spending purposes as indicated in the financial statements. The remaining \$2.882 billion of the balances are unreserved and undesignated.

Revenues from all governmental funds for the current year were \$16.326 billion, an increase of \$86 million (0.5%) from the previous year. Expenditures for all governmental funds in the current year were \$15.457 billion, an increase of \$112 million (0.7%) from the previous year. In addition, other financing uses exceeded other financing sources by \$848 million as compared to \$1.006 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 decreased by \$171 million (5.4%). At the end of the current fiscal year, the General Fund's total fund balance was \$2.996 billion. Of this amount, \$785 million was reserved and therefore unavailable for spending. Of the unreserved total of \$2.211 billion, \$619 million has been designated (earmarked) and the remaining \$1.592 billion is considered both unreserved and undesignated.

General Fund revenues during the current year were \$13.485 billion, a decrease of \$52 million (0.4%) from the previous year. General Fund expenditures during the current year were \$13.240 billion, an increase of \$105 million (0.8%) from the previous year. Other financing sources/uses-net was negative \$417 million in the current year as compared to negative \$611 million in the prior year.

Following are significant changes in General Fund revenues and expenditures:

- Intergovernmental revenues increased overall by \$127 million. Within this category, federal revenues increased by \$317 million, State revenues declined by \$178 million and revenues from other governmental agencies were \$12 million lower. Federal revenues grew by \$205 million in the areas of social service, children and family programs. This growth was largely due to one-time federal economic stimulus funding targeted in these areas. The decrease in State revenues primarily impacted mental health programs, where this revenue category was lower by \$103 million. There were State budget reductions which targeted mental health programs and there were also reduced costs eligible for State funding.
- Revenues from taxes decreased by \$106 million. Property taxes comprise over 95% of the General Fund's tax revenues and accounted for \$103 million of the decrease. Assessed property values experienced a year-to-year decline for the first time since 1996 and were lower by 0.51% in the current year.



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

Governmental Funds-Continued

- Investment income decreased by \$62 million, as current year revenues were \$63 million in comparison with the prior year amount of \$125 million. As previously mentioned, the yield on investments during the current year was considerably lower than the prior year's yield.
- Current expenditures increased by \$80 million (0.6%), which was essentially due to the public assistance area, where expenditures grew by \$229 million. Expenditures were lower in all other functional areas with the exception of recreation and cultural services, which rose by \$4 million. As previously mentioned, the public assistance area experienced cost increases associated with administration, direct client services, the Transitional Subsidized Employment program, and the General Relief (indigent assistance) program. Expenditures for children and family services also increased as service demands were higher and new positions and funding were allocated to fund comprehensive reforms to coordinate the delivery of mental health services to children under the County's supervision.

The Fire Protection District reported a year-end fund balance of \$209 million, which represented an increase of \$4 million from the previous year. Revenues decreased by \$29 million, as revenues from taxes and charges for services each declined by \$13 million. The remaining decrease was associated with a variety of other revenues. Expenditures grew minimally in comparison to the prior year, rising by \$6 million, which was less than 1%.

The Flood Control District reported a year-end fund balance of \$161 million, which was \$31 million lower than the previous year. Revenues were lower or similar to the prior year in all categories except for federal revenues, which grew by \$9 million. Expenditures increased by \$48 million, or 23%, as one-time expenditures of \$14 million were incurred to acquire land and pay for other costs associated with the Sun Valley Watershed project. Additional one-time expenditures of approximately \$9 million were used to mitigate damage caused by heavy winter rainstorms which were preceded by wildfires.

The Public Library Fund reported a year-end fund balance of \$33 million, which was \$6 million higher than the previous year. Revenues were nearly unchanged from the previous year while expenditures decreased by \$7 million, as 51 positions were reduced and spending was curtailed for supplies and contracted services.

The Regional Park and Open Space District reported a year-end fund balance of \$295 million, which was \$8 million higher than the previous year. Current year revenues of \$85 million were similar to the previous year (\$87 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.

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

Proprietary Funds-Continued

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 2007-2008 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 \$20 million for Rancho Los Amigos National Rehabilitation Center to \$266 million for the LAC+USC Medical Center. The total subsidy amount was \$687 million 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 \$803 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 the current year, the Measure B Fund provided transfers to the LAC+USC Medical Center (\$107 million), Harbor UCLA Medical Center (\$51 million), and Olive View UCLA Medical Center (\$35 million). The total amount of current year Measure B transfers (\$193 million) were lower than the prior year amount of \$211 million.

Waterworks Funds reported year-end net assets of \$871 million, a \$13 million reduction from the previous year. Current year operating revenues (\$56 million) were slightly lower than the previous year amount of \$58 million. Current year operating expenses of \$77 million remained unchanged in comparison to the previous year.

**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. 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 decrease of \$85 million in the General Fund's available (unreserved and undesignated) fund balance from the previous year.

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

Budgetary Summary - Revenues/Financing Sources

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

<u>Category</u>	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance- Positive (Negative)
Taxes	\$ (3,640)	\$ 3,952,438	\$ 3,851,687	\$ (100,751)
Intergovernmental revenues	85,115	8,098,966	7,368,381	(730,585)
Charges for services	(6,970)	1,723,186	1,659,224	(63,962)
All other revenues	28,047	593,207	634,381	41,174
Other sources and transfers in	(10,475)	459,384	331,397	(127,987)
Total	<u>\$ 92,077</u>	<u>\$ 14,827,181</u>	<u>\$ 13,845,070</u>	<u>\$ (982,111)</u>

Changes from Amounts Originally Budgeted

During the year, net increases in budgeted revenues and other financing sources approximated \$92 million. The most significant changes occurred in the following areas:

- Estimated intergovernmental revenues increased by \$85 million. The additional revenues were primarily associated with new federal grants in the areas of health and public health services (\$58 million), law enforcement (\$11 million) and energy programs (\$10 million). The remaining \$6 million consisted of new federal and State grants for a variety of programs.
- There was a net increase of \$28 million related to "all other revenues." The County's policy is to budget tobacco settlement revenues after they have been received and there were corresponding additions of \$96 million to the original budget. This amount was offset by decreases of \$68 million, most of which were reduced estimated revenues associated with capital improvements which were originally budgeted in the General Fund and subsequently transferred to Capital Projects Funds.

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the General Fund were approximately \$982 million, or 6.6%, lower than budget. As discussed below, most of this variance was concentrated in the areas of intergovernmental revenues, "other sources and transfers in," and taxes.

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

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

- Actual intergovernmental revenues were \$731 million lower than the amount budgeted. Social service programs, including children and family services, accounted for approximately \$210 million of this variance, which was mostly attributable to cost containment efforts that led to reduced reimbursable social service related expenditures. Approximately \$156 million was associated with mental health services, which experienced lower than anticipated reimbursable costs (particularly for contracted services) and correspondingly lower than expected revenues. An additional \$151 million pertained to anticipated reimbursement of capital improvement, disaster recovery and homeland security projects and programs that were not completed prior to year-end. There was \$86 million of unrealized State assistance for Sheriff and Probation programs, of which the largest single source was \$34 million of lower than anticipated State public safety augmentation funding. Public health related programs experienced shortfalls of \$78 million, most of which was associated with federal grants. The remaining variance of \$50 million was related to a variety of other programs.
- The actual amount of "other sources and transfers in" was \$128 million lower than the amount budgeted. Of this amount, 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 \$58 million lower than budgeted. In addition, "transfers in" totaling \$56 million were assumed in the budget for capital improvements and extraordinary building maintenance projects which did not incur expected costs. There were various other sources and transfers that comprised the remaining variance of \$14 million.
- The amount of actual revenues from taxes was \$101 million lower than the amount budgeted and was entirely associated with property taxes. Properties which were transferred at lower assessed values during the year were a major factor in the variance from the budgeted amount.

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, reserves, and designations (in thousands):

<u>Category</u>	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance- Positive
General government	\$ (73,709)	\$ 1,620,042	\$ 839,536	\$ 780,506
Public protection	94,502	4,728,944	4,580,393	148,551
Health and sanitation	11,915	2,853,339	2,560,464	292,875
Public assistance	10,623	5,468,511	5,118,381	350,130
All other expenditures	(83,344)	1,376,525	349,933	1,026,592
Transfers out	7,995	696,065	676,131	19,934
Reserves/designations-net	124,095	(202,817)	(194,984)	(7,833)
Total	<u>\$ 92,077</u>	<u>\$ 16,540,609</u>	<u>\$ 13,929,854</u>	<u>\$2,610,755</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 \$92 million. As discussed below, the most significant increases and reductions occurred in the following areas:

- Provisions for net reserves and designations were increased during the year by \$124 million. At the end of the fiscal year, the designation for health services, which is predominately funded by tobacco settlement revenues, was increased by \$119 million. This amount was comprised of tobacco settlement revenues recognized in the current year (\$96 million) plus prior year funds that were appropriated, but unexpended (\$23 million). Miscellaneous increases of \$5 million were made to reserves and other designations.
- Appropriations were increased for the public protection category by \$95 million. Of this amount, \$53 million was allocated to the Sheriff's Department, \$14 million was added to fund legally mandated indigent defense costs, \$10 million was added to the District Attorney, \$7 million to the Probation Department, and the remaining \$11 million was spread among a variety of programs. Of the \$53 million allocated to the Sheriff's Department, \$41 million was provided by discretionary County funds to provide for increased health insurance costs and the merger of the Office of Public Safety. The remaining \$12 million was funded by new grant revenues which were awarded after the original budget was adopted.
- Appropriations for "all other expenditures" were reduced by \$83 million. There were \$87 million of net reductions to "capital outlay" appropriations, offset by miscellaneous increases of \$4 million. During the fiscal year, the Board reduced \$131 million of General Fund "capital outlay" appropriations and re-appropriated the projects in the Capital Projects Funds, where they will be financed from commercial paper and other long-term financing. Capital improvement projects of approximately \$44 million were added to the original budget during the fiscal year.
- General government appropriations were reduced by \$74 million and this amount consisted primarily of provisional appropriations which were transferred to fund critical needs in the areas of health, public protection and "capital outlay."

Actual Expenditures/Other Financing Uses Compared with Final Budget Amount

Actual expenditures/other financing uses for the current year were \$2.611 billion lower (approximately 15.8%) than the final total budget of \$16.541 billion. There were budgetary savings in all functional expenditure categories. Due to ongoing economic uncertainties, the County remained fiscally prudent in managing appropriations throughout the fiscal year. Savings were achieved through a variety of measures including departmental hiring freezes, reduction in purchases of services and supplies and capital assets, and development of efficiency initiatives. Following are the functional areas that recognized the largest variations from the final budget:

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

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

- The category referred to as “all other expenditures” reflected actual spending of \$1.027 billion less than the budgeted amount. Nearly all (\$1.014 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 \$781 million less than the amount budgeted. Of this amount, \$579 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 \$202 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.
- Actual public assistance expenditures were \$350 million lower than the final budget. Of this amount, \$308 million was concentrated in social service, children, and family programs. Administrative costs were lower than anticipated due to overall cost containment efforts, vacant positions, and delays in hiring. There were \$37 million of savings related to homeless and housing programs due to delays in carrying out multi-year projects. The remaining variance amount of \$5 million was related to other public assistance programs.
- Overall expenditures for the health and sanitation category were \$293 million less than the budgeted amount. Appropriations related to mental health services exceeded actual expenditures by \$158 million, primarily due to less than anticipated costs for contracted services and to a lesser extent, salary savings. The remaining variance was associated with a variety of health care programs administered by the Departments of Public Health Services (\$95 million) and Health Services (\$40 million).

**Capital Assets**

The County’s capital assets for its governmental and business-type activities as of June 30, 2010 were \$18.027 billion (net of depreciation). Capital assets include land, easements, buildings and improvements, equipment, software, and infrastructure. The major infrastructure network elements are roads, sewers, water, flood control, and aviation. The capital assets classified as software were newly added in conjunction with implementing GASB Statement No. 51, “Accounting and Financial Reporting for Intangible Assets.” Specific disclosures related to capital assets, the restatement of beginning capital asset balances to reflect software assets, and changes during the current year are discussed and referenced in Note 6 (Capital Assets) to the basic financial statements.

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

The total decrease in the County's capital assets (net of depreciation) for the current fiscal year was \$11 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 as Restated</u>	<u>Increase (Decrease)</u>
Land and easements	\$ 7,477,362	\$ 7,394,023	\$ 83,339
Buildings and improvements	3,945,086	4,065,790	(120,704)
Infrastructure	5,059,561	5,159,541	(99,980)
Equipment	440,147	481,895	(41,748)
Software	309,671	302,742	6,929
Construction-in-progress	<u>795,214</u>	<u>633,734</u>	<u>161,480</u>
Total	<u>\$ 18,027,041</u>	<u>\$ 18,037,725</u>	<u>\$ (10,684)</u>

The County's major capital asset initiatives during the current year were focused on hospital construction-in-progress at Harbor/UCLA Medical Center (\$39 million) and Olive View/UCLA Medical Center (\$30 million). As previously mentioned, the County transferred ownership of 16 courthouse facilities to the State in accordance with State legislation. The value (\$117 million) of the transferred facilities, net of accumulated depreciation, was removed from land, buildings and improvements during the current year.

**Debt Administration**

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

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

	<u>Current Year</u>	<u>Prior Year</u>	<u>Decrease</u>
Bonds and Notes Payable	\$ 1,832,774	\$ 1,856,042	\$ 23,268
Pension Bonds Payable	<u>345,913</u>	<u>653,634</u>	<u>307,721</u>
Total	<u>\$ 2,178,687</u>	<u>\$ 2,509,676</u>	<u>\$ 330,989</u>

During the current year, the County's liabilities for long-term debt decreased by \$331 million, or 13.2%. Specific changes related to governmental and business-type activities are presented in Note 10 (Long-Term Obligations) to the basic financial statements. During the current year, significant long-term debt transactions were as follows:

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

- New debt of \$39 million was issued to finance the acquisition of equipment. Equipment debt totaling \$55 million was redeemed during the year in accordance with maturity schedules.
- New debt of \$116 million was issued to finance \$93 million of Hospital facility improvements and expansion and \$23 million for general facility improvements.
- Pension bonds totaling \$308 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 \$1.3 billion in tax and revenue anticipation notes which reached maturity on June 30, 2010, and by periodic borrowing from available trust funds.

Bond Ratings

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

	<u>Moody's</u>	<u>Standard and Poor's</u>	<u>Fitch</u>
General Obligation Bonds	Aa2	AA-	
Pension Bonds	Aa3	A+	
Facilities	A2	A+	A
Equipment/Non-Essential Leases	A1	A+	A+
Short-Term	MIG1	SP-1+	F1+
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	AAA

During the current year, the County's bond ratings remained the same except for the following upgrades:

- Moody's upgraded General Obligation Bonds from Aa3 to Aa2, Pension Bonds from A1 to Aa3, and Equipment/Non-Essential Leases from A2 to A1;
- Standard and Poor's upgraded Flood Control District Revenue Bonds from AA- to AA; and
- Fitch upgraded Equipment/Non-Essential Leases from A to A+, Flood Control District General Obligation Bonds from AA to AA+, Flood Control District Revenue Bonds from AA to AA+, and Regional Park and Open Space District Bonds from AA+ to AAA.



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

**Economic Conditions and Outlook**

The Board of Supervisors adopted the County's 2010-2011 Budget on June 7, 2010. The Budget was adopted based on estimated fund balances that would be available at the end of 2009-2010. The Board updated the Budget on September 28, 2010 to reflect final 2009-2010 fund balances and other pertinent financial information. For the County's General Fund, the 2010-2011 Budget, as updated in September 2010, utilized \$1.629 billion of available fund balance, which exceeded the previously estimated fund balance of \$1.493 billion. Of the additional fund balance of \$136 million, \$75 million was used to carryover lapsed appropriations and the remaining \$61 million was used to offset \$115 million of workforce cost savings which were pending discussion between County management and labor unions.

The County's 2010-2011 Budget is shaped largely by the effects of a severe and prolonged economic downturn, which continues to have a significant impact on the County. For the second year in a row, the County's assessed property values are experiencing a decline. The County Assessor has released the Net Local Property Tax Roll for 2010-11 and it is 1.87% lower than the previous year. The resulting decrease to County General Fund property tax revenues is estimated at \$70 million. Property tax 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.

The County's financial outlook continues to be 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 \$25 billion by the time the State Legislature enacts a 2011-2012 State budget plan. The budget problem consists of a \$6 billion projected deficit for 2010-2011 and a \$19 billion gap between projected revenues and spending in 2011-2012. Many County programs receive substantial State funding and the County is likely to be confronted with program curtailments and increased local funding requirements. The State also continues to experience a serious cash flow crisis. 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.

**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, 2010 (in thousands)

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL	FIRST 5 LA
	ACTIVITIES	ACTIVITIES		
<b>ASSETS</b>				
Pooled cash and investments: (Notes 1 and 5)				
Operating (Note 1)	\$ 3,327,413	\$ 78,423	\$ 3,405,836	\$ 847,967
Other (Note 1)	1,067,264	31,188	1,098,452	
Total pooled cash and investments	<u>4,394,677</u>	<u>109,611</u>	<u>4,504,288</u>	<u>847,967</u>
Other investments (Note 5)	237,017	23,364	260,381	
Taxes receivable	353,267	950	354,217	
Accounts receivable - net		899,580	899,580	
Interest receivable	13,404	341	13,745	1,531
Other receivables	2,009,417	248,630	2,258,047	31,802
Internal balances (Note 14)	922,920	(922,920)		
Inventories	98,404	16,056	114,460	
Restricted assets (Note 5)	8,174	72,122	80,296	
Net pension obligation (Note 7)	38,408	13,343	51,751	
Capital assets: (Notes 6 and 9)				
Capital assets, not being depreciated	7,831,632	445,580	8,277,212	2,039
Capital assets, net of accumulated depreciation	7,621,104	2,128,725	9,749,829	11,367
Total capital assets	<u>15,452,736</u>	<u>2,574,305</u>	<u>18,027,041</u>	<u>13,406</u>
<b>TOTAL ASSETS</b>	<u>23,528,424</u>	<u>3,035,382</u>	<u>26,563,806</u>	<u>894,706</u>
<b>LIABILITIES</b>				
Accounts payable	344,509	68,263	412,772	21,673
Accrued payroll	334,134	69,079	403,213	
Other payables	471,435	12,838	484,273	
Accrued interest payable	14,146	540	14,686	
Unearned revenue	36,740	1,232	37,972	72
Advances payable	391,954	441	392,395	
Noncurrent liabilities: (Note 10)				
Due within one year	915,879	440,995	1,356,874	27
Due in more than one year	7,020,012	1,358,687	8,378,699	293
<b>TOTAL LIABILITIES</b>	<u>9,528,809</u>	<u>1,952,075</u>	<u>11,480,884</u>	<u>22,065</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt (Notes 6 and 10)	14,271,861	2,293,147	16,565,008	13,406
Restricted for:				
Capital projects	115,029		115,029	
Debt service	8,441	152,238	160,679	
Permanent trust	2,826		2,826	
Public protection	303,985		303,985	
Public ways and facilities	408,855		408,855	
Health and sanitation	400,643		400,643	
Recreation	313,884		313,884	
Community development	250,423	11,582	262,005	
Other	57,412		57,412	859,235
Unrestricted (deficit)	(2,133,744)	(1,373,660)	(3,507,404)	
<b>TOTAL NET ASSETS</b>	<u>\$ 13,999,615</u>	<u>\$ 1,083,307</u>	<u>\$ 15,082,922</u>	<u>\$ 872,641</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, 2010 (in thousands)

FUNCTIONS	EXPENSES	PROGRAM REVENUE		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government	\$ 1,236,226	\$ 432,084	\$ 56,793	\$ 20,329
Public protection	6,163,910	1,342,970	1,050,987	63,564
Public ways and facilities	352,549	29,328	220,811	30,968
Health and sanitation	2,718,876	639,602	1,808,314	779
Public assistance	5,518,036	58,436	4,496,400	
Education	101,397	4,462	1,983	
Recreation and cultural services	319,000	178,935	1,221	
Interest on long-term debt	139,824			
Total governmental activities	<u>16,549,818</u>	<u>2,685,817</u>	<u>7,636,509</u>	<u>115,640</u>
Business-type activities:				
Hospitals	3,394,724	2,099,010	42,092	
Aviation	4,742	3,509	8,108	1,710
Waterworks	76,818	56,082	500	308
Community Development Commission	294,785	11,261	266,463	
Total business-type activities	<u>3,771,069</u>	<u>2,169,862</u>	<u>317,163</u>	<u>2,018</u>
Total primary government	<u>\$ 20,320,887</u>	<u>\$ 4,855,679</u>	<u>\$ 7,953,672</u>	<u>\$ 117,658</u>
<b>COMPONENT UNIT -</b>				
First 5 LA	<u>\$ 168,232</u>	<u>\$</u>	<u>\$ 129,420</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
<b>TRANSFERS - NET</b>
Total general revenues and transfers
<b>CHANGE IN NET ASSETS</b>
NET ASSETS, JULY 1, 2009, as restated (Note 2)
NET ASSETS, JUNE 30, 2010

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	
\$ (727,020)	\$	\$ (727,020)		<u>FUNCTIONS</u>
(3,706,389)		(3,706,389)		PRIMARY GOVERNMENT:
(71,442)		(71,442)		Governmental activities:
(270,181)		(270,181)		General government
(963,200)		(963,200)		Public protection
(94,952)		(94,952)		Public ways and facilities
(138,844)		(138,844)		Health and sanitation
(139,824)		(139,824)		Public assistance
(6,111,852)		(6,111,852)		Education
				Recreation and cultural services
				Interest on long-term debt
				Total governmental activities
	(1,253,622)	(1,253,622)		Business-type activities:
	8,585	8,585		Hospitals
	(19,928)	(19,928)		Aviation
	(17,061)	(17,061)		Waterworks
	(1,282,026)	(1,282,026)		Community Development Commission
(6,111,852)	(1,282,026)	(7,393,878)		Total business-type activities
				Total primary government
			\$ (38,812)	COMPONENT UNIT -
				Total - First 5 LA
4,515,067	4,415	4,519,482		GENERAL REVENUES:
61,635		61,635		Taxes:
313,668		313,668		Property taxes
44,517		44,517		Utility users taxes
56,151		56,151		Voter approved taxes
70,557		70,557		Documentary transfer taxes
				Other taxes
701,521	143	701,664		Sales and use taxes, levied by the State
105,878	2,693	108,571	16,095	Grants and contributions not restricted to special programs
132,856	35,463	168,319	465	Investment earnings
(895,250)	895,250			Miscellaneous
5,106,600	937,964	6,044,564	16,560	TRANSFERS - NET
(1,005,252)	(344,062)	(1,349,314)	(22,252)	Total general revenues and transfers
15,004,867	1,427,369	16,432,236	894,893	CHANGE IN NET ASSETS
\$ 13,999,615	\$ 1,083,307	\$ 15,082,922	\$ 872,641	NET ASSETS, JULY 1, 2009, as restated (Note 2)
				NET ASSETS, JUNE 30, 2010

COUNTY OF LOS ANGELES  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	PUBLIC LIBRARY
<b>ASSETS:</b>				
Pooled cash and investments: (Notes 1 and 5)				
Operating (Note 1)	\$ 732,170	159,446	153,650	29,692
Other (Note 1)	957,320	28,654	10,585	2,542
Total pooled cash and investments	<u>1,689,490</u>	<u>188,100</u>	<u>164,235</u>	<u>32,234</u>
Other investments (Notes 4 and 5)	5,839			120
Taxes receivable	246,288	58,756	17,034	7,892
Interest receivable	5,546	543	490	101
Other receivables	1,802,932	32,500	6,700	1,650
Due from other funds (Note 14)	436,441	7,580	11,274	5,250
Advances to other funds (Note 14)	1,018,161		6,601	
Inventories	44,279	10,584		977
<b>TOTAL ASSETS</b>	<u>\$ 5,248,976</u>	<u>298,063</u>	<u>206,334</u>	<u>48,224</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 266,916	7,012	9,764	2,470
Accrued payroll	286,407	30,591		3,123
Other payables	454,244	2,194		407
Due to other funds (Note 14)	501,705	7,738	17,811	3,480
Deferred revenue	346,829	41,726	17,284	5,609
Advances payable	382,476			
Third party payor liability (Notes 10 and 13)	14,588			
<b>TOTAL LIABILITIES</b>	<u>2,253,165</u>	<u>89,261</u>	<u>44,859</u>	<u>15,089</u>
<b>FUND BALANCES:</b>				
Reserved for:				
Encumbrances	373,511	17,972	98,980	10,138
Inventories	44,279	10,584		977
Housing programs				
Debt service				
Endowments and annuities				
Assets unavailable for appropriation	366,638	25	3,010	15
Unreserved, designated for:				
Budget uncertainties		18,979		
Program expansion	305,831	19,223		8,264
Health services	168,702			
Capital projects	144,366	60,246	49,789	
Special revenue funds - program expansion				
Unreserved, undesignated, reported in:				
General fund	1,592,484			
Special revenue funds		81,773	9,696	13,741
Capital projects funds				
<b>TOTAL FUND BALANCES</b>	<u>2,995,811</u>	<u>208,802</u>	<u>161,475</u>	<u>33,135</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 5,248,976</u>	<u>298,063</u>	<u>206,334</u>	<u>48,224</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
\$ 292,474	1,924,544		\$ 3,291,976
3,349	60,209		1,062,659
<u>295,823</u>	<u>1,984,753</u>		<u>4,354,635</u>
	449,527	(222,660)	232,826
3,437	19,860		353,267
931	5,666		13,277
4,629	103,623		1,952,034
1	303,478		764,024
	11,556		1,036,318
	32,478		88,318
<u>\$ 304,821</u>	<u>2,910,941</u>	<u>(222,660)</u>	<u>\$ 8,794,699</u>
\$ 1,151	51,260		\$ 338,573
	108		320,229
29	12,632		469,506
2,667	359,129		892,530
5,700	35,996		453,144
	9,054		391,530
	855		15,443
<u>9,547</u>	<u>469,034</u>		<u>2,880,955</u>
63,101	193,492		757,194
	32,478		88,318
	2,026		2,026
	671,051	(222,660)	448,391
	2,826		2,826
	12,434		382,122
	85,989		104,968
66,407			399,725
	32,897		168,702
	390,202		287,298
			390,202
			1,592,484
165,766	825,102		1,096,078
	193,410		193,410
<u>295,274</u>	<u>2,441,907</u>	<u>(222,660)</u>	<u>5,913,744</u>
<u>\$ 304,821</u>	<u>2,910,941</u>	<u>(222,660)</u>	<u>\$ 8,794,699</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

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, 2010 (in thousands)

Fund balances - total governmental funds (page 27) \$ 5,913,744

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 and easements	\$	7,234,970	
Construction-in-progress		596,662	
Buildings and improvements - net		2,679,820	
Equipment - net		245,004	
Intangible software - net		258,354	
Infrastructure - net		<u>4,347,406</u>	15,362,216

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	\$	252,619	
Long-term receivables		<u>213,924</u>	466,543

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

35,832

Accrued interest payable is not recognized in governmental funds.

(14,060)

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)	\$	(1,446,922)	
Pension bonds payable		(239,507)	
Capital lease obligations		(148,030)	
Accrued vacation/sick leave		(787,759)	
Workers' compensation		(1,820,426)	
Litigation/self-insurance		(155,160)	
Pollution remediation obligations		(24,755)	
OPEB obligation		<u>(3,026,636)</u>	(7,649,195)

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

(115,465)

Net assets of governmental activities (page 23)

\$ 13,999,615

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



COUNTY OF LOS ANGELES  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	PUBLIC LIBRARY
<b>REVENUES:</b>				
Taxes	\$ 3,864,654	622,840	97,684	72,034
Licenses, permits and franchises	49,079	9,874	594	
Fines, forfeitures and penalties	258,842	6,821	2,215	877
Revenue from use of money and property:				
Investment income (Note 5)	63,026	1,710	2,430	365
Rents and concessions (Note 9)	60,655	168	7,791	13
Royalties	368		633	
Intergovernmental revenues:				
Federal	3,379,495	14,764	11,108	353
State	3,851,884	13,189	960	2,162
Other	106,337	32,937	6,540	1,331
Charges for services	1,659,224	174,860	116,615	4,082
Miscellaneous	191,878	347	1,131	1,114
<b>TOTAL REVENUES</b>	<b>13,485,442</b>	<b>877,510</b>	<b>247,701</b>	<b>82,331</b>
<b>EXPENDITURES:</b>				
Current:				
General government	859,319			
Public protection	4,412,935	849,551	259,660	
Public ways and facilities				
Health and sanitation	2,421,615			
Public assistance	5,025,312			
Education				107,474
Recreation and cultural services	247,094			
Debt service:				
Principal	76,539	3,774		839
Interest and other charges	186,729	8,103		1,766
Capital leases	8,110	3,753		234
Capital outlay	2,115			218
<b>TOTAL EXPENDITURES</b>	<b>13,239,768</b>	<b>865,181</b>	<b>259,660</b>	<b>110,531</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>245,674</b>	<b>12,329</b>	<b>(11,959)</b>	<b>(28,200)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (Note 14)	360,412	2,700	328	36,525
Transfers out (Note 14)	(780,168)	(11,433)	(19,288)	(2,345)
Issuance of debt (Note 10)				
Capital leases (Note 9)	2,115			218
Sales of capital assets	960	269	368	12
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(416,681)</b>	<b>(8,464)</b>	<b>(18,592)</b>	<b>34,410</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(171,007)</b>	<b>3,865</b>	<b>(30,551)</b>	<b>6,210</b>
FUND BALANCES, JULY 1, 2009	3,166,818	204,937	192,026	26,925
<b>FUND BALANCES, JUNE 30, 2010</b>	<b>\$ 2,995,811</b>	<b>208,802</b>	<b>161,475</b>	<b>33,135</b>

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

REGIONAL PARK AND OPEN SPACE DISTRICT	NONMAJOR GOVERNMENTAL FUNDS	ELIMINATIONS (NOTE 4)	TOTAL GOVERNMENTAL FUNDS
\$	303,502		\$ 4,960,714
	9,893		69,440
1,039	83,638		353,432
3,934	45,845	(11,692)	105,618
	25,474		94,101
	5		1,006
	176,676		3,582,396
	675,879		4,544,074
	22,123		169,268
80,130	138,063		2,172,974
	78,839		273,309
<u>85,103</u>	<u>1,559,937</u>	<u>(11,692)</u>	<u>16,326,332</u>
	17,779		877,098
	78,533		5,600,679
	332,036		332,036
	146,100		2,567,715
	169,440		5,194,752
	489		107,963
42,780	10,325		300,199
	127,907	(24,215)	184,844
	61,555	(11,692)	246,461
			12,097
	30,466		32,799
<u>42,780</u>	<u>974,630</u>	<u>(35,907)</u>	<u>15,456,643</u>
<u>42,323</u>	<u>585,307</u>	<u>24,215</u>	<u>869,689</u>
	165,173		565,138
(34,754)	(606,271)		(1,454,259)
	36,977		36,977
			2,333
44	582		2,235
<u>(34,710)</u>	<u>(403,539)</u>		<u>(847,576)</u>
7,613	181,768	24,215	22,113
287,661	2,260,139	(246,875)	5,891,631
<u>\$ 295,274</u>	<u>2,441,907</u>	<u>(222,660)</u>	<u>\$ 5,913,744</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)
Capital leases (Note 9)
Sales of capital assets
TOTAL OTHER FINANCING SOURCES (USES)

## NET CHANGE IN FUND BALANCES

FUND BALANCES, JULY 1, 2009

FUND BALANCES, JUNE 30, 2010

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, 2010 (in thousands)

Net change in fund balances - total governmental funds (page 31)		\$ 22,113
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	\$ 234,040	
Less - current year depreciation expense	<u>(346,065)</u>	(112,025)
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.		(1,092)
Contribution of capital assets is not recognized in the governmental funds.		67,109
Revenue timing differences result in more revenue in government-wide statements.		(4,658)
Issuance of long-term debt provides revenue in the governmental funds, but increases long-term liabilities in the statement of net assets.		(36,977)
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	\$ 81,152	
Certificates of participation	76,717	
Assessment bonds	24,215	
Other long-term notes, loans and capital leases	<u>15,175</u>	197,259
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	\$ (45,966)	
Change in litigation/self-insurance	(43,843)	
Change in pollution remediation obligations	5,310	
Change in accrued vacation/sick leave	(19,572)	
Change in OPEB liability	(1,067,276)	
Change in accrued interest payable	465	
Change in accretion of tobacco settlement bonds	(21,844)	
Change in accretion of pension bonds	131,913	
Transfer of capital assets from governmental fund to enterprise fund	<u>(7,192)</u>	(1,068,005)
The change in the net pension obligation (an asset) is not recognized in governmental funds.		(35,831)
The portion of internal service funds that is reported with governmental activities.		<u>(33,145)</u>
Change in net assets of governmental activities (page 25)		<u><u>\$ (1,005,252)</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, 2010 (in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 3,956,078	3,952,438	3,851,687	(100,751)
Licenses, permits and franchises	50,402	50,803	49,079	(1,724)
Fines, forfeitures and penalties	217,611	224,207	258,842	34,635
Revenue from use of money and property:				
Investment income	53,028	54,268	62,677	8,409
Rents and concessions	58,468	58,618	60,655	2,037
Royalties	156	156	368	212
Intergovernmental revenues:				
Federal	3,781,130	3,868,671	3,379,055	(489,616)
State	4,095,508	4,090,192	3,882,952	(207,240)
Other	137,213	140,103	106,374	(33,729)
Charges for services	1,730,156	1,723,186	1,659,224	(63,962)
Miscellaneous	185,495	205,155	202,760	(2,395)
<b>TOTAL REVENUES</b>	<b>14,265,245</b>	<b>14,367,797</b>	<b>13,513,673</b>	<b>(854,124)</b>
EXPENDITURES:				
Current:				
General government	1,693,751	1,620,042	839,536	(780,506)
Public protection	4,634,442	4,728,944	4,580,393	(148,551)
Health and sanitation	2,841,424	2,853,339	2,560,464	(292,875)
Public assistance	5,457,888	5,468,511	5,118,381	(350,130)
Recreation and cultural services	260,020	263,921	250,922	(12,999)
Debt Service-				
Interest	12,189	12,189	12,189	
Capital Outlay	1,187,660	1,100,415	86,822	(1,013,593)
<b>TOTAL EXPENDITURES</b>	<b>16,087,374</b>	<b>16,047,361</b>	<b>13,448,707</b>	<b>(2,598,654)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,822,129)</b>	<b>(1,679,564)</b>	<b>64,966</b>	<b>1,744,530</b>
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	716	716	960	244
Transfers in	469,143	458,668	330,437	(128,231)
Transfers out	(688,070)	(696,065)	(676,131)	19,934
Changes in reserves and designations	326,912	202,817	194,984	(7,833)
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>108,701</b>	<b>(33,864)</b>	<b>(149,750)</b>	<b>(115,886)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,713,428)</b>	<b>(1,713,428)</b>	<b>(84,784)</b>	<b>1,628,644</b>
<b>FUND BALANCE, JULY 1, 2009 (Note 15)</b>	<b>1,713,428</b>	<b>1,713,428</b>	<b>1,713,428</b>	
<b>FUND BALANCE, JUNE 30, 2010 (Note 15)</b>	<b>\$</b>		<b>1,628,644</b>	<b>1,628,644</b>

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

COUNTY OF LOS ANGELES  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL ON BUDGETARY BASIS  
FIRE PROTECTION DISTRICT  
FOR THE YEAR ENDED JUNE 30, 2010 (in thousands)

	FIRE PROTECTION DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 586,114	619,966	620,747	781
Licenses, permits and franchises	11,698	11,698	9,874	(1,824)
Fines, forfeitures and penalties	5,384	5,384	6,821	1,437
Revenue from use of money and property:				
Investment income	957	957	1,449	492
Rents and concessions	81	81	168	87
Intergovernmental revenues:				
Federal	12,770	14,331	14,764	433
State	15,756	15,756	14,004	(1,752)
Other	32,716	32,716	32,937	221
Charges for services	170,062	170,062	174,860	4,798
Miscellaneous	413	436	347	(89)
TOTAL REVENUES	835,951	871,387	875,971	4,584
EXPENDITURES:				
Current-Public protection:				
Salaries and employee benefits	757,592	756,566	741,213	(15,353)
Services and supplies	131,948	136,281	106,259	(30,022)
Other charges	2,404	3,504	1,619	(1,885)
Capital assets	19,532	25,609	18,259	(7,350)
TOTAL EXPENDITURES	911,476	921,960	867,350	(54,610)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(75,525)	(50,573)	8,621	59,194
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	158	158	269	111
Transfers in		2,700	2,700	
Transfers out	(11,402)	(11,402)	(11,402)	
Appropriation for contingencies		(33,852)		33,852
Changes in reserves and designations	28,521	34,721	35,383	662
OTHER FINANCING SOURCES (USES) - NET	17,277	(7,675)	26,950	34,625
NET CHANGE IN FUND BALANCE	(58,248)	(58,248)	35,571	93,819
FUND BALANCE, JULY 1, 2009 (Note 15)	58,248	58,248	58,248	
FUND BALANCE, JUNE 30, 2010 (Note 15)	\$		93,819	93,819

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, 2010 (in thousands)

	FLOOD CONTROL DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 98,200	98,200	97,308	(892)
Licenses, permits and franchises	2,026	2,026	594	(1,432)
Fines, forfeitures and penalties	1,500	1,500	2,215	715
Revenue from use of money and property:				
Investment income	7,001	7,001	2,346	(4,655)
Rents and concessions	7,416	7,416	7,791	375
Royalties	370	370	633	263
Intergovernmental revenues:				
Federal	1,835	11,408	11,108	(300)
State	4,239	4,239	960	(3,279)
Other	7,054	7,054	6,540	(514)
Charges for services	129,607	120,897	116,717	(4,180)
Miscellaneous	2,068	2,068	1,131	(937)
<b>TOTAL REVENUES</b>	<b>261,316</b>	<b>262,179</b>	<b>247,343</b>	<b>(14,836)</b>
EXPENDITURES:				
Current-Public protection:				
Services and supplies	245,925	234,976	233,793	(1,183)
Other charges	21,473	26,236	25,168	(1,068)
Capital assets	835	985	287	(698)
Capital Outlay	773	8,000	7,995	(5)
<b>TOTAL EXPENDITURES</b>	<b>269,006</b>	<b>270,197</b>	<b>267,243</b>	<b>(2,954)</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(7,690)</b>	<b>(8,018)</b>	<b>(19,900)</b>	<b>(11,882)</b>
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	600	600	368	(232)
Transfers in		328	328	
Transfers out	(1,683)	(1,683)	(210)	1,473
Appropriation for contingencies	(19,613)	(19,613)		19,613
Changes in reserves and designations			5,651	5,651
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(20,696)</b>	<b>(20,368)</b>	<b>6,137</b>	<b>26,505</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(28,386)</b>	<b>(28,386)</b>	<b>(13,763)</b>	<b>14,623</b>
FUND BALANCE, JULY 1, 2009 (Note 15)	28,386	28,386	28,386	
<b>FUND BALANCE, JUNE 30, 2010 (Note 15)</b>	<b>\$</b>		<b>14,623</b>	<b>14,623</b>

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



COUNTY OF LOS ANGELES  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL ON BUDGETARY BASIS  
PUBLIC LIBRARY  
FOR THE YEAR ENDED JUNE 30, 2010 (in thousands)

	PUBLIC LIBRARY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 73,541	73,541	71,871	(1,670)
Fines, forfeitures and penalties			877	877
Revenue from use of money and property:				
Investment income	700	700	322	(378)
Rents and concessions	16	16	13	(3)
Intergovernmental revenues:				
Federal	437	437	353	(84)
State	1,874	1,874	2,162	288
Other	1,569	1,569	1,331	(238)
Charges for services	2,563	2,563	4,082	1,519
Miscellaneous	1,032	1,032	1,114	82
TOTAL REVENUES	81,732	81,732	82,125	393
EXPENDITURES:				
Current-Education:				
Salaries and employee benefits	79,750	79,788	73,526	(6,262)
Services and supplies	59,585	59,555	39,525	(20,030)
Other charges	458	458	348	(110)
Capital assets	779	779	386	(393)
TOTAL EXPENDITURES	140,572	140,580	113,785	(26,795)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(58,840)	(58,848)	(31,660)	27,188
OTHER FINANCING SOURCES (USES):				
Sales of capital assets			12	12
Transfers in	49,197	49,205	36,525	(12,680)
Transfers out	(2,197)	(2,197)	(2,197)	
Changes in reserves and designations	(1,467)	(1,467)	(1,063)	404
OTHER FINANCING SOURCES (USES) - NET	45,533	45,541	33,277	(12,264)
NET CHANGE IN FUND BALANCE	(13,307)	(13,307)	1,617	14,924
FUND BALANCE, JULY 1, 2009 (Note 15)	13,307	13,307	13,307	
FUND BALANCE, JUNE 30, 2010 (Note 15)	\$		14,924	14,924

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, 2010 (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	\$ 913	913	1,039	126
Revenue from use of money and property- Investment income	5,608	5,608	2,984	(2,624)
Charges for services	79,123	79,123	79,926	803
TOTAL REVENUES	85,644	85,644	83,949	(1,695)
EXPENDITURES:				
Current-Recreation and cultural services:				
Services and supplies	4,950	4,950	4,740	(210)
Other charges	173,373	174,072	27,837	(146,235)
TOTAL EXPENDITURES	178,323	179,022	32,577	(146,445)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(92,679)	(93,378)	51,372	144,750
OTHER FINANCING SOURCES (USES):				
Sales of capital assets			44	44
Transfers in	62,441	62,441	57,318	(5,123)
Transfers out	(97,691)	(97,692)	(92,072)	5,620
Appropriation for contingencies	(13,700)	(13,696)		13,696
Changes in reserves and designations	(23,645)	(22,949)	(18,113)	4,836
OTHER FINANCING SOURCES (USES) - NET	(72,595)	(71,896)	(52,823)	19,073
NET CHANGE IN FUND BALANCE	(165,274)	(165,274)	(1,451)	163,823
FUND BALANCE, JULY 1, 2009 (Note 15)	166,640	166,640	166,640	
FUND BALANCE, JUNE 30, 2010 (Note 15)	\$ 1,366	1,366	165,189	163,823

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, 2010 (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
<b>ASSETS</b>					
Current assets:					
Pooled cash and investments: (Notes 1 and 5)					
Operating (Note 1)	\$ 673	550	7,822	254	242
Other (Note 1)	7,500	7,549	11,487	2,048	1,820
Total pooled cash and investments	<u>8,173</u>	<u>8,099</u>	<u>19,309</u>	<u>2,302</u>	<u>2,062</u>
Other investments (Note 5)					
Taxes receivable					
Accounts receivable - net (Note 13)	195,208	132,598	370,343	88,075	91,351
Interest receivable	7	11	99	9	3
Other receivables	11,761	11,982	23,532	2,560	3,920
Due from other funds (Note 14)	61,822	70,437	160,462	46,741	28,282
Advances to other funds (Note 14)					
Inventories	2,221	3,822	7,023	1,791	1,199
Total current assets	<u>279,192</u>	<u>226,949</u>	<u>580,768</u>	<u>141,478</u>	<u>126,817</u>
Noncurrent assets:					
Restricted assets (Note 5)	32,752	13,367	10,807	8,522	3,802
Net pension obligation (Note 7)	2,109	1,829	5,537	2,350	1,518
Other receivables (Note 13 and 14)	15,622	58,616	60,680	36,122	23,487
Capital assets: (Notes 6 and 9)					
Land and easements	1,001	15,171	18,183	2,275	217
Buildings and improvements	77,699	152,939	1,078,393	194,833	187,179
Equipment	41,471	39,466	150,477	54,814	14,648
Intangible - software	6,966	13,878	18,158	8,386	5,085
Infrastructure					
Construction in progress	88,134	43,929		2,177	7,281
Less accumulated depreciation	(76,344)	(112,811)	(248,240)	(150,584)	(105,357)
Total capital assets - net	<u>138,927</u>	<u>152,572</u>	<u>1,016,971</u>	<u>111,901</u>	<u>109,053</u>
Total noncurrent assets	<u>189,410</u>	<u>226,384</u>	<u>1,093,995</u>	<u>158,895</u>	<u>137,860</u>
<b>TOTAL ASSETS</b>	<u>468,602</u>	<u>453,333</u>	<u>1,674,763</u>	<u>300,373</u>	<u>264,677</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	14,534	9,407	23,226	8,037	3,685
Accrued payroll	17,098	12,428	29,872	3,982	5,699
Other payables	2,417	1,901	3,440	1,899	1,092
Accrued interest payable	76		72	176	186
Due to other funds (Note 14)	43,353	47,814	144,567	16,392	22,147
Advances from other funds (Note 14)	212,742	193,230	393,702	105,213	110,739
Advances payable			441		
Unearned revenue			192		
Current portion of long-term liabilities (Note 10)	174,073	66,550	126,318	45,061	24,349
Total current liabilities	<u>464,293</u>	<u>331,330</u>	<u>721,830</u>	<u>180,760</u>	<u>167,897</u>
Noncurrent liabilities:					
Accrued vacation and sick leave (Note 10)	34,048	22,788	54,230	9,034	10,455
Bonds and notes payable (Note 10)	5,728		10,478	29,674	25,982
Capital lease obligations (Notes 9 and 10)					
Workers' compensation (Notes 10 and 17)	25,776	24,189	123,107	54,944	21,918
Litigation and self-insurance (Notes 10 and 17)	13,276	1,475	51,199	13,497	91
OPEB obligation (Notes 8 and 10)	138,747	120,068	280,710	39,238	55,807
Third party payor liability (Notes 10 and 13)	26,994	28,894	75,850	35,855	14,086
Total noncurrent liabilities	<u>244,569</u>	<u>197,414</u>	<u>595,574</u>	<u>182,242</u>	<u>128,339</u>
<b>TOTAL LIABILITIES</b>	<u>708,862</u>	<u>528,744</u>	<u>1,317,404</u>	<u>363,002</u>	<u>296,236</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt (Notes 6 and 10)	25,575	119,769	959,005	74,244	82,097
Restricted:					
Debt service	32,676	13,367	10,735	8,346	3,616
Special purpose					
Unrestricted (deficit)	(298,511)	(208,547)	(612,381)	(145,219)	(117,272)
<b>TOTAL NET ASSETS (DEFICIT) (Note 3)</b>	<u>\$ (240,260)</u>	<u>(75,411)</u>	<u>357,359</u>	<u>(62,629)</u>	<u>(31,559)</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	
\$ 63,242	4,979	\$ 77,762	\$ 32,428	
778	3	31,185	4,228	
<u>64,020</u>	<u>4,982</u>	<u>108,947</u>	<u>36,656</u>	
950	23,364	23,364	8,241	
		877,575		
197	12	338	130	
9,280	13,073	76,108	7,290	
2,823	5	370,572	64,889	
1,308		1,308		
		16,056	10,086	
<u>78,578</u>	<u>41,436</u>	<u>1,475,218</u>	<u>127,292</u>	
		69,250	11,046	
		13,343	2,576	
		194,527		
11,273	194,272	242,392		
119,091	166,204	1,976,338	1,734	
562	3,289	304,727	221,007	
		52,473		
1,120,375	41,781	1,162,156		
52,588	9,079	203,188		
<u>(502,146)</u>	<u>(180,691)</u>	<u>(1,376,173)</u>	<u>(123,017)</u>	
<u>801,743</u>	<u>233,934</u>	<u>2,565,101</u>	<u>99,724</u>	
<u>801,743</u>	<u>233,934</u>	<u>2,842,221</u>	<u>113,346</u>	
<u>880,321</u>	<u>275,370</u>	<u>4,317,439</u>	<u>240,638</u>	
3,758	5,612	68,259	5,940	
		69,079	13,905	
	2,089	12,838	1,929	
		510	116	
4,612	297	279,182	27,773	
		1,015,626	22,000	
		441		
505	536	1,233	469	
21	806	437,178	41,468	
<u>8,896</u>	<u>9,340</u>	<u>1,884,346</u>	<u>113,600</u>	
	152	130,707	38,568	
46	2,980	74,888	25,405	
		32		
		249,934	37,721	
	766	80,304	1,686	
		634,570	136,795	
		181,679		
<u>46</u>	<u>3,898</u>	<u>1,352,082</u>	<u>240,207</u>	
<u>8,942</u>	<u>13,238</u>	<u>3,236,428</u>	<u>353,807</u>	
801,676	230,604	2,292,970	64,963	
69,703	10,953	149,396	10,930	
	11,582	11,582	2,739	
	8,993	(1,372,937)	(191,801)	
<u>\$ 871,379</u>	<u>262,132</u>	<u>1,081,011</u>	<u>\$ (113,169)</u>	
		2,296		
		<u>\$ 1,083,307</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)

Other receivables (Note 13 and 14)

Capital assets: (Notes 6 and 9)

Land and easements

Buildings and improvements

Equipment

Intangible - software

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

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)

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, 2010 (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)	\$ 496,323	357,237	1,003,244	106,529	135,144
Rentals					
Charges for services					
Other	13,423	7,908	49,127	1,794	5,670
<b>TOTAL OPERATING REVENUES</b>	<b>509,746</b>	<b>365,145</b>	<b>1,052,371</b>	<b>108,323</b>	<b>140,814</b>
OPERATING EXPENSES:					
Salaries and employee benefits	445,899	336,164	807,950	113,380	153,223
Services and supplies	109,830	79,479	214,783	48,874	35,960
Other professional services	125,191	117,427	310,506	66,071	34,145
Depreciation and amortization (Note 6)	3,192	4,326	30,541	4,038	3,135
Medical malpractice	8,007	365			903
Rent	4,036	2,883	8,251	1,311	2,002
<b>TOTAL OPERATING EXPENSES</b>	<b>696,155</b>	<b>540,644</b>	<b>1,372,031</b>	<b>233,674</b>	<b>229,368</b>
<b>OPERATING LOSS</b>	<b>(186,409)</b>	<b>(175,499)</b>	<b>(319,660)</b>	<b>(125,351)</b>	<b>(88,554)</b>
NONOPERATING REVENUES (EXPENSES):					
Taxes					
Interest income	280	3	764	83	55
Interest expense	(4,645)	(3,728)	(9,481)	(5,208)	(4,070)
Intergovernmental transfers expense (Note 13)	(75,521)	(56,521)	(152,551)		(11,568)
Intergovernmental revenues:					
State					
Federal					
Other					
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(79,886)</b>	<b>(60,246)</b>	<b>(161,268)</b>	<b>(5,125)</b>	<b>(15,583)</b>
<b>LOSS BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(266,295)</b>	<b>(235,745)</b>	<b>(480,928)</b>	<b>(130,476)</b>	<b>(104,137)</b>
Capital contributions	1,397	2,447	861	1,339	1,148
Transfers in (Note 14)	181,226	190,525	372,864	126,944	49,215
Transfers out (Note 14)		(144)	(35,109)		
<b>CHANGE IN NET ASSETS</b>	<b>(83,672)</b>	<b>(42,917)</b>	<b>(142,312)</b>	<b>(2,193)</b>	<b>(53,774)</b>
<b>TOTAL NET ASSETS (DEFICIT), JULY 1, 2009, as restated (Note 2)</b>	<b>(156,588)</b>	<b>(32,494)</b>	<b>499,671</b>	<b>(60,436)</b>	<b>22,215</b>
<b>TOTAL NET ASSETS (DEFICIT), JUNE 30, 2010</b>	<b>\$ (240,260)</b>	<b>(75,411)</b>	<b>357,359</b>	<b>(62,629)</b>	<b>(31,559)</b>

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		
\$		\$ 2,098,477	\$		OPERATING REVENUES:
	14,347	14,347	23,615		Net patient service revenues (Note 13)
56,082	423	56,505	442,520		Rentals
85	771	78,778			Charges for services
					Other
56,167	15,541	2,248,107	466,135		TOTAL OPERATING REVENUES
		1,856,616	381,652		OPERATING EXPENSES:
52,277	296,788	837,991	58,022		Salaries and employee benefits
2,415	361	656,116	29,483		Services and supplies
22,119	2,255	69,606	29,210		Other professional services
		9,275			Depreciation and amortization (Note 6)
		18,483			Medical malpractice
					Rent
76,811	299,404	3,448,087	498,367		TOTAL OPERATING EXPENSES
(20,644)	(283,863)	(1,199,980)	(32,232)		OPERATING LOSS
4,415		4,415			NONOPERATING REVENUES (EXPENSES):
1,039	469	2,693	302		Taxes
(7)	(123)	(27,262)	(2,774)		Interest income
		(296,161)			Interest expense
536	40	576			Intergovernmental transfers expense (Note 13)
	273,760	273,760	1,019		Intergovernmental revenues:
106		106			State
					Federal
					Other
6,089	274,146	(41,873)	(1,453)		TOTAL NONOPERATING REVENUES (EXPENSES)
(14,555)	(9,717)	(1,241,853)	(33,685)		LOSS BEFORE CONTRIBUTIONS AND TRANSFER
308	1,710	9,210			Capital contributions
1,500	1,083	923,357	1,359		Transfers in (Note 14)
(112)	(135)	(35,500)	(95)		Transfers out (Note 14)
(12,859)	(7,059)	(344,786)	(32,421)		CHANGE IN NET ASSETS
884,238	269,191		(80,748)		TOTAL NET ASSETS (DEFICIT), JULY 1, 2009, as restated (Note 2)
\$ 871,379	262,132		\$ (113,169)		TOTAL NET ASSETS (DEFICIT), JUNE 30, 2010
		724			Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
		\$ (344,062)			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, 2010 (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
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from patient services	\$ 435,332	401,650	949,970	172,814	159,851
Rentals received					
Cash received from charges for services					
Other operating revenues	13,432	7,910	49,128	1,794	5,671
Cash received for services provided to other funds	11,543	12,812	21,672	7,428	678
Cash paid for salaries and employee benefits	(426,562)	(316,653)	(773,764)	(121,806)	(147,955)
Cash paid for services and supplies	(54,289)	(27,947)	(160,885)	(41,887)	(38,627)
Other operating expenses	(131,139)	(128,097)	(325,201)	(67,910)	(34,820)
Cash paid for services from other funds	(49,005)	(37,757)	(99,730)	(26,505)	(18,293)
Net cash provided by (required for) operating activities	(200,688)	(88,082)	(338,810)	(76,072)	(73,495)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Cash advances received from other funds	338,625	241,402	673,017	123,336	120,107
Cash advances paid/returned to other funds	(254,095)	(243,664)	(542,916)	(171,602)	(63,721)
Interest paid on pension bonds	(2,057)	(1,782)	(5,400)	(2,291)	(1,480)
Interest paid on advances	(1,333)	(1,621)	(2,401)	(1,021)	(552)
Intergovernmental transfers	(75,521)	(56,521)	(152,551)		(11,568)
Intergovernmental receipts					
Transfers in	196,998	147,652	383,925	86,990	39,045
Transfers out		(144)			
Net cash provided by (required for) noncapital financing activities	202,617	85,322	353,674	35,412	81,831
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds from taxes					
Capital contributions					
Proceeds from bonds and notes	66,882	13,165		13,151	
Interest paid on capital borrowing	(1,390)	(325)	(1,808)	(2,206)	(2,369)
Principal payments on bonds and notes	(1,790)		(38,782)	(4,135)	(8,980)
Principal payments on capital leases					(143)
Acquisition and construction of capital assets	(50,600)	(30,241)	(5,697)	(10,449)	(2,629)
Net cash provided by (required for) capital and related financing activities	13,102	(17,401)	(46,287)	(3,639)	(14,121)
<b>CASH FLOWS FROM INVESTING ACTIVITIES -</b>					
Interest income received	209	(9)	564	3	4
Net increase (decrease) in cash and cash equivalents	15,240	(20,170)	(30,859)	(44,296)	(5,781)
Cash and cash equivalents, July 1, 2009	25,685	41,636	60,975	55,120	11,645
Cash and cash equivalents, June 30, 2010	\$ 40,925	21,466	30,116	10,824	5,864

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

ENTERPRISE FUNDS			GOVERNMENTAL	
Waterworks Funds	Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$		\$ 2,119,617	\$	CASH FLOWS FROM OPERATING ACTIVITIES:
	15,006	15,006	23,624	Cash received from patient services
54,314	470	54,784	50,372	Rentals received
85	771	78,791		Cash received from charges for services
		54,133	392,916	Other operating revenues
	(17,949)	(1,804,689)	(362,914)	Cash received for services provided to other funds
(53,419)	(275,868)	(652,922)	(58,529)	Cash paid for salaries and employee benefits
(2,415)	(361)	(689,943)	(29,483)	Cash paid for services and supplies
		(231,290)		Other operating expenses
				Cash paid for services from other funds
(1,435)	(277,931)	(1,056,513)	15,986	Net cash provided by (required for) operating activities
		1,496,487		CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:
(144)		(1,276,142)	(2,509)	Cash advances received from other funds
		(13,010)		Cash advances paid/returned to other funds
		(6,928)		Interest paid on pension bonds
		(296,161)		Interest paid on advances
642	268,531	269,173	1,019	Intergovernmental transfers
1,500	1,083	857,193	1,359	Intergovernmental receipts
(112)	(135)	(391)	(95)	Transfers in
				Transfers out
1,886	269,479	1,030,221	(226)	Net cash provided by (required for) noncapital financing activities
		4,415		CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:
4,415		4,415		Proceeds from taxes
	1,710	1,710		Capital contributions
	6	93,204	39,025	Proceeds from bonds and notes
(7)	(123)	(8,228)	(358)	Interest paid on capital borrowing
(19)	(355)	(54,061)	(54,505)	Principal payments on bonds and notes
		(143)		Principal payments on capital leases
(29,285)	(159)	(129,060)	(24,383)	Acquisition and construction of capital assets
(24,896)	1,079	(92,163)	(40,221)	Net cash provided by (required for) capital and related financing activities
				CASH FLOWS FROM INVESTING ACTIVITIES -
1,191	470	2,432	292	Interest income received
				Net increase (decrease) in cash and cash equivalents
(23,254)	(6,903)	(116,023)	(24,169)	
87,274	35,249	317,584	80,112	Cash and cash equivalents, July 1, 2009
\$ 64,020	28,346	\$ 201,561	\$ 55,943	Cash and cash equivalents, June 30, 2010

Continued...



COUNTY OF LOS ANGELES  
STATEMENT OF CASH FLOWS - Continued  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010 (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	\$ (186,409)	(175,499)	(319,660)	(125,351)	(88,554)
Adjustments to reconcile operating loss to net cash provided by (required for) operating activities:					
Depreciation and amortization	3,192	4,326	30,541	4,038	3,135
Other revenues (expenses) - net	9,083	49	(1,085)	7,903	6,469
(Increase) decrease in:					
Accounts receivable - net	(16,172)	67,018	(20,239)	93,062	23,610
Other receivables	(15,772)	(58,418)	(60,768)	(35,167)	(23,610)
Due from other funds	(21,384)	38,046	77,579	(2,073)	25,555
Inventories	541	(240)	834	140	212
Net pension obligation	2,109	1,830	5,538	2,350	1,518
Increase (decrease) in:					
Accounts payable	1,818	2,761	(5,921)	335	156
Accrued payroll	(12,465)	(8,835)	(22,594)	(3,072)	(4,030)
Other payables	161	(127)	261	(1,243)	87
Accrued vacation and sick leave	1,305	313	875	(584)	62
Due to other funds	(11,282)	6,571	(51,083)	(29,413)	(29,912)
Unearned revenue			(634)		
Pension bonds payable	(12,541)	(10,879)	(32,926)	(13,974)	(9,026)
Workers' compensation liability	(1,768)	(967)	1,166	(2,856)	(743)
Litigation and self-insurance liability	6,095	(7,423)	(6,444)	(528)	2,230
OPEB obligation	49,514	43,362	94,050	12,253	19,742
Third party payor liability	3,287	10,030	(28,300)	18,108	(396)
<b>TOTAL ADJUSTMENTS</b>	<b>(14,279)</b>	<b>87,417</b>	<b>(19,150)</b>	<b>49,279</b>	<b>15,059</b>
<b>NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES</b>	<b>\$ (200,688)</b>	<b>(88,082)</b>	<b>(338,810)</b>	<b>(76,072)</b>	<b>(73,495)</b>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Assets acquired from capital leases	\$				
Capital contributions	1,397	2,447	861	1,339	1,148
<b>TOTAL</b>	<b>\$ 1,397</b>	<b>2,447</b>	<b>861</b>	<b>1,339</b>	<b>1,148</b>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:					
Pooled cash and investments	\$ 8,173	8,099	19,309	2,302	2,062
Other investments					
Restricted assets	32,752	13,367	10,807	8,522	3,802
<b>TOTAL</b>	<b>\$ 40,925</b>	<b>21,466</b>	<b>30,116</b>	<b>10,824</b>	<b>5,864</b>

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

ENTERPRISE FUNDS			GOVERNMENTAL	
Waterworks Funds	Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$ (20,644)	(283,863)	\$ (1,199,980)	\$ (32,232)	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:
22,119	2,255	69,606	29,210	Depreciation and amortization
1	761	23,181	371	Other revenues (expenses) - net
		147,279		(Increase) decrease in:
(796)	652	(193,879)	(501)	Accounts receivable - net
(1,002)	48	116,769	1,021	Other receivables
	11	1,498	(317)	Due from other funds
		13,345	2,574	Inventories
				Net pension obligation
527	2,538	2,214	572	Increase (decrease) in:
		(50,996)	(10,497)	Accounts payable
(19)	(918)	(1,798)	118	Accrued payroll
	(235)	1,736	874	Other payables
(1,651)	48	(116,722)	(9,144)	Accrued vacation and sick leave
30	6	(598)	(155)	Due to other funds
		(79,346)	(15,310)	Unearned revenue
		(5,168)	2,636	Pension bonds payable
	766	(5,304)	345	Workers' compensation liability
		218,921	46,421	Litigation and self-insurance liability
		2,729		OPEB obligation
				Third party payor liability
19,209	5,932	143,467	48,218	TOTAL ADJUSTMENTS
\$ (1,435)	(277,931)	\$ (1,056,513)	\$ 15,986	NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES
				NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:
\$ 308		\$ 7,500	\$ 43	Assets acquired from capital leases
				Capital contributions
\$ 308		\$ 7,500	\$ 43	TOTAL
				RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:
\$ 64,020	4,982	\$ 108,947	\$ 36,656	Pooled cash and investments
	23,364	23,364	8,241	Other investments
		69,250	11,046	Restricted assets
\$ 64,020	28,346	\$ 201,561	\$ 55,943	TOTAL

COUNTY OF LOS ANGELES  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2010 (in thousands)

	PENSION TRUST FUND	INVESTMENT TRUST FUNDS	AGENCY FUNDS
<b>ASSETS</b>			
Pooled cash and investments (Note 5)	\$ 51,691	\$ 16,859,418	\$ 1,261,934
Other investments: (Note 5)		95,447	302
Stocks	16,808,669		
Bonds	8,858,103		
Short-term investments	1,070,770		
Commodities	664,464		
Real estate	2,843,804		
Mortgages	213,260		
Alternative assets	3,417,212		
Cash collateral on loaned securities	1,158,925		
Taxes receivable			567,779
Interest receivable	97,083	49,004	5,988
Other receivables	867,358		
<b>TOTAL ASSETS</b>	<b>36,051,339</b>	<b>17,003,869</b>	<b>\$ 1,836,003</b>
<b>LIABILITIES</b>			
Accounts payable	1,403,918		
Other payables (Note 5)	1,213,533	776,749	
Due to other governments			1,836,003
<b>TOTAL LIABILITIES</b>	<b>2,617,451</b>	<b>776,749</b>	<b>\$ 1,836,003</b>
<b>NET ASSETS</b>			
Held in trust for pension benefits and investment trust participants	<b>\$ 33,433,888</b>	<b>\$ 16,227,120</b>	

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

COUNTY OF LOS ANGELES  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010 (in thousands)

	PENSION TRUST FUND	INVESTMENT TRUST FUNDS
	<u>                    </u>	<u>                    </u>
ADDITIONS:		
Contributions:		
Pension trust contributions:		
Employer	\$ 843,704	\$
Member	429,612	
Contributions to investment trust funds		47,599,344
Total contributions	<u>1,273,316</u>	<u>47,599,344</u>
Investment earnings:		
Investment income	1,848,215	218,622
Net increase in the fair value of investments	2,102,581	
Securities lending income (Note 5)	5,867	
Total investment earnings	<u>3,956,663</u>	<u>218,622</u>
Less - Investment expenses:		
Expense from investing activities	113,885	
Expense from securities lending activities (Note 5)	2,377	
Total net investment expense	<u>116,262</u>	
Net investment earnings	<u>3,840,401</u>	<u>218,622</u>
Miscellaneous	<u>868</u>	
 TOTAL ADDITIONS	 <u>5,114,585</u>	 <u>47,817,966</u>
 DEDUCTIONS:		
Salaries and employee benefits	37,035	
Services and supplies	11,857	
Benefit payments	2,111,834	
Distribution from investment trust funds		45,284,583
Miscellaneous	18,952	
 TOTAL DEDUCTIONS	 <u>2,179,678</u>	 <u>45,284,583</u>
 CHANGE IN NET ASSETS	 2,934,907	 2,533,383
 NET ASSETS HELD IN TRUST, JULY 1, 2009	 <u>30,498,981</u>	 <u>13,693,737</u>
 NET ASSETS HELD IN TRUST, JUNE 30, 2010	 <u>\$ 33,433,888</u>	 <u>\$ 16,227,120</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  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

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 (Public 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.

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.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Government-wide Financial Statements-Continued

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, 2010, the restricted net assets balances were \$1.86 billion and \$163.8 million for governmental activities and business-type activities, respectively. For governmental activities, \$79.4 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.

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, voter-approved taxes 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 and voter-approved taxes.



COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

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, charges for services 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 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.

Martin Luther King, Jr. Ambulatory Care Center

The Martin Luther King, Jr. Multi-Service Ambulatory Care Center (MLK-MACC) was formerly known as Martin Luther King, Jr.-Harbor Hospital, until its loss of the hospital's licensing/accreditation on August 25, 2007. At that time, 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.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

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.

Basis of Accounting

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

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Accounting-Continued

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

The County applies all applicable Financial Accounting Standards Board (FASB) statements and pronouncements of all predecessor entities issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, 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.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Budgetary Data

In accordance with the provisions of Sections 29000-29144 of the Government Code of the State of California (Government Code), commonly known as the County Budget Act, the County prepares and adopts a budget on or before October 2 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 \$25 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, 2010. 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 Executive 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 2009-2010 assessed valuation of the County of Los Angeles approximated \$1.075 trillion.

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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Property Taxes-Continued

The County is divided into 11,544 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.

Proposition 1A Borrowing by the State of California

On July 28, 2009, the California legislature and the Governor passed the State budget which included the suspension of the property tax protection provisions of Proposition 1A (2004) for fiscal year 2009-10 and required cities, counties and special districts to loan to the State 8% of the amount of property tax revenues apportioned to them in fiscal year 2008-09. This loan is known as the AB X4 15 Mandatory Loan (Loan).

The provision also created an option, known as the Proposition 1A Securitization, for California public agencies to sell their Loan to the California Statewide Communities Development Authority. While the loan to the State was mandatory for all agencies, the participation in the securitization program was voluntary. All securitization costs and obligations were borne entirely by the State.

The law required the Loan from agencies to the State to be transferred in two equal installments on January 15, 2010 and May 3, 2010. Those agencies participating in the Proposition 1A Securitization program received proceeds from the securitization for the same amounts. The County chose to participate in the Proposition 1A Securitization for the County's General Fund for \$305 million, Fire Protection District for \$45 million, Flood Control District for \$8 million, and the Public Library for \$5 million. The Loan had no impact on each of the fund's current year cash flow or financial statements. The impact on property tax revenues for all other funds that did not participate in the Proposition 1A Securitization was immaterial.

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.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deposits and Investments-Continued

Deposits and investments are reflected in the following asset accounts:

Pooled Cash and Investments

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

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

Operating Pooled Cash and Investments

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

Other Pooled Cash and Investments

This account represents amounts identified in various agency funds as of June 30, 2010 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.

COUNTY OF LOS ANGELES  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

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, \$32,478,000 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, intangible 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 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. For the year ended June 30, 2010, the County implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets."

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

The County's capitalization thresholds are \$5,000 for equipment, \$100,000 for buildings and improvements, \$1 million for software intangible assets, \$100,000 for non-software intangible assets, and \$25,000 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 or amortization, 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. Amortization for software and other intangible assets is included in the reporting of depreciation.

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
Software	5 to 25 years
Infrastructure	15 to 100 years

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Capital Assets-Continued

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 up to 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, business-type 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.

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. Other investments and restricted assets are invested in money market mutual funds held by outside trustees. Such amounts are similar in nature to demand deposits (i.e., funds may be deposited and withdrawn at any time without prior notice or penalty).



COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

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 NET ASSETS

As discussed below, the County implemented the following GASB Statements in the 2009-2010 fiscal year:

Governmental Accounting Standards Board Statement No. 51

For the year ended June 30, 2010, the County implemented Government Accounting Standards Board (GASB) Statement No. 51, "Accounting and Financial Reporting for Intangible Assets." This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets, and that existing guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. Implementation of GASB Statement No. 51 primarily impacted the County's government-wide and proprietary funds financial statements, and the Capital Assets note disclosure (see Note 6) for the year ended June 30, 2010.

Restatement of Net Assets

In order to meet the guidelines in GASB Statement No. 51, the County restated its beginning balances to reflect the inclusion of its intangible software assets. The effects of the changes are as follows (in thousands):

	Net Assets/ (Deficit) July 1, 2009 as <u>previously reported</u>	Effect of Including Intangible <u>Software Assets</u>	Net Assets/ (Deficit) July 1, 2009 <u>as restated</u>
Government-wide:			
Governmental activities	\$ 14,752,295	252,572	\$ 15,004,867
Business-type activities	1,377,199	50,170	1,427,369
Proprietary funds:			
Major Enterprise Funds:			
Harbor-UCLA Medical Center	(163,541)	6,953	(156,588)
Olive View-UCLA Medical Center	(46,209)	13,715	(32,494)
LAC+USC Medical Center	482,820	16,851	499,671
M. L. King, Jr. Ambulatory Care Center	(68,170)	7,734	(60,436)
Rancho Los Amigos Nat'l Rehab Center	17,298	4,917	22,215

COUNTY OF LOS ANGELES  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

2. ACCOUNTING CHANGES AND RESTATEMENT OF NET ASSETS-Continued

Governmental Accounting Standards Board Statement No. 53

GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments," was implemented by the County for the fiscal year ended June 30, 2010. The statement establishes accounting and financial reporting requirements for derivative instruments, requiring derivative investments to be measured at fair value and reported within the Statement of Net Assets. For the fiscal year ended June 30, 2010, while the County did not hold any derivative instruments in either County pooled or other investments, the County will apply the Statement as appropriate in the future.

The Pension Trust Fund did hold derivative instruments at June 30, 2010 and LACERA implemented the provisions and disclosure requirements of GASB Statement No. 53. As the LACERA had already presented derivative investments at fair value, the Statement of Net Assets was not affected by GASB Statement No. 53.

3. NET ASSET DEFICITS

The following funds had net asset deficits at June 30, 2010 (in thousands):

	<u>Accumulated Deficit</u>
Enterprise Funds:	
Harbor-UCLA Medical Center	\$ 240,260
Olive View-UCLA Medical Center	75,411
M. L. King, Jr. Ambulatory Care Center	62,629
Rancho Los Amigos National Rehab Center	31,559
Internal Service Fund-	
Public Works	125,920

The Enterprise and Internal Service Funds' deficits result primarily from the recognition of certain liabilities including accrued vacation and sick leave, Other Postemployment Benefits (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:

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

4. ELIMINATIONS-Continued

Fund Financial Statements

At June 30, 2010, the governmental fund financial statements reflect an investment asset (referred to as "Other Investments") held by the JPAs of \$222,660,000 that has been recorded in the Nonmajor Governmental Funds. The governmental fund financial statements do not reflect a liability for the related bonds payable (\$222,660,000), 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.

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 (\$222,660,000) and investment earnings and interest expense (\$11,692,000 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 \$222,660,000, 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, 2010 (in thousands):

	Pooled Cash and Investments	Other Investments	Restricted Assets		Total
			Pooled Cash and Investments	Other Investments	
Governmental Funds	\$ 4,354,635	\$ 232,826	\$	\$	\$ 4,587,461
Proprietary Funds	145,603	31,605	62,832	17,464	257,504
Fiduciary Funds (excluding Pension Trust Fund)	18,121,352	95,749			18,217,101
Pension Trust Fund	51,691	35,035,207			35,086,898
Component Unit	847,967				847,967
Total	<u>\$ 23,521,248</u>	<u>\$35,395,387</u>	<u>\$ 62,832</u>	<u>\$ 17,464</u>	<u>\$ 58,996,931</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.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

5. CASH AND INVESTMENTS-Continued

Deposits-Custodial Credit Risk-Continued

At June 30, 2010, the carrying amount of the County's deposits was \$218,106,000 and the balance per various financial institutions was \$217,704,000. The County's deposits are not exposed to custodial credit risk since all of 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, 2010, the carrying amount of Pension Trust Fund deposits was \$115,587,000. 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.

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, municipalities, asset-backed securities, mortgaged-backed securities, bankers' acceptances, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, negotiable certificates of deposits, medium-term notes, corporate notes, repurchase agreements, reverse repurchase agreements, floating rate notes, time deposits, shares of beneficial interest of a Joint Powers Authority that invests in authorized securities, shares of beneficial interest issued by diversified management companies known as money market mutual funds (MMF) registered with the Securities and Exchange Commission, State and local agency investment funds, mortgage pass-through securities, and guaranteed investment contracts. 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.

As permitted by the Government Code, the County Treasurer developed, and the Board adopted, an Investment Policy that further defines and restricts the limits within which the County Treasurer may invest. The table below identifies the investment types that are authorized by the County, along with the related concentration of credit limits:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Notes, Bills and Bonds	None	None	None
U.S. Agency Securities	None	None	None
Local Agency Obligations	5 years	10%*	10%*
Bankers' Acceptances	180 days	40%	\$500 million*
Commercial Paper	270 days	40%	\$750 million*
Certificates of Deposit	3 years*	30%	\$500 million*
Corporate Medium-Term Notes	3 years*	30%	\$500 million*
Repurchase Agreements	30 days*	\$1 billion*	\$500 million*
Reverse Repurchase Agreements	92 days	\$500 million*	\$250 million*
Securities Lending Agreements	92 days	20%*	None
Money Market Mutual Funds	NA	15%*	10%
State of California's Local Agency Fund (LAIF)	N/A	\$50 million	None
Asset-Backed Securities	5 years	20%	\$500 million*

\*Represents restriction in which the County's Investment Policy is more restrictive than the California Government Code.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

5. CASH AND INVESTMENTS-Continued

Investments-Continued

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 monthly and is provided by the custodian bank. The method used to determine the value of participants' equity withdrawn is based on the book value, which is amortized cost, of the participants' percentage participation at the date of such withdrawals.

At June 30, 2010, the County had open trade commitments with various brokers to purchase investments totaling \$1,101,722,000 with settlement dates subsequent to year-end. These investments have been included in Pooled Cash and Investments-Other and corresponding liabilities have been recorded as Other Payables.

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 and Note I of LACERA's Report on Audited Financial Statements for the year ended June 30, 2010.

The School Districts and the Superior Court are required by legal provisions to participate in the County's investment pool. Eighty-four percent (84%) 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 Purpose Investments (SPI) 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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

5. CASH AND INVESTMENTS-Continued

Investments-Continued

County pooled and other investments (excluding Pension Trust Fund other investments) at June 30, 2010 (in thousands) are as follows:

	<u>Fair Value</u>
U.S. Agency securities	\$ 10,661,654
U.S. Treasury securities	727,560
Negotiable certificates of deposit	3,163,666
Commercial paper	8,141,422
Corporate and deposit notes	784,198
Bankers' acceptances	48,720
Municipal bonds	5,250
Los Angeles County securities	15,000
Money market mutual funds	106,541
Local Agency Investment Fund	63,413
Mortgage trust deeds	589
Other	<u>25,605</u>
Total	<u>\$ 23,743,618</u>

Pension Trust Fund investments are reported in the basic financial statements at fair value at June 30, 2010 (in thousands) and are as follows:

	<u>Fair Value</u>
Domestic and international equity	\$ 17,852,007
Fixed income	10,142,133
Real estate	2,843,804
Private equity	3,417,212
Commodities	<u>664,464</u>
Total	<u>\$ 34,919,620</u>

The Pension Trust Fund also had deposits with the Los Angeles County Treasury Pool at June 30, 2010 totaling \$51,691,000. 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 total investments.

The County has not provided nor obtained any legally binding guarantees during the year ended June 30, 2010 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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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 %</u> <u>Range</u>	<u>Maturity Range</u>	<u>Weighted</u> <u>Average</u> <u>Maturity</u> <u>(Years)</u>
U. S. Agency securities	\$ 10,512,894	\$10,394,594	0.15%-7.33%	07/12/10-07/21/15	3.31
U.S. Treasury securities	727,036	726,604	0.23%-2.38%	10/21/10-08/31/14	0.81
Negotiable certificates of deposit	3,163,666	3,164,126	0.22%-0.53%	07/01/10-10/28/10	0.14
Commercial paper	8,141,422	8,141,693	0.25%-0.55%	07/01/10-09/27/10	0.07
Corporate and deposit notes	781,876	771,004	0.25%-6.88%	07/14/10-09/12/12	0.57
Los Angeles County securities	15,000	15,000	0.61%-0.73%	06/30/12	2.00
Bankers' acceptances	48,720	48,721	0.40%-0.50%	08/30/10-09/21/10	0.19
Deposits	<u>197,516</u>	<u>197,516</u>			
	<u>\$ 23,588,130</u>	<u>\$23,459,258</u>			

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 %</u> <u>Range</u>	<u>Maturity Range</u>	<u>Weighted</u> <u>Average</u> <u>Maturity</u> <u>(Years)</u>
Local Agency Investment Fund	\$ 63,413	\$ 63,310		N/A	0.56
Corporate and deposit notes	2,322	2,314	0.794%	02/01/11	0.59
Mortgage trust deeds	589	589	4.5%-5.5%	08/01/12-04/01/17	4.36
Municipal bonds	5,250	5,250	5.0%	09/02/21	11.04
U.S. Agency securities	148,760	148,549	1.5%-4.9%	05/19/11-06/30/15	5.73
U.S. Treasury bonds	109	86	7.25%	05/15/16	5.81
U.S. Treasury notes	113	112	4.24%-4.88%	10/15/10-07/31/11	0.30
U.S. Treasury bills	302	302	0.18%	12/09/10	0.44
Money market mutual funds	106,541	106,542	0.01%-0.20%	N/A	N/A
Other	25,605	25,605	4.7%	08/15/12-10/01/14	2.90
Deposits	<u>20,590</u>	<u>20,590</u>			
	<u>\$ 373,594</u>	<u>\$ 373,249</u>			

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

5. CASH AND INVESTMENTS-Continued

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The 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 a target of less than 1.5 years. Of the Pooled Cash and Investments and Other Investments at June 30, 2010, 56.50% have a maturity of six months or less, 2.92% have a maturity of between six and twelve months, and 40.58% have a maturity of more than one year.

As of June 30, 2010, variable-rate notes comprised 1.07 % 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 Agency 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, 2010, 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 (NRSROs). 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." All investments purchased in the fiscal year met the credit rating criteria in the Investment Policy, at the issuer level. While the NRSROs rated the issuer of the investments purchased, it did not in all instances rate the investment itself (e.g. commercial paper, corporate and deposit notes, and negotiable certificates of deposit). For purposes of reporting credit quality distribution of investments in the following table, some investments are reported as not rated. At June 30, 2010, 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.



COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

5. CASH AND INVESTMENTS-Continued

Credit Risk and Concentration of Credit Risk-Continued

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 \$500 million, approximately 2.24% of the investment pool's daily investment balance. For commercial paper, the highest issuer limit was \$750 million, or 3.36% of the investment pool's daily investment balance.

The Pool and SPI had the following U.S. Agency securities in a single issuer that represent 5 percent or more of total investments at June 30, 2010 (in thousands):

<u>Issuer</u>	<u>Pool</u>	<u>SPI</u>
Federal Farm Credit Bank	\$ 2,063,792	
Federal Home Loan Bank	2,870,703	
Federal Home Loan Mortgage Corp	3,709,189	\$ 27,500
Federal National Mortgage Association	1,868,433	

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, 2010:

	<u>S &amp; P</u>	<u>Moody's</u>	<u>% of Portfolio</u>
Pooled Cash and Investments:			
Commercial paper	Not Rated	Not Rated	34.81%
Corporate and deposit notes	A	A2	0.11%
	A	A3	0.13%
	A+	Aa2	0.04%
	AA-	Aa3	0.05%
	AA-	Aa1	0.22%
	AA+	Aa2	0.88%
	Not Rated	Not Rated	1.92%
Bankers' Acceptances	Not Rated	Not Rated	0.21%
Los Angeles County securities	AA-	A1	0.06%
Negotiable certificates of deposit	Not Rated	Not Rated	13.31%
	Not Rated	P1	0.21%
U.S. Agency securities	AAA	Aaa	43.32%
	Not Rated	Not Rated	1.62%
U.S. Treasury securities	AAA	Aaa	0.33%
	Not Rated	Not Rated	2.78%
			<u>100.00%</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

5. CASH AND INVESTMENTS-Continued

Credit Risk and Concentration of Credit Risk-Continued

Other Investments:

Local Agency Investment Fund	Not Rated	Not Rated	17.96%
Corporate and deposit notes	AA+	Aa2	0.66%
Mortgage trust deeds	AA-	Aa2	0.17%
Municipal bonds	AA-	Aa2	1.49%
U.S. Agency securities	AAA	Aaa	8.42%
	Not Rated	Not Rated	33.72%
U.S. Treasury securities	AAA	Aaa	0.15%
Money market mutual funds	Not Rated	Not Rated	30.18%
Other	Not Rated	Not Rated	<u>7.25%</u>
			<u>100.00%</u>

The earned yield, which includes net gains on investments sold, on all investments held by the Treasurer's Pool for the fiscal year ended June 30, 2010 was 1.45%.

A separate financial report is issued for the Treasurer's Pool. The most current report, as of June 30, 2009, is available on the Treasurer's website, and the report as of June 30, 2010, is in progress. The following represents a condensed statement of net assets and changes in net assets for the Treasurer's Pool as of June 30, 2010 (in thousands):

Statement of Net Assets	
Net assets held in trust for all pool participants	<u>\$ 23,588,130</u>
Equity of internal pool participants	\$ 7,456,732
Equity of external pool participants	<u>16,131,398</u>
Total equity	<u>\$ 23,588,130</u>
Statement of Changes in Net Assets	
Net assets at July 1, 2009	\$ 19,962,729
Net change in investments by pool participants	<u>3,625,401</u>
Net assets at June 30, 2010	<u>\$ 23,588,130</u>

The unrealized gain on investments held in the Treasurer's Pool was \$128,872,000 as of June 30, 2010. 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.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

5. CASH AND INVESTMENTS-Continued

Reverse Repurchase Agreements-Continued

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.

Floating Rate Notes

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, 2010, there were approximately \$264,500,000 in floating rate notes.

Derivatives

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, 2010, forward currency contracts receivable and payable totaled \$99,474,000 and \$99,645,000, respectively.

LACERA's Investment Policy Statement and Investment Manager Guidelines allow the limited use of other investment derivatives by certain investment managers. Detailed derivative disclosures are included in Note I of LACERA's Report on Audited Financial Statements for the year ended June 30, 2010.

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.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

5. CASH AND INVESTMENTS-Continued

Securities Lending Transactions-Continued

At year-end, LACERA had no credit risk exposure to borrowers because the collateral exceeded the amount borrowed. As of June 30, 2010, 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, 2010.

As of June 30, 2010, the fair value of securities on loan was \$1.13 billion. The value of the cash collateral received for those securities was \$1.16 billion and the non-cash collateral was \$194,000. Securities lending assets (Other Investments) and liabilities (Other Payables) of \$1.1 billion are recorded in the Pension Trust Fund. Pension Trust Fund income, net of expenses, from securities lending was \$3.5 million for the year ended June 30, 2010.

For the year ended June 30, 2010, the Los Angeles County Treasury Pool did not enter into any securities lending transactions.

Summary of Deposits and Investments

Following is a summary of the carrying amount of deposits and investments at June 30, 2010 (in thousands):

	<u>County</u>	<u>Pension Trust Fund</u>	<u>Total</u>
Deposits	\$ 218,106	\$ 115,587	\$ 333,693
Investments	<u>23,743,618</u>	<u>34,919,620</u>	<u>58,663,238</u>
	<u>\$23,961,724</u>	<u>\$ 35,035,207</u>	<u>\$58,996,931</u>

6. CAPITAL ASSETS

Pursuant to GASB Statement No. 51, the government-wide and proprietary financial statements include retrospective reporting of software intangible assets that were completed prior to July 1, 2009. To recognize the eligible costs of software with the associated amortization, the beginning balances as of July 1, 2009 were restated for software, as discussed in Note 2. In addition, the accompanying government-wide and proprietary fund financial statements include software assets with a capitalization threshold of \$1 million or more for systems that were either implemented during the fiscal year or that were considered to be "software in progress" at year-end. All capitalized software is subject to amortization, which is combined with depreciation expense and accumulated depreciation in the financial statements. The County did not have any non-software intangible assets that were over the County's threshold of \$100,000, except easements, which have been included in the financial statements since fiscal year 2005-2006.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

## 6. CAPITAL ASSETS-Continued

Capital assets activity for the year ended June 30, 2010 is as follows (in thousands):

	<u>Balance July 1, 2009 as previously reported</u>	<u>Adjustments Note 2</u>	<u>Balance July 1, 2009 as restated</u>
<b><u>Governmental Activities</u></b>			
Capital assets, not being depreciated:			
Land	\$ 2,367,757	\$	\$ 2,367,757
Easements	4,779,292		4,779,292
Software in progress		34,601	34,601
Construction in progress-buildings and improvements	161,345		161,345
Construction in progress-infrastructure	<u>360,711</u>		<u>360,711</u>
Subtotal	<u>7,669,105</u>	<u>34,601</u>	<u>7,703,706</u>
Capital assets, being depreciated:			
Buildings and improvements	4,232,115		4,232,115
Equipment	1,175,543		1,175,543
Software		314,361	314,361
Infrastructure	<u>7,172,368</u>		<u>7,172,368</u>
Subtotal	<u>12,580,026</u>	<u>314,361</u>	<u>12,894,387</u>
Less accumulated depreciation for:			
Buildings and improvements	(1,458,161)		(1,458,161)
Equipment	(804,663)		(804,663)
Software		(96,390)	(96,390)
Infrastructure	<u>(2,733,706)</u>		<u>(2,733,706)</u>
Subtotal	<u>(4,996,530)</u>	<u>(96,390)</u>	<u>(5,092,920)</u>
Total capital assets, being depreciated, net	<u>7,583,496</u>	<u>217,971</u>	<u>7,801,467</u>
Governmental activities capital assets, net	<u>\$ 15,252,601</u>	<u>\$ 252,572</u>	<u>\$ 15,505,173</u>
<b><u>Business-type Activities</u></b>			
Capital assets, not being depreciated:			
Land	\$ 216,273	\$	\$ 216,273
Easements	30,701		30,701
Software in progress			
Construction in progress-buildings and improvements	75,544		75,544
Construction in progress-infrastructure	<u>36,134</u>		<u>36,134</u>
Subtotal	<u>358,652</u>		<u>358,652</u>
Capital assets, being depreciated:			
Buildings and improvements	1,987,112		1,987,112
Equipment	310,705		310,705
Software		52,473	52,473
Infrastructure	<u>1,149,854</u>		<u>1,149,854</u>
Subtotal	<u>3,447,671</u>	<u>52,473</u>	<u>3,500,144</u>
Less accumulated depreciation for:			
Buildings and improvements	( 695,276)		(695,276)
Equipment	(199,690)		(199,690)
Software		(2,303)	(2,303)
Infrastructure	<u>(428,975)</u>		<u>(428,975)</u>
Subtotal	<u>(1,323,941)</u>	<u>(2,303)</u>	<u>(1,326,244)</u>
Total capital assets, being depreciated, net	<u>2,123,730</u>	<u>50,170</u>	<u>2,173,900</u>
Business-type activities capital assets, net	<u>\$ 2,482,382</u>	<u>\$ 50,170</u>	<u>\$ 2,532,552</u>
Total Capital Assets, Net	<u>\$17,734,983</u>	<u>\$ 302,742</u>	<u>\$ 18,037,725</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

6. CAPITAL ASSETS-Continued

<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
\$ 42,215	\$ (7,585)	\$ 2,402,387
53,976	(685)	4,832,583
3,913	(34,601)	3,913
69,625	(90,841)	140,129
<u>154,025</u>	<u>(62,116)</u>	<u>452,620</u>
<u>323,754</u>	<u>(195,828)</u>	<u>7,831,632</u>
102,401	(271,052)	4,063,464
78,853	(51,258)	1,203,138
67,037		381,398
<u>64,976</u>	<u>(2,906)</u>	<u>7,234,438</u>
<u>313,267</u>	<u>(325,216)</u>	<u>12,882,438</u>
(83,824)	159,345	(1,382,640)
(107,061)	43,106	(868,618)
(26,654)		(123,044)
<u>(153,723)</u>	<u>397</u>	<u>(2,887,032)</u>
<u>(371,262)</u>	<u>202,848</u>	<u>(5,261,334)</u>
<u>(57,995)</u>	<u>(122,368)</u>	<u>7,621,104</u>
<u>\$ 265,759</u>	<u>\$ (318,196)</u>	<u>\$ 15,452,736</u>
\$ 308	\$ (4,890)	\$ 211,383
723		31,009
76,681	(7,049)	145,176
<u>34,234</u>	<u>(13,079)</u>	<u>57,289</u>
<u>111,946</u>	<u>(25,018)</u>	<u>445,580</u>
5,008	(15,782)	1,976,338
10,951	6,510	328,166
		52,473
<u>12,306</u>	<u>(4)</u>	<u>1,162,156</u>
<u>28,265</u>	<u>(9,276)</u>	<u>3,519,133</u>
(26,869)	10,069	(712,076)
(23,771)	922	(222,539)
(3,489)		(5,792)
<u>(21,026)</u>	<u></u>	<u>(450,001)</u>
<u>(75,155)</u>	<u>10,991</u>	<u>(1,390,408)</u>
<u>(46,890)</u>	<u>1,715</u>	<u>2,128,725</u>
<u>65,056</u>	<u>(23,303)</u>	<u>2,574,305</u>
<u>\$ 330,815</u>	<u>\$ (341,499)</u>	<u>\$ 18,027,041</u>

Governmental Activities

Capital assets, not being depreciated:

Land  
Easements  
Software in progress  
Construction in progress-buildings  
and improvements  
Construction in progress-infrastructure  
Subtotal

Capital assets, being depreciated:

Buildings and improvements  
Equipment  
Software  
Infrastructure  
Subtotal

Less accumulated depreciation for:

Buildings and improvements  
Equipment  
Software  
Infrastructure  
Subtotal

Total capital assets, being depreciated, net  
Governmental activities capital assets, net

Business-type Activities

Capital assets, not being depreciated:

Land  
Easements  
Software in progress  
Construction in progress-buildings  
and improvements  
Construction in progress-infrastructure  
Subtotal

Capital assets, being depreciated:

Buildings and improvements  
Equipment  
Software  
Infrastructure  
Subtotal

Less accumulated depreciation for:

Buildings and improvements  
Equipment  
Software  
Infrastructure  
Subtotal

Total capital assets, being depreciated, net  
Business-type activities capital assets, net  
Total Capital Assets, net

COUNTY OF LOS ANGELES  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

6. CAPITAL ASSETS-Continued

Depreciation Expense

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

Governmental activities:

General government	\$ 20,017
Public protection	171,421
Public ways and facilities	86,916
Health and sanitation	17,934
Public assistance	29,208
Education	2,288
Recreation and cultural services	19,817
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>23,661</u>
Total depreciation expense, governmental activities	<u>\$ 371,262</u>

Business-type activities:

Hospitals	\$ 45,232
Aviation	1,628
Waterworks	22,119
Community Development Commission	627
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>5,549</u>
Total depreciation expense, business-type activities	<u>\$ 75,155</u>

The business-type activities included equipment transfers from the County's General Fund to each Hospital Fund. The amount of the transfers exceeded the amount of deletions by \$6.5 million. Capital contributions totaling \$7.2 million are shown in the statement of revenues, expenses and changes in fund net assets for each of the Hospital Funds.

The State Trial Court Facilities Act (SB 1732, Chapter 1082 of 2002), as amended by later statutes, authorized the County to enter into agreements with the State of California for the transfer of responsibility for and title to court facilities, as well as for the joint occupancy of those court facilities. Administrative oversight of court operations was transferred from the County to the State in 1998, pursuant to State legislative action at that time. The Trial Court Facilities Act is a continuation of this process. Although the County is required to make ongoing "maintenance of effort" payments to the State for the transferred facilities, the amount is fixed and the County will no longer be responsible for costs which exceed the fixed amount due to inflation and other factors.

In fiscal year 2009-10, the County recorded 16 courthouse transfers of land, buildings, and improvements, which resulted in a loss on the sale of capital assets used in governmental activities. The loss of \$117.0 million is reported as a general government expense in the government-wide statement of activities.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

6. CAPITAL ASSETS-Continued

Discretely Presented Component Unit

Capital assets activity for the First 5 LA component unit for the year ended June 30, 2010 was as follows (in thousands):

	Balance <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2010</u>
Capital assets, not being depreciated:				
Land	\$ 2,039	\$	\$	\$ 2,039
Capital assets, being depreciated:				
Buildings and improvements	11,922			11,922
Equipment	2,127	130	(6)	2,251
Subtotal	<u>14,049</u>	<u>130</u>	<u>(6)</u>	<u>14,173</u>
Less accumulated depreciation for:				
Buildings and improvements	(987)	(239)		(1,226)
Equipment	(1,228)	(358)	6	(1,580)
Subtotal	<u>(2,215)</u>	<u>(597)</u>	<u>6</u>	<u>(2,806)</u>
Total capital assets being depreciated, net	<u>11,834</u>	<u>(467)</u>		<u>11,367</u>
Component unit capital assets, net	<u>\$ 13,873</u>	<u>\$ (467)</u>	<u>\$</u>	<u>\$ 13,406</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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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 2009-2010:

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
General Members	17.28%	10.62%	9.88%	10.48%	10.45%
Safety Members	27.83%	20.35%			

The rates were determined by the actuarial valuation performed as of June 30, 2008 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 2009-2010, 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 2009-2010, computed in accordance with GASB 27, were as follows (in thousands):

Annual required contribution (ARC):		
County		\$ 843,592
Non-County entities		111
Total ARC		<u>843,703</u>
Interest on net pension obligation (asset)		(8,021)
Adjustment to ARC		<u>59,771</u>
Annual pension cost		<u>895,453</u>
Contributions made:		
County		843,592
Non-County entities		<u>111</u>
Total contributions		843,703
Cost in excess of contributions		51,750
Net pension obligation (asset), July 1, 2009		<u>(103,501)</u>
Net pension obligation (asset), June 30, 2010		<u>\$ (51,751)</u>

<u>Fiscal Year Ended</u>	<u>Trend Information (in thousands)</u>		<u>Net Pension Obligation (Asset)</u>
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	
June 30, 2008	\$ 858,347	96.5%	\$ (146,723)
June 30, 2009	890,393	95.1%	(103,501)
June 30, 2010	895,453	94.2%	(51,751)

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

7. PENSION PLAN-Continued

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the funded ratio was determined to be 88.9%. The actuarial value of assets was \$39.5 billion, and the actuarial accrued liability (AAL) was \$44.4 billion, resulting in an unfunded AAL of \$4.9 billion. The covered payroll was \$6.5 billion and the ratio of the unfunded AAL to the covered payroll was 75.2%.

The schedule of funding progress, presented as Required Supplementary Information (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 to finance the unfunded AAL (effective for the 2009-2010 fiscal year, as determined by the June 30, 2008, actuarial valuation) was equal to 1.99% of payroll (using the level percentage of payroll amortization method, over a 30-year open period) plus the normal cost rate of 10.09%, for a total rate of 12.08% 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

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.

For the year ended June 30, 2010, the combined principal and interest payments for the bonds were \$358,165,000. For governmental activities, the total debt service was \$265,809,000. For business-type activities, the total debt service was \$92,356,000. At June 30, 2010, the total outstanding principal on bonds was \$345,913,000, including accretions of \$227,427,000 on deep discount bonds. The bonds have interest rates varying from 7.40% to 7.44%.

COUNTY OF LOS ANGELES  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

7. PENSION PLAN-Continued

Pension Obligation Bonds-Continued

The following is a summary of future funding requirements for all outstanding pension bonds (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>
2011	\$ 87,934	\$ 187,956	\$ 30,552	\$ 65,688
Accretions	<u>168,783</u>		<u>58,644</u>	
Total Pension Bonds Payable	<u>\$ 256,717</u>		<u>\$ 89,196</u>	

8. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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.

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.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Funding Policy-Continued

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 2009-2010 fiscal year, the County made payments to LACERA totaling \$384.0 million for retiree health care benefits. Included in this amount was, \$33.2 million for Medicare Part B reimbursements and \$6.0 million in death benefits. Additionally, \$36.3 million was paid by member participants. The County also made payments of \$33.0 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 OPEB cost and OPEB obligation were determined by the OPEB health care actuarial valuation as of July 1, 2008, and the OPEB long-term disability actuarial valuation as of July 1, 2009. The following table shows the ARC, the amount actually contributed and the net OPEB obligation (in thousands):

Annual OPEB required contribution (ARC)	\$ 1,720,660
Interest on Net OPEB obligation	123,269
Adjustment to ARC	<u>(93,793)</u>
Annual OPEB cost (expense)	1,750,136
Less: Contributions made (pay-as-you-go)	<u>417,518</u>
Increase in Net OPEB obligation	1,332,618
Net OPEB obligation, July 1, 2009	<u>2,465,383</u>
Net OPEB obligation, June 30, 2010	<u>\$ 3,798,001</u>

<u>Fiscal Year Ended</u>	<u>Trend Information (in thousands)</u>		<u>Net OPEB Obligation</u>
	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	
June 30, 2008	\$ 1,615,272	23.6%	\$ 1,234,148
June 30, 2009	1,628,494	24.4%	2,465,383
June 30, 2010	1,750,136	23.9%	3,798,001

Funded Status and Funding Progress

As of July 1, 2008, 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 \$20.9 billion, resulting in an unfunded AAL of \$20.9 billion. The covered payroll was \$6.1 billion and the ratio of the unfunded AAL to the covered payroll was 341.31%.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Funded Status and Funding Progress-Continued

As of July 1, 2009, 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 \$951.8 million, resulting in an unfunded AAL of \$951.8 million. The covered payroll was \$6.1 billion and the ratio of the unfunded AAL to the covered payroll was 15.54%.

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

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, with one exception noted below. 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 general wage increases of 4%. The increases in salary due to promotions and longevity do not affect the amount of the OPEB program benefits. An actuarial asset valuation was not performed. Finally, the OPEB valuation report used the level percentage of projected payroll over a rolling (open) 30-year amortization period. The OPEB Long-Term Disability valuation report used the level dollar of projected payroll over a rolling (open) 30-year amortization period. The most recent actuarial valuations for OPEB health care benefits (July 1, 2008) and OPEB long-term disability benefits (July 1, 2009) were each adjusted to reflect projected salary increases of 4%, from the former actuarial assumption of 3.75%.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Actuarial Methods and Assumptions-Continued

The healthcare cost trend initial and ultimate rates, based on the July 1, 2008 actuarial valuation, are as follows:

	<u>Initial Year</u>	<u>Ultimate</u>
LACERA Medical Under 65	6.92%	5.00%
LACERA Medical Over 65	3.93%	5.00%
Firefighters Local 1014 (all)	4.83%	5.00%
Part B Premiums	3.50%	5.00%
Dental (all)	1.66%	4.50%

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, 2010 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2011	\$ 80,646
2012	67,690
2013	56,150
2014	40,846
2015	32,341
2016-2020	52,618
2021-2025	18,940
2026-2030	17,868
2031-2035	1,489
Total	<u>\$ 368,588</u>

Rent expenditures related to operating leases were \$94,669,000 for the year ended June 30, 2010.

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, 2010 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2011	\$ 24,096
2012	20,705
2013	20,345
2014	19,119
2015	15,849
2016-2020	70,578
2021-2025	71,708
2026-2030	71,958
2031-2035	51,397
2036-2040	17,892
Total	<u>383,647</u>
Less: Amount representing interest	<u>235,574</u>
Present value of future minimum lease payments	<u>\$ 148,073</u>

COUNTY OF LOS ANGELES  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

9. LEASES-Continued

Capital Leases-Continued

The following is a schedule of property under capital leases by major classes at June 30, 2010 (in thousands):

	<u>Governmental Activities</u>
Land	\$ 17,279
Buildings and improvements	155,013
Equipment	47,641
Accumulated depreciation	<u>(61,975)</u>
Total	<u>\$ 157,958</u>

Future rent revenues to be received from noncancelable subleases are \$1,252,000 as of June 30, 2010.

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 87 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 25 years and are also accounted for in the General Fund. The Marina del Rey leases cover remaining periods ranging from 1 to 57 years and are accounted for in the General Fund.

The land carrying value of the Asset Development Project ground leases and the Marina del Rey Project area leases is \$420,399,000. 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, 2010 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2011	\$ 43,187
2012	42,444
2013	39,705
2014	37,851
2015	37,057
Thereafter	<u>1,325,831</u>
Total	<u>\$ 1,526,075</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

9. LEASES-Continued

Leases of County-Owned Property-Continued

The following is a schedule of rental income for these operating leases for the year ended June 30, 2010 (in thousands):

	<u>Governmental Activities</u>
Minimum rentals	\$ 42,236
Contingent rentals	<u>18,478</u>
Total	<u>\$ 60,714</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.

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, 2010</u>
Los Angeles County Flood Control District Refunding Bonds 2.5% to 5.0%	\$ 143,195	\$ 52,995
Los Angeles County Flood Control District Revenue Bonds 4.0% to 4.12%	20,540	16,615
Regional Park and Open Space District Bonds (issued by Public Works Financing Authority), 3.0% to 5.25%	275,535	238,471
Community Development Commission (CDC) Notes Payable, 2.31% to 7.91%	69,295	41,295
NPC Bond Anticipation Notes, 0.610% to 0.733%	11,100	11,100
NPC Bonds 2.0% to 5.0%	36,545	18,563
Marina del Rey Loans Payable, 4.5% to 4.7%	23,500	19,452
Public Buildings Certificates of Participation, 2.8% to 7.75%	958,106	649,131
Commercial paper, 0.28% to 0.35%	22,977	22,977
Los Angeles County Securitization Corporation Tobacco Settlement Asset-Backed Bonds, 5.25% to 6.65%	<u>319,827</u>	<u>405,986</u>
Total	<u>\$ 1,880,620</u>	<u>\$ 1,476,585</u>



COUNTY OF LOS ANGELES  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

10. LONG-TERM OBLIGATIONS-Continued

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, 2010</u>
NPC Bond Anticipation Notes, 0.610% to 0.733%	\$ 3,900	\$ 3,900
NPC Bonds, 2.0% to 5.0%	12,840	6,522
Public Buildings Certificates of Participation, 2.8% to 7.0%	140,064	85,347
Commercial Paper, 0.28% to 0.35%	257,023	257,023
Waterworks District Bonds, 3.3% to 8.0%	280	67
Community Development Commission Mortgage Notes, 0.00% to 7.3%	<u>11,406</u>	<u>3,330</u>
Total	<u>\$ 425,513</u>	<u>\$ 356,189</u>

General Obligation Bonds

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 for Waterworks District bonds are as follows (in thousands):

<u>Year Ending June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 21	\$ 6
2012	22	3
2013	<u>24</u>	<u>1</u>
Total	<u>\$ 67</u>	<u>\$ 10</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 pledged proceeds of annual assessments levied on parcels within the District's boundaries.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

10. LONG-TERM OBLIGATIONS-Continued

Assessment Bonds-Continued

The bonds mature in fiscal year 2019-2020. Annual principal and interest payments of the bonds are expected to require less than 50% of annual assessment revenues. Total principal and interest remaining on the bonds is \$270,683,000, not including unamortized bond premiums. Principal and interest for the current year and assessment revenues were \$35,907,000 and \$80,130,000, respectively.

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>
2011	\$ 25,375	\$ 10,515
2012	26,560	9,270
2013	27,855	7,925
2014	29,255	6,497
2015	30,735	4,998
2016-2020	<u>82,880</u>	<u>8,818</u>
Subtotal	222,660	<u>\$ 48,023</u>
Add: Unamortized Bond Premiums	<u>15,811</u>	
Total Assessment Bonds	<u>\$ 238,471</u>	

Certificates of Participation

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. During fiscal year 2009-10, the County issued \$14,000,000 in COPs to finance cultural improvements and \$24,025,000 in COPs to finance equipment purchases.

The County has pledged net revenues from the Calabasas Landfill for the payment of the Calabasas Landfill Project Revenue bonds, included here in the Public Buildings COPS, issued in 2005 and maturing in 2022. To the extent that the net revenues are insufficient to cover the debt payments in any fiscal year, the County has pledged to make the debt payments from any source of legally available funds. Net landfill revenues covered all of the current fiscal year debt payment of \$3,095,000. Total principal and interest remaining on the bonds is \$42,338,000.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

10. LONG-TERM OBLIGATIONS-Continued

Certificates of Participation-Continued

Principal and interest requirements on COPs (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):

<u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 79,661	\$ 34,973	\$ 16,401	\$ 6,069
2012	75,588	32,072	14,767	5,348
2013	81,578	29,602	13,712	4,527
2014	51,489	26,680	13,201	3,898
2015	50,129	24,967	12,584	3,535
2016-2020	109,538	127,395	15,513	4,643
2021-2025	123,849	45,876		
2026-2030	68,515	16,039		
2031-2035	<u>29,895</u>	<u>2,806</u>		
Subtotal	670,242	<u>\$ 340,410</u>	86,178	<u>\$ 28,020</u>
Accretions	74,483			
Unamortized Bond Premiums	24,384		5,691	
Unamortized Loss	<u>(31,805)</u>			
Total Certificates of Participation	<u>\$ 737,304</u>		<u>\$ 91,869</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 Sale 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  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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	\$	\$ 21,198
2012		21,197
2013		21,197
2014		21,197
2015		21,197
2016-2020		105,987
2021-2025	60,280	89,742
2026-2030	46,370	79,133
2031-2035		69,311
2036-2040	62,196	51,136
2041-2045	53,157	30,883
2046-2050	<u>97,824</u>	<u>5,391</u>
Subtotal	319,827	<u>\$ 537,569</u>
Accretions	<u>86,159</u>	
Total Tobacco Settlement Asset-Backed Bonds	<u>\$ 405,986</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 2009-2010 fiscal year, LACCAL issued additional BANS in the amount of \$15,000,000.

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 2009-2010 fiscal year, CDC issued additional notes payable in the amount of \$5,783 as reflected in Business-type 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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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 of various County construction projects. Repayment of the TECP is secured by letters of credit and a sublease of twenty-four County-owned properties. The letters of credit have a termination date of April 26, 2013. Pursuant to the underlying lease, 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 fiscal year 2009-10, the County issued additional TECP in the amount of \$93,198,000 for Business-type Activities and \$22,977,000 for Governmental Activities.

Principal and interest requirements on CDC Notes payable, NPC BANS, Commercial Paper 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>
2011	\$ 26,209	3,144	\$ 257,374	13
2012	14,996	2,965	3,900	
2013	4,009	2,759		
2014	3,691	2,556		
2015	3,880	2,356		
2016-2020	19,890	8,525	980	
2021-2025	16,140	3,478		
2026-2030	6,009	649		
Indeterminate maturity			1,999	
Total	<u>\$ 94,824</u>	<u>\$ 26,432</u>	<u>\$ 264,253</u>	<u>\$ 13</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):

<u>Debt Type</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
General Obligation Bonds	\$	\$	\$ 67	\$ 10
Assessment Bonds	222,660	48,023		
Certificates of Participation	670,242	340,410	86,178	28,020
Tobacco Settlement Asset-Backed Bonds	319,827	537,569		
Notes, Loans, and Commercial Paper	<u>94,824</u>	<u>26,432</u>	<u>264,253</u>	<u>13</u>
Subtotal	<u>1,307,553</u>	<u>\$ 952,434</u>	<u>350,498</u>	<u>\$ 28,043</u>
Add: Accretions Unamortized Bond Premiums	160,642		5,691	
Less: Unamortized Loss on Advance Refunding of Debt	<u>(31,805)</u>			
Total Bonds and Notes Payable	<u>\$1,476,585</u>		<u>\$ 356,189</u>	

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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.

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, 2010, the amount of outstanding bonds and certificates of participation considered defeased was \$138,640,000. All of this amount was related to governmental activities.

Changes in Long-term Liabilities

The following is a summary of long-term liabilities and corresponding activity for the year ended June 30, 2010 (in thousands):

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions/</u> <u>Accretions</u>	<u>Transfers/</u> <u>Maturities</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Bonds and notes payable	\$ 1,534,112	\$ 91,065	\$ 148,592	\$ 1,476,585	\$ 139,978
Pension bonds payable (Note 7)	485,092		228,375	256,717	256,717
Capital lease obligations (Note 9)	157,794	2,376	12,097	148,073	8,262
Accrued vacation and sick leave	808,652	69,045	48,598	829,099	49,929
Workers' compensation liability (Note 17)	1,816,262	333,216	284,614	1,864,864	308,950
Litigation and self-insurance liability (Note 17)	112,736	94,889	50,701	156,924	133,854
Pollution remediation obligation (Note 18)	30,065		5,310	24,755	2,746
OPEB obligation (Note 8)	2,049,734	1,113,697		3,163,431	
Third party payor liability	<u>14,691</u>	<u>4,738</u>	<u>3,986</u>	<u>15,443</u>	<u>15,443</u>
<b>Total governmental activities</b>	<b><u>\$ 7,009,138</u></b>	<b><u>\$1,709,026</u></b>	<b><u>\$ 782,273</u></b>	<b><u>\$ 7,935,891</u></b>	<b><u>\$ 915,879</u></b>
Business-type activities:					
Bonds and notes payable	\$ 321,930	\$ 103,349	\$ 69,090	\$ 356,189	\$ 274,696
Pension bonds payable (Note 7)	168,542		79,346	89,196	89,196
Capital lease obligations (Note 9)	143		143		
Accrued vacation and sick leave	137,652	10,729	8,992	139,389	8,682
Workers' compensation liability (Note 17)	299,719	34,146	39,314	294,551	44,617
Litigation and self-insurance liability (Note 17)	106,088	11,117	16,421	100,784	20,480
OPEB obligation (Note 8)	415,649	218,921		634,570	
Third party payor liability (Note 13)	<u>182,274</u>	<u>36,519</u>	<u>33,790</u>	<u>185,003</u>	<u>3,324</u>
<b>Total business-type activities</b>	<b><u>\$ 1,631,997</u></b>	<b><u>\$ 414,781</u></b>	<b><u>\$ 247,096</u></b>	<b><u>\$ 1,799,682</u></b>	<b><u>\$ 440,995</u></b>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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10. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities-Continued

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 2009-2010, thereby increasing liabilities for Bonds and Notes Payable by \$22,166,000 for governmental activities. Amounts accreted for Pension Bonds in previous years were paid during 2009-2010 thereby decreasing liabilities for Pension Bonds Payable for governmental and business-type activities by \$141,392,000 and \$49,124,000, 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.

11. SHORT-TERM DEBT

On July 1, 2009, the County issued \$1,300,000,000 of short-term Tax and Revenue Anticipation Notes at an effective interest rate of 0.8%. 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 2009. The notes matured and were redeemed on June 30, 2010.

12. CONDUIT DEBT OBLIGATIONS

Community Facilities and Improvement District Bonds

As of June 30, 2010, various community facilities and improvement districts established by the County had outstanding special tax bonds payable totaling \$73,245,000 and limited obligation improvement bonds totaling \$9,996,000. 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.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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12. CONDUIT DEBT OBLIGATIONS-Continued

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, 2010, was \$549,112,000.

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.

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, 2010, the amount of industrial development and other conduit bonds outstanding was \$1,540,000.

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 five-year Medi-Cal Hospital/Uninsured Care Demonstration Project (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 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.



COUNTY OF LOS ANGELES  
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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 2009-10. The non-federal share of these three types of payments is 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). The federal medical assistance percentage (FMAP) which establishes the matching amount, for the FFS cost-based reimbursement is provided at 61.59% for July 1, 2009 through June 30, 2010. The FMAP for DSH remains at 50%. For the inpatient hospital cost-based reimbursement, each hospital provides its own CPE and receives all of the resulting federal match. For the DSH and SNCP distributions, the CPEs of all the public hospitals are 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 County provides funding for the State's share of the Demonstration Project by transferring funds to the State. These transferred funds, referred to as Intergovernmental Transfers (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 the Demonstration Project.

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 recipient hospital fund.

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 IGTs are reflected as non operating expenses by each Hospital in the Statement of Revenues, Expenses, and Changes in Fund Net Assets.

The IGTs paid during FY 2009-10 include payments for FYs 2008-09 and 2009-10. The estimated Medicaid Demonstration Project net revenues include amounts collected and accrued for FY 2009-10 and over/under-realization of revenues for FY 2005-06 through FY 2008-09. The amounts below are in thousands:

	<u>Program</u>			<u>Intergovernmental Transfers Expense</u>
	<u>Medi-Cal FFS</u>	<u>DSH</u>	<u>SNCP</u>	
Harbor-UCLA	\$ 75,953	\$ 98,354	\$ 40,989	\$ 55,551
Olive View-UCLA	31,627	53,408	38,911	42,508
LAC+USC	158,244	199,213	120,916	134,922
M. L. King	3,104	620	(1,842)	0
Rancho	<u>27,584</u>	<u>46,028</u>	<u>10,011</u>	<u>11,230</u>
Total	<u>\$ 296,512</u>	<u>\$ 397,623</u>	<u>\$ 208,985</u>	<u>\$ 244,211</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Baseline Funding

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 2009-10 program year is established by comparing each hospital's Medi-Cal inpatient costs, uninsured inpatient costs, and uninsured outpatient costs from FY 2004-05 to those from FY 2008-09, and applying the resulting growth as an adjustment to the FY 2004-05 baseline. The State estimates the aggregate baseline funding for the Statewide designated public hospitals to be \$2.459 billion.

The estimated FY 2009-10 baseline for the County hospitals is as follows (in thousands):

	<u>Baseline Amount</u>
Harbor-UCLA Medical Center	\$192,256
Olive View-UCLA Medical Center	110,000
LAC+USC Medical Center	414,976
Rancho Los Amigos National Rehabilitation Center	<u>91,445</u>
Total	<u>\$808,677</u>

The three funding components 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 61.59% 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 are 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 and 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 estimates the aggregate value of federal DSH funds for the Statewide designated public hospitals to be \$1.119 billion as of June 30, 2010, which includes a 2.5% DSH allotment increase that the State received as part of the American Recovery and Reinvestment Act of 2009.)
- 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 is based on CPEs for these services.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Stabilization Funding

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 is based on CPEs for related services.

Cal. Welfare & Institutions Code § 14166.20 requires the State to finalize the calculation of stabilization funding for each hospital and pay that amount by April 1 following the project year. This determination is 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.

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 the County's hospital received the federal matching funds.

Medi-Cal Physician State Plan Amendment (Physician SPA)

Prior to July 1, 2005, Medi-Cal inpatient physician professional services (including non-physician practitioners) were reimbursed as part of an all-inclusive fixed contract rate per-diem. Effective July 1, 2005, public hospitals were no longer paid a fixed rate but were reimbursed under the Demonstration Project. The Demonstration Project is under State Plan Amendment 05-21, and excluded professional services. However, in December 2007, the Centers for Medicare & Medicaid Services (CMS) approved California State Plan Amendment 05-23 which allowed professional services to be paid similarly to the inpatient hospital services under the Demonstration Project. Hospitals were allowed to claim unreimbursed Medi-Cal professional services (Hospital Inpatient, Emergency Room, and Psychiatric services) and which is currently being matched at a rate of 61.59%.

Physician payments of \$19.8 million were received for FY 2005-06, in FY 2009-10, based on filed cost report information.

State Senate Bill 474 (SB 474)

South Los Angeles Medical Services Preservation Fund

On October 12, 2007, 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. For the year ended June 30, 2010, the County's hospitals recognized revenues of \$70.3 million from this program.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

State Senate Bill 474 (SB 474)-Continued

Intergovernmental Transfers for Private Hospital Supplemental Fund

SB 474 also requires the County to make IGTs 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 \$5.0 million was recorded as health care expenditures in the County's General Fund for the year ended June 30, 2010.

Other Medi-Cal Programs

Cost-Based Reimbursement Clinics (CBRC)

CBRC reimburses at 100 percent of allowable costs for Medi-Cal outpatient services provided to Medi-Cal beneficiaries at the County's hospital-based clinics, Multi-Service Ambulatory Care Centers (MACC) and health centers (excluding clinics that provide predominately public health services). The Department-wide CBRC revenues in FY 2009-10 were \$188.7 million. The County determined that approximately \$194.5 million of CBRC would not be collectable within 12 months and has classified it as a non-current asset on the Proprietary Fund statements for each Hospital.

Medi-Cal Cost Report Settlements

All of the FY 2005-06 CBRC audit reports were issued. Total audit settlements of \$69.7 million were paid to the County.

The State Office of Administrative Hearings and Appeals issued a Report of Findings regarding the FY 2004-05 informal level appeal hearing held during June 2009. Based upon the report, \$2.7 million revised settlement monies are due to County which are being processed and paid.

FY 2005-06 informal level appeal hearings were held during February 2010 and June 2010. The resolution of the CBRC appeal issues have resulted an addition of \$1.4 million due to County. In regards to the resolution of various cost issues, the result is an additional \$9.1 million of allowable Medi-Cal inpatient costs which will be reimbursed in the Medi-Cal Redesign Paragraph 14 (P14) Workbooks.

State auditors are completing their FY 2006-07 Medi-Cal field audits review. Currently, audit exit conferences are being held at the hospital sites. We anticipate the issuance of the finalized audit reports beginning December 2010.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Medi-Cal Managed Care Rate Supplement

The State received permission from CMS to continue the Medi-Cal Managed Care rate supplements paid to L.A. Care and implement as similar arrangement with Health Net for the period October 1, 2008 through September 30, 2009. The supplement is funded by an IGT made by the County, and CMS understood that the supplemental payments were to be passed through to DHS. The County does not receive managed care payments directly from the State; rather, the State contracts with L.A. Care and Health Net, which then subcontract for services with various provider networks, including DHS' Community Health Plan and providers. We expect the State to make another proposal, to CMS, to extend this program for the period October 1, 2009 through September 30, 2010.

For L.A. Care, DHS recorded current year gross payments in FY 2009-10 of \$79.4 million and under-realized prior year revenues of \$6.5 million. For Health Net, DHS recorded current year gross payments of \$38.2 million and over-realized prior year revenues of \$26.6 million. In addition, IGT payables of \$27.3 million for L.A. Care and \$24.6 million for Health Net were recorded to fund the supplemental payments.

The total estimated revenues and related estimated IGTs recorded in FY 2009-10, less prior year accruals, are as follows (in thousands):

	<u>Program Revenues</u>	<u>Intergovernmental Transfer Expenses</u>
L.A. Care		
Current Year	\$ 79,378	\$ 30,558
Prior Year over/(under)	<u>( 6,453)</u>	<u>(3,257)</u>
Total L.A. Care	72,925	27,301
Health Net		
Current Year	38,180	14,788
Prior Year over/(under)	<u>26,640</u>	<u>9,861</u>
Total Health Net	64,820	24,649
Totals	<u>\$ 137,745</u>	<u>\$ 51,950</u>

Coverage Initiative

On April 10, 2007, the State awarded the County an allocation of federal funding to implement its Healthy Way LA Program under the Health Care Coverage Initiative (CI). In addition to patient care services, the County is to claim administrative and case management costs associated with the CI program. In FY 2009-10, an estimated \$144.4 million (of which \$134.4 was received by June 30, 2010) of CI revenues and \$12.1 million of CI administrative costs were recognized.

Revenues from the various Medi-Cal programs (i.e., FFS, DSH, SNCP, CBRC, AB 915, SB 1732, etc.) represent approximately 79% of the hospitals' patient care revenue for the year ended June 30, 2010.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

American Recovery and Reinvestment Act of 2009

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act (ARRA), a major economic stimulus and fiscal relief package. The ARRA's biggest financial impact to the County comes from the temporary increase in the FMAP, which results in additional federal revenue provided for non-administrative Medicaid costs. California's FMAP was increased from 50% to 61.59% effective from October 1, 2008 through December 31, 2010. The ARRA also increased the State's DSH allotment by 2.5% for federal fiscal years 2009 and 2010. For fiscal year ended June 30, 2010, the County recognized \$76.5 million from the FMAP ARRA increase.

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 2001-02. For FY 2002-03, Medicare audits have been completed for all hospitals; however, the notice of program reimbursement has not been issued for LAC+USC Medical Center (LAC+USC). For FY 2003-04, the audits for Martin Luther King Jr./Drew Medical Center (MLK), Harbor-UCLA Medical Center (H-UCLA), Rancho Los Amigos National Rehabilitation (RLA), and Olive View-UCLA Medical Center (OV-UCLA) have been completed. The audit for LAC+USC MC has been scheduled for FY 2003-04.

For FYs 2004-05 through 2005-06, the audits for MLK and OV-UCLA have been completed, and RLA audits are in progress. The audits for LAC+USC and H-UCLA have not been scheduled.

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

For FYs 2007-08 and 2008-09, the Medicare audits for LAC+USC, H-UCLA, RLA, and OV-UCLA have not been scheduled. Effective August 16, 2007, MLK ceased to be certified as a participant in the Medicare program and will not undergo a hospital Medicare audit for FY 2007-08 due to low Medicare utilization.

Revenues from the Medicare program represent approximately 8% of patient care revenue for the year ended June 30, 2010.

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

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Accounts Receivable-net

The following is a summary, by hospital, of accounts receivable and allowances for uncollectible amounts as of June 30, 2010 (in thousands):

	<u>H-UCLA</u>	<u>OV-UCLA</u>	<u>LAC+USC</u>	<u>MLK-MACC</u>	<u>Rancho</u>	<u>Total</u>
Accounts receivable	\$ 1,070,957	\$ 590,774	\$ 1,627,038	\$ 140,894	\$ 364,190	\$ 3,793,853
Less: Allowance for uncollectible amounts	<u>875,749</u>	<u>458,176</u>	<u>1,256,695</u>	<u>52,819</u>	<u>272,839</u>	<u>2,916,278</u>
Accounts Receivable - net	<u>\$ 195,208</u>	<u>\$ 132,598</u>	<u>\$ 370,343</u>	<u>\$ 88,075</u>	<u>\$ 91,351</u>	<u>\$ 877,575</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 collection efforts 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, 2010, based on established rates, is as follows (in thousands):

Charges forgone	\$1,713,949
Less: Federal and State subventions	<u>0</u>
Net charges forgone	<u>\$1,713,949</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.

Negotiated settlements in both cases were approved by the Board of Supervisors in August 2005 and became final in December 2005 and March 2006, respectively. Pursuant to the settlement agreements, the County agreed to keep Rancho open through March 9, 2009 at a specified level of service. The settlement agreement expired on March 10, 2009, but the County has continued its efforts to identify and negotiate with an organization to assume the future operation of Rancho as was originally required by the settlement agreement. In the meantime, the facility is open and operating. With respect to LAC+USC, the settlement allows for the graduated reduction of beds contingent upon the County providing additional outpatient care on the facility's campus and the facility reaching certain targets showing the efficiency of, and decreased demand on, the hospital. The new LAC+USC Medical Center open its doors in November 2008 and its operating at near-capacity. The settlement agreement expired shortly thereafter.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Martin Luther King

Since the closure of MLK-H hospital, the County has been working on options to provide hospital services at the MLK site. The County and the University of California ("UC"), with the State, have approved a plan to create a wholly independent, non-profit 501(c)(3) entity to operate a new hospital at the MLK-H site. The new hospital would: i) serve as a safety-net provider treating a high volume of Medi-Cal and uninsured patients, ii) be integrated with the County's existing network of specialty and primary care ambulatory clinics, and iii) optimize public and private resources to fund services. The seven-member MLK Hospital Board of Directors was appointed by the County and UC effective on August 10, 2010 and is proceeding with efforts to open the new MLK Hospital. Construction of the new hospital facility at the MLK-H site is expected to be completed by early 2013.

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, 2010.

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, 2010 are as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Fire Protection District	\$ 7,437
	Flood Control District	5,540
	Public Library	1,981
	Regional Park and Open Space District	2,667
	Internal Service Funds	6,120
	Waterworks Enterprise Funds	759
	Harbor-UCLA Medical Center	29,760
	Olive View-UCLA Medical Center	26,845
	LAC+USC Medical Center	107,100
	M.L. King Ambulatory Care Center	10,420
	Rancho Los Amigos Nat'l Rehab Center	21,102
	Nonmajor Enterprise Funds	12
	Nonmajor Governmental Funds	<u>216,698</u>
		<u>436,441</u>
Fire Protection District	General Fund	7,127
	Internal Service Funds	1
	Harbor-UCLA Medical Center	1
	Nonmajor Governmental Funds	<u>451</u>
	<u>7,580</u>	



COUNTY OF LOS ANGELES  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

## 14. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Flood Control District	General Fund	\$ 42
	Internal Service Funds	10,536
	Waterworks Enterprise Funds	3
	Nonmajor Governmental Funds	<u>693</u>
		<u>11,274</u>
Public Library	General Fund	4,785
	Nonmajor Governmental Funds	<u>465</u>
		<u>5,250</u>
Regional Park and Open Space District	General Fund	<u>1</u>
Internal Service Funds	General Fund	20,499
	Fire Protection District	80
	Flood Control District	11,583
Internal Service Funds	Public Library	7
	Waterworks Enterprise Funds	3,848
	Harbor-UCLA Medical Center	2,605
	Olive View-UCLA Medical Center	709
	LAC+USC Medical Center	86
	M.L. King Ambulatory Care Center	1,285
	Rancho Los Amigos Nat'l Rehab Center	159
	Nonmajor Enterprise Funds	281
	Nonmajor Governmental Funds	<u>23,747</u>
		<u>64,889</u>
Waterworks Enterprise Funds	General Fund	71
	Flood Control District	32
	Internal Service Funds	1,150
	Nonmajor Enterprise Funds	4
	Nonmajor Governmental Funds	<u>1,566</u>
	<u>2,823</u>	
Harbor-UCLA Medical Center	General Fund	24,219
	Fire Protection District	20
	Olive View-UCLA Medical Center	7,759
	LAC+USC Medical Center	120
	M.L. King Ambulatory Care Center	2,734
	Rancho Los Amigos Nat'l Rehab Center	28
	Nonmajor Governmental Funds	<u>26,942</u>
	<u>61,822</u>	
Olive View-UCLA Medical Center	General Fund	45,666
	Fire Protection District	149

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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## 14. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	Harbor-UCLA Medical Center	\$ 24
	LAC+USC Medical Center	8,944
	Nonmajor Governmental Funds	<u>15,654</u>
		<u>70,437</u>
LAC+USC Medical Center	General Fund	76,899
	Fire Protection District	16
	Harbor-UCLA Medical Center	10,963
	Olive View-UCLA Medical Center	11,432
	M.L. King Ambulatory Care Center	1,953
	Rancho Los Amigos Nat'l Rehab Center	858
	Nonmajor Governmental Funds	<u>58,341</u>
		<u>160,462</u>
M.L. King Ambulatory Care Center	General Fund	44,324
	Olive View-UCLA Medical Center	482
	LAC+USC Medical Center	1,927
	Nonmajor Governmental Funds	<u>8</u>
		<u>46,741</u>
Rancho Los Amigos Nat'l Rehab Center	General Fund	1,257
	Fire Protection District	36
	Internal Service Funds	12
	Olive View-UCLA Medical Center	587
	LAC+USC Medical Center	<u>26,390</u>
		<u>28,282</u>
Nonmajor Enterprise Funds	Internal Service Funds	<u>5</u>
Nonmajor Governmental Funds	General Fund	276,815
	Flood Control District	656
	Public Library	1,492
	Internal Service Funds	9,949
	Waterworks Enterprise Funds	2
	Nonmajor Governmental Funds	<u>14,564</u>
		<u>303,478</u>
Total Interfund Receivables/Payables		<u>\$ 1,199,485</u>

COUNTY OF LOS ANGELES  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
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14. INTERFUND TRANSACTIONS-Continued

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, 2010 are as follows (in thousands):

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Fire Protection District	\$ 1,500
	Public Library	35,864
	Internal Service Funds	115
	Harbor-UCLA Medical Center	129,710
	Olive View-UCLA Medical Center	146,351
	LAC+USC Medical Center	266,011
	M.L. King Ambulatory Care Center	124,244
	Rancho Los Amigos Nat'l Rehab Center	20,487
	Nonmajor Governmental Funds	<u>55,886</u>
		<u>780,168</u>
Fire Protection District	Nonmajor Governmental Funds	<u>11,433</u>
Flood Control District	Internal Service Funds	210
	Nonmajor Governmental Funds	<u>19,078</u>
		<u>19,288</u>
Public Library	General Fund	705
	Nonmajor Governmental Funds	<u>1,640</u>
		<u>2,345</u>
Regional Park and Open Space District	Nonmajor Governmental Funds	<u>34,754</u>
Internal Service Funds	Nonmajor Governmental Funds	<u>95</u>
Waterworks Enterprise Funds	Internal Service Funds	<u>112</u>
Olive View-UCLA Medical Center	Nonmajor Governmental Funds	<u>144</u>
LAC+USC Medical Center	Olive View-UCLA Medical Center	8,917
	Rancho Los Amigos Nat'l Rehab Center	<u>26,192</u>
		<u>35,109</u>
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	<u>135</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

14. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 359,707
	Fire Protection District	1,200
	Flood Control District	328
	Public Library	661
	Internal Service Funds	922
	Waterworks Enterprise Funds	1,500
	Harbor-UCLA Medical Center	51,516
	Olive View-UCLA Medical Center	35,257
	LAC+USC Medical Center	106,853
	M.L. King Ambulatory Care Center	2,700
	Rancho Los Amigos Nat'l Rehab Center	2,536
	Nonmajor Enterprise Funds	1,083
	Nonmajor Governmental Funds	<u>42,008</u>
		<u>606,271</u>
Total Interfund Transfers		<u>\$1,489,854</u>

Interfund Transactions

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. In addition, the General Fund makes short-term and long-term advances to assist the Hospital Funds in meeting their cash flow requirements. During fiscal year 2009-10, the County determined that a portion of Hospital revenue was not collectible within one year and identified long-term receivables in each Hospital Enterprise Fund. To assist the Hospital Funds in meeting their cash flow requirements, the General Fund provided a \$194.5 million long-term advance and established a corresponding fund balance reserve.

Advances from/to other funds at June 30, 2010 are as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Short-Term</u>	<u>Long-Term</u>	<u>Total</u>
General Fund	Internal Service Fund	\$ 2,535	\$	\$ 2,535
	Harbor-UCLA Medical Center	197,120	15,622	212,742
	Olive View-UCLA Medical Center	134,614	58,616	193,230
	LAC+USC Medical Center	333,022	60,680	393,702
	M.L. King Ambulatory Care Center	69,091	36,122	105,213
	Rancho Los Amigos Nat'l Rehab Center	<u>87,252</u>	<u>23,487</u>	<u>110,739</u>
			<u>823,634</u>	<u>194,527</u>
Flood Control District	Internal Service Fund	<u>6,601</u>		<u>6,601</u>
Waterworks Enterprise Funds	Internal Service Funds	<u>1,308</u>		<u>1,308</u>
Nonmajor Governmental Funds	Internal Service Funds	<u>11,556</u>		<u>11,556</u>
Total Interfund Advances		<u>\$ 843,099</u>	<u>\$ 194,527</u>	<u>\$ 1,037,626</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

15. BUDGETARY ACCOUNTING DIFFERENCES/RECONCILIATIONS 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.
- 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 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.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

15. BUDGETARY ACCOUNTING DIFFERENCES/RECONCILIATIONS BETWEEN THE BUDGETARY BASIS AND GAAP-Continued

- 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, 2010.

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	\$ 1,628,644	\$ 93,819	\$ 14,623	\$ 14,924	\$ 165,189
Reserves and designations	<u>1,387,444</u>	<u>127,029</u>	<u>151,779</u>	<u>19,394</u>	<u>129,508</u>
Subtotal	3,016,088	220,848	166,402	34,318	294,697
Adjustments:					
Accrual of estimated liability for litigation and self-insurance claims	169,007	(655)		23	
Accrual of vacation and sick leave benefits	40,290				
Deferral of sale of tobacco settlement revenue	(261,788)				
Change in revenue accruals	<u>32,214</u>	<u>(11,391)</u>	<u>(4,927)</u>	<u>(1,206)</u>	<u>577</u>
Subtotal	<u>(20,277)</u>	<u>(12,046)</u>	<u>(4,927)</u>	<u>(1,183)</u>	<u>577</u>
Fund balance - GAAP basis	<u>\$ 2,995,811</u>	<u>\$ 208,802</u>	<u>\$ 161,475</u>	<u>\$ 33,135</u>	<u>\$ 295,274</u>

16. OTHER COMMITMENTS

Construction Commitments

At June 30, 2010, there were contractual commitments of approximately \$16,601,000 for various general government construction projects and approximately \$12,773,000 for various hospital construction projects that were financed by commercial paper.

LACERA Capital Commitments

At June 30, 2010, LACERA had outstanding capital commitments to various investment managers, approximating \$2,430,000,000. Subsequent to June 30, 2010, LACERA funded \$209,000,000 of these capital commitments.

COUNTY OF LOS ANGELES  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

## 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 2007-2008, 2008-2009 or 2009-2010.

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, 2010 were approximately \$2.159 billion. This amount is undiscounted and is based on an actuarial study of the County's self-insured program as of June 30, 2009. Approximately \$150,142,000 of the total liabilities pertain to salary continuation payments and other related costs mandated by the State Labor Code.

As of June 30, 2010, the County's best estimate of these liabilities is \$2.417 billion. Changes in the reported liability since July 1, 2008 resulted from the following (in thousands):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes In Estimates	Claim Payments	Balance At Fiscal Year-End
<u>2008-2009</u>				
Workers' Compensation	\$ 2,120,428	\$ 313,090	\$(317,537)	\$ 2,115,981
Other	247,389	39,323	(67,888)	218,824
Total 2008-2009	<u>\$ 2,367,817</u>	<u>\$ 352,413</u>	<u>\$(385,425)</u>	<u>\$ 2,334,805</u>
<u>2009-2010</u>				
Workers' Compensation	\$ 2,115,981	\$ 367,362	\$(323,928)	\$ 2,159,415
Other	218,824	106,006	(67,122)	257,708
Total 2009-2010	<u>\$ 2,334,805</u>	<u>\$ 473,368</u>	<u>\$(391,050)</u>	<u>\$ 2,417,123</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

17. RISK MANAGEMENT-Continued

In addition to the above estimated liabilities, the County has determined that claims seeking damages of approximately \$118.3 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. POLLUTION REMEDIATION

GASB 49 establishes accounting and reporting guidelines for the recognition and measurement of pollution remediation obligations (liabilities).

The County is involved in several remediation actions to clean up pollution sites within its boundaries. These matters generally coincide with the County's ownership of land, buildings and infrastructure assets. In some cases, regulatory agencies (e.g., Regional Water Quality Board, State Department of Toxic Control, California Coastal Commission) notified the County of the need for remedial action. In addition, the County conducts its own environmental monitoring and this activity identifies pollution sites and matters requiring further investigation and possible remediation. Once the County is aware of these conditions, it commences monitoring, assessment, testing and/or clean up activities, and recognizes pollution remediation obligations when estimates can reasonably be determined.

The types of pollution that have been identified include leaking underground storage tanks, water, groundwater and soil contamination, asbestos and lead paint contamination, methane gas detection and excessive levels of other contaminants. Remediation efforts include developing remediation and feasibility studies, source identification studies, site testing, sampling and analysis, ground water clean up, and removal of storage tanks, asbestos tiles and other hazardous materials.

As of June 30, 2010, the County's estimated pollution remediation obligations totaled \$24.755 million. These obligations were all associated with the County's government-wide governmental activities. Obligations of enterprise and internal service funds were immaterial. The estimated liabilities were determined by project managers, based on historical cost information for projects of the same type, size and complexity and measured at their current value. In subsequent periods, the County will adjust estimated obligations when new information indicates that such changes are required. At this time, the County has determined there are no estimated recoveries reducing the obligations.

19. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes ("TRANS")

On July 1, 2010, the County issued \$1,500,000,000 in 2010-2011 TRANS which will mature on June 30, 2011. The TRANS are collateralized by taxes and other revenues attributable to the 2010 -2011 fiscal year and were issued in the form of Fixed Rate Notes at an effective interest rate of 0.85%.



COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

19. SUBSEQUENT EVENTS-Continued

Capital Asset Leasing Corporation Lease Revenue Bond Anticipation Notes

On September 2, 2010 and again on October 27, 2010, the Corporation issued \$10,000,000 Bond Anticipation Notes with an initial interest rate of 0.681% and 0.670%, 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, 2013. Proceeds of the notes are being used to purchase equipment. The notes are to be paid from the proceeds of lease revenue bonds.

California's Bridge to Healthcare Reform (Waiver)

On November 2, 2010, Centers for Medicare & Medicaid Services (CMS) approved for California a new Medicaid Demonstration Project, entitled California's Bridge to Healthcare Reform (Waiver 11-W-00193/9) under the authority of section 1115(a) of the Social Security Act for the period November 1, 2010 through October 31, 2015. The agreement "waives" certain Medicaid requirements in order to test new strategies and demonstration projects that can improve care and care delivery.

Public hospital systems will provide the financing through their counties and lead the implementation of expanding coverage to low income people and transforming care so that it is more coordinated, efficient and patient-centered. Support for public hospital systems from the waiver falls into the following areas:

Coverage Expansion

Under the Waiver, counties have the option to expand coverage by operating a Low Income Health Program. Under this plan the County may cover individuals up to 133% of the federal poverty level (FPL), known as the Medicaid Coverage Expansion (MCE) population. If counties meet certain federal requirements and have the resources available to do so, they can also cover individuals between 134% and 200% FPL, known as the Health Care Coverage Initiative (HCCI) population. The Low Income Health Program will run through the end of 2013, at which time coverage under federal health care reform will take effect.

Delivery System Reform Incentive Pool

The new Waiver establishes the Delivery System Reform Incentive Pool (DSRIP) which will tie federal funding to ambitious milestones in care delivery improvements. To obtain funding under the DSRIP, public hospital systems must submit a five-year plan showing how they will accomplish desired results, and will be required to achieve significant milestones that will be approved by the State and CMS.

Support Costs for Uncompensated Care

The Safety Net Care Pool will continue to provide partial reimbursement for the costs of care to the uninsured, helping public hospitals to continue to provide essential services to those in need.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

19. SUBSEQUENT EVENTS-Continued

California's Bridge to Healthcare Reform (Waiver)-Continued

Managed Care for Seniors and Persons with Disabilities (SPDs)

Under the Waiver, the State of California will move Medi-Cal beneficiaries who are Seniors and Persons with Disabilities (SPDs) into mandatory managed care, in an effort to provide more coordinated care and contain costs. The public hospitals will partially finance managed care rates to health plans for care of SPDs by providing IGTs.

Hospital Fee Program (HFP)

The California Hospital Fee Program (AB 1383) and its amending legislation (AB 1653) were signed into law by the Governor of California and became effective on January 1, 2010 and September 8, 2010, respectively. HFP covers the period beginning April 1, 2009 and expires on December 31, 2010. The legislation contains two components:

- The Quality Assurance Fee Act governs the hospital fee paid by participating hospitals (public hospitals, certain small and rural hospitals, most specialty hospitals, and long term care hospitals are exempt), and
- The Medi-Cal Hospital Provider Stabilization Act governs the supplemental Medi-Cal payments to providers from the fund established to accumulate assessed hospital fees and matching federal funds. The legislation allows for fee-for-service and managed health care supplemental payments to private hospitals, designated public hospitals, and non-designated public hospitals. The designated public hospitals will also receive direct grants under the Program.

The legislation also allows the State to retain and use a portion of the direct grants allocated to the designated public hospitals with a provision that the State allocates an equal amount of federal funds available under the Medi-Cal Hospital/Uninsured Care Demonstration Project to the designated public hospitals. The designated public hospital must have incurred sufficient expenditures so that the full amount allocated can be received as federal matching funds.

The Program must be fully approved by CMS to be implemented. On October 7, 2010, CMS has approved the implementation of the Program with the exception of the managed health care supplemental payment plan. CMS' approval of the managed health care plan is expected in the near future.

If approved, the County projects to receive a total of \$200 million from the Program; \$29 million and \$115 million of which relates to FY 2008-09 and 2009-10, respectively. Annual budgets are adopted for each hospital fund and \$139.9 million of such revenues were recognized in 2009-2010 actual revenues for purposes of the County's budget.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

19. SUBSEQUENT EVENTS-Continued

Public Works Financing Authority – Lease Revenue Bonds 2010 Series A and B

On November 9, 2010, the Authority issued \$102,900,000 in lease revenue Series A bonds, maturing from 2014 to 2019, with yields ranging from 1.8% to 3.45%. Also on November 9, 2010, the Authority issued \$688,005,000 in taxable lease revenue (Build America/Recovery Zone Economic Development) Series B bonds, maturing from 2020 to 2040, with yields ranging from 5.591% to 7.618%. Proceeds from the sale of the Series A and Series B bonds will be used to finance and/or refinance various capital improvements projects.

Tax-Exempt Commercial Paper

On August 18, 2010, the Los Angeles County Capital Asset Leasing Corporation issued an additional \$50,000,000 in tax-exempt commercial paper. The proceeds are being used to fund capital requirements of various capital projects. The commercial paper, which was initially issued at an average rate of 0.31%, is secured by a long-term lease of County real estate and a letter of credit.

On December 1, 2010, the County redeemed \$169,000,000 of the \$330,000,000 tax-exempt commercial paper outstanding, utilizing a portion of the proceeds from the Public Works Financing Authority-Lease Revenue Bonds 2010 Series A and B.

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)
06/30/07	\$ 37,041,832	\$ 39,502,456	\$ 2,460,624	93.8%	\$ 5,615,736	43.8%
06/30/08	39,662,361	41,975,631	2,313,270	94.5%	6,123,888	37.8%
06/30/09	39,541,865	44,468,636	4,926,771	88.9%	6,547,616	75.2%

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

Retiree Health Care(1)

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)
July 1, 2006	\$ 0	\$ 20,301,800	\$ 20,301,800	0%	\$ 5,205,804	389.98%
July 1, 2008	0	20,901,600	20,901,600	0%	6,123,888	341.31%

Long-Term Disability(1)

July 1, 2007	\$ 0	\$ 929,265	\$ 929,265	0%	\$ 5,615,736	16.55%
July 1, 2009	0	951,797	951,797	0%	6,547,616	14.54%

(1) There was no data available prior to the 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; Public ways and facilities; Health and sanitation; Public assistance; Education; 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, 2010 (in thousands)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
<b>GENERAL GOVERNMENT:</b>				
Salaries and employee benefits	\$ 836,818	824,361	754,810	(69,551)
Services and supplies	1,325,985	1,263,661	501,210	(762,451)
Other charges	108,111	105,511	51,429	(54,082)
Capital assets	7,694	12,249	9,686	(2,563)
Intrafund transfers	(584,857)	(585,740)	(477,599)	108,141
<b>TOTAL GENERAL GOVERNMENT</b>	<b>1,693,751</b>	<b>1,620,042</b>	<b>839,536</b>	<b>(780,506)</b>
<b>PUBLIC PROTECTION:</b>				
Salaries and employee benefits	3,498,208	3,592,531	3,539,022	(53,509)
Services and supplies	842,162	844,877	723,058	(121,819)
Other charges	389,435	392,468	378,807	(13,661)
Capital assets	36,437	32,061	19,314	(12,747)
Intrafund transfers	(131,800)	(132,993)	(79,808)	53,185
<b>TOTAL PUBLIC PROTECTION</b>	<b>4,634,442</b>	<b>4,728,944</b>	<b>4,580,393</b>	<b>(148,551)</b>
<b>HEALTH AND SANITATION:</b>				
Salaries and employee benefits	997,382	989,767	938,428	(51,339)
Services and supplies	1,863,280	1,889,616	1,652,358	(237,258)
Other charges	122,804	116,700	105,527	(11,173)
Capital assets	10,842	10,952	6,240	(4,712)
Intrafund transfers	(152,884)	(153,696)	(142,089)	11,607
<b>TOTAL HEALTH AND SANITATION</b>	<b>2,841,424</b>	<b>2,853,339</b>	<b>2,560,464</b>	<b>(292,875)</b>
<b>PUBLIC ASSISTANCE:</b>				
Salaries and employee benefits	1,741,303	1,738,223	1,678,527	(59,696)
Services and supplies	1,121,666	1,120,242	942,790	(177,452)
Other charges	2,633,334	2,667,698	2,550,302	(117,396)
Capital assets	6,669	6,707	3,867	(2,840)
Intrafund transfers	(45,084)	(64,359)	(57,105)	7,254
<b>TOTAL PUBLIC ASSISTANCE</b>	<b>5,457,888</b>	<b>5,468,511</b>	<b>5,118,381</b>	<b>(350,130)</b>
<b>RECREATION AND CULTURAL SERVICES:</b>				
Salaries and employee benefits	132,838	135,298	130,220	(5,078)
Services and supplies	114,573	116,224	109,437	(6,787)
Other charges	13,402	13,152	12,383	(769)
Capital assets	450	490	159	(331)
Intrafund transfers	(1,243)	(1,243)	(1,277)	(34)
<b>TOTAL RECREATION AND CULTURAL SERVICES</b>	<b>260,020</b>	<b>263,921</b>	<b>250,922</b>	<b>(12,999)</b>
<b>DEBT SERVICE-</b>				
Interest	12,189	12,189	12,189	
<b>CAPITAL OUTLAY</b>	<b>1,187,660</b>	<b>1,100,415</b>	<b>86,822</b>	<b>(1,013,593)</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 16,087,374</b>	<b>16,047,361</b>	<b>13,448,707</b>	<b>(2,598,654)</b>





## NONMAJOR GOVERNMENTAL FUNDS

COUNTY OF LOS ANGELES  
NONMAJOR GOVERNMENTAL FUNDS  
NONMAJOR SPECIAL REVENUE FUNDS

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

The Other Streets, Highways, Roads and Bridges Funds: Article 3-Bikeway, Off-Street Parking, Proposition C Local Return, Special Road Districts, Construction Fee Districts, Transit Operations, Paratransit Operations, Measure R Local Return, 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 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  
Lease Revenue Bonds, Series 2009 (LA Opera)  
Tax Exempt Commercial Paper

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, commercial paper 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, 2010 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>ASSETS</b>					
Pooled cash and investments:					
Operating	\$ 1,669,617	58,650	193,388	2,889	\$ 1,924,544
Other	56,409	56	3,739	5	60,209
Total pooled cash and investments	<u>1,726,026</u>	<u>58,706</u>	<u>197,127</u>	<u>2,894</u>	<u>1,984,753</u>
Other investments	88,198	349,865	11,355	109	449,527
Taxes receivable	19,255	605			19,860
Interest receivable	4,460	570	626	10	5,666
Other receivables	103,623				103,623
Due from other funds	33,360	261,788	8,330		303,478
Advances to other funds	11,556				11,556
Inventories	32,478				32,478
<b>TOTAL ASSETS</b>	<u>\$ 2,018,956</u>	<u>671,534</u>	<u>217,438</u>	<u>3,013</u>	<u>\$ 2,910,941</u>
<b>LIABILITIES AND FUND BALANCES</b>					
LIABILITIES:					
Accounts payable	\$ 50,562		698		\$ 51,260
Accrued payroll	108				108
Other payables	12,627	5			12,632
Due to other funds	347,465		11,477	187	359,129
Deferred revenue	35,518	478			35,996
Advances payable	9,019		35		9,054
Third party payor liability	855				855
<b>TOTAL LIABILITIES</b>	<u>456,154</u>	<u>483</u>	<u>12,210</u>	<u>187</u>	<u>469,034</u>
FUND BALANCES:					
Reserved for:					
Encumbrances	187,798		5,694		193,492
Inventories	32,478				32,478
Housing programs	2,026				2,026
Debt service		671,051			671,051
Endowments and annuities				2,826	2,826
Assets unavailable for appropriation	6,310		6,124		12,434
Unreserved, designated for:					
Budget uncertainties	85,989				85,989
Program expansion	390,202				390,202
Capital projects	32,897				32,897
Unreserved, undesignated, reported in:					
Special revenue funds	825,102				825,102
Capital projects funds			193,410		193,410
<b>TOTAL FUND BALANCES</b>	<u>1,562,802</u>	<u>671,051</u>	<u>205,228</u>	<u>2,826</u>	<u>2,441,907</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,018,956</u>	<u>671,534</u>	<u>217,438</u>	<u>3,013</u>	<u>\$ 2,910,941</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, 2010 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:					
Taxes	\$ 303,496	6			\$ 303,502
Licenses, permits and franchises	9,893				9,893
Fines, forfeitures and penalties	83,638				83,638
Revenue from use of money and property:					
Investment income	27,626	15,094	3,077	48	45,845
Rents and concessions	25,474				25,474
Royalties	5				5
Intergovernmental revenues:					
Federal	176,676				176,676
State	675,689		190		675,879
Other	22,123				22,123
Charges for services	132,682		5,381		138,063
Miscellaneous	53,707	24,973	159		78,839
<b>TOTAL REVENUES</b>	<b>1,511,009</b>	<b>40,073</b>	<b>8,807</b>	<b>48</b>	<b>1,559,937</b>
EXPENDITURES:					
Current:					
General government	17,538			241	17,779
Public protection	78,533				78,533
Public ways and facilities	332,036				332,036
Health and sanitation	146,100				146,100
Public assistance	169,440				169,440
Education	489				489
Recreation and cultural services	10,325				10,325
Debt service:					
Principal	2,438	125,469			127,907
Interest and other charges	2,406	59,149			61,555
Capital outlay			30,466		30,466
<b>TOTAL EXPENDITURES</b>	<b>759,305</b>	<b>184,618</b>	<b>30,466</b>	<b>241</b>	<b>974,630</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>751,704</b>	<b>(144,545)</b>	<b>(21,659)</b>	<b>(193)</b>	<b>585,307</b>
OTHER FINANCING SOURCES (USES):					
Transfers in	13,099	139,124	12,950		165,173
Transfers out	(559,556)	(32,269)	(14,446)		(606,271)
Issuance of debt		14,000	22,977		36,977
Sales of capital assets	582				582
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(545,875)</b>	<b>120,855</b>	<b>21,481</b>		<b>(403,539)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>205,829</b>	<b>(23,690)</b>	<b>(178)</b>	<b>(193)</b>	<b>181,768</b>
FUND BALANCES, JULY 1, 2009	1,356,973	694,741	205,406	3,019	2,260,139
<b>FUND BALANCES, JUNE 30, 2010</b>	<b>\$ 1,562,802</b>	<b>671,051</b>	<b>205,228</b>	<b>2,826</b>	<b>\$ 2,441,907</b>



COUNTY OF LOS ANGELES  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 JUNE 30, 2010 (in thousands)

	Streets, Highways, Roads and Bridges		Street Lighting	Garbage Disposal	Sewer Maintenance
	Road	Other	Districts	Districts	Districts
<b>ASSETS</b>					
Pooled cash and investments:					
Operating	\$ 158,331	150,165	60,895	23,803	16,808
Other	12,825	471	988	924	1,242
Total pooled cash and investments	<u>171,156</u>	<u>150,636</u>	<u>61,883</u>	<u>24,727</u>	<u>18,050</u>
Other investments					
Taxes receivable		535	2,112	1,778	1,212
Interest receivable	498	458	188	75	53
Other receivables	62,131	12,365	1,567	2,064	1,444
Due from other funds	11,354	748	4,634	3	1,927
Advances to other funds	8,468	1,020	209		1,300
Inventories					
<b>TOTAL ASSETS</b>	<u>\$ 253,607</u>	<u>165,762</u>	<u>70,593</u>	<u>28,647</u>	<u>23,986</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 13,945	3,412	1,561	2,404	174
Accrued payroll					
Other payables					187
Due to other funds	17,305	5,116	4,904	62	6,135
Deferred revenue	16,660	3,891	1,446	2,450	1,647
Advances payable	9,019				
Third party payor liability	855				
<b>TOTAL LIABILITIES</b>	<u>57,784</u>	<u>12,419</u>	<u>7,911</u>	<u>4,916</u>	<u>8,143</u>
<b>FUND BALANCES:</b>					
Reserved for:					
Encumbrances	90,400	38,997	1	9	1,197
Inventories					
Housing programs					
Assets unavailable for appropriation	3,018		1,545	410	501
Unreserved, designated for:					
Budget uncertainties					
Program expansion	6,612	32,725	15,890	18,509	1,039
Capital projects	32,897				
Unreserved, undesignated	<u>62,896</u>	<u>81,621</u>	<u>45,246</u>	<u>4,803</u>	<u>13,106</u>
<b>TOTAL FUND BALANCES</b>	<u>195,823</u>	<u>153,343</u>	<u>62,682</u>	<u>23,731</u>	<u>15,843</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 253,607</u>	<u>165,762</u>	<u>70,593</u>	<u>28,647</u>	<u>23,986</u>

Health Services Measure B	Health and Sanitation	Other Public Protection	Public Assistance	Recreation	
					ASSETS
					Pooled cash and investments:
\$ 111,048	462,951	219,758	9,854	8,044	Operating
8,877	5,046	3,920	608	16,853	Other
<u>119,925</u>	<u>467,997</u>	<u>223,678</u>	<u>10,462</u>	<u>24,897</u>	Total pooled cash and investments
					Other investments
13,563	55				Taxes receivable
343	1,421	662	21	19	Interest receivable
	5,302	96	552	53	Other receivables
	12,084	6	6	36	Due from other funds
	559				Advances to other funds
					Inventories
<u>\$ 133,831</u>	<u>487,418</u>	<u>224,442</u>	<u>11,041</u>	<u>25,005</u>	TOTAL ASSETS
					LIABILITIES AND FUND BALANCES
					LIABILITIES:
\$ 2,268	1,596	5,304	997	336	Accounts payable
					Accrued payroll
3,395	8,980				Other payables
103,544	131,162	20,722	218	1,318	Due to other funds
9,124	111				Deferred revenue
					Advances payable
					Third party payor liability
<u>118,331</u>	<u>141,849</u>	<u>26,026</u>	<u>1,215</u>	<u>1,654</u>	TOTAL LIABILITIES
					FUND BALANCES:
					Reserved for:
13,193	11,367	21,257	1,525	126	Encumbrances
					Inventories
					Housing programs
		500			Assets unavailable for appropriation
	85,989				Unreserved, designated for:
	3,518	18,957	1,481	15,315	Budget uncertainties
					Program expansion
2,307	244,695	157,702	6,820	7,910	Capital projects
<u>15,500</u>	<u>345,569</u>	<u>198,416</u>	<u>9,826</u>	<u>23,351</u>	Unreserved, undesignated
					TOTAL FUND BALANCES
<u>\$ 133,831</u>	<u>487,418</u>	<u>224,442</u>	<u>11,041</u>	<u>25,005</u>	TOTAL LIABILITIES AND FUND BALANCES

Continued...

COUNTY OF LOS ANGELES  
 COMBINING BALANCE SHEET - Continued  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 JUNE 30, 2010 (in thousands)

	Community Development Commission	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Registrar Recorder Improvement	Other Special Revenue	Total
<b>ASSETS</b>						
Pooled cash and investments:						
Operating	\$ 164,038	67,233	73,966	35,432	107,291	\$ 1,669,617
Other		1,851	2,104	511	189	56,409
Total pooled cash and investments	<u>164,038</u>	<u>69,084</u>	<u>76,070</u>	<u>35,943</u>	<u>107,480</u>	<u>1,726,026</u>
Other investments	88,198					88,198
Taxes receivable						19,255
Interest receivable		211	227		284	4,460
Other receivables	17,910			139		103,623
Due from other funds	721			25	1,816	33,360
Advances to other funds						11,556
Inventories	32,478					32,478
<b>TOTAL ASSETS</b>	<u>\$ 303,345</u>	<u>69,295</u>	<u>76,297</u>	<u>36,107</u>	<u>109,580</u>	<u>\$ 2,018,956</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ 18,469				96	\$ 50,562
Accrued payroll					108	108
Other payables	65					12,627
Due to other funds	712		40,024	12,456	3,787	347,465
Deferred revenue	189					35,518
Advances payable						9,019
Third party payor liability						855
<b>TOTAL LIABILITIES</b>	<u>19,435</u>		<u>40,024</u>	<u>12,456</u>	<u>3,991</u>	<u>456,154</u>
<b>FUND BALANCES:</b>						
Reserved for:						
Encumbrances					9,726	187,798
Inventories	32,478					32,478
Housing programs	2,026					2,026
Assets unavailable for appropriation	336					6,310
Unreserved, designated for:						
Budget uncertainties						85,989
Program expansion	249,070			18,726	8,360	390,202
Capital projects						32,897
Unreserved, undesignated		69,295	36,273	4,925	87,503	825,102
<b>TOTAL FUND BALANCES</b>	<u>283,910</u>	<u>69,295</u>	<u>36,273</u>	<u>23,651</u>	<u>105,589</u>	<u>1,562,802</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 303,345</u>	<u>69,295</u>	<u>76,297</u>	<u>36,107</u>	<u>109,580</u>	<u>\$ 2,018,956</u>



COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 FOR THE YEAR ENDED JUNE 30, 2010 (in thousands)

	Streets, Highways, Roads and Bridges		Street Lighting	Garbage Disposal	Sewer Maintenance
	Road	Other	Districts	Districts	Districts
REVENUES:					
Taxes	\$ 3,468	39,298	18,204	4,962	
Licenses, permits and franchises	3,290				
Fines, forfeitures and penalties		61	279	420	353
Revenue from use of money and property:					
Investment income	856	2,169	886	325	257
Rents and concessions	14	155			
Royalties					
Intergovernmental revenues:					
Federal	45,975	554			
State	202,637	319	158	42	
Other	2,281	14,922	2,698		28
Charges for services	19,115	1,928	4,825	19,482	29,947
Miscellaneous	241	3	205		4
<b>TOTAL REVENUES</b>	<b>277,877</b>	<b>59,409</b>	<b>27,255</b>	<b>25,231</b>	<b>30,589</b>
EXPENDITURES:					
Current:					
General government					
Public protection					
Public ways and facilities	256,892	52,790	22,354		
Health and sanitation				23,942	29,012
Public assistance					
Education					
Recreation and cultural services					
Debt service:					
Principal					
Interest and other charges					
<b>TOTAL EXPENDITURES</b>	<b>256,892</b>	<b>52,790</b>	<b>22,354</b>	<b>23,942</b>	<b>29,012</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	20,985	6,619	4,901	1,289	1,577
OTHER FINANCING SOURCES (USES):					
Transfers in					
Transfers out	(565)	(32)			(291)
Sales of capital assets	84				1
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(481)</b>	<b>(32)</b>			<b>(290)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>20,504</b>	<b>6,587</b>	<b>4,901</b>	<b>1,289</b>	<b>1,287</b>
FUND BALANCES, JULY 1, 2009	175,319	146,756	57,781	22,442	14,556
<b>FUND BALANCES, JUNE 30, 2010</b>	<b>\$ 195,823</b>	<b>153,343</b>	<b>62,682</b>	<b>23,731</b>	<b>15,843</b>

Health Services Measure B	Health and Sanitation	Other Public Protection	Public Assistance	Recreation	
\$ 233,270					REVENUES:
	2,522	189	1,228	21	Taxes
1,700	21,634	11,368	2,400	32	Licenses, permits and franchises
					Fines, forfeitures and penalties
1,298	8,003	2,975	28	50	Revenue from use of money and property:
	65	19,241		458	Investment income
					Rents and concessions
					Royalties
		5			Intergovernmental revenues:
	457,446	15,087			Federal
	1,739	455			State
	21,175	11,106	3,381	6,697	Other
		25,020	3,126	2,346	Charges for services
					Miscellaneous
236,268	512,584	85,446	10,163	9,604	TOTAL REVENUES
					EXPENDITURES:
					Current:
		68,250			General government
					Public protection
45,808	46,956				Public ways and facilities
			8,599		Health and sanitation
					Public assistance
					Education
				10,081	Recreation and cultural services
					Debt service:
					Principal
					Interest and other charges
45,808	46,956	68,250	8,599	10,081	TOTAL EXPENDITURES
					EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
190,460	465,628	17,196	1,564	(477)	
					OTHER FINANCING SOURCES (USES):
		3,631		164	Transfers in
(197,603)	(240,891)	(23,902)	(2,351)	(975)	Transfers out
		55			Sales of capital assets
					TOTAL OTHER FINANCING SOURCES (USES)
(197,603)	(240,891)	(20,216)	(2,351)	(811)	
(7,143)	224,737	(3,020)	(787)	(1,288)	NET CHANGE IN FUND BALANCES
22,643	120,832	201,436	10,613	24,639	FUND BALANCES, JULY 1, 2009
\$ 15,500	345,569	198,416	9,826	23,351	FUND BALANCES, JUNE 30, 2010

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, 2010 (in thousands)

	Community Development Commission	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Registrar Recorder Improvement	Other Special Revenue	Total
<b>REVENUES:</b>						
Taxes	\$ 4,294					\$ 303,496
Licenses, permits and franchises					2,643	9,893
Fines, forfeitures and penalties		21,081	24,160		150	83,638
Revenue from use of money and property:						
Investment income	7,577	1,063	1,064		1,075	27,626
Rents and concessions	1,002				4,539	25,474
Royalties					5	5
Intergovernmental revenues:						
Federal	130,142					176,676
State						675,689
Other						22,123
Charges for services				12,812	2,214	132,682
Miscellaneous	22,546				216	53,707
<b>TOTAL REVENUES</b>	<b>165,561</b>	<b>22,144</b>	<b>25,224</b>	<b>12,812</b>	<b>10,842</b>	<b>1,511,009</b>
<b>EXPENDITURES:</b>						
Current:						
General government					17,538	17,538
Public protection		1,755	2,890		5,638	78,533
Public ways and facilities						332,036
Health and sanitation					382	146,100
Public assistance	160,841					169,440
Education					489	489
Recreation and cultural services					244	10,325
Debt service:						
Principal	2,438					2,438
Interest and other charges	2,406					2,406
<b>TOTAL EXPENDITURES</b>	<b>165,685</b>	<b>1,755</b>	<b>2,890</b>		<b>24,291</b>	<b>759,305</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(124)</b>	<b>20,389</b>	<b>22,334</b>	<b>12,812</b>	<b>(13,449)</b>	<b>751,704</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	230		280		8,794	13,099
Transfers out	(1,178)	(26,056)	(45,217)	(15,332)	(5,163)	(559,556)
Sales of capital assets					442	582
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(948)</b>	<b>(26,056)</b>	<b>(44,937)</b>	<b>(15,332)</b>	<b>4,073</b>	<b>(545,875)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,072)</b>	<b>(5,667)</b>	<b>(22,603)</b>	<b>(2,520)</b>	<b>(9,376)</b>	<b>205,829</b>
FUND BALANCES, JULY 1, 2009	284,982	74,962	58,876	26,171	114,965	1,356,973
<b>FUND BALANCES, JUNE 30, 2010</b>	<b>\$ 283,910</b>	<b>69,295</b>	<b>36,273</b>	<b>23,651</b>	<b>105,589</b>	<b>\$ 1,562,802</b>

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, 2010 (in thousands)

	TOTALS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 304,700	305,700	299,198	(6,502)
Licenses, permits and franchises	10,824	10,824	9,893	(931)
Fines, forfeitures and penalties	80,434	80,434	83,638	3,204
Revenue from use of money and property:				
Investment income	34,871	34,871	16,921	(17,950)
Rents and concessions	20,259	20,259	24,472	4,213
Royalties	10	10	5	(5)
Intergovernmental revenues:				
Federal	45,968	46,968	46,534	(434)
State	548,636	569,690	675,689	105,999
Other	26,541	26,851	22,123	(4,728)
Charges for services	145,029	181,194	132,339	(48,855)
Miscellaneous	48,117	48,269	33,107	(15,162)
TOTAL REVENUES	1,265,389	1,325,070	1,343,919	18,849
EXPENDITURES:				
Current:				
General government	37,918	37,918	17,938	(19,980)
Public protection	370,737	332,257	113,864	(218,393)
Public ways and facilities	526,311	564,030	370,829	(193,201)
Health and sanitation	220,333	221,425	151,460	(69,965)
Public assistance	13,153	12,969	9,817	(3,152)
Education	17,602	15,038	466	(14,572)
Recreation and cultural services	15,251	14,787	10,008	(4,779)
TOTAL EXPENDITURES	1,201,305	1,198,424	674,382	(524,042)
EXCESS OF REVENUES OVER EXPENDITURES	64,084	126,646	669,537	542,891
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	4,010	4,010	582	(3,428)
Transfers in	16,422	16,503	15,521	(982)
Transfers out	(601,627)	(655,032)	(530,308)	124,724
Appropriation for contingencies	(148,626)	(138,016)		138,016
Changes in reserves and designations	(80,644)	(100,492)	(79,802)	20,690
OTHER FINANCING SOURCES (USES) - NET	(810,465)	(873,027)	(594,007)	279,020
NET CHANGE IN FUND BALANCE	(746,381)	(746,381)	75,530	821,911
FUND BALANCE, JULY 1, 2009	746,381	746,381	746,381	
FUND BALANCE, JUNE 30, 2010	\$		821,911	821,911

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, 2010 (in thousands)

	ROAD			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 4,635	4,635	3,468	(1,167)
Licenses, permits and franchises	3,652	3,652	3,290	(362)
Revenue from use of money and property:				
Investment income	4,164	4,164	611	(3,553)
Rents and concessions	25	25	14	(11)
Intergovernmental revenues:				
Federal	43,467	44,467	45,975	1,508
State	178,876	199,876	202,637	2,761
Other	764	764	2,281	1,517
Charges for services	17,756	53,557	19,115	(34,442)
Miscellaneous	265	265	241	(24)
TOTAL REVENUES	<u>253,604</u>	<u>311,405</u>	<u>277,632</u>	<u>(33,773)</u>
EXPENDITURES:				
Current-Public ways and facilities:				
Services and supplies	313,094	349,215	294,145	(55,070)
Other charges	6,673	7,353	1,262	(6,091)
Capital assets	1,117	1,117	448	(669)
TOTAL EXPENDITURES	<u>320,884</u>	<u>357,685</u>	<u>295,855</u>	<u>(61,830)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(67,280)</u>	<u>(46,280)</u>	<u>(18,223)</u>	<u>28,057</u>
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	49	49	84	35
Transfers out	(2,648)	(2,648)	(565)	2,083
Appropriation for contingencies	(27,860)	(27,860)		27,860
Changes in reserves and designations	61,479	40,479	44,432	3,953
OTHER FINANCING SOURCES (USES) - NET	<u>31,020</u>	<u>10,020</u>	<u>43,951</u>	<u>33,931</u>
NET CHANGE IN FUND BALANCE	(36,260)	(36,260)	25,728	61,988
FUND BALANCE, JULY 1, 2009	<u>36,260</u>	<u>36,260</u>	<u>36,260</u>	
FUND BALANCE, JUNE 30, 2010	<u>\$</u>		<u>61,988</u>	<u>61,988</u>

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, 2010 (in thousands)

	OTHER STREETS, HIGHWAYS, ROADS, AND BRIDGES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 40,067	41,067	39,238	(1,829)
Fines, forfeitures and penalties	37	37	61	24
Revenue from use of money and property:				
Investment income	5,742	5,742	1,965	(3,777)
Rents and concessions	172	172	155	(17)
Intergovernmental revenues:				
Federal	2,391	2,391	554	(1,837)
State	204	204	319	115
Other	23,243	23,243	14,922	(8,321)
Charges for services	16,597	16,597	1,928	(14,669)
Miscellaneous			3	3
TOTAL REVENUES	88,453	89,453	59,145	(30,308)
EXPENDITURES:				
Current-Public ways and facilities:				
Services and supplies	138,251	139,164	52,023	(87,141)
Other charges	3	3		(3)
Capital assets	3,913	3,913	572	(3,341)
TOTAL EXPENDITURES	142,167	143,080	52,595	(90,485)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(53,714)	(53,627)	6,550	60,177
OTHER FINANCING SOURCES (USES):				
Transfers out	(83)	(170)	(32)	138
Appropriation for contingencies	(7,965)	(7,965)		7,965
Changes in reserves and designations	(7,980)	(7,980)	4,600	12,580
OTHER FINANCING SOURCES (USES) - NET	(16,028)	(16,115)	4,568	20,683
NET CHANGE IN FUND BALANCE	(69,742)	(69,742)	11,118	80,860
FUND BALANCE, JULY 1, 2009	69,742	69,742	69,742	
FUND BALANCE, JUNE 30, 2010	\$		80,860	80,860

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, 2010 (in thousands)

	STREET LIGHTING DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 20,925	20,925	17,963	(2,962)
Fines, forfeitures and penalties	180	180	279	99
Revenue from use of money and property- Investment income	2,156	2,156	800	(1,356)
Intergovernmental revenues:				
State	182	182	158	(24)
Other	574	574	2,698	2,124
Charges for services	4,652	4,652	4,825	173
Miscellaneous			205	205
TOTAL REVENUES	28,669	28,669	26,928	(1,741)
EXPENDITURES:				
Current-Public ways and facilities- Services and supplies	63,260	63,265	22,379	(40,886)
TOTAL EXPENDITURES	63,260	63,265	22,379	(40,886)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(34,591)	(34,596)	4,549	39,145
OTHER FINANCING SOURCES (USES):				
Transfers in	5,260	5,260	4,598	(662)
Transfers out	(5,203)	(5,198)	(4,598)	600
Appropriation for contingencies	(7,712)	(7,712)		7,712
Changes in reserves and designations	(11,359)	(11,359)	(12,849)	(1,490)
OTHER FINANCING SOURCES (USES) - NET	(19,014)	(19,009)	(12,849)	6,160
NET CHANGE IN FUND BALANCE	(53,605)	(53,605)	(8,300)	45,305
FUND BALANCE, JULY 1, 2009	53,605	53,605	53,605	
FUND BALANCE, JUNE 30, 2010	\$		45,305	45,305

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, 2010 (in thousands)

	GARBAGE DISPOSAL DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 5,359	5,359	4,917	(442)
Fines, forfeitures and penalties	368	368	420	52
Revenue from use of money and property- Investment income	749	749	285	(464)
Intergovernmental revenues- State	39	39	42	3
Charges for services	19,647	19,647	19,371	(276)
TOTAL REVENUES	26,162	26,162	25,035	(1,127)
EXPENDITURES:				
Current-Health and sanitation- Services and supplies	25,431	25,431	22,370	(3,061)
TOTAL EXPENDITURES	25,431	25,431	22,370	(3,061)
EXCESS OF REVENUES OVER EXPENDITURES	731	731	2,665	1,934
OTHER FINANCING SOURCES (USES):				
Appropriation for contingencies	(3,643)	(3,643)		3,643
Changes in reserves and designations	(2,387)	(2,387)	(2,705)	(318)
OTHER FINANCING SOURCES (USES) - NET	(6,030)	(6,030)	(2,705)	3,325
NET CHANGE IN FUND BALANCE	(5,299)	(5,299)	(40)	5,259
FUND BALANCE, JULY 1, 2009	5,299	5,299	5,299	
FUND BALANCE, JUNE 30, 2010	\$		5,259	5,259

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, 2010 (in thousands)

	SEWER MAINTENANCE DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Fines, forfeitures and penalties	\$ 186	186	353	167
Revenue from use of money and property- Investment income	534	534	218	(316)
Intergovernmental revenues- Other	17	17	28	11
Charges for services	29,614	29,614	29,721	107
Miscellaneous			4	4
TOTAL REVENUES	30,351	30,351	30,324	(27)
EXPENDITURES:				
Current-Health and sanitation:				
Services and supplies	38,368	38,368	29,398	(8,970)
Other charges	1,295	1,295	293	(1,002)
Capital assets	100	100		(100)
TOTAL EXPENDITURES	39,763	39,763	29,691	(10,072)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,412)	(9,412)	633	10,045
OTHER FINANCING SOURCES (USES):				
Sales of fixed assets			1	1
Transfers out	(862)	(862)	(291)	571
Appropriation for contingencies	(2,459)	(2,459)		2,459
Changes in reserves and designations	(1,047)	(1,047)	(306)	741
OTHER FINANCING SOURCES (USES) - NET	(4,368)	(4,368)	(596)	3,772
NET CHANGE IN FUND BALANCE	(13,780)	(13,780)	37	13,817
FUND BALANCE, JULY 1, 2009	13,780	13,780	13,780	
FUND BALANCE, JUNE 30, 2010	\$		13,817	13,817

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, 2010 (in thousands)

	HEALTH SERVICES MEASURE B			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 233,714	233,714	233,612	(102)
Fines, forfeitures and penalties			1,700	1,700
Revenue from use of money and property- Investment income	2,900	2,900	1,228	(1,672)
TOTAL REVENUES	236,614	236,614	236,540	(74)
EXPENDITURES:				
Current-Health and sanitation:				
Services and supplies	21,656	23,120	20,972	(2,148)
Other charges	26,001	25,780	24,005	(1,775)
TOTAL EXPENDITURES	47,657	48,900	44,977	(3,923)
EXCESS OF REVENUES OVER EXPENDITURES	188,957	187,714	191,563	3,849
OTHER FINANCING SOURCES (USES):				
Transfers out	(188,603)	(197,605)	(197,603)	2
Appropriation for contingencies	(10,245)			
Changes in reserves and designations			2,167	2,167
OTHER FINANCING SOURCES (USES) - NET	(198,848)	(197,605)	(195,436)	2,169
NET CHANGE IN FUND BALANCE	(9,891)	(9,891)	(3,873)	6,018
FUND BALANCE, JULY 1, 2009	9,891	9,891	9,891	
FUND BALANCE, JUNE 30, 2010	\$		6,018	6,018

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, 2010 (in thousands)

	HEALTH AND SANITATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Licenses, permits and franchises	\$ 3,641	3,641	2,522	(1,119)
Fines, forfeitures and penalties	27,584	27,584	21,634	(5,950)
Revenue from use of money and property:				
Investment income	9,330	9,330	6,135	(3,195)
Rents and concessions			65	65
Intergovernmental revenues:				
State	356,126	356,180	457,446	101,266
Other	1,943	2,253	1,739	(514)
Charges for services	22,651	22,651	21,169	(1,482)
TOTAL REVENUES	421,275	421,639	510,710	89,071
EXPENDITURES:				
Current-Health and sanitation:				
Services and supplies	106,756	106,605	54,232	(52,373)
Capital assets	586	586	89	(497)
TOTAL EXPENDITURES	107,342	107,191	54,321	(52,870)
EXCESS OF REVENUES OVER EXPENDITURES	313,933	314,448	456,389	141,941
OTHER FINANCING SOURCES (USES):				
Transfers out	(293,462)	(293,977)	(240,891)	53,086
Appropriation for contingencies	(46,188)	(46,188)		46,188
Changes in reserves and designations	(80,703)	(80,703)	(79,858)	845
OTHER FINANCING SOURCES (USES) - NET	(420,353)	(420,868)	(320,749)	100,119
NET CHANGE IN FUND BALANCE	(106,420)	(106,420)	135,640	242,060
FUND BALANCE, JULY 1, 2009	106,420	106,420	106,420	
FUND BALANCE, JUNE 30, 2010	\$		242,060	242,060

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, 2010 (in thousands)

	OTHER PUBLIC PROTECTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Licenses, permits and franchises	\$		189	189
Fines, forfeitures and penalties	11,901	11,901	11,368	(533)
Revenue from use of money and property:				
Investment income	5,004	5,004	2,696	(2,308)
Rents and concessions	14,916	14,916	19,241	4,325
Intergovernmental revenues:				
Federal	110	110	5	(105)
State	13,209	13,209	15,087	1,878
Other			455	455
Charges for services	14,194	14,194	11,106	(3,088)
Miscellaneous	41,825	41,827	25,020	(16,807)
<b>TOTAL REVENUES</b>	<b>101,159</b>	<b>101,161</b>	<b>85,167</b>	<b>(15,994)</b>
EXPENDITURES:				
Current-Public protection:				
Services and supplies	160,006	159,461	64,593	(94,868)
Other charges	3,599	3,764	3,626	(138)
Capital assets	44,750	45,250	6,790	(38,460)
<b>TOTAL EXPENDITURES</b>	<b>208,355</b>	<b>208,475</b>	<b>75,009</b>	<b>(133,466)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(107,196)</b>	<b>(107,314)</b>	<b>10,158</b>	<b>117,472</b>
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	75	75	55	(20)
Transfers in	3,631	3,631	3,631	
Transfers out	(40,033)	(39,923)	(20,276)	19,647
Appropriation for contingencies	(19,141)	(19,133)		19,133
Changes in reserves and designations	(6,929)	(6,929)	(6,718)	211
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(62,397)</b>	<b>(62,279)</b>	<b>(23,308)</b>	<b>38,971</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(169,593)</b>	<b>(169,593)</b>	<b>(13,150)</b>	<b>156,443</b>
<b>FUND BALANCE, JULY 1, 2009</b>	<b>169,593</b>	<b>169,593</b>	<b>169,593</b>	
<b>FUND BALANCE, JUNE 30, 2010</b>	<b>\$</b>		<b>156,443</b>	<b>156,443</b>

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, 2010 (in thousands)

	PUBLIC ASSISTANCE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Licenses, permits and franchises	\$ 1,387	1,387	1,228	(159)
Fines, forfeitures and penalties	2,010	2,010	2,400	390
Revenue from use of money and property-				
Investment income	36	36	26	(10)
Charges for services	3,350	3,350	3,381	31
Miscellaneous	3,147	3,147	3,126	(21)
TOTAL REVENUES	9,930	9,930	10,161	231
EXPENDITURES:				
Current-Public assistance-				
Services and supplies	13,153	12,969	9,817	(3,152)
TOTAL EXPENDITURES	13,153	12,969	9,817	(3,152)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,223)	(3,039)	344	3,383
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,482)	(2,666)	(2,351)	315
Appropriation for contingencies	(2,048)	(2,048)		2,048
Changes in reserves and designations	(1,334)	(1,334)	(316)	1,018
OTHER FINANCING SOURCES (USES) - NET	(5,864)	(6,048)	(2,667)	3,381
NET CHANGE IN FUND BALANCE	(9,087)	(9,087)	(2,323)	6,764
FUND BALANCE, JULY 1, 2009	9,087	9,087	9,087	
FUND BALANCE, JUNE 30, 2010	\$		6,764	6,764

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, 2010 (in thousands)

	RECREATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Licenses, permits and franchises	\$ 20	20	21	1
Fines, forfeitures and penalties	18	18	32	14
Revenue from use of money and property:				
Investment income	117	117	44	(73)
Rents and concessions	366	366	458	92
Charges for services	5,165	5,165	6,697	1,532
Miscellaneous	2,880	3,030	2,346	(684)
TOTAL REVENUES	8,566	8,716	9,598	882
EXPENDITURES:				
Current-Recreation and cultural services- Services and supplies	14,651	14,106	9,750	(4,356)
TOTAL EXPENDITURES	14,651	14,106	9,750	(4,356)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(6,085)	(5,390)	(152)	5,238
OTHER FINANCING SOURCES (USES):				
Transfers in	214	214	164	(50)
Transfers out	(1,286)	(1,981)	(975)	1,006
Appropriation for contingencies	(1,560)	(1,560)		1,560
Changes in reserves and designations	(12,521)	(12,521)	(12,411)	110
OTHER FINANCING SOURCES (USES) - NET	(15,153)	(15,848)	(13,222)	2,626
NET CHANGE IN FUND BALANCE	(21,238)	(21,238)	(13,374)	7,864
FUND BALANCE, JULY 1, 2009	21,238	21,238	21,238	
FUND BALANCE, JUNE 30, 2010	\$		7,864	7,864

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, 2010 (in thousands)

	COURTHOUSE TEMPORARY CONSTRUCTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Fines, forfeitures and penalties	\$ 18,000	18,000	21,081	3,081
Revenue from use of money and property:				
Investment income	1,800	1,800	1,019	(781)
Rents and concessions	45	45		(45)
TOTAL REVENUES	19,845	19,845	22,100	2,255
EXPENDITURES:				
Current-Public protection:				
Services and supplies	63,234	63,234	1,751	(61,483)
Other charges	27,158	27,158	26,059	(1,099)
TOTAL EXPENDITURES	90,392	90,392	27,810	(62,582)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(70,547)	(70,547)	(5,710)	64,837
OTHER FINANCING SOURCES (USES)-				
Appropriation for contingencies	(4,073)	(4,073)		4,073
NET CHANGE IN FUND BALANCE	(74,620)	(74,620)	(5,710)	68,910
FUND BALANCE, JULY 1, 2009	74,620	74,620	74,620	
FUND BALANCE, JUNE 30, 2010	\$		68,910	68,910

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, 2010 (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	\$ 20,000	20,000	24,160	4,160
Revenue from use of money and property- Investment income	880	880	924	44
TOTAL REVENUES	20,880	20,880	25,084	4,204
EXPENDITURES:				
Current-Public protection:				
Services and supplies	56,427	17,827	2,154	(15,673)
Other charges	8,910	8,910	3,722	(5,188)
Capital Outlay	420	420		(420)
TOTAL EXPENDITURES	65,757	27,157	5,876	(21,281)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(44,877)	(6,277)	19,208	25,485
OTHER FINANCING SOURCES (USES):				
Transfers in	280	280	280	
Transfers out	(3,631)	(42,231)	(42,231)	
Appropriation for contingencies	(10,363)	(10,363)		10,363
OTHER FINANCING SOURCES (USES) - NET	(13,714)	(52,314)	(41,951)	10,363
NET CHANGE IN FUND BALANCE	(58,591)	(58,591)	(22,743)	35,848
FUND BALANCE, JULY 1, 2009	58,591	58,591	58,591	
FUND BALANCE, JUNE 30, 2010	\$		35,848	35,848

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, 2010 (in thousands)

	REGISTRAR RECORDER IMPROVEMENT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES-				
Charges for services	\$ 9,706	10,070	12,812	2,742
OTHER FINANCING SOURCES (USES):				
Transfers out	(14,358)	(16,231)	(15,332)	899
Appropriation for contingencies	(1,552)	(1,195)		1,195
Changes in reserves and designations	(19,803)	(18,651)	(18,563)	88
OTHER FINANCING SOURCES (USES) - NET	(35,713)	(36,077)	(33,895)	2,182
NET CHANGE IN FUND BALANCE	(26,007)	(26,007)	(21,083)	4,924
FUND BALANCE, JULY 1, 2009	26,007	26,007	26,007	
FUND BALANCE, JUNE 30, 2010	\$		4,924	4,924

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, 2010 (in thousands)

	OTHER SPECIAL REVENUE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Licenses, permits and franchises	\$ 2,124	2,124	2,643	519
Fines, forfeitures and penalties	150	150	150	
Revenue from use of money and property:				
Investment income	1,459	1,459	970	(489)
Rents and concessions	4,735	4,735	4,539	(196)
Royalties	10	10	5	(5)
Charges for services	1,697	1,697	2,214	517
Miscellaneous			2,162	2,162
<b>TOTAL REVENUES</b>	<b>10,175</b>	<b>10,175</b>	<b>12,683</b>	<b>2,508</b>
EXPENDITURES:				
Current:				
General government:				
Salaries and employee benefits	6,000	6,000	5,754	(246)
Services and supplies	29,339	29,164	11,674	(17,490)
Capital assets	2,579	2,754	510	(2,244)
<b>Total general government</b>	<b>37,918</b>	<b>37,918</b>	<b>17,938</b>	<b>(19,980)</b>
Public protection:				
Services and supplies	2,231	2,231	1,168	(1,063)
Other charges	4,002	4,002	4,001	(1)
<b>Total public protection</b>	<b>6,233</b>	<b>6,233</b>	<b>5,169</b>	<b>(1,064)</b>
Health and sanitation-				
Capital assets	140	140	101	(39)
<b>Total health and sanitation</b>	<b>140</b>	<b>140</b>	<b>101</b>	<b>(39)</b>
Education-				
Services and supplies	17,602	15,038	466	(14,572)
<b>Total education</b>	<b>17,602</b>	<b>15,038</b>	<b>466</b>	<b>(14,572)</b>
Recreation and cultural services-				
Services and supplies	600	681	258	(423)
<b>Total recreation and cultural services</b>	<b>600</b>	<b>681</b>	<b>258</b>	<b>(423)</b>
<b>TOTAL EXPENDITURES</b>	<b>62,493</b>	<b>60,010</b>	<b>23,932</b>	<b>(36,078)</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(52,318)</b>	<b>(49,835)</b>	<b>(11,249)</b>	<b>38,586</b>
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	3,886	3,886	442	(3,444)
Transfers in	7,037	7,118	6,848	(270)
Transfers out	(48,976)	(51,540)	(5,163)	46,377
Appropriation for contingencies	(3,817)	(3,817)		3,817
Changes in reserves and designations	1,940	1,940	2,725	785
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(39,930)</b>	<b>(42,413)</b>	<b>4,852</b>	<b>47,265</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(92,248)</b>	<b>(92,248)</b>	<b>(6,397)</b>	<b>85,851</b>
<b>FUND BALANCE, JULY 1, 2009</b>	<b>92,248</b>	<b>92,248</b>	<b>92,248</b>	
<b>FUND BALANCE, JUNE 30, 2010</b>	<b>\$</b>		<b>85,851</b>	<b>85,851</b>



COUNTY OF LOS ANGELES  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
 JUNE 30, 2010 (in thousands)

	Flood Control District	Regional Park and Open Space District	Joint Powers Authorities	Public Buildings	LA County Securitization Corporation	Total
<b>ASSETS</b>						
Pooled cash and investments:						
Operating	\$	58,650				\$ 58,650
Other		56				56
Total pooled cash and investments		58,706				58,706
Other investments	231		222,660	93,719	33,255	349,865
Taxes receivable	605					605
Interest receivable		149		421		570
Due from other funds					261,788	261,788
<b>TOTAL ASSETS</b>	<b>\$ 836</b>	<b>58,855</b>	<b>222,660</b>	<b>94,140</b>	<b>295,043</b>	<b>\$ 671,534</b>
<b>LIABILITIES AND FUND BALANCES</b>						
LIABILITIES:						
Other payables	\$ 5					\$ 5
Deferred revenue	478					478
<b>TOTAL LIABILITIES</b>	<b>483</b>					<b>483</b>
<b>FUND BALANCES - reserved for debt service</b>	<b>353</b>	<b>58,855</b>	<b>222,660</b>	<b>94,140</b>	<b>295,043</b>	<b>671,051</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 836</b>	<b>58,855</b>	<b>222,660</b>	<b>94,140</b>	<b>295,043</b>	<b>\$ 671,534</b>

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, 2010 (in thousands)

	Flood Control District	Regional Park and Open Space District	Joint Powers Authorities	Public Buildings	LA County Securitization Corporation	Total
REVENUES:						
Taxes	\$ 6					\$ 6
Revenue from use of money and property-						
Investment income	13	1,474	11,692	870	1,045	15,094
Miscellaneous					24,973	24,973
TOTAL REVENUE	19	1,474	11,692	870	26,018	40,073
EXPENDITURES - Debt service:						
Principal	15,095	24,215	24,215	61,944		125,469
Interest and other charges	3,983	11,692	11,692	31,749	33	59,149
TOTAL EXPENDITURES	19,078	35,907	35,907	93,693	33	184,618
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(19,059)	(34,433)	(24,215)	(92,823)	25,985	(144,545)
OTHER FINANCING SOURCES (USES):						
Transfers in	19,353	34,754		85,017		139,124
Transfers out				(2,295)	(29,974)	(32,269)
Issuance of debt				14,000		14,000
TOTAL OTHER FINANCING SOURCES (USES)	19,353	34,754		96,722	(29,974)	120,855
NET CHANGE IN FUND BALANCES	294	321	(24,215)	3,899	(3,989)	(23,690)
FUND BALANCES, JULY 1, 2009	59	58,534	246,875	90,241	299,032	694,741
FUND BALANCES, JUNE 30, 2010	\$ 353	58,855	222,660	94,140	295,043	\$ 671,051

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, 2010 (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	\$ 708	708	1,405	697
EXPENDITURES:				
Debt service:				
Principal	24,215	24,215	24,215	
Interest	21,489	21,489	11,692	(9,797)
TOTAL EXPENDITURES	45,704	45,704	35,907	(9,797)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(44,996)	(44,996)	(34,502)	10,494
OTHER FINANCING SOURCES (USES):				
Transfers in	35,777	35,777	34,754	(1,023)
Appropriation for contingencies	(358)	(358)		358
Changes in reserves and designations	(221)	(221)	(92)	129
OTHER FINANCING SOURCES (USES) - NET	35,198	35,198	34,662	(536)
NET CHANGE IN FUND BALANCE	(9,798)	(9,798)	160	9,958
FUND BALANCE, JULY 1, 2009	9,798	9,798	9,798	
FUND BALANCE, JUNE 30, 2010	\$		9,958	9,958

COUNTY OF LOS ANGELES  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS  
 JUNE 30, 2010 (in thousands)

	Accumulative Capital Outlay	Flood Control District	Improvement Districts	Public Buildings	Gap Loan	Total
<b>ASSETS</b>						
Pooled cash and investments:						
Operating	\$ 73,708	100	11		119,569	\$ 193,388
Other	3,522				217	3,739
Total pooled cash and investments	77,230	100	11		119,786	197,127
Other investments				11,355		11,355
Interest receivable	254			4	368	626
Due from other funds	8,104				226	8,330
<b>TOTAL ASSETS</b>	<b>\$ 85,588</b>	<b>100</b>	<b>11</b>	<b>11,359</b>	<b>120,380</b>	<b>\$ 217,438</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ 698					\$ 698
Due to other funds	5,426			589	5,462	11,477
Advances payable	35					35
<b>TOTAL LIABILITIES</b>	<b>6,159</b>			<b>589</b>	<b>5,462</b>	<b>12,210</b>
<b>FUND BALANCES:</b>						
Reserved for:						
Encumbrances	4,270			1,424		5,694
Assets unavailable for appropriation	6,124					6,124
Unreserved-Undesignated	69,035	100	11	9,346	114,918	193,410
<b>TOTAL FUND BALANCES</b>	<b>79,429</b>	<b>100</b>	<b>11</b>	<b>10,770</b>	<b>114,918</b>	<b>205,228</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 85,588</b>	<b>100</b>	<b>11</b>	<b>11,359</b>	<b>120,380</b>	<b>\$ 217,438</b>

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, 2010 (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	\$ 1,251	1		51	1,774	\$ 3,077
Intergovernmental revenues-						
State	190					190
Charges for services	5,381					5,381
Miscellaneous				159		159
<b>TOTAL REVENUES</b>	<b>6,822</b>	<b>1</b>		<b>210</b>	<b>1,774</b>	<b>8,807</b>
<b>EXPENDITURES - Capital outlay</b>	<b>14,943</b>			<b>15,523</b>		<b>30,466</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(8,121)</b>	<b>1</b>		<b>(15,313)</b>	<b>1,774</b>	<b>(21,659)</b>
OTHER FINANCING SOURCES (USES) :						
Transfers in	12,643			307		12,950
Transfers out	(9,161)	(275)			(5,010)	(14,446)
Issuance of debt				22,977		22,977
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>3,482</b>	<b>(275)</b>		<b>23,284</b>	<b>(5,010)</b>	<b>21,481</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(4,639)</b>	<b>(274)</b>		<b>7,971</b>	<b>(3,236)</b>	<b>(178)</b>
<b>FUND BALANCES, JULY 1, 2009</b>	<b>84,068</b>	<b>374</b>	<b>11</b>	<b>2,799</b>	<b>118,154</b>	<b>205,406</b>
<b>FUND BALANCES, JUNE 30, 2010</b>	<b>\$ 79,429</b>	<b>100</b>	<b>11</b>	<b>10,770</b>	<b>114,918</b>	<b>\$ 205,228</b>

COUNTY OF LOS ANGELES  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS  
 JUNE 30, 2010 (in thousands)

	<u>Annuities</u>	<u>Endowments</u>	<u>Total</u>
ASSETS			
Pooled cash and investments:			
Operating	\$ 572	2,317	\$ 2,889
Other	<u>1</u>	<u>4</u>	<u>5</u>
Total pooled cash and investments	<u>573</u>	<u>2,321</u>	<u>2,894</u>
Other investments	109		109
Interest receivable	<u>3</u>	<u>7</u>	<u>10</u>
 TOTAL ASSETS	 <u>\$ 685</u>	 <u>2,328</u>	 <u>\$ 3,013</u>
 LIABILITIES - Due to other funds	 \$	 187	 \$ 187
 FUND BALANCES - Reserved for annuities and endowments	 <u>685</u>	 <u>2,141</u>	 <u>2,826</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 685</u>	 <u>2,328</u>	 <u>\$ 3,013</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, 2010 (in thousands)

	<u>Annuities</u>	<u>Endowments</u>	<u>Total</u>
REVENUES:			
Revenue from use of money and property -			
Investment income	<u>\$ 18</u>	<u>30</u>	<u>\$ 48</u>
EXPENDITURES - General government	<u>45</u>	<u>196</u>	<u>241</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(27)</u>	<u>(166)</u>	<u>(193)</u>
NET CHANGE IN FUND BALANCES	(27)	(166)	(193)
FUND BALANCES, JULY 1, 2009	<u>712</u>	<u>2,307</u>	<u>3,019</u>
FUND BALANCES, JUNE 30, 2010	<u>\$ 685</u>	<u>2,141</u>	<u>\$ 2,826</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, 2010 (in thousands)

	Aviation	Community Development Commission	Total Nonmajor Enterprise Funds
<b>ASSETS</b>			
Current assets:			
Pooled cash and investments:			
Operating	\$ 4,979		\$ 4,979
Other	3		3
Total pooled cash and investments	<u>4,982</u>		<u>4,982</u>
Other investments		23,364	23,364
Interest receivable	12		12
Other receivables	5,795	7,278	13,073
Due from other funds	5		5
Total current assets	<u>10,794</u>	<u>30,642</u>	<u>41,436</u>
Noncurrent assets:			
Capital assets:			
Land and easements	134,066	60,206	194,272
Buildings and improvements	34,437	131,767	166,204
Equipment	1,787	1,502	3,289
Infrastructure	41,781		41,781
Construction in progress	5,424	3,655	9,079
Less accumulated depreciation	(54,278)	(126,413)	(180,691)
Total capital assets - net	<u>163,217</u>	<u>70,717</u>	<u>233,934</u>
Total noncurrent assets	<u>163,217</u>	<u>70,717</u>	<u>233,934</u>
<b>TOTAL ASSETS</b>	<u>\$ 174,011</u>	<u>101,359</u>	<u>\$ 275,370</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 171	5,441	\$ 5,612
Other payables	1,333	756	2,089
Due to other funds	297		297
Unearned revenue		536	536
Current portion of long-term liabilities		806	806
Total current liabilities	<u>1,801</u>	<u>7,539</u>	<u>9,340</u>
Noncurrent liabilities:			
Accrued vacation and sick leave		152	152
Bonds and notes payable		2,980	2,980
Litigation and self-insurance		766	766
Total noncurrent liabilities		<u>3,898</u>	<u>3,898</u>
<b>TOTAL LIABILITIES</b>	<u>1,801</u>	<u>11,437</u>	<u>13,238</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	163,217	67,387	230,604
Restricted:			
Debt service		10,953	10,953
Special purpose		11,582	11,582
Unrestricted	8,993		8,993
<b>TOTAL NET ASSETS</b>	<u>\$ 172,210</u>	<u>89,922</u>	<u>\$ 262,132</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, 2010 (in thousands)

	Aviation	Community Development Commission	Total Nonmajor Enterprise Funds
OPERATING REVENUES:			
Rentals	\$ 3,086	11,261	\$ 14,347
Charges for services	423		423
Other		771	771
TOTAL OPERATING REVENUES	<u>3,509</u>	<u>12,032</u>	<u>15,541</u>
OPERATING EXPENSES:			
Services and supplies	2,753	294,035	296,788
Other professional services	361		361
Depreciation and amortization	1,628	627	2,255
TOTAL OPERATING EXPENSES	<u>4,742</u>	<u>294,662</u>	<u>299,404</u>
OPERATING LOSS	<u>(1,233)</u>	<u>(282,630)</u>	<u>(283,863)</u>
NONOPERATING REVENUES (EXPENSES):			
Interest income	43	426	469
Interest expense		(123)	(123)
Intergovernmental revenues:			
State	40		40
Federal	8,068	265,692	273,760
TOTAL NONOPERATING REVENUES	<u>8,151</u>	<u>265,995</u>	<u>274,146</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>6,918</u>	<u>(16,635)</u>	<u>(9,717)</u>
Capital contributions	1,710		1,710
Transfers in		1,083	1,083
Transfers out		(135)	(135)
CHANGE IN NET ASSETS	8,628	(15,687)	(7,059)
TOTAL NET ASSETS, JULY 1, 2009	<u>163,582</u>	<u>105,609</u>	<u>269,191</u>
TOTAL NET ASSETS, JUNE 30, 2010	<u>\$ 172,210</u>	<u>89,922</u>	<u>\$ 262,132</u>

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010 (in thousands)

	Aviation	Community Development Commission	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Rentals received	\$ 3,086	11,920	\$ 15,006
Cash received (returned) from charges for services	470		470
Other operating revenues		771	771
Cash paid for salaries and employee benefits		(17,949)	(17,949)
Cash paid for services and supplies	(2,086)	(273,782)	(275,868)
Other operating expenses	(361)		(361)
Net cash required for operating activities	<u>1,109</u>	<u>(279,040)</u>	<u>(277,931)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Intergovernmental receipts	2,839	265,692	268,531
Transfers in		1,083	1,083
Transfers out		(135)	(135)
Net cash provided by noncapital financing activities	<u>2,839</u>	<u>266,640</u>	<u>269,479</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Capital contributions	1,710		1,710
Proceeds from bonds and notes		6	6
Interest paid on capital borrowing		(123)	(123)
Principal payments on bonds		(355)	(355)
Acquisition and construction of capital assets	(5,589)	5,430	(159)
Net cash provided by (required for) capital and related financing activities	<u>(3,879)</u>	<u>4,958</u>	<u>1,079</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES -</b>			
Interest income received	<u>44</u>	<u>426</u>	<u>470</u>
Net increase (decrease) in cash and cash equivalents	113	(7,016)	(6,903)
Cash and cash equivalents, July 1, 2009	<u>4,869</u>	<u>30,380</u>	<u>35,249</u>
Cash and cash equivalents, June 30, 2010	<u>\$ 4,982</u>	<u>23,364</u>	<u>\$ 28,346</u>

Continued...

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CASH FLOWS - Continued  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010 (in thousands)

	Aviation	Community Development Commission	Total Nonmajor Enterprise Funds
	<u>Aviation</u>	<u>Community Development Commission</u>	<u>Total Nonmajor Enterprise Funds</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH REQUIRED FOR OPERATING ACTIVITIES:			
Operating loss	\$ (1,233)	(282,630)	\$ (283,863)
Adjustments to reconcile operating loss to net cash required for operating activities:			
Depreciation and amortization	1,628	627	2,255
Other charges - net	761		761
(Increase) decrease in:			
Other receivables	(1)	653	652
Due from other funds	48		48
Inventories		11	11
Increase (decrease) in:			
Accounts payable	(91)	2,629	2,538
Other payables	(51)	(867)	(918)
Accrued vacation and sick leave		(235)	(235)
Due to other funds	48		48
Unearned revenue		6	6
Litigation and self-insurance liability		766	766
	<u>2,342</u>	<u>3,590</u>	<u>5,932</u>
TOTAL ADJUSTMENTS			
NET CASH REQUIRED FOR OPERATING ACTIVITIES	<u>\$ 1,109</u>	<u>(279,040)</u>	<u>\$ (277,931)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:			
Pooled cash and investments	\$ 4,982		\$ 4,982
Other investments		23,364	23,364
	<u>\$ 4,982</u>	<u>23,364</u>	<u>\$ 28,346</u>
TOTAL			

# 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, 2010 (in thousands)

	Public Works	Equipment Acquisition	Community Development Commission	Total
<b>ASSETS</b>				
Current assets:				
Pooled cash and investments:				
Operating	\$ 29,843	2,585		\$ 32,428
Other	4,213	15		4,228
Total pooled cash and investments	<u>34,056</u>	<u>2,600</u>		<u>36,656</u>
Other investments			8,241	8,241
Interest receivable	96	34		130
Other receivables	7,218		72	7,290
Due from other funds	64,856	33		64,889
Inventories	10,024		62	10,086
Total current assets	<u>116,250</u>	<u>2,667</u>	<u>8,375</u>	<u>127,292</u>
Noncurrent assets:				
Restricted assets		11,046		11,046
Net pension obligation	2,576			2,576
Capital assets:				
Buildings and improvements	1,734			1,734
Equipment	135,858	80,275	4,874	221,007
Less accumulated depreciation	<u>(74,425)</u>	<u>(44,266)</u>	<u>(4,326)</u>	<u>(123,017)</u>
Total capital assets - net	<u>63,167</u>	<u>36,009</u>	<u>548</u>	<u>99,724</u>
Total noncurrent assets	<u>65,743</u>	<u>47,055</u>	<u>548</u>	<u>113,346</u>
<b>TOTAL ASSETS</b>	<b>\$ 181,993</b>	<b>49,722</b>	<b>8,923</b>	<b>\$ 240,638</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 5,334	14	592	\$ 5,940
Accrued payroll	13,905			13,905
Other payables	1,929			1,929
Accrued interest payable		116		116
Due to other funds	27,764		9	27,773
Advances from other funds	22,000			22,000
Unearned revenue	469			469
Current portion of long-term liabilities	26,303	14,680	485	41,468
Total current liabilities	<u>97,704</u>	<u>14,810</u>	<u>1,086</u>	<u>113,600</u>
Noncurrent liabilities:				
Accrued vacation and sick leave	38,488		80	38,568
Bonds and notes payable		25,405		25,405
Capital lease obligations			32	32
Workers' compensation liability	34,926		2,795	37,721
Litigation and self-insurance liability			1,686	1,686
OPEB obligation	136,795			136,795
Total noncurrent liabilities	<u>210,209</u>	<u>25,405</u>	<u>4,593</u>	<u>240,207</u>
<b>TOTAL LIABILITIES</b>	<b>307,913</b>	<b>40,215</b>	<b>5,679</b>	<b>353,807</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	63,167	1,291	505	64,963
Restricted:				
Debt service		10,930		10,930
Special purpose			2,739	2,739
Unrestricted (Deficit)	(189,087)	(2,714)		(191,801)
<b>TOTAL NET ASSETS (DEFICIT)</b>	<b>\$ (125,920)</b>	<b>9,507</b>	<b>3,244</b>	<b>\$ (113,169)</b>



COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010 (in thousands)

	Public Works	Equipment Acquisition	Community Development Commission	Total
OPERATING REVENUES:				
Rentals	\$ 1	23,614		\$ 23,615
Charges for services	429,773		12,747	442,520
TOTAL OPERATING REVENUES	429,774	23,614	12,747	466,135
OPERATING EXPENSES:				
Salaries and employee benefits	381,652			381,652
Services and supplies	44,025	131	13,866	58,022
Other professional services	29,483			29,483
Depreciation and amortization	8,883	20,164	163	29,210
TOTAL OPERATING EXPENSES	464,043	20,295	14,029	498,367
OPERATING INCOME (LOSS)	(34,269)	3,319	(1,282)	(32,232)
NONOPERATING REVENUES (EXPENSES) :				
Interest income	56	130	116	302
Interest expense	(2,509)	(265)		(2,774)
Intergovernmental revenues - Federal			1,019	1,019
TOTAL NONOPERATING REVENUES (EXPENSES)	(2,453)	(135)	1,135	(1,453)
INCOME (LOSS) BEFORE TRANSFERS	(36,722)	3,184	(147)	(33,685)
Transfers in	1,264		95	1,359
Transfers out			(95)	(95)
CHANGE IN NET ASSETS	(35,458)	3,184	(147)	(32,421)
TOTAL NET ASSETS (DEFICIT), JULY 1, 2009	(90,462)	6,323	3,391	(80,748)
TOTAL NET ASSETS (DEFICIT), JUNE 30, 2010	\$ (125,920)	9,507	3,244	\$ (113,169)

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010 (in thousands)

	Public Works	Equipment Acquisition	Community Development Commission	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Rentals received	\$ 1	23,623		\$ 23,624
Cash received from charges for services	50,372			50,372
Cash received from charges for services to other funds	380,196		12,720	392,916
Cash paid for salaries and employee benefits	(355,366)		(7,548)	(362,914)
Cash paid for services and supplies	(52,520)	(131)	(5,878)	(58,529)
Other operating expenses	(29,483)			(29,483)
<b>Net cash provided by (required for) operating activities</b>	<b>(6,800)</b>	<b>23,492</b>	<b>(706)</b>	<b>15,986</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Interest paid on pension bonds	(2,509)			(2,509)
Intergovernmental receipts			1,019	1,019
Transfers in	1,264		95	1,359
Transfers out			(95)	(95)
<b>Net cash provided by (required for) noncapital financing activities</b>	<b>(1,245)</b>		<b>1,019</b>	<b>(226)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from bonds and notes		39,025		39,025
Interest paid on capital borrowing		(358)		(358)
Principal payments on bonds and notes		(54,505)		(54,505)
Acquisition and construction of capital assets	(11,193)	(12,871)	(319)	(24,383)
<b>Net cash required for capital and related financing activities</b>	<b>(11,193)</b>	<b>(28,709)</b>	<b>(319)</b>	<b>(40,221)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES -</b>				
Interest income received	25	151	116	292
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(19,213)</b>	<b>(5,066)</b>	<b>110</b>	<b>(24,169)</b>
Cash and cash equivalents July 1, 2009	53,269	18,712	8,131	80,112
<b>Cash and cash equivalents June 30, 2010</b>	<b>\$ 34,056</b>	<b>13,646</b>	<b>8,241</b>	<b>\$ 55,943</b>

Continued...

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CASH FLOWS - Continued  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010 (in thousands)

	Public Works	Equipment Acquisition	Community Development Commission	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$ (34,269)	3,319	(1,282)	\$ (32,232)
Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities:				
Depreciation and amortization	8,883	20,164	163	29,210
Other charges - net	371			371
(Increase) decrease in:				
Interest receivable				
Other receivables	(474)		(27)	(501)
Due from other funds	1,012	9		1,021
Inventories	(299)		(18)	(317)
Net pension obligation	2,574			2,574
Increase (decrease) in:				
Accounts payable	514		58	572
Accrued payroll	(10,497)			(10,497)
Other payables	118			118
Accrued vacation and sick leave	756		118	874
Due to other funds	(9,081)		(63)	(9,144)
Unearned revenue	(155)			(155)
Pension bonds payable	(15,310)			(15,310)
Workers' compensation liability	2,636			2,636
Litigation and self-insurance liability			345	345
OPEB liability	46,421			46,421
TOTAL ADJUSTMENTS	<u>27,469</u>	<u>20,173</u>	<u>576</u>	<u>48,218</u>
NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES	<u>\$ (6,800)</u>	<u>23,492</u>	<u>(706)</u>	<u>\$ 15,986</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES -				
Assets acquired from capital leases			43	\$ 43
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:				
Pooled cash and investments	\$ 34,056	2,600		\$ 36,656
Other investments			8,241	8,241
Restricted assets		11,046		11,046
TOTAL	<u>\$ 34,056</u>	<u>13,646</u>	<u>8,241</u>	<u>\$ 55,943</u>

# FIDUCIARY FUNDS

COUNTY OF LOS ANGELES  
FIDUCIARY FUNDS

POOLED INVESTMENT TRUST FUND

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

SPECIFIC INVESTMENT TRUST FUND

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

AGENCY

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

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS - INVESTMENT TRUST FUNDS  
 JUNE 30, 2010 (in thousands)

	Pooled Investment Trust Fund	Specific Investment Trust Fund	Total
<b>ASSETS</b>			
Pooled cash and investments	\$ 16,859,418		\$ 16,859,418
Other investments		95,447	95,447
Interest receivable	<u>48,729</u>	<u>275</u>	<u>49,004</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 16,908,147</u></u>	<u><u>95,722</u></u>	<u><u>\$ 17,003,869</u></u>
<b>LIABILITIES</b>			
Other Payables	<u>\$ 776,749</u>		<u>\$ 776,749</u>
<b>NET ASSETS</b>			
Held in trust for investment trust fund participants	<u><u>\$ 16,131,398</u></u>	<u><u>95,722</u></u>	<u><u>\$ 16,227,120</u></u>

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS - INVESTMENT TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010 (in thousands)

	Pooled Investment Trust Fund	Specific Investment Trust Fund	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
ADDITIONS:			
Contributions to investment trust funds	\$ 45,390,205	2,209,139	\$ 47,599,344
Interest income	<u>213,245</u>	<u>5,377</u>	<u>218,622</u>
TOTAL ADDITIONS	<u>45,603,450</u>	<u>2,214,516</u>	<u>47,817,966</u>
DEDUCTIONS -			
Distribution from investment trust funds	<u>42,878,329</u>	<u>2,406,254</u>	<u>45,284,583</u>
CHANGE IN NET ASSETS	2,725,121	(191,738)	2,533,383
NET ASSETS HELD IN TRUST, JULY 1, 2009	<u>13,406,277</u>	<u>287,460</u>	<u>13,693,737</u>
NET ASSETS HELD IN TRUST, JUNE 30, 2010	<u>\$ 16,131,398</u>	<u>95,722</u>	<u>\$ 16,227,120</u>

COUNTY OF LOS ANGELES  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FIDUCIARY FUNDS - AGENCY FUND  
 FOR THE YEAR ENDED JUNE 30, 2010 (in thousands)

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<b>ASSETS</b>				
Pooled cash and investments	\$ 1,163,812	130,424,912	130,326,790	\$ 1,261,934
Other investments	301	604	603	302
Taxes receivable	448,507	1,050,738	931,466	567,779
Interest receivable	4,739	6,027	4,778	5,988
<b>TOTAL ASSETS</b>	<b>\$ 1,617,359</b>	<b>131,482,281</b>	<b>131,263,637</b>	<b>\$ 1,836,003</b>
<b>LIABILITIES</b>				
Due to other governments	\$ 1,617,359	3,099,062	2,880,418	\$ 1,836,003
<b>TOTAL LIABILITIES</b>	<b>\$ 1,617,359</b>	<b>3,099,062</b>	<b>2,880,418</b>	<b>\$ 1,836,003</b>







## 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 .....	161
<p style="margin-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 .....	168
<p style="margin-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 .....	172
<p style="margin-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 .....	178
<p style="margin-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 .....	180
<p style="margin-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 NINE FISCAL YEARS (in thousands)  
*(accrual basis of accounting)*

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
<b>Governmental activities</b>									
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	14,081,048	14,271,861
Restricted	913,613	907,155	928,616	1,152,845	1,378,439	1,443,083	1,605,763	1,644,109	1,861,498
Unrestricted (deficit)	(1,892,055)	(2,391,517)	(2,203,518)	(1,572,611)	(840,389)	(194,953)	51,582	(972,862)	(2,133,744)
Subtotal governmental activities net assets	966,065	726,278	1,109,107	2,136,790	14,105,563	15,440,624	15,570,415	14,752,295	13,999,615
<b>Business-type activities</b>									
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	2,217,449	2,293,147
Restricted	91,994	127,192	105,557	74,173	165,427	186,266	307,985	192,427	163,820
Unrestricted (deficit)	(748,183)	(734,942)	(590,882)	(624,577)	(444,450)	(640,691)	(824,889)	(1,032,677)	(1,373,660)
Subtotal business-type activities net assets	(253,661)	(112,201)	136,957	243,113	1,548,202	1,736,574	1,742,713	1,377,199	1,083,307
<b>Primary government</b>									
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	16,298,497	16,565,008
Restricted	1,005,607	1,034,347	1,034,173	1,227,018	1,543,866	1,629,349	1,913,748	1,836,536	2,025,318
Unrestricted (deficit)	(2,640,238)	(3,126,459)	(2,794,400)	(2,197,188)	(1,284,839)	(835,644)	(773,307)	(2,005,539)	(3,507,404)
Total primary government net assets	\$ 712,404	614,077	1,246,064	2,379,903	15,653,765	17,177,198	17,313,128	16,129,494	15,082,922

**Notes:**

- (1) Trend data is available for only the prior eight 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 NINE FISCAL YEARS (in thousands)  
 (accrual basis of accounting)

	(1)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
<b>Expenses</b>										
Government activities:										
General government	\$	611,203	764,588	650,096	666,778	795,290	807,155	1,171,448	1,103,361	1,236,226
Public protection		3,937,519	4,177,049	4,044,824	4,159,675	4,443,432	4,872,413	5,799,593	6,125,158	6,163,910
Public ways and facilities		208,299	227,776	222,416	249,065	360,980	282,827	299,304	327,403	352,549
Health and sanitation		1,795,060	1,888,141	1,918,831	1,941,315	2,151,515	2,223,695	2,638,135	2,783,150	2,718,876
Public assistance		4,505,319	4,604,757	4,383,626	4,398,391	4,465,520	4,539,458	5,061,367	5,233,389	5,518,036
Education		73,455	75,079	77,207	86,707	92,867	99,136	112,035	109,910	101,397
Recreation and cultural services		231,605	228,008	229,541	236,421	240,274	266,967	290,669	331,726	319,000
Interest on long-term debt		249,586	270,336	240,494	223,696	221,838	239,608	191,551	165,782	139,824
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	16,179,879	16,549,818
Business-type activities:										
Hospitals	(2)	3,086,454	3,158,458	3,063,732	3,235,176	2,778,251	2,894,493	3,092,682	3,443,266	3,394,724
Aviation		4,618	4,617	5,155	5,747	5,236	5,761	4,182	5,073	4,743
Waterworks		39,857	42,448	45,473	43,444	67,563	97,504	74,810	76,904	76,817
Community Development Commission		198,340	223,808	222,207	217,560	202,298	211,077	246,195	268,201	294,785
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	3,793,444	3,771,069
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	19,973,323	20,320,887
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government		332,282	354,291	371,723	371,338	500,233	451,050	445,948	634,153	432,084
Public protection		981,002	1,021,186	1,055,700	1,112,288	1,118,277	1,189,730	1,273,710	1,323,593	1,342,970
Health and sanitation		375,484	385,490	357,229	378,324	469,450	518,893	708,097	484,240	639,602
Recreation and cultural services		154,704	152,908	157,486	159,999	165,980	173,531	206,364	172,899	178,935
Other charges for services		54,548	81,388	55,947	65,629	83,694	63,664	104,433	79,844	92,226
Subtotal governmental activities charges for services		1,898,020	1,995,263	1,998,085	2,087,578	2,337,634	2,396,868	2,738,552	2,694,729	2,685,817
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	7,215,270	7,636,509
Capital grants and contributions		27,534	38,471	59,650	44,072	64,258	25,135	184,502	206,137	115,640
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	10,116,136	10,437,966
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	2,022,633	2,099,010
Other charges for services		46,958	50,187	57,150	68,151	90,604	93,770	76,516	73,311	70,853
Subtotal business-type activities charges for services		2,562,961	2,644,949	2,454,197	2,458,921	2,004,419	1,957,979	1,806,747	2,095,944	2,169,863
Operating grants and contributions		267,329	295,296	277,427	262,636	309,526	304,720	263,471	279,195	317,162
Capital grants and contributions		13,765	26,851	83,537	138,723	74,821	12,992	2,897	837	2,018
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	2,375,976	2,489,043
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	12,492,112	12,927,009

Continued . . .

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

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
(1)									
<b>Net (expense) / revenue:</b>									
Governmental activities	(3,442,530)	(3,828,595)	(3,347,015)	(3,279,173)	(3,568,568)	(3,928,707)	(5,527,913)	(6,063,743)	(6,111,852)
Business-type activities	(485,214)	(462,235)	(521,406)	(641,647)	(664,582)	(933,144)	(1,344,754)	(1,417,468)	(1,282,026)
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)	(7,481,211)	(7,393,878)
<b>General Revenues and Other Changes in Net Assets</b>									
Governmental Activities:									
Taxes	2,349,836	2,493,274	2,912,645	3,804,859	4,292,919	4,688,595	5,034,399	5,192,566	5,061,595
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	756,417	701,521
Investment earnings	154,439	102,573	57,807	137,382	244,005	335,851	324,132	197,705	105,878
Miscellaneous	148,622	136,702	186,406	130,904	171,049	259,357	229,810	142,075	132,856
Special Item - Contribution of Disney Hall Transfers (Net)	(550,302)	(538,115)	(712,834)	(686,549)	(989,117)	(1,049,213)	(1,152,946)	(1,011,862)	(895,250)
Subtotal governmental activities	3,483,766	3,588,808	3,729,844	4,306,856	4,449,372	5,263,768	5,214,331	5,276,901	5,106,600
Business-type activities:									
Taxes	2,550	2,772	2,845	701	743	3,782	4,405	4,453	4,415
Unrestricted grants and contributions	33	32	32	34	34	35	37	37	143
Investment earnings	4,415	4,373	1,452	6,416	9,703	18,043	14,073	9,844	2,693
Miscellaneous	50,860	58,403	53,401	54,103	58,804	50,443	24,950	25,758	35,463
Transfers (Net)	550,302	538,115	712,834	686,549	989,117	1,049,213	1,152,946	1,011,862	895,250
Subtotal business-type activities	608,160	603,695	770,564	747,803	1,058,401	1,121,516	1,196,411	1,051,954	937,964
Total primary government	4,091,926	4,192,503	4,500,408	5,054,659	5,507,773	6,385,284	6,410,742	6,328,855	6,044,564
<b>Changes in Net Assets</b>									
Government activities	41,236	(239,787)	382,829	1,027,683	880,804	1,335,061	(313,582)	(786,842)	(1,005,252)
Business-type activities	122,946	141,460	249,158	106,156	393,819	188,372	(148,343)	(365,514)	(344,062)
Total primary government	\$ 164,182	(98,327)	631,987	1,133,839	1,274,623	1,523,433	(461,925)	(1,152,356)	(1,349,314)

**Notes:**

- (1) Trend data is available for only the prior eight 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 NINE FISCAL YEARS (in thousands)  
 (modified accrual basis of accounting)

	(1)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
<b>General Fund</b>										
Reserved for:	\$	277,146	316,118	289,174	333,499	352,523	415,001	532,752	368,798	373,511
Encumbrances		36,740	33,230	29,843	39,713	42,562	42,561	43,906	46,486	44,279
Inventories		44,879	33,410	31,548	27,415	26,970	20,718	20,808	124,567	366,638
Assets unavailable for appropriation		358,765	382,758	350,565	400,627	422,055	478,280	597,466	539,851	784,428
Total Reserved Balance										
Unreserved, designated for:										
Budget uncertainties		388,235	414,054	359,649	496,672	375,511	338,192	292,113	292,113	
Program expansion		206,805	254,753	299,357	190,548	497,370	328,795	302,763	464,395	305,831
Health services					329,806	459,346	326,849	242,408	228,229	168,702
Capital projects						190,184	241,489	315,355	278,955	144,366
Unreserved, undesignated, reported in-										
General fund		558,549	646,165	878,156	909,076	793,812	1,366,839	1,624,335	1,655,388	1,592,484
Total Unreserved Balance		1,153,589	1,314,972	1,537,162	1,926,102	2,316,223	2,602,164	2,776,974	2,626,967	2,211,383
Total General Fund		1,512,354	1,697,730	1,887,727	2,326,729	2,738,278	3,080,444	3,374,440	3,166,818	2,995,811
<b>All Other Governmental Funds (2)</b>										
Reserved for:										
Encumbrances		451,630	339,018	297,961	372,272	414,475	379,556	384,475	391,728	383,683
Inventories		44,706	40,854	55,180	46,740	49,424	44,936	45,426	42,965	44,039
Housing programs		2,568	2,260	2,260	2,079	2,117	1,662	1,167	1,618	2,026
Debt service		253,065	236,921	231,438	259,493	508,379	467,444	447,088	447,866	448,391
Endowments & annuities		3,454	3,541	3,315	3,339	3,332	3,380	3,455	3,019	2,826
Assets unavailable for appropriation		25,221	31,606	34,244	34,017	46,872	32,638	53,218	16,152	15,484
Total Reserved Balance		780,644	654,200	624,398	717,940	1,024,599	929,616	934,829	903,348	896,449
Unreserved, designated for:										
Special revenue funds		188,128	186,612	190,899	242,539	309,291	441,196	572,711	641,311	731,996
Unreserved, undesignated, reported in:										
Special revenue funds		509,943	556,258	622,391	610,336	792,856	835,998	931,013	991,162	1,096,078
Capital projects funds		110,237	94,799	87,039	264,882	328,896	268,535	190,098	188,992	193,410
Total Unreserved Balance		808,308	837,669	900,329	1,117,757	1,431,043	1,545,729	1,693,822	1,821,465	2,021,484
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	2,724,813	2,917,933
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	5,891,631	5,913,744

**Notes:**

- (1) Trend data is available for only the prior eight 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 NINE FISCAL YEARS (in thousands)  
 (modified accrual basis of accounting)

	(1)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
<b>Revenues (by source)</b>										
Taxes	\$	2,282,620	2,422,005	2,830,843	3,704,985	4,145,704	4,567,655	4,823,493	5,081,939	4,960,714
Licenses, permits and franchises		59,712	67,478	71,176	73,450	77,004	77,690	79,511	80,823	69,440
Fines, forfeitures and penalties		264,713	262,604	275,744	294,714	309,962	316,174	341,135	364,047	353,432
Revenue from use of money and property:										
Investment income		153,830	102,109	57,654	136,833	243,197	334,865	323,071	196,575	105,618
Rents and concessions		60,181	57,992	71,029	69,253	69,388	80,874	78,370	90,881	94,101
Royalties		289	300	299	408	615	594	978	1,073	1,006
Intergovernmental revenues:										
Federal		3,252,597	3,198,572	3,148,842	2,763,670	2,745,903	2,835,932	3,149,752	3,272,856	3,582,396
State		4,170,053	4,331,478	4,292,677	4,275,176	4,650,492	4,613,192	4,621,964	4,446,417	4,544,074
Other		98,051	107,337	113,576	122,674	154,116	154,116	170,405	183,787	169,268
Charges for services		1,538,368	1,625,583	1,616,924	1,699,477	1,927,681	1,965,724	2,241,295	2,193,709	2,172,974
Proceeds from property owners		1,336	8,123	73						
Miscellaneous		295,902	294,278	328,914	277,000	324,060	291,293	442,645	327,762	273,309
<b>Total Revenues</b>		<b>12,177,652</b>	<b>12,477,859</b>	<b>12,807,751</b>	<b>13,417,640</b>	<b>14,615,538</b>	<b>15,238,109</b>	<b>16,272,619</b>	<b>16,239,869</b>	<b>16,326,332</b>
<b>Expenditures (by function)</b>										
Current:										
General government		589,281	652,393	673,950	664,670	778,406	871,304	934,641	963,275	877,098
Public protection		3,795,429	3,768,650	3,934,320	4,111,311	4,413,646	4,955,338	5,328,923	5,561,576	5,600,679
Public ways and facilities		261,679	287,853	229,546	247,314	287,544	271,904	318,468	309,264	332,036
Health and sanitation		1,765,432	1,826,083	1,905,521	1,935,207	2,129,508	2,255,737	2,462,395	2,645,030	2,567,715
Public assistance		4,360,342	4,461,044	4,325,241	4,387,157	4,457,822	4,539,192	4,770,593	4,951,368	5,194,752
Education		72,542	74,013	79,285	85,066	92,105	99,115	105,684	115,315	107,963
Recreation and cultural services		235,188	225,329	231,210	226,768	247,845	265,029	272,028	302,988	300,199
Debt services										
Principal		241,737	289,349	280,274	345,956	390,745	304,888	220,287	187,574	184,844
Interest and other charges		220,801	206,119	182,385	181,948	126,030	211,386	259,254	220,467	246,461
Capital leases		8,220	14,345	13,830	11,449	29,624	25,936	19,629	12,601	12,097
Capital outlay		120,579	99,710	48,536	31,384	67,717	48,897	188,090	75,494	32,799
<b>Total Expenditures</b>		<b>11,671,230</b>	<b>11,884,888</b>	<b>11,904,098</b>	<b>12,228,230</b>	<b>13,020,992</b>	<b>13,848,726</b>	<b>14,879,992</b>	<b>15,344,952</b>	<b>15,456,643</b>
Excess of Revenues over Expenditures		506,422	592,971	903,653	1,189,410	1,594,546	1,389,383	1,392,627	894,917	869,689
<b>Other Financing Sources (Uses)</b>										
Transfers in		294,162	295,168	303,956	416,981	516,492	540,377	602,352	527,231	565,138
Transfers out		(838,520)	(831,862)	(1,020,831)	(1,104,398)	(1,504,136)	(1,592,341)	(1,752,685)	(1,540,633)	(1,454,259)
Issuance of debt					7,700	389,423	326,245	3,000		36,977
Refunding bonds issued		29,000	160,325		434,471		(320,995)	94,315		
Payment to refunded bonds escrow agent		(29,000)	(160,325)		(434,471)			(94,315)		
Bond premium proceeds			8,513		37,629		14,566			
Capital leases		47,568	21,480	28,312	7,329	22,533	14,566	98,168	880	2,333
Sales of capital assets		5,292	2,023	7,765	6,828	12,636	3,816	4,099	6,145	2,235
<b>Total other financing sources (uses)</b>		<b>(491,496)</b>	<b>(504,676)</b>	<b>(680,796)</b>	<b>(627,931)</b>	<b>(563,052)</b>	<b>(1,027,514)</b>	<b>(1,045,066)</b>	<b>(1,006,377)</b>	<b>(847,576)</b>
Special Item-Proceeds from sale of receivables			186,493							
Net change in fund balance	\$	14,924	88,293	222,855	749,972	1,031,494	361,869	347,561	(111,460)	22,113
Debt service as a percentage of noncapital expenditures: (2)		4.10%	4.23%	4.07%	4.48%	4.29%	4.03%	3.44%	2.81%	2.91%

**Notes:**

- (1) Trend data is available for only the prior eight 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.

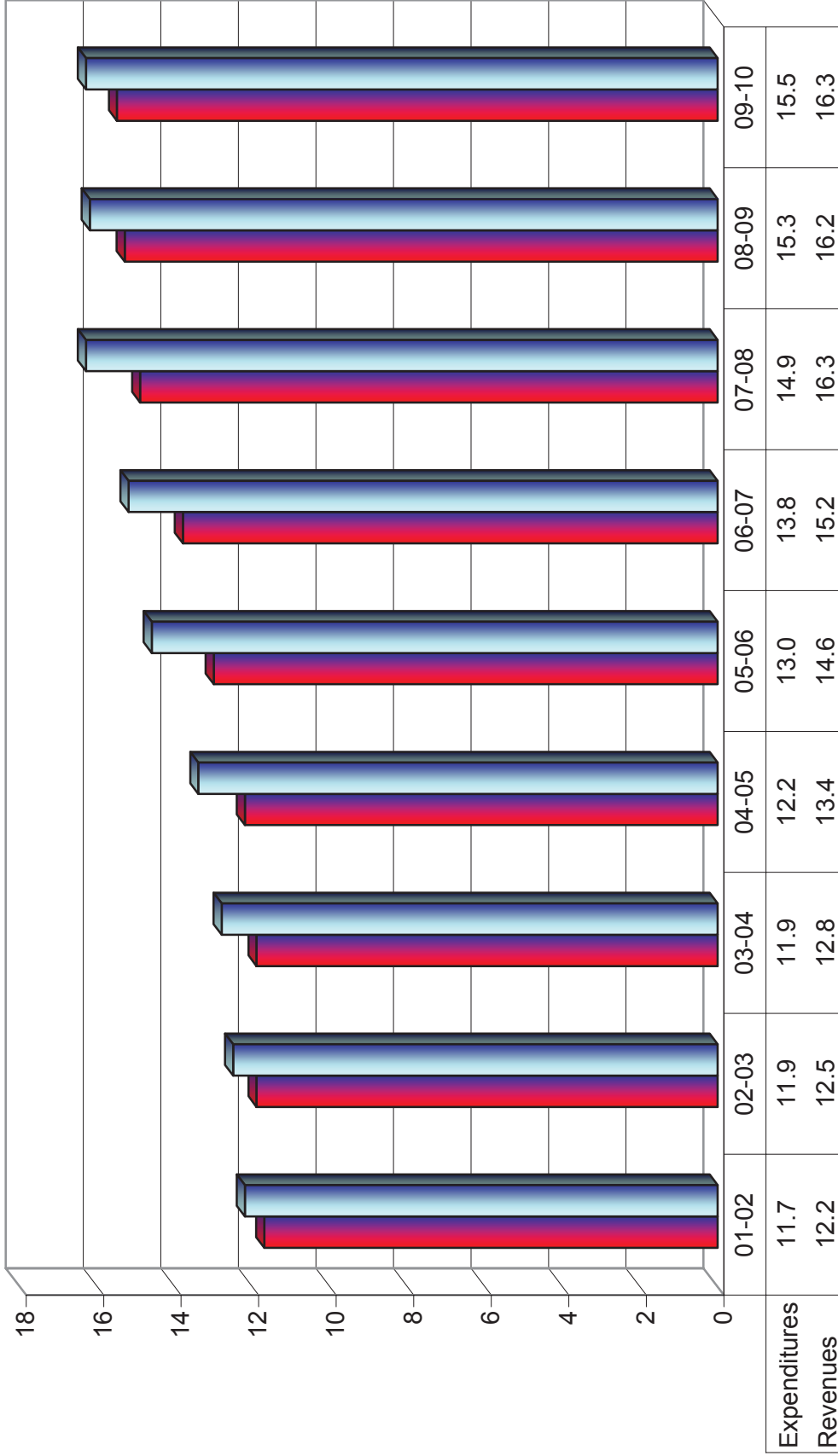
Amount from GW to FB reconciliation for Capital Outlay

177,720 296,788 184,681 197,261 272,525 400,933 356,061 349,363 234,040

# COUNTY of LOS ANGELES

## Governmental Funds Expenditures and Revenues

### Last Nine 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
2000 - 2001	\$ 556,120,737	\$ 40,449,723	\$ 12,348,515	\$ (26,472,182)	\$ 582,446,793	1.000000%
2001 - 2002	592,345,254	44,394,254	12,425,635	(26,803,046)	622,362,097	1.000000%
2002 - 2003	632,815,105	43,785,523	12,357,025	(28,702,612)	660,255,041	1.000000%
2003 - 2004	683,216,372	44,745,197	11,587,736	(29,937,047)	709,612,258	1.000000%
2004 - 2005	738,658,957	43,898,983	10,648,846	(31,851,689)	761,355,097	1.000000%
2005 - 2006	813,276,803	43,964,997	10,718,105	(32,058,237)	835,901,668	1.000000%
2006 - 2007	905,276,182	45,783,429	10,638,106	(36,182,793)	925,514,924	1.000000%
2007 - 2008	990,301,135	48,543,926	11,158,201	(40,091,971)	1,009,911,291	1.000000%
2008 - 2009	1,057,718,427	52,279,248	12,298,465	(41,418,999)	1,080,877,141	1.000000%
2009 - 2010	1,055,807,331	53,193,853	11,891,981	(45,881,461)	1,075,011,704	1.000000%

**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	<u>County Direct Rates</u>	<u>Overlapping Rates</u>					<u>Total Rates</u>
	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	
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
2008 - 2009	1.00000	.000000	.000000	.038541	.146897	.004300	1.189738
2009 - 2010	1.00000	.000000	.000000	.041220	.174921	.004300	1.220441

**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 11,544 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, 2010 AND JUNE 30, 2001 (in thousands)

Taxpayer	2010			2001		
	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.	\$ 4,307,593	1	0.42%	\$ 3,137,556	1	0.58%
Douglas Emmett Residential	3,372,027	2	0.33%	1,200,269	8	0.22%
Maguire Properties	2,739,656	3	0.27%			
BP West Coast Products	2,690,566	4	0.26%			
Chevron USA Inc.	2,412,107	5	0.24%	1,639,081	4	0.30%
Trizecahn Colony Square GP LLC	1,946,675	6	0.19%			
Exxon Mobil Corporation	1,827,261	7	0.18%	1,410,306	7	0.26%
Verizon California Inc.	1,696,048	8	0.17%			
AT&T California	1,599,066	9	0.16%			
Conoco Phillips Company	1,530,205	10	0.15%			
Pacific Bell				2,775,133	2	0.51%
GTE California, Inc.				1,623,011	5	0.30%
Atlantic Richfield Co.				2,119,604	3	0.39%
Southern California Gas Co.				1,459,804	6	0.27%
Arden Realty LTD Partnership				1,018,481	9	0.19%
Tosco Corporation				1,012,181	10	0.19%
<b>Total</b>	<b>\$ 24,121,204</b>		<b>2.37%</b>	<b>\$ 17,395,426</b>		<b>3.21%</b>

**Note:**

(1) See schedule "Assessed Value & Actual Value of Taxable Property." Total assessed value, \$1,021,817,851 as of June 30, 2010 is based on Secured \$1,055,807,331 plus Unitary \$11,891,981 less exemptions of \$45,881,461. Total assessed value, \$541,997,070 as of June 30, 2001 is based on Secured \$556,120,737 plus Unitary \$12,348,515 less exemptions of \$26,472,182 (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)

Fiscal Year	Taxes Levied	Collections within the fiscal year of the levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000 - 2001	\$ 6,441,176	\$ 6,228,309	96.7%	\$ 197,400	\$ 6,425,709	99.8%
2001 - 2002	6,964,486	6,760,147	97.1%	199,857	6,960,004	99.9%
2002 - 2003	7,415,691	7,182,974	96.9%	191,508	7,374,482	99.4%
2003 - 2004	8,241,631	8,031,587	97.5%	176,039	8,207,626	99.6%
2004 - 2005	8,895,871	8,655,953	97.3%	203,820	8,859,773	99.6%
2005 - 2006	9,582,359	9,322,047	97.3%	227,654	9,549,701	99.7%
2006 - 2007	10,632,956	10,213,017	96.1%	339,897	10,552,914	99.2%
2007 - 2008	11,475,303	10,905,099	95.0%	379,749	11,284,848	98.3%
2008 - 2009	12,317,105	11,751,840	95.4%	9,273	11,761,113	95.5%
2009 - 2010	12,457,417	12,047,862	96.7%	-	12,047,862	96.7%

**Note:**

(1) Reflects property taxes levied in prior years but collected in the current year.

**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					Business-Type Activities				
	General Obligation Bonds	Assessment Bonds	Certificates of Participation	Notes, Loans, and Other Debt	Accreted Interest	Unamortized Bond Premiums	Unamortized Loss on Advance Debt Refund.	Pension Bonds Payable	Capital Leases	Per Capita (2)
2000-01	\$ 66,015	\$ 438,020	\$ 1,537,075	\$ 475,036	\$ 93,781	\$ -	\$ 1,544,392	\$ 54,217	\$ -	
2001-02	53,480	412,295	1,369,528	67,951	85,780	-	1,551,515	113,180	472	
2002-03	41,180	394,735	1,276,035	63,428	75,379	-	1,457,732	120,270	438	
2003-04	29,625	376,210	1,177,981	65,539	62,545	-	1,344,056	135,258	405	
2004-05	18,470	349,690	1,079,504	69,888	73,191	37,629	1,206,794	130,928	366	
2005-06	9,475	325,710	1,007,134	387,764	94,692	36,346	1,045,264	123,676	345	
2006-07	370	304,235	876,106	403,622	116,475	50,079	879,585	98,450	303	
2007-08		269,995	812,318	395,838	138,476	48,036	668,539	173,369	291	
2008-09		246,875	726,236	413,252	160,642	44,121	485,092	157,794	257	
2009-10		222,660	670,242	414,651		40,195	256,717	148,073	223	

**Business-Type Activities**

Fiscal Year	Governmental Activities					Business-Type Activities				
	General Obligation Bonds	Assessment Bonds	Certificates of Participation	Notes, Loans, and Other Debt	Accreted Interest	Unamortized Bond Premiums	Unamortized Loss on Advance Debt Refund.	Pension Bonds Payable	Capital Leases	Per Capita (2)
2000-01	\$ 466	\$ 447,439	\$ 75,844	\$ -	\$ 337,688	\$ 2,513	\$ 4,978,705	\$ 508	\$ -	
2001-02	382	300,318	126,684	126,684	542,234	2,086	4,633,434	472	472	
2002-03	297	273,447	146,804	146,804	509,459	1,761	4,370,928	438	438	
2003-04	239	240,831	170,319	170,319	469,756	1,499	4,086,692	405	405	
2004-05	181	177,944	203,121	203,121	421,781	1,097	3,744,444	366	366	
2005-06	136	160,648	12,662	10,005	363,177	675	3,530,891	345	345	
2006-07	121	132,062	20,008	8,909	305,612	398	3,132,675	303	303	
2007-08	104	114,750	215,554	7,368	232,285	273	3,016,919	291	291	
2008-09	86	95,715	219,580	6,549	168,542	143	2,667,613	257	257	
2009-10	67	86,178	264,253	5,691	89,196	-	2,326,760	223	223	

**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
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	0.9248
2006-07	10,332	925,514,924	370	.000000	0.0358
2007-08	10,364	1,009,911,291		.000000	0.0000
2008-09	10,393	1,080,877,141		.000000	0.0000
2009-10	10,441	1,075,011,704		.000000	0.0000

**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](http://www.laalmanac.com/population).

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

JUNE 30, 2010

Full Cash Value (2009-10)  
Population - (2010)

\$ 933,761,793,680 (1)  
10,441,080 (2)

Percent  
Applicable  
Debt  
May 1, 2010

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:

Los Angeles County Flood Control District	100	69,610,000
Metropolitan Water District	47.74	126,138,628
Los Angeles Community College District	100	2,365,515,000
Other Community College Districts	Various (3)	1,870,497,238
Arcadia Unified School District	100	172,178,262
Beverly Hills Unified School District	100	192,398,609
Glendale Unified School District	100	130,465,000
Long Beach Unified School District	100	517,545,606
Los Angeles Unified School District	100	11,424,740,000
Pasadena Unified School District	100	304,655,000
Pomona Unified School District	100	171,847,931
Santa Monica-Malibu Unified School District	100	194,095,034
Torrance Unified School District	100	187,603,540
Other Unified School Districts	Various (3)	2,673,937,782
High School and School Districts	Various (3)	1,279,935,049
City of Los Angeles	100	1,369,450,000
City of Los Angeles Special Tax Lease Revenue Bonds	100	60,565,000
City of Industry	100	168,300,000
Other Cities	100	82,935,000
Special Districts	100	7,415,000
Community Facilities Districts	100	832,990,796
Los Angeles County Regional Park & Open Space Assessment District	100	222,660,000 (4)
1915 Act and Benefit Assessment Bonds - Estimate	100	148,987,164

TOTAL DIRECT AND OVERLAPPING TAX & ASSESSMENT DEBT  
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:

Los Angeles County General Fund Obligations	100	\$ 865,100,839 (5)
Los Angeles County Pension Obligations	100	235,690,861
Los Angeles County Office of Education Certificates of Participation	100	13,185,458
Community College District Certificates of Participation	Various (6)	76,195,000
Azusa Unified School District Certificates of Participation	100	67,435,000
Compton Unified School District Certificates of Participation	100	32,235,000
Los Angeles Unified School District Certificates of Participation	100	456,780,324
Pomona Unified School District Certificates of Participation	100	61,890,000
Other Unified School District Certificates of Participation	Various (6)	204,874,990
High School and School District General Fund Obligations	Various (6)	137,542,277
City of Beverly Hills General Fund Obligations	100	200,965,000

(Continued)

COUNTY OF LOS ANGELES  
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED) - Continued  
 JUNE 30, 2010

<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT - Cont.:</u>	
City of Los Angeles General Fund & Judgment Obligations	100 1,921,160,000
City of Long Beach General Fund Obligations	100 261,810,000
City of Long Beach Pension Obligations	100 70,340,000
City of Pasadena General Fund Obligations	100 364,920,440
City of Pasadena Pension Obligations	100 117,742,623
Other Cities' General Fund Obligations	100 1,349,973,329
Los Angeles County Sanitation Districts General Fund Obligations	100 342,614,299
Walnut Valley Water District General Fund Obligations	100 10,890,000
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>	<b>\$ 6,791,345,440</b>
Less: Los Angeles Unified School District Qualified Zone Academy Bonds supported by investments funds	(34,702,048)
Cities' self-supporting bonds	(167,610,339)
Walnut Valley Water District self-supporting General Fund Obligations	(10,890,000)
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>	<b>\$ 6,578,143,053</b>
<b>GROSS COMBINED TOTAL DEBT</b>	<b>31,365,811,079 (7)</b>
<b>NET COMBINED TOTAL DEBT</b>	<b>\$ 31,152,608,692</b>
<b>RATIOS TO 2009-10 ASSESSED VALUATION</b>	<b>2.270%</b>
Total Direct and Overlapping Tax and Assessment Debt	.120%
<b>RATIOS TO FULL CASH VALUE (ADJUSTED ASSESSED VALUATION)</b>	<b>3.330%</b>
Combined Gross Direct Debt (\$1,100,791,700)	3.310%
Gross Combined Total Debt	
Net Combined Total Debt	
STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09:	\$ 245

**Notes:**

- (1) This balance is reduced by homewoners exemptions of \$8,233,411,998 and excludes redevelopment incremental valuation of \$141,249,910,315.
- (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 Unified 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) All 100%, or almost 100%, except for Fullerton Union High School District, Las Virgenes Joint Unified School District, Snowline Joint Unified School District, Victor Valley Joint Community College District, and the schools and special districts included in them.
- (7) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Except for Los Angeles Unified School District Qualified Zone Academy Bonds (QZABs) are included based on principal due at maturity.

**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)		COMPUTATION OF LEGAL DEBT MARGIN June 30, 2010	
	Assessed Value	Legal Debt Limit	Total net applicable debt	Legal Debt Margin	Legal Debt Margin/Debt Limit	Assessed valuation (net taxable)	Applicable percentage in computing capacity	
2000 - 2001	\$ 582,446,793	\$ 7,280,585	\$ 42,375	\$ 7,238,210	99.42%	\$ 1,075,011,704	1.25%	
2001 - 2002	622,362,097	7,779,526	36,505	7,743,021	99.53%			
2002 - 2003	660,255,041	8,253,188	30,225	8,222,963	99.63%			
2003 - 2004	709,612,258	8,870,153	23,470	8,846,683	99.74%			
2004 - 2005	761,355,097	9,516,939	16,205	9,500,734	99.83%			
2005 - 2006	835,901,668	10,448,771	8,395	10,440,376	99.92%			
2006 - 2007	925,514,924	11,568,937	370	11,568,567	100.00%			
2007 - 2008	1,009,911,291	12,623,891		12,623,891	100.00%			
2008 - 2009	1,080,877,141	13,510,964		13,510,964	100.00%			
2009 - 2010	1,075,011,704	13,437,646		13,437,646	100.00%			
						Total debt limit	\$ 13,437,646	
						Less: Total net applicable debt		
						Legal debt margin, June 30, 2010	\$ 13,437,646	

**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 NINE FISCAL YEARS  
 (1)

Fiscal Year	Marina del Rey Revenue Bonds				Regional Park and Open Space Special Assessment Bond					
	Revenue Collected	Principal	Debt Service	Interest	Special Assessment Collection	Principal	Debt Service	Interest	Total Debt Service Coverage	
2001-02	\$ 33,352,291	\$ 9,015,000	\$ 5,517,169	\$ 4,936,231	\$ 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	4,319,043	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	3,649,750	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	1,649,212	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
2008-09	(2)	-	-	-	79,140,000	23,120,000	12,821,950	35,941,950	2.20	
2009-10	(2)	-	-	-	80,130,000	24,215,000	11,691,825	35,906,825	2.23	

Fiscal Year	Calabasas Landfill Bond Fees				Total				
	Revenue Collected	Principal	Debt Service	Interest	Revenue Collected	Principal	Debt Service	Interest	Total Debt Service Coverage
2005-06	\$ 4,092,212	\$ 1,100,000	\$ 685,849	\$ 1,652,634	\$ 1,785,849	\$ 1,785,849	\$ 1,785,849	\$ 1,785,849	2.29
2006-07	3,034,497	1,265,000	1,652,634	1,608,359	2,917,634	2,917,634	2,917,634	2,917,634	1.04
2007-08	3,126,998	1,365,000	1,608,359	1,546,934	2,973,359	2,973,359	2,973,359	2,973,359	1.05
2008-09	(5,243,834)	1,490,000	1,546,934	1,484,784	3,036,934	3,036,934	3,036,934	3,036,934	(1.73)
2009-10	(3)	1,610,000	1,484,784	-	3,094,784	3,094,784	3,094,784	3,094,784	0.32

Notes:

- (1) Trend data is available for only the prior eight 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 \$13,873,438 less \$2,632,817 depreciation = net expenditure of \$11,240,621. Revenue of \$12,243,745 is reduced by the net expenditures of \$11,240,621 to arrive at net revenue of \$1,003,124
- (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		Personal Income **	Per Capita Personal Income (1)	School Enrollment (2) ***	Unemployment Rate
	County of Los Angeles *	Personal Income **				
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%
2009	10,393	392,000,000		37,718	1,632	11.70%
2010	10,441	405,000,000		38,789	1,575	12.3% (3) ****

**Notes:**

- (1) Amounts shown are in actual dollars (not thousands).  
 (2) Public school enrollment.  
 (3) Year 2010 is an estimate as of July 2010.

**Sources:**

- \* Los Angeles Almanac website address: [www.laalmanac.com/population](http://www.laalmanac.com/population).  
 \*\* Bureau of Economic Analysis website address: [www.bea.gov](http://www.bea.gov). Year 2010 is an estimate forecast from Los Angeles Economic Development Corporation: website address: [www.laedc.com](http://www.laedc.com)  
 \*\*\* California Department of Education website address: [www.cde.ca.gov](http://www.cde.ca.gov).  
 \*\*\*\* Los Angeles Economic Development Corporation-Economic Forecast : website address: [www.laedc.com](http://www.laedc.com)

COUNTY OF LOS ANGELES  
 TEN LARGEST INDUSTRIES (1)  
 CURRENT YEAR AND NINE YEARS AGO

Industry	June 30, 2010			June 30, 2001		
	Number of Employees	Rank	Percentage of Total	Number of Employees	Rank	Percentage of Total
Trade, Transportation and Utilities	724,600	1	17.06%	790,100	1	17.79%
Government	596,600	2	14.04%	609,000	2	13.71%
Professional & Business Services	512,300	3	12.06%	589,200	3	13.26%
Educational & Health Services	510,900	4	12.03%	425,200	5	9.57%
Leisure & Hospitality	390,400	5	9.19%	355,100	6	7.99%
Manufacturing	372,300	6	8.76%	587,100	4	13.22%
Financial Activities	216,200	7	5.09%	229,200	7	5.16%
Information	214,800	8	5.06%	223,500	8	5.03%
Other Services	136,100	9	3.20%	145,200	9	3.27%
Construction	102,200	10	2.41%	137,800	10	3.10%
Ten largest industries	3,776,400		88.90%	4,091,400		92.10%
All other industries	471,700		11.10%	351,000		7.90%
<b>Total industries</b>	<b>4,248,100</b>		<b>100.00%</b>	<b>4,442,400</b>		<b>100.00%</b>

**Note:**

(1) We are presenting employment by industry because we have been unable to obtain employment numbers for individual employers.

**Source:**

State of California Employment Development Department website address: [www.edd.ca.gov/labormarketinfo](http://www.edd.ca.gov/labormarketinfo).

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

<u>Function/Program (1)</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>	<u>2008-09</u>	<u>2009-10</u>
General Government	10,447	10,808	11,063	11,201	10,915	11,018	11,185	11,692	11,605	11,100
Public Protection (3)	37,198	38,428	38,175	37,688	37,065	38,049	39,528	41,560	42,583	36,378
Health and Sanitation	27,107	27,737	27,056	26,079	26,322	26,717	27,072	27,395	27,345	26,826
Public Assistance	18,600	19,536	19,310	19,048	19,132	19,540	20,329	20,867	20,940	20,665
Education	1,628	1,666	1,706	1,722	1,722	1,828	1,871	1,878	1,829	1,622
Recreation and Cultural Services	2,282	2,352	2,406	2,388	2,324	2,393	2,649	2,977	3,075	2,861
Total	97,262	100,527	99,716	98,126	97,480	99,545	102,634	106,369	107,377	99,452

**Notes:**

- (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.
- (3) 2009-10 reflects the exclusion of Superior Court employees that are no longer on the County's payroll and are identified as State employees.

**Source:**

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



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

Function/Program	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
									Estimated
General Government									
Assessor - Number of re-appraisable transfers processed	215,147	239,501	243,472	242,036	221,858	168,592	148,999	153,807	140,000
Auditor Controller - Number of warrants issued monthly (2)	431,730	415,317	400,928	389,807	360,394	235,336	239,750	254,316	244,480
Registrar Recorder - Number of registered voters	3,473,989	3,808,679	3,682,950	4,075,352	3,748,128	5,323,698	5,663,074	5,880,094	5,890,094
Public Protection									
Sheriff - Inmate population (11)	19,100	17,400	17,400	17,900	19,000	19,300	19,600	19,300	18,500
Sheriff - Crime rate total (3)	326.08	315.98	315.68	304.50	297.89	299.51	302.20	290.65	250.76
Probation - Juvenile halls/camps population (12)	3,700	3,700	3,600	3,600	3,500	4,000	4,000	2,800	2,600
Health and Sanitation									
Health Services - Average daily inpatient census (13)	1,785	1,719	1,568	1,506	1,493	1,415	1,317	1,293	1,325
Health Services - Outpatient visits	3,088,000	2,731,000	2,587,000	2,606,000	2,656,000	2,665,000	2,631,000	2,709,000	2,832,000
Mental Health - Number of outpatient services to children and youth (4)	59,832	67,530	42,820	51,086	55,725	51,016	53,115	57,518	61,835
Public Assistance									
Children and Family Services - Child protective services caseloads	607,000	592,600	532,300	521,700	527,100	531,500	518,700	490,600	481,200
Children and Family Services - Adoption caseloads	58,700	38,700	32,200	32,600	21,200	22,300	23,500	24,300	24,900
Public Social Services - Average persons aided monthly thru CalWorks (5)	517,000	466,200	432,900	415,300	388,700	358,200	351,300	369,700	420,800
Public Social Services - Average number of indigents aided monthly	66,800	64,800	64,700	66,000	63,400	59,000	62,900	74,900	94,300
Community and Senior Services - Number of vulnerable adults served	21,200	23,355	24,513	25,766	25,518	26,450	27,671	27,828	28,000
Education									
Public Library - Number of items which circulate to the public (9)	15,808,870	15,912,865	15,020,945	14,211,255	14,566,536	15,000,000	15,000,000	10,926,000	11,200,000
Recreation and Culture									
Museum of Art - Total education program participants (6)	85,356	207,975	258,171	225,386	250,866	200,103	305,645	326,922	330,000
Museum of Natural History - Annual attendance (7)	411,298	923,834	934,636	914,426	867,138	859,569	874,725	873,230	885,200
Parks and Recreation - Total passive and active park users (8)	8,818,430	9,611,000	8,099,699	9,246,000	9,468,000	10,713,000	11,058,046	10,309,706	10,053,790

Notes:

- (1) Trend data is available for only the prior eight fiscal years, with the implementation of GASB 34.
- (2) Conversion of participants and vendors to electronic benefit transfer (EBT) and direct deposit in January 2009.
- (3) Represents number of offenses per 10,000 residents and refers to most serious crimes.
- (4) Change methodology for 2005-06; data includes fee-for-service outpatient clients and costs which had not been included in previous year's data.
- (5) 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.
- (6) Reflects decrease in 2005-06 due to construction of the Broad building between the main campus and Los Angeles County Museum of Art West. 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. Projected increase in attendance based on opening of renovated galleries and new exhibits
- (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 for accumulating data Revised holdings based on substantial collection review and catalog updating.
- (10) Indicators are not available for the Public Ways and Facilities function.
- (11) 2006-07 and 2007-08 figures have been revised from previous publications
- (12) The Estimated 2009-10 figures reflects two camps that are non-operational as of 2009-10.
- (13) Reflects a slight decrease in 2008-09 due to the transition of LAC+USC Medical Center to a smaller facility. A slight increase in inpatient census is anticipated for 2009-10 after the move to the new hospital.

Sources:

2007-2008, 2008-2009, 2009-2010 and 2010-2011 Proposed Budget Books

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

Function/Program	(1) 2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Public Protection	7	7	7	7	7	6	6	6	6
Animal Shelters									
Public ways and facilities	3,120	3,131	3,164	3,170	3,179	3,198	3,213	3,217	3,219
Mileage of maintained County roads	n/a	134	134	135	139	141	141	145	148
Miles of unincorporated County bikeways	5	5	5	5	5	5	5	5	5
Airports	15	15	15	15	15	15	15	14	14
Dams	2,708	2,732	2,754	2,777	2,782	2,865	2,800	2,972	3,010
Storm drains, in miles	40	40	45	45	45	45	45	45	45
Pump stations (2)									
Health and Sanitation	6	6	5	5	5	5	4	4	4
Hospitals	39	22	18	18	18	18	18	18	18
Health centers									
Education	84	84	84	84	84	84	84	85	85
Libraries	8	5	5	5	5	4	4	4	5
Bookmobiles									
Recreation and Cultural services	4	4	4	4	4	4	4	4	4
Museums	4	4	4	4	4	4	4	4	4
Arboretums and Botanic Gardens	19	19	19	19	19	19	19	19	19
Golf courses	21	21	21	20	20	20	20	17	17
Beaches	6,000	6,000	5,246	5,246	5,246	5,246	4,796	4,832	4,800
Boat Slips									

**Notes:**

- (1) Trend data is available for only the prior eight years, with the implementation of GASB 34.  
(2) Terminology change.  
(3) No capital asset indicators are available for the General Government or Public Assistance functions.

**Source:**

2009-10 County of Los Angeles Annual Report, Department of Public Works website, Sheriffs Department website and Department of Health Services website.